

PADAM COTTON YARNS LTD

(CIN No. L17112HR1997PLC033641)

REGD OFFICE: 196, 1ST FLOOR, OPP. RED CROSS BHAWAN, GT ROAD.

KARNAL- 132001 (HARYANA)

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

Dated: 04th October, 2018

Dept. of Corporate Services
The Bombay Stock Exchange Limited
Registered Office: Floor 25,
P J Towers, Dalal Street
Mumbai 400001

Sub: Compliance of Clause 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Scrip Code 531395).

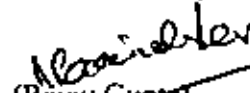
Dear Sir,

We are please to attach a scan copy of the Annual Report of the company for the year ended on 31st March, 2018 as required under clause Clause 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Scrip Code 531395).

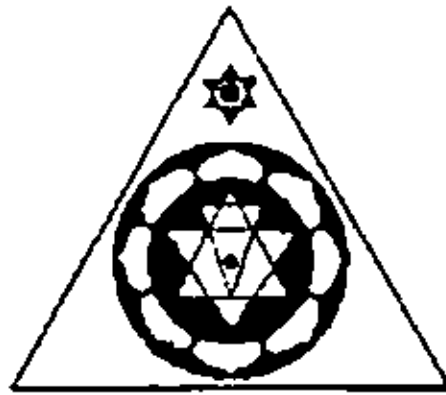
We hope you will find the same in order.

Thanking You,

Yours faithfully


(Rajev Gupta)
Director

25/06/2018



PADAM COTTON YARNS LIMITED

**24th Annual Report
2017-2018**

BOARD OF DIRECTORS**Mr. Rajev Gupta***Director*

DIN: 00172828

Mr. Vivek Gupta*Director*

DIN: 00172835

Mr. Jai Kumar*Independent Director*

DIN: 00530513

Mr. Harbhajan Singh*Independent Director*

DIN: 00530523

Mr. Satwant Singh*Independent Director*

DIN: 00530516

Mrs. Radhika Gupta*Director*

DIN: 07071267

AUDIT COMMITTEE**Mr. Harbhajan Singh***Chairman (Independent Director)***Mr. Jai Kumar***Independent Director***Mr. Satwant Singh***Independent Director***NOMINATION & REMUNERATION COMMITTEE****Mr. Harbhajan Singh***Chairman (Independent Director)***Mr. Jai Kumar***Independent Director***Mr. Satwant Singh***Independent Director***STAKEHOLDERS' RELATIONSHIP COMMITTEE****Mr. Harbhajan Singh***Chairman (Independent Director)***Mr. Jai Kumar***Independent Director***Mr. Satwant Singh***Independent Director***COMPLIANCE OFFICER****Mr. Rajev Gupta, Director****CHIEF FINANCIAL OFFICER****Mr. Narinder Kumar Chutani****AUDITORS****M/s Harjinder Singh & Co**

Chartered Accountant

75, Dayal Singh Colony,

Karnal-132001

REGD. OFFICE & WORKS196, 1st Floor, Opposite Red Cross market,

G T Road, Karnal-132001

BANKERS

Punjab National Bank

Namaste Chowk

Karnal-132001

CONTENTS**PAGE**

| | |
|------------------------------------|----|
| NOTICE | 1 |
| DIRECTOR'S REPORT | 6 |
| SECRETARIAL AUDIT REPORT | 12 |
| CORPORATE GOVERNMENT REPORT | 18 |
| EXTRACT OF ANNUAL RETURN | 25 |
| NOMINATION AND REMUNERATION POLICY | 32 |
| COMPANY SECRETARY CERTIFICATE | 38 |
| CEO AND CFO CERTIFICATION | 40 |
| MANAGEMENT DISCUSSION | 45 |
| ACTIVITY SCHEDULE FOR AGM | 48 |
| AUDITOR'S REPORT | 50 |
| BALANCE SHEET | 57 |
| PROFIT & LOSS ACCOUNT | 58 |
| NOTES TO THE ACCOUNTS | 60 |

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 24th 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 28th day of September, 2018 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, 2018 along with the reports of Directors' and Auditors' there on.
2. To appoint a Director in place of Mr. Rajev Gupta who retires by rotation at this annual general meeting and being eligible offers himself for reappointment.

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

Sd/-

(Rajev Gupta)

Director

(DIN No: 00172828)

Place: Karnal.

Dated: 09th August, 2018.

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 members 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 of the Register of Members and Share Transfer Books of the Company from Saturday, the 22nd day of September, 2018 to Friday, the 28th day of September, 2018 (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 Requirements) 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 folios 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 below. The directors have furnished requisite declaration for their appointment/re-appointment.
Mr. Rajev Gupta, Director is retiring by rotation at the ensuing Annual General Meeting.

He is a graduate and has been in the industry for the last 33 years and a varied experience in the line of commerce, textile manufacturing, and other allied fields. Presently he is CEO of the company also and has been looking after all the activities. He is retiring by rotation at the forthcoming Annual General Meeting and has consented for his re-appointment as a director.

11. The members who have not yet dematerialized their shares, are recommended to get their shares dematerialized at the earliest.

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 For | |
|---|---|
| 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 Details# | 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"> • 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 180827018 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.
 - 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.

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 25th Day of September, 2018 (10.00) AM and ends on Thursday 27th September, 2018 (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 21st September, 2018, 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,

Place: Karnal.
Dated: 09th August, 2018.

Sd/-
(Rajev Gupta)
Director
(DIN No: 00172628)

PADAM COTTON YARNS LIMITED

Director's Report

Dear Shareholders,

Your Directors have pleasure in presenting the 24th Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2018.

| Financial Highlights | Year ended 31.3.2018 (Rs. In lacs) | Year ended 31.3.2017 (Rs. In lacs) |
|--|--|--|
| Sales & other income | 182.92 | 12.99 |
| Profit before Interest & Depreciation | -0.22 | 0.05 |
| Less : Interest | 0.03 | 0.03 |
| Profit/(Loss) before Depreciation | -0.19 | 0.02 |
| Less : Depreciation | 0.00 | 0.00 |
| Profit before exceptional items and before Tax | -0.19 | 0.02 |
| Add: Exceptional Items | 0.00 | 0.00 |
| Profit/ (Loss) before Tax | -0.19 | 0.02 |
| Less : Provision for Taxation – Current Tax | 0.00 | 0.00 |
| MAT Credit | - | - |
| -Deferred Tax Liability/(Assets) | - | - |
| -MAT Credit earlier year | - | 0.004 |
| -Tax for earlier years | 0.08 | - |
| Net Profit/ (Loss) after Tax | -0.27 | 0.016 |
| Add : Surplus brought from previous year | - | - |
| Total Surplus | -0.27 | 0.016 |
| Appropriations : | | |
| Proposed Dividend | Nil | Nil |
| Corporate Dividend Tax | Nil | Nil |
| Surplus Carried to Balance Sheet | -0.27 | 0.016 |

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 other operating revenues of Rs.182.92 Lacs as against Rs.12.99 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, 2018, 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 there under.

DIVIDEND

With a view to conserve resources of the company, 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, 2018.

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 Section 152 of the Companies act, 2013 read with the Rules made there under and articles of association of the company, Mr. Rajev 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.

STATUTORY AUDITORS

At the 23rd Annual General Meeting of Company held on 29th September, 2017, M/s Harjinder Singh & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for a period of five years in accordance with the provisions of section 139 of Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014.

AUDITOR'S REPORT

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

COST AUDIT

The maintenance of cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013, is not applicable on the Company and accordingly such accounts and records are not made and maintained.

SECRETARIAL AUDIT

Shri Ramesh Bhatia, Practicing Company Secretary had 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 - 1 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- 2 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred to as Listing Regulations).

CORPORATE GOVERNANCE

The Company is committed to maintain the good standards of Corporate Governance. The Company has complied with the Corporate Governance requirements as stipulated under Listing Regulations. Pursuant to said Regulations, Report on Corporate Governance together with the Certificate issued by Practising Company Secretary regarding compliance of Corporate Governance is annexed to this report. Annexure - 3

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (a) in the preparation of annual accounts for the financial year ended 31st March, 2018, 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 judgements 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, 2018 and of the profit 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.

FRAUDS REPORTED BY AUDITORS u/s 143(12)

Your company has complied with all the provisions of Section 143 of the Companies Act, 2013. Hence, there are no frauds reported by the Auditors other than those which are reportable to the Central Government. Further, no fraud has been reported to the Central Government.

EXTRACT OF ANNUAL RETURN

The details forming part of extract of the Annual Return is given in Form MGT-9 in Annexure - 4.

NUMBER OF BOARD MEETINGS

During the financial year 2017-18, Four Board meetings were held. The meetings were held on 30th May, 2017, 24th August, 2017, 30th November, 2017 and 14th February, 2018. 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 and under Listing Regulations, stating that they meet the criteria of independence as provided in sub-section (6).

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS UNDER SECTION 186

No loans, guarantees or investments under Section 186 of the Companies Act, 2013 have been given by the Company.

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.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year Calendar Year 2017:

- | | |
|---|-----|
| a) No. of Complaints received in the year: | NIL |
| b) No. of complaints disposed off during the year: | NIL |
| c) No. of cases pending for more than 90 days: | NIL |
| d) No. of workshops or awareness program against sexual harassment carried out: | 1 |
| e) Nature of action taken by the employer: | NA |

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.

RISK MANAGEMENT POLICY

Risk management is a continuous process across the organization designed to identify, assess and frame a response to threats that affect the achievement of its objectives. It enables management to prepare for risks before they devolve to improve the operational effectiveness. Determination of the risk appetite allows management to deploy resources according to the need. The Company firmly believes that to ensure effective risk management, there ought to be risk management plans to handle the risks based on the priorities and challenges of the business. The factors involved in identified risks must be considered and the accuracy of assessment is very important. This implies, if proper risk management is implemented as a best practice then massive capital losses can be prevented. The success of the Risk Management Framework depends on the efforts taken to mitigate/ reduce either the probability or consequence of the risk/ threat. Therefore considering the same, Company's Risk Management Policy includes three key elements:

- I Risk Assessment
- I Risk Management and Risk Mitigation
- II Risk Monitoring

Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed effectively. Adhering the same, Company has constituted Risk Management Committee and adopted an effective Your Company maintains an adequate and effective Internal Control system commensurate with its size and Risk Management Policy in its place to assess, mitigate and to monitor the different risks exposed to the industry in which it operates. Risk management policy of the company is available at company's website www.padamcotton.com.

POLICY ON DIRECTOR'S APPOINTMENT & REMUNERATION AND OTHER PRESCRIBED MATTERS

The Nomination and Remuneration Committee constituted by the Company functions in accordance with the terms of reference as set out under provisions of Clause 49 of Listing Agreement read with provisions of Section 178 of the Companies Act, 2013 & rules made there under. Apart from other Corporate Policies which are mandatory under Companies Act as well as under Listing Agreement, the said Committee has also formulated and recommended to the Board a Nomination & Remuneration Policy relating to director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and all other matters as stipulated under the provisions of section 178 of Companies Act 2013.

The policy also relates to remuneration of Director's, KMP's and other employees of the Company. The said policy is given in Annexure-5.

INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY

complexity. Internal control systems provide, among other things, a reasonable assurance that transactions are executed with Management authorization and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets of your Company are adequately safeguarded against significant misuse or loss.

During the year under review, the Company continued to implement their suggestions and recommendations to improve the internal financial control environment. Their scope of work inter-alia includes review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. In addition to statutory audit, the financial controls of the Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of the Board. The Audit Committee actively reviews the adequacy and effectiveness of internal control system and suggests further strengthening the same, wherever required.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, there is no material order(s) passed by the regulators or courts or tribunal impacting the going concern status and company's operation in future.

DISCLOSURE REGARDING COMPANIES (SHARE CAPITAL AND DEBENTURE) RULES, 2014

The paid up equity share capital of the Company as at 31st March 2018 comprises of 38, 73,000 equity shares of Rs. 10/- each i.e. Rs. 3,87,30,000/-. As required under Companies (Share Capital and Debenture) Rules 2014, during the year under review, the Company has not issued equity shares with differential voting rights, sweat equity shares, preference shares, and employee stock options and also not made any provision for purchase of its own shares by employees or by trustees.

DISCLOSURE REGARDING VOTING RIGHT NOT EXERCISED DIRECTLY BY THE EMPLOYEES

During the year under review, there is NIL disclosure as required under provisions of section 87(3) of Companies Act 2013.

AUDIT COMMITTEE

Audit Committee constituted by the Company functions in accordance with the terms of reference as set out under the provisions of Clause 49 of Listing Agreement read with provisions of Section 177 of Companies Act, 2013 & rules made there under and additional responsibilities assigned to it by Board of Directors of the Company. The Committee reviews the internal audit reports and findings of internal auditors along with the comments of management. The functions of the Audit Committee among others include approving and implementing the audit procedures, effective supervision of financial reporting system, Whistle Blower Mechanism, internal control and procedures, recommending appointment of Statutory Auditors, Cost Auditors to Board and also ensuring compliances with regulatory guidelines. The Board has constituted the Audit Committee comprises of following:

| S.NO. | NAME | DESIGNATION |
|-------|---|-------------|
| 1 | Sh. Harbhajan Singh, Independent Director | Chairman |
| 2 | Sh. Jai Kumar Independent Director | Member |
| 3 | Sh. Satwant Singh, Independent Director | Member |
| 4 | Sh. Vivek Gupta, Director (SPECIAL INVITEE) | Member |

The other relevant details of Audit Committee are given under Corporate Governance Report annexed with Director's Report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has a vigil mechanism named "Whistle Blower Policy/Vigil Mechanism" to deal with instance of fraud and mismanagement, if any. The detail of the Policy is explained in the Corporate Governance Report and also available at company's website www.pedemcotton.com

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS

During the year under review, the Board adopted a formal mechanism for evaluating its performance and as well as that of its committees, individual Directors, including the Chairman of the Board in compliance with the Companies Act 2013 and Listing Regulations. The exercise was carried out through a structured evaluation process covering various aspects of the Board's functioning such as composition of the Board, its committee & members, their experience & competencies, performance of specific duties & obligations, governance and also in accordance with Performance Evaluation Policy of Company. Broadly the performance of Non-Independent/Executive/Whole Time Director(s) was evaluated on the basis of their own performance, expertise, intelligence, their qualitative & quantitative contribution towards operational achievements, organizational performance etc. The performance of Non-Executive Independent Directors were evaluated on the basis of their constructive participations in Board/Committee/General meetings, their informed & balanced decision-making, ability to monitor financial controls & systems, & certain allied parameters. The performance evaluation of various Board Committees constituted under Companies Act & Listing Agreement was made on the basis of their respective terms of reference, discharge of functions, governance etc.

Disclosure of Information's as required under rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The Provisions of Rule 5(2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 requiring particulars of the employees in receipt of remuneration in excess of Rs. 102 lacs per year to be disclosed in the Report of Board of Directors are not applicable to the Company as none of the employees was in receipt of remuneration in excess of Rs. 102 lacs during the financial year 2017-18.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure forming part of the Annual Report. Having regard to the provisions of Section 136(1) read with its relevant proviso of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished free of cost.

The Nomination and Remuneration Committee of the Company has affirmed that the remuneration is as per the remuneration policy of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management discussion and analysis report, as required by Listing Regulations, forms part of the Annual Report.

ACKNOWLEDGEMENT

Your Directors wish to convey their appreciation to all of the Company's employees for their enormous efforts as well as their collective contribution to the Company's performance. The Directors would also like to thank shareholders, customers, dealers, suppliers, Financial Institutions, bankers, Government and all the other business associates for the continuous support given by them to the Company and their confidence in its management.

By order of the Board of Directors

Place: Karnal
Dated: August, 09, 2018

Sd/-
(Rajev Gupta)
Director
DIN-00172828

Sd/-
(Vivek Gupta)
Director
DIN-00172835

PADAM COTTON YARNS LIMITED

ANNEXURE '1' TO THE DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

(Pursuant to section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

To,

The Members,

Padam Cotton Yarns Limited

196, Opposite Red Cross Bhawan, G.T. Road,
Karnal-132001.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Padam Cotton yarns Limited, Karnal. (Hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon. Based on my verification of the company's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2018(Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance -mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers minute books, forms and returns filed and other records maintained by Padam Cotton Yarns Limited for the financial year ended on 31/03/2018 according to the provisions of :

2. The companies Act, 2013 (the Act) and the rules made there under ;
3. The Securities Contracts (Regulations) Act, 1956 (SCRA) and the rules made there under;
4. The Depositories Act, 1996 and the Regulations and Bye Laws framed there under
5. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings ;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 (SEBI Act):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011 ;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2011

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2011 ;

(d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations , 1993 regarding the Companies Act and dealing with client ;

(e) The company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited,

(f) I have relied on the representation made by the company and its officers for systems and mechanism put in place by the company for compliance under the applicable Acts, laws and regulations to the company, the details of which are attached as Annexure to the management representation

I have also examined compliance with the applicable clauses of the following

A). Secretarial Standards issued by The Institute of Company Secretaries of India.

B). The Listing Agreements entered into by the company with Bombay Stock Exchange Limited, during the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above .

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive, Non – Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meeting, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, suits, rules, regulations and guidelines.

Place: Chandigarh
Date: 09/08/2018

SD/-
(Ramesh Bhatia)
Practicing Company Secretary
FCS No. 2483
C P No. 1917

PADAM COTTON YARNS LIMITED

ANNEXURE '2' TO THE DIRECTORS' REPORT

Information as per section 217(1)(e) read with companies (Disclosure of Particulars in the Report of Directors) Rules 1988 and forming part of the Director's Report for the period ended 31st March, 2018.

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

The Company has been giving high priority to conservation of energy by close monitoring of energy consuming equipments. All efforts are made for installing energy saving devices wherever required.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

New equipments, whenever required, are purchased from time to time.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The measures taken to conserve energy resulted in more production. However, there was no savings in consumption due to increased production and increase in rates of power.

d) Total energy consumption and energy consumption per unit of production as per Form-A of the annexure to the rules in respect of industries specified in the schedule thereto:

| PARTICULARS | CURRENT YEAR | PREVIOUS YEAR |
|--|--------------|---------------|
| A) Power and Fuel consumption | | |
| a) Purchased Unit (KW) | nil | nil |
| Total Amount (Rs.) | nil | nil |
| Rate/Unit (Rs) | nil | nil |
| b) Through Diesel Generator | nil | nil |
| Units(KW) | nil | nil |
| Total Amount (Rs.) | nil | nil |
| Rate/Unit (Rs/KW) | nil | nil |
| B) Consumption Per Unit Of Production | | |
| Furnace Oil | nil | nil |
| Others/Internal Generators | nil | nil |
| Cotton Yarn Production In MT | nil | nil |
| Total Units Consumed | nil | nil |

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form -B of the Annexure to the Rules.

1) Research & Development (R & D)

a) Specific area in which R & D carried by the Company:

Nil

b) Benefits derived as a result of the above R & D:

Nil

c) Future plan of Action:

NII

d) Expenditure on R & D

(Rs. In Lacs)

Capital

NIL

Revenue

NIL

Total

NIL

Total R & D expenditure as a percentage of Total Turnover = NIL

2) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts, in brief, made towards technology absorption, adaptation and innovation: NII

b) Benefits derived as a result of the above efforts e. g. product improvement, cost reduction, product development, import substitution etc: NII

c) In case of imported technology (imported during the last 5 year reckoned from the beginning of the financial year) NII

3) FOREIGN EXCHANGE EARNINGS AND OUTGO

III. Activities relating to export, initiatives taken to increase export, development of new export markets for products and services and export plans: NII

Value of imports calculated on C.I.F. basis: Amount (In Rs.)

| Particulars | For the Year ended 31.03.2018 |
|-----------------------|-------------------------------|
| Stores & Spares parts | nil |
| Capital Goods | nil |
| Total | nil |

Expenditure in foreign currency during the financial year on account:
Amount (In Rs.)

| Particulars | For the Year ended 31.03.2018 |
|---------------------|-------------------------------|
| Commission on sales | nil |
| Total | nil |

Earnings in foreign exchange:

Export of goods calculated on FOB basis Amount (In Rs.)

| Particulars | For the Year ended 31.03.2018 |
|--------------------|-------------------------------|
| Manufactured Goods | nil |
| Total | nil |

Place: KaranaI
Dated: 09.08.2018

By Order of the Board of Directors
For Padam Cotton yarns Limited

SD/- SD/-
(Rajev Gupta) (Vivek Gupta)
Director Director
DIN-00172828 DIN-00172835

PADAM COTTON YARNS LIMITED

ANNEXURE '3' TO THE DIRECTORS' REPORT

Corporate Governance Report

1. Company's philosophy on code of Governance

Corporate Governance is a set of system, process and principles which ensure that a Company is governed in the best interest of all stakeholders. The objective of Good Corporate Governance is to ensure the Board's commitment towards transparent management to maximize long term value for the Company's shareholders of all stakeholders. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

2. Board of Directors

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors so as to have a balanced structure. As on 31st March 2018, the Board of Directors consists of six Directors, out of which two are Promoter Directors (Managing Director and a non executive Director), one Non - Executive Woman Director and three are Independent Non-Executive Directors. None of the Directors on the board is a member on more than 10 committees and Chairman of more than 5 committees as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred to as Listing Regulations), across all the companies in which they are Directors. The necessary disclosures regarding committee memberships have been made by all the Directors. The Non-Executive Independent Directors fulfill the conditions of independence specified in Section 149 of Companies Act 2013 and rules made there under and meet with requirements of Listing Regulations.

During the financial year 2017-18, four board meetings were held. The meetings were held on 30th May, 2017, 24th August 2017, 30th November, 2017, and 14th February, 2018. As stipulated by Code of Independent Directors under Companies Act 2013 and under Listing Agreement, a separate meeting of independent directors was held on 14th February, 2018 to review the performance of Non-Independent directors and the Boards as a whole. The Independent Directors also reviewed the quality, content and timeliness of follow of information between Management and the Board. All Independent Directors were present in the said meeting.

The names and categories of Directors on the board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships/ Committee memberships/ Chairmanship held by them in other Companies are given below:

No. of Directorship and Committee Membership/Chairmanship as on 31.03.2018:-

| Name of Director | Category | Attendance Particulars | | No. of Directorship Other Directorship | No. of Membership/ Chairmanship in Committees* | | |
|--------------------|----------|------------------------|----------|---|--|--------------|-------|
| | | Board Meeting | Last AGM | | Membership | Chairmanship | Total |
| Sh Rajiv Gupta | Director | 4 | Yes | 7 | - | - | - |
| Sh Vivek Gupta | Director | 4 | Yes | 5 | 1 | - | - |
| Sh Jai Kumar | INED | 4 | Yes | 1 | 4 | - | - |
| Sh Harbhajan Singh | INED | 4 | Yes | 3 | - | 4 | - |
| Sh Sawant Singh | INED | 4 | Yes | 1 | 4 | - | - |
| Smt. Radhika Gupta | Director | 1 | N.A. | 0 | - | - | - |

*The committees considered for the above purpose are Audit Committee and Stakeholders Relationship Committee.

3. INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information about the Company. All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information including minimum information as stipulated under Regulation 17(7) of Listing Regulations to the extent it is applicable & relevant and documents to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board Committees for the information of Board. The Board reviews the declarations/reports made by the Management regarding compliance with applicable laws on quarterly basis as well as steps taken by the Company to rectify instances of non-compliance, if any. Post meetings, all important decisions taken at the meeting are communicated to the concerned officials and departments.

4. MAXIMUM DIRECTORSHIP & TENURE OF INDEPENDENT DIRECTORS

The maximum tenure of Independent Directors is in compliance with the Companies Act 2013. The Company has issued formal letters of appointment to all the Independent Directors. At the time of appointment of an independent director, it was ensured that the number of Boards on which such independent director serves is restricted to seven listed companies as an independent director and three listed companies as an independent director in case such person is serving as a whole-time (executive) director of a listed company. The terms & conditions of appointment of independent directors are available on Company's website viz. www.padamcotton.com

5. Code of Conduct

The Company is committed to conduct its business in accordance with the pertinent laws, rules and regulations and with the highest standards of business ethics. The Company has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is posted on Company's website viz. www.padamcotton.com. All Board members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by Sh. Rajev Gupta, DIN 00172828, Director of the Company to this effect is enclosed at the end of this report.

6. PREVENTION OF INSIDER TRADING CODE

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Code is applicable to Promoters and Promoter's Group, all Directors, KMP's and such Designated Employees etc. who are expected to have access to unpublished price sensitive information relating to Company. The Code lays down guidelines advising them on procedures to be followed and disclosures to be made while dealing with the shares of Company and cautioning them about the consequences of violations. The Company Secretary is responsible for implementation of this code. During the year under review, there has been due compliance with the said code. The Company has also formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The same is also posted on Company's website viz. www.padamcotton.com

7. CEO and CFO Certification

As per Regulation 17 of Listing Regulations, Sh. Narinder Kumar Chutani, Chief Financial Officer (CFO) & Sh. Rajev Gupta, DIN 00172828, CEO & Director of the Company have issued certificate pursuant to the provisions of Listing Regulations certifying that the financial statements and the cash flow statement do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is attached herewith and forms part of the Annual Report.

8. COMMITTEES OF THE BOARD

The Board of Directors have constituted various Board Committees in compliance of Companies Act as well as Listing Regulations/Listing Agreement to deal with specific areas and activities as stipulated under the Companies Act and Listing Obligations. The Board Committees meet at regular intervals, takes necessary steps to perform its duties/functions entrusted by the Board.

(A) Audit Committee

Audit Committee functions in accordance with the terms of reference as set out under Listing Regulations read with provisions of Section 177 of the Companies Act, 2013 & rules made there under and additional responsibilities assigned to it by Board of Directors of the Company. The Committee reviews the internal audit reports and findings of internal auditors along with the comments of management. The functions of the Audit Committee among others, include approving and implementing the audit procedures, effective supervision of financial reporting system, Whistle Blower Mechanism, internal control and procedures, recommending appointment of Statutory Auditors, Cost Auditors to Board and also ensuring compliances with regulatory guidelines. The composition, names of members, chairperson, particulars of the meetings and attendance of the members during the financial year are as below:

During the financial year 2017-18, four Audit Committee meetings were held on May 30, 2017, August, 24, 2017, November, 30, 2017 and February 14, 2018.

| S.NO. | NAME | DESIGNATION | NO. OF MEETINGS ATTENDED DURING THE YEAR 2017-2018 |
|-------|---|-------------|--|
| 1. | Sh. Harbhajan Singh, Independent Director | Chairman | 4 |
| 2. | Sh. Jai Kumar Independent Director | Member | 4 |
| 3. | Sh. Satwant Singh, Independent Director | Member | 4 |
| 4. | Sh. Vivek Gupta (SPECIAL INVITEE) | Member | 4 |

The Statutory Auditors and Internal Auditors were invitees to the meetings.

(B) Nomination and Remuneration Committee

The Nomination and Remuneration Committee functions in accordance with the terms of reference as set out under Listing Regulations read with provisions of Section 178 of Companies Act, 2013 & rules made there under. The functions of Nomination and Remuneration Committee include formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to remuneration of directors, key managerial personnel and other employees, formulation of criteria for evaluation of performance of independent directors and the board of directors, devising a policy on diversity of board of directors, identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with criteria laid down and recommend to the board of directors their appointment and removal etc. During the financial year 2017-2018, two meetings of Nomination and Remuneration Committee were held on August 24, 2017 and February 14, 2018.

| S.NO. | NAME | DESIGNATION | NO. OF MEETINGS ATTENDED DURING THE YEAR 2017-2018 |
|-------|---|-------------|--|
| 1. | Sh. Harbhajan Singh, Independent Director | Chairman | 2 |
| 2. | Sh. Jai Kumar Independent Director | Member | 2 |
| 3. | Sh. Satwant Singh, Independent Director | Member | 2 |

Remuneration Policy

The objective of this Policy is directed towards having a compensation philosophy and structure that will reward and retain talent. The Company has adopted and implemented the provisions of Section 178 of the Companies Act, 2013 on the requirement of the Committee to recommend to the Board a policy, relating to the remuneration for the directors, KMPs and other employees.

i) Remuneration of Non-Executive Directors

No remuneration was paid to the Non-Executive Directors during the year 2017-18.

ii) Remuneration of CEO/Executive Directors

No remuneration was paid to the CEO/ Executive Directors during the year 2017-18.

There is no Employee Stock Option Scheme (ESOP) in the Company as on 31st March 2018. Further, there are no pecuniary relationships or transactions of Non-Executive Director vis a vis the Company which has potential conflict with the interest of the Company at large.

(C). Stakeholders Relationship Committee

The Stakeholders Relationship Committee functions in accordance with the terms of reference as set out under provisions of Listing Regulations read with provisions of Section 178 of the Companies Act, 2013 & rules made there under i.e. redressing of Shareholders/Investors complaints, regarding to share transfers, non-receipt of balance sheet/dividend by the shareholders etc. During the financial year 2017-18, four Stakeholders Relationship Committee meetings were held on May 30, 2017, August, 24, 2017, November, 30, 2017 and February 14, 2018.

The composition, names of the members, chairperson, particulars of the meetings and attendance of the members during the year are as below:

| Sl. NO | NAME OF MEMBERS | DESIGNATION | NO. OF MEETINGS ATTENDED DURING THE YEAR 2017-2018 |
|--------|---|-------------|--|
| 1. | Sh. Harbhajan Singh, Independent Director | Chairman | 4 |
| 2. | Sh. Jai Kumar, Independent Director | Member | 4 |
| 3. | Sh. Satwant Singh, Independent Director | Member | 4 |

During the financial year, the request for transfer/ demat/ remat of shares, change of address etc have been duly effected. During the year, no complaint from any shareholder was received. Hence no grievance was pending at the end of the financial year. Mr. Rajev Gupta, Director was the Compliance Officer of the Company for SEBI/ Stock Exchange/ROC related issues etc.

(D). Risk Management Committee:

The Listing Regulations in this respect are not applicable to the company

9. General Body Meetings

The last three Annual General Meetings of the Company were held as under :

| Year | Venue | Date | Time |
|-----------|---|----------|------------|
| 2016-2017 | 196 opp Red Cross Market GT Road Karnal | 29/09/17 | 11.00 A.M. |
| 2015-2016 | 196 opp Red Cross Market GT Road Karnal | 30/09/16 | 11.00 A.M. |
| 2014-2015 | 196 opp Red Cross Market GT Road Karnal | 30/09/15 | 11.00 A.M. |

E-Voting facility through CDSL was provided in the last AGM.

No Postal ballots were used for voting in these meetings. At the forthcoming AGM, there is no item on the agenda that needs approval by Postal ballots.

10. Subsidiary Company

During the year ended 31st March, 2018, neither the Company has any subsidiary nor any material listed/unlisted subsidiary company.

11. RISK MANAGEMENT POLICY

The Company's Risk Management Policy is available at company's website www.padamcotton.com

12. Disclosures

a) Related Party Transactions

The company has formulated the policy on dealing with Related Party Transactions in pursuance to provisions of clause 23 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, there were no party transactions of the Company under the said policy and as per provisions section 188 of Companies Act 2013 & rules made there under. There are no materially significant related party transactions made by the Company with its promoters, Directors or management, their relatives that may have potential conflict with the interest of the Company at large. Suitable disclosures as required by the Accounting Standards (AS 18) are disclosed.

During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authority for non-compliance of any matter related to the capital markets.

Suitable disclosures as required by the Accounting Standards (AS 18) are disclosed in Notes to Accounts in Annual Report. The Related Party Transactions Policy of Company available on the Company's web site: www.padamcotton.com.

b) Disclosure of Accounting Treatment in preparation of Financial Statements

The Company has followed all relevant Accounting Standards referred to in Section 133 of Companies Act 2013 & rules made there under and laid down by Institute of Chartered Accountants of India, while preparing Financial Statements.

c) Details of non-compliance by the listed entity, penalties, strictures imposed by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years

During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authority for non-compliance of any matter related to the capital markets.

d) Whistle Blower Policy/Viol Mechanism

The Company has adopted Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. This policy is reviewed quarterly by the Audit Committee to check the effectiveness of the policy & related matters. No personnel have been denied access to the Audit Committee. The relevant details of Whistle Blower Policy are given under the Director's Report and same is available on the Company's website: www.padamcotton.com

e) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all applicable mandatory requirements. The Company has not adopted non-mandatory requirements.

f) Subsidiary Company

During the year ended 31st March, 2018, neither the Company has any subsidiary nor any material listed/unlisted subsidiary company.

g) Independent Director's Declarations

All Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under the Companies Act, 2013 and Listing Regulations.

h) Disclosures by Senior Management & Key Managerial Personnel

Senior Management and Key Managerial Personnel have made disclosure to the Board relating to all material, financial and other transactions stating that they did not have any personal interest that could result in a conflict with the interest of the Company at large. The material, financial and commercial transactions where Key Managerial Personnel have personal interest forms part of the disclosure on related parties referred to in Notes to Annual Accounts.

13. Performance evaluation of Board of Directors

During the year, the Board adopted a formal mechanism for evaluating its performance and effectiveness as well as that of its Committees and individual Directors, including the Chairman of the Board. For Board and its Committees, the exercise was carried out through a structured evaluation process covering various aspects of the Board's functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. The Performance evaluation of Non-Independent directors including the Chairman was carried out by Independent Directors in their separate meeting. The Directors were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and its Committees. The necessary details regarding criteria of performance evaluation is mentioned under Director's Report. The Performance Evaluation Policy of Board of Directors is available on Company's website viz. www.padamcotton.com.

Since the Directors were satisfied with the evaluation results, there were no observations in the board evaluation carried out for the year, hence no action was proposed. The previous year's observations in the board evaluation were nil and hence no action was warranted.

14. Familiarization Programme / Induction for Independent Directors

At the Board Meetings, apart from the regular agenda items, it is ensured that the Board members are provided a deep and thorough insight into the business model of the Company and updates either by way of presentation of business units or otherwise. The Board members get an open forum for discussion and share their experience. At the time of appointing an Independent Director, a formal letter of appointment is given to him/her, which inter alia explains the role, function, duties, responsibilities expected of him/her as a Director of the Company and expected time commitments. As required under Listing Regulations, Company has conducted a familiarization programme for its independent directors under which the necessary information was provided to familiarize them with the nature, activities, products of the Company and also about their roles, rights, responsibilities in the Company.

15. Board Diversity Policy

The Nomination and Remuneration Committee have formulated Board Diversity Policy in accordance with the Listing Regulations. Under the said policy, it is recognized that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the Company is important to achieve effective corporate governance and sustained commercial success of the Company. In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall while selecting the Board Members consider a number of factors, including but not limited to age, culture, functional skills, industry/professional experience, financial literacy and integrity etc..The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

16. Means of Communications

The quarterly, half yearly & annual financial results, notices etc. are published in widely circulating national & local dailies newspaper The Statesman / The Pioneer in English editions and Vysper Bhardi in Hindi Edition. The same are also being posted on the website of BSE www.bseindia.com under Scrip Code 521068 and also on the website of the company. The Management Discussion and Analysis report forms a part of this Annual Report.

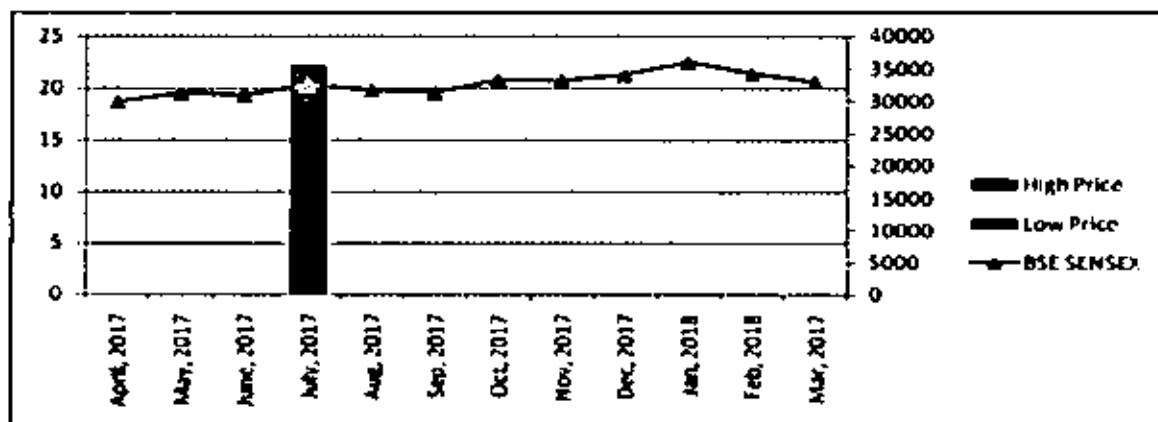
17. General Shareholder Information's

Annual General Meeting at 11:00 A.M. on Friday, the 28th September 2018 at Registered Office of the Company at 196, Opposite Red Cross Market, GT Road, Karnal.

Financial Calendar : 1st April, 2017 to 31st March, 2018
 Date of Book Closure : 22/09/2018 to 28/09/2018
 (both days inclusive)
 Dividend Payment Date : N.A.
 Listing on Stock Exchange : Bombay Stock Exchange Limited (BSE)
 Scrip Code : 531395
 Global Depository Receipts (GDRs) : NA
 ISIN & Trading Code of GDRs : NA
 Demat ISIN Number in NSDL & CDSL : INE
 Corporate Identity Number (CIN) : L17112HR1994PLC033641
 Annual listing fee for the year 2018-2019 has duly been paid to Bombay Stock Exchange (BSE). The Company has also paid the Annual Custodial Fee to NSDL & CDSL for the year 2017-2018.

Market price data - High and Low during each month on BSE in the financial year 2017-18
 Stock code - 531395 (Source: www.bseindia.com)

| Months | High | Low | Closed | Shares |
|-----------------|-------|-------|--------|--------|
| April, 2017 | NIL | NIL | NIL | NIL |
| May, 2017 | NIL | NIL | NIL | NIL |
| June, 2017 | NIL | NIL | NIL | NIL |
| July, 2017 | 22.20 | 22.20 | 22.20 | 51 |
| August, 2017 | NIL | NIL | NIL | NIL |
| September, 2017 | NIL | NIL | NIL | NIL |
| October, 2017 | NIL | NIL | NIL | NIL |
| November, 2017 | NIL | NIL | NIL | NIL |
| December, 2017 | NIL | NIL | NIL | NIL |
| January, 2018 | NIL | NIL | NIL | NIL |
| February, 2018 | NIL | NIL | NIL | NIL |
| March, 2018 | NIL | NIL | NIL | NIL |



Registrar and Share Transfer Agent : Beetal Financial & Computer Services Pvt. Ltd.
99, Madangir, Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir,
New Delhi - 110062
Tele. No. 011-29961281-83 Fax No: 011-29961284
E-mail : beetal@beetalfinancial.com

Share Transfer System : Shares lodged in physical form with the RTA directly or through Company, are processed and returned, duly transferred, within fifteen days normally, except in cases which are under objection.
In respect of shares held in dematerialized mode, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit/credit of the accounts involved.

Compliance Officer : Sh. Rajev Gupta.
E_mail ID's : rajevoswal@yahoo.com

Distribution of shareholding as on 31st March, 2018.

| Range of Shares | No. of Shareholders | % of Shareholders | No. of Shares | % of Shareholding |
|-----------------|---------------------|-------------------|----------------|-------------------|
| 001 - 500 | 333 | 31.29 | 77801 | 2.01 |
| 501 - 1000 | 628 | 59.02 | 441116 | 11.39 |
| 1001 - 2000 | 29 | 2.72 | 40849 | 1.05 |
| 2001 - 3000 | 26 | 2.44 | 61853 | 1.60 |
| 3001 - 4000 | 4 | 0.38 | 14226 | 0.37 |
| 4001 - 5000 | 1 | 0.10 | 4200 | 0.11 |
| 5001 - 10000 | 8 | 0.76 | 69055 | 1.78 |
| 10001 and above | 35 | 3.29 | 3163900 | 81.69 |
| Total | 1084 | 100 | 3873000 | 100 |

Shareholding Pattern as on 31st March, 2018.

| Category | No. of shares | Percentage |
|---|----------------|---------------|
| Promoters/Promoter Group | 1998300 | 51.60 |
| FI's/FII's/ Banks/ Mutual Funds | 0 | 0.00 |
| NRIs | 2861 | 0.07 |
| Bodies Corporates | 79782 | 2.06 |
| Indian Public | 1792057 | 46.27 |
| Shares held by Custodian & against which Depository Receipts have been issued | 0 | 0.00 |
| Total | 3873000 | 100.00 |

Details of shareholding of Directors in the Company as on 31.03.2018.

| Name of Director | No. of shares held |
|---------------------|--------------------|
| Sh Rajev Gupta | 609750 |
| Sh Vivek Gupta | 746600 |
| Sh. Jai Kumar | 0 |
| Sh. Satwant Singh | 0 |
| Sh. Harbhajan Singh | 0 |
| Smt Radhika Gupta | 44500* |

Dematerialisation of shares and liquidity : 54.148% of the shares issued by the Company has been dematerialized up to 31st March, 2018.

Plant(s) Location : NIL

Address for correspondence : 196, Opposite Red Cross Market, G T Road, Karnal-132001

Place: Karnal
Dated: 09.08.2018

By Order of the Board of Directors
For Padam Cotton yarns Limited

Sd/- Sd/-
(Rajev Gupta) (Vivek Gupta)
Director Director
DIN-00172828 DIN-00172835

DECLARATION ON CODE OF CONDUCT

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby declared that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Company for the year ended 31st March 2018.

Place: Karnal
Dated: 09.08.2018

By Order of the Board of Directors
For Padam Cotton yarns Limited

Sd/- Sd/-
(Rajev Gupta) (Vivek Gupta)
Director Director
DIN-00172828 DIN-00172835

PADAM COTTON YARNS LIMITED

ANNEXURE '4' TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | | |
|------|---|---|---|
| i) | CIN | : | L17112HR1994PLC033641 |
| ii) | Registration Date | : | 02.11.1994 |
| iii) | Name of the Company | : | PADAM COTTON YARNS LIMITED |
| iv) | Category / Sub-Category of the Company | : | Public Company limited by shares |
| v) | Address of the Registered office and contact details | : | # 196, 1st Floor, Opposite Red Cross Market, GT Road, Karnal PIN 132001 TELEPHONE 0184-6618601-09 |
| vi) | Whether listed company | : | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | : | Beetal Financial & Computer Services Private Limited 99, Madangir, Behind Local Shopping Centre, New Delhi 110062 TELE :91-11-29961281 mail: beetal@beetalfinancial.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1. | Spinning | 99825312 | nil |
| 2. | Dyeing | nil | nil |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :- Nil

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(g) Category wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year[As on 01 April 2017] | | | | No. of Shares held at the end of the year[As on 31-March-2018-] | | | | % Change during the year |
|---|--|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter s | | | | | | | | | |
| Indian | | | | | | | | | |
| a) Individual/ HUF | 1998300 | - | 1998300 | 51.60 | 1998300 | - | 1998300 | 51.60 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(1) | - | - | - | - | - | - | - | - | - |
| (2) Foreign | | | | | | | | | |
| 1. NRI Individuals | - | - | - | - | - | - | - | - | - |
| 2. Other Individuals | - | - | - | - | - | - | - | - | - |
| 3. Bodies Corp. | - | - | - | - | - | - | - | - | - |
| 4. Banks / F I | - | - | - | - | - | - | - | - | - |
| 5. Any | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(2) | | | | | | | | | |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 1998300 | - | 1998300 | 51.60 | 1998300 | - | 1998300 | 51.60 | - |
| B. Public Shareholding | | | | | | | | | |
| I. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|--|---------|---------|---------|-------|---------|---------|---------|-------|--------|
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub total (B)(1):- | - | - | - | - | - | - | - | - | - |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 10235 | 70000 | 80235 | 2.07 | - | 50000 | 50000 | 1.29 | (0.78) |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 85762 | 671742 | 757504 | 19.56 | 86215 | 671742 | 757957 | 19.57 | 0.01 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 0 | 1034100 | 1034100 | 26.70 | 0 | 1034100 | 1034100 | 26.70 | - |
| c) Others (specify) | 0 | 2861 | 2861 | 0.07 | 12643 | 20000 | 32643 | 0.84 | 0.77 |
| Sub-total (B)(2):- | 95997 | 1778703 | 1874700 | 48.40 | 98858 | 1775842 | 1874700 | 48.40 | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 95997 | 1778703 | 1874700 | 48.40 | 98858 | 1775842 | 1874700 | 48.40 | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 2094297 | 1778703 | 3873000 | 100 | 2097158 | 1775842 | 3873000 | 100 | - |

B) Shareholding of Promoter

| SN | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share holding during the year |
|----|-----------------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of S Pledged / encumbered to total shares | |
| 1 | Radhika Gupta (AAPPG404211) | 44500 | 1.15 | 0 | 44500 | 1.15 | 0 | 0 |
| 2 | Prem Lata (AADPL3023F) | 48500 | 1.25 | 0 | 48500 | 1.25 | 0 | 0 |
| 3 | Rekha Gupta (AAPPG4033J) | 53500 | 1.38 | 0 | 53500 | 1.38 | 0 | 0 |

| | | | | | | | | |
|---|----------------------------------|---------|-------|---|---------|-------|---|---|
| 4 | Padam Sain Gupta (AAPPG4043G) | 474500 | 12.25 | 0 | 474500 | 12.25 | 0 | 0 |
| 5 | Vivek Gupta (AACHV1673G) | 10475 | 0.27 | 0 | 10475 | 0.27 | 0 | 0 |
| 6 | Rajev Gupta (AAFHR4485P) | 10475 | 0.27 | 0 | 10475 | 0.27 | 0 | 0 |
| 7 | Rajev Gupta (AAPPG4046D) | 609750 | 15.75 | 0 | 609750 | 15.75 | 0 | 0 |
| 8 | Vivek Gupta (AAPPG4029A) | 746600 | 19.28 | 0 | 746600 | 19.28 | 0 | 0 |
| | TOTAL | 1998300 | 51.60 | 0 | 1998300 | 51.60 | 0 | 0 |

C) Change in Promoters' Shareholding (please specify, if there is no change) There has been no change in the Promoters shareholding.

| SN | | Shareholding at the beginning of the year | | Cumulative Shareholding the year | |
|----|---|---|----------------------------------|----------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares the | % of total shares of the company |
| | At the beginning of the year | 1998300 | 51.60 | 1998300 | 51.60 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 0 | 0 | 0 | 0 |
| | At the end of the year | 1998300 | 51.60 | 1998300 | 51.60 |

D) Shareholding Pattern of top ten Shareholders:
(other than Directors, Promoters and Holders of GDRs and ADRs):

| SN | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | % change in shareholding during the year |
|----|-------------------------------------|---|----------------------------------|---|----------------------------------|--|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company | |
| 1 | Gulshan Kumar | 65200 | 1.68 | 65200 | 1.68 | - |
| 2 | Ashwani Kumar Sood | 63400 | 1.64 | 63400 | 1.64 | - |
| 3 | Renu Bala | 61500 | 1.59 | 61500 | 1.59 | - |

| | | | | | | |
|----|----------------|-------|------|-------|------|---|
| 4 | Rakesh Kumar | 61200 | 1.58 | 61200 | 1.58 | - |
| 5 | Rajinder Kumar | 61100 | 1.58 | 61100 | 1.58 | - |
| 6 | Sunil Kumar | 60000 | 1.55 | 60000 | 1.55 | - |
| 7 | Rajiv Kumar | 57400 | 1.48 | 57400 | 1.48 | - |
| 8 | Sanjay Kumar | 56000 | 1.45 | 56000 | 1.45 | - |
| 9 | Banarsi Lal | 55000 | 1.42 | 55000 | 1.42 | - |
| 10 | Poonam Rani | 54800 | 1.41 | 54800 | 1.41 | - |

E) Shareholding of Directors and Key Managerial Personnel:

| SN | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Vivek Gupta | | | | |
| | At the beginning | 609750 | 15.74 | 609750 | 15.74 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc) | 0 | 0 | 609750 | 15.74 |
| | At the beginning | - | - | 609750 | 15.74 |
| 2 | Rajev Gupta | | | | |
| | At the beginning of the year | 746600 | 19.28 | 746600 | 19.28 |
| | Date wise Increase / Decrease in Promoters Share holding during the year spec reasons for increase / transfer / bonus/ sweat equity etc) | 0 | 0 | 746600 | 19.28 |
| | At the beginning | - | - | 746600 | 19.28 |
| 3 | Radhika Gupta | | | | |
| | At the beginning of the year | 44500 | 01.15 | 44500 | 01.15 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / transfer / bonus/ sweat equity etc) | 0 | 0 | 44500 | 01.15 |
| | At the end of the year | - | - | 44500 | 01.15 |

F) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | - | - | - |

| | | | | |
|--|---|---|---|---|
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| * Addition | - | - | - | - |
| * Reduction | - | - | - | - |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole -time Directors and/or Manager : Nil

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : - Nil

> Company

Penalty, Punishment, compounding NIL

> Directors

Penalty, Punishment, compounding NIL

> Other officers in default

Penalty, Punishment, compounding NIL

B. Remuneration to other directors: Nil

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD
(Rs. In Lacs)

| S. no. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|--------|--|--------------------------|----------------------------|--|-------|
| | | Sh. Rajev Gupta (CEO) | Sh. Narinder Chutani (CFO) | | |
| 1. | Gross salary | NIL | NIL | | NIL |
| | (a) Salary as per provisions contained in section 17(1) of the Income-1961 | | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | NIL | NIL | | NIL |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | NIL | NIL | | NIL |
| 2. | Stock Option | NIL | NIL | | NIL |
| 3. | Sweat Equity | NIL | NIL | | NIL |

| | | | | | |
|----|---|-----|-----|--|-----|
| 4. | Commission as % of profit others, specify... | NIL | NIL | | NIL |
| 5. | Others, please specify (Provident fund) | NIL | NIL | | NIL |
| | Total | NIL | NIL | | NIL |

By order of the Board

Place: Karnal
Dated: 09.08.2018

Sd/- Sd/-
(Rajev Gupta) (Vivek Gupta)
Director Director
DIN 00172828 DIN 00172835

PADAM COTTON YARNS LIMITED

ANNEXURE '5' TO THE DIRECTORS' REPORT

NOMINATION, REMUNERATION AND EVALUATION POLICY

1. INTRODUCTION

The Company conducts its operations under the directions of the Board of Directors within the framework laid down by the Companies Act, 2013, the Articles of Association of the Company, Listing Agreement with stock exchanges, internal code of conduct and policies formulated by the Company for its Board of Directors and Senior Management. The Company's Board of Directors is dedicated to act in good faith, exercise their judgment on an informed basis and in the best interest of the Company and its stakeholders. This policy is in compliance with the Section 178 of the Companies Act, 2013 read with rules framed thereto and Clauses of the Listing Regulations.

The primary objective of the Policy is to provide a framework and set standards for their nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the Senior Management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

The Nomination, Remuneration and Evaluation Policy ('the Policy') applies to the Board of Directors ('the Board'), Key Managerial Personnel (the 'KMP') and the Senior Management Personnel of Hizar Spinning Mills Limited (the 'Company').

'Key Managerial Personnel' (KMP) means-

- (i) Chairman & Managing Director
- (ii) Company Secretary
- (iii) Whole-time Director
- (iv) Chief Financial Officer; and
- (v) Such other Officer as may be prescribed by the Board or the Central Government.

The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

2. CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee shall be constituted by the Board of Directors in its Meeting. The members of the Committee present at the meeting shall choose one amongst them to act as Chairman or appoint Chairman of the Committee. The Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee. Minimum two members shall constitute a quorum for the Committee Meeting. The terms of the Committee shall be decided by the Board of Directors in its meeting. The Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholder's queries.

COMMITTEE MEMBER'S INTERESTS

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

VOTING

- a) Matters arising for determination at the Committee Meetings shall be decided by a majority shall be decided

by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

3. TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

- I. Identification of persons qualified to be the directors and in senior management in accordance with the criteria laid down.
- II. Recommend to the Board appointed and removal of the directors apart from the nominee directors as proposed by the Government of Punjab and in the Senior Management.
- III. Evaluation of every director's performance.
- IV. Formulation of criteria for determining qualifications, positive attributes and independence of a director.
- V. Recommendation of Remuneration policy for the directors, KMP and other employees.
- VI. Other Terms of Reference/ scope of Nomination and Remuneration Committee shall be as notified by the appropriate authority from time to time or as directed by the Board of Directors of the Company from time to time.

4. RESPONSIBILITIES OF THE COMMITTEE

Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;

Identifying individuals suitably qualified to be appointed as the KMPs or in the Senior Management of the Company;

Recommending to the Board on the selection of individuals nominated for directorship;

Making recommendations to the Board on the remuneration payable to the Directors/ KMPs/ Senior Officials so appointed/ reappointed;

Assessing the independence of independent directors;

Such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provisions of the Companies Act, 2013 and rules framed there under;

To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

To devise a policy on Board diversity;

To develop a succession plan for the Board and to regularly review the plan.

5. RESPONSIBILITIES OF THE BOARD

It shall be the duty of the Chairman of the Board, who shall be supported by the Company Secretary to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle their shortcomings.

The Board of Directors shall undertake the following activities on an annual basis:

1. The Chairman of the Company shall meet with each and every director individually to discuss his/ her performance throughout the year.
2. Review performance evaluation reports submitted by the Chairperson of various committees along with their suggestions on improving the effectiveness of the committee. Also, the requirement of establishing any new committees shall be reviewed by the Board on an annual basis.
3. Review the various strategies of the Company and accordingly set the performance objectives for directors, in consistency with varying nature and requirements of Company's business.
4. The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.

In conformity with the requirements of the Act, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

6. RESPONSIBILITIES OF INDEPENDENT DIRECTORS

In pursuance of the Companies Act, 2013 and rules framed and notified there under read with the amendments in the Listing Agreement as notified on 17th April, 2014, the ambit of roles and responsibilities of Independent Directors has widened. The following roles, responsibilities and duties have been duly incorporated so far:

1. Limit on number of directorships

a. A person shall not serve as an independent director in more than seven listed companies.
b. Further, any person who is serving as a whole time director in any listed company shall serve as an independent director in not more than three listed companies.

2. Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence.

3. Qualifications of independent director.. An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

4. Guidelines of professional conduct:

An independent director shall:

- (a) uphold ethical standards of integrity and probity;
- (b) act objectively and constructively while exercising his duties;
- (c) exercise his responsibilities in a bona fide manner in the interest of the company;
- (d) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (e) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (f) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (g) refrain from any action that would lead to loss of his independence;
- (h) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (i) assist the company in implementing the best corporate governance practices.

5. Role and functions:

The independent directors shall:

- (a) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (b) bring an objective view in the evaluation of the performance of board and management;
- (c) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (d) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (e) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (f) balance the conflicting interest of the stakeholders;
- (g) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (h) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

6. Duties:

The independent directors shall:

- (a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

- (b) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (c) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (d) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (e) strive to attend the general meetings of the company;
- (f) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (g) keep themselves well informed about the company and the external environment in which it operates;
- (h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (j) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (k) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (l) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

7. Separate meetings:

- (a) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (b) All the independent directors of the company shall strive to be present at such meeting;
- (c) The meeting shall:
 - (i) review the performance of non-independent directors and the Board as a whole;
 - (ii) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - (iii) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

8. Evaluation mechanism:

- (a) The Nomination Committee shall lay down the evaluation criteria for performance evaluation of independent directors.
- (b) The company shall disclose the criteria for performance evaluation, as laid down by the Nomination Committee, in its Annual Report.
- (c) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (d) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

9. Training of Independent Directors

- (a) The company shall provide suitable training to independent directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc.
- (b) The details of such training imparted shall be disclosed in the Annual Report.

7. APPOINTMENT OF DIRECTORS/ KMPs/ SENIOR OFFICIALS

1. Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/ a level below KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment (except for Nominee Directors), the Nomination and Remuneration Committee has regard to:

- > assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board,
- > the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company,
- > the skills and experience that the appointee brings to the role of KMP/ Senior Official and how an appointee will enhance the skill sets and experience of the Board as a whole,
- > the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment,

2. Personal Specifications:

- > Degree holder in relevant disciplines,
- > Experience of management in a diverse organization,
- > Excellent interpersonal, communication and representational skills,
- > Demonstrable leadership skills
- > Commitment to high standards of ethics, personal integrity and probity,
- > Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace,
- > Having continuous professional development to refresh knowledge and skills.

For details of the personal specifications refer to Annexure . A

3. Letters of Appointment:

Each Director/ KMP/ Senior Officials is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

4. Remuneration of Directors, Key Managerial Personnel and Senior Management:

The remuneration package and compensation for Directors, KMPs and Senior Officials shall be determined as per the service rules of the Company and the limits and statutory requirements as prescribed under the Companies Act, 2013 from time to time.

8. EVALUATION FACTORS:

The Board of Directors shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director.

In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of independent directors, non- independent directors, other employees of the Company and Committees of Directors separately, as such, evaluation factors may vary in accordance with their respective functions and duties.

Rating Scale

| Scale | Performance |
|-------|-------------------|
| 5 | Excellent |
| 4 | Good |
| 3 | Satisfactory |
| 2 | Needs Improvement |
| 1 | Unacceptable |

INDEPENDENT DIRECTORS

Overall Rating

- > Compliance with Articles of Association, Companies Act & other laws
- > Compliance with ethical standards & code of conduct of the Company
- > Assistance in implementing Corporate Governance practices
- > Rendering independent, unbiased opinion
- > Attendance & presence in General Meetings
- > Leadership Qualities
- > Qualifications
- > Disclosure of non independence, if exists
- > Independent view on key appointments & Strategy Formulation
- > Objective evaluation of Board's performance
- > Review of integrity of financial information & risk management
- > Safeguard of stakeholders' interests
- > Appointment & Removal of KMPs
- > Determination of level of remuneration of KMPs
- > Updation of skills & knowledge
- > Punctuality
- > Information regarding external environment
- > Seeking expert opinion, when required
- > Raising of concerns to the Board
- > Safeguarding interest of whistle blowers under Vigil Mechanism
- > Reporting of Frauds, violations etc.
- > Team work attributes
- > Safeguard of confidential information

NON- INDEPENDENT DIRECTORS/ EXECUTIVE DIRECTORS

Overall Rating

- > Compliance with Article of Association, Companies Act & other laws
- > Strategic Planning- Financial & Business
- > Monitoring performance against plans
- > Compliance with ethical standards & code of conduct
- > Exercising duties diligently
- > Qualifications
- > Punctuality
- > Disclosure of Interest
- > Leadership skills
- > Motivating employees, providing assistance & directions
- > Establishment of internal control processes
- > Communication skills
- > Attendance & presence in meetings of Board & Committees
- > Attendance of General Meetings

- > Team work attributes
- > Monitoring policies, encouraging suggestions
- > Safeguard of confidential information

COMMITTEES OF BOARD

The Board has constituted the following committees:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholder's Relationship Committee

For evaluating the performance of each committee, the Board of Directors shall pay regards to the following aspects:

Overall Rating

- > Compliance with Articles of Association, Companies Act & other laws
- > Compliance with ethical standards & Code of Conduct of the Company
- > Committee's accomplishments w.r.t. performance objectives
- > Adherence to Articles of Association, Companies Act and other applicable laws
- > Redressal of complaints & grievances
- > Coordination with other committees and Board of Directors
- > Fulfillment of roles & responsibilities
- > Adherence to Company's policies and internal procedures

9. REVIEW

Subject to the approval of the Board of Directors, the "Nomination and Remuneration Committee" reserves its right to review and amend this policy, if required, to ascertain the appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee and a subsequent approval by the Board of directors in their Board Meeting.

10. DISCLOSURE

In accordance with the requirement under the Act, disclosure regarding the manner in which the performance evaluation has been done by the Board of Directors of its own performance, performance of various committees of Directors and individual directors' performance will be made by the Board of Directors in the Board's Report. Further, the Board's Report containing such statement will be made available for the review of shareholders at the General Meeting of the Company.

Annexure-A

Personal Specifications for Directors:

1. **Qualifications**
 - > Degree holder in relevant disciplines (e.g. management, accountancy, legal); or
 - > Recognised specialist
2. **Experience**
 - > Experience of management in a diverse organization
 - > Experience in accounting and finance, administration, corporate and strategic planning or fund management
 - > Demonstrable ability to work effectively with a Board of Directors

3. Skills

- > Excellent interpersonal, communication and representational skills
- > Demonstrable leadership skills
- > Extensive team building and management skills
- > Strong influencing and negotiating skills
- > Having continuous professional development to refresh knowledge and skills

4. Abilities and Attributes

- > Commitment to high standards of ethics, personal integrity and probity
- > Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace

5. Political Inclinations and opinions.

Place: Karnal
Dated: 09.08.2018

By Order of the Board of Directors
For Padam Cotton yarns Limited

| | |
|---------------|---------------|
| Sd/- | Sd/- |
| (Rajev Gupta) | (Vivek Gupta) |
| Director | Director |
| DIN-00172828 | DIN-00172835 |

CERTIFICATE OF PRACTICING COMPANY SECRETARY ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER REGULATION E of SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015.

To the Members of PADAM COTTON YARNS Limited

I have examined the compliance of the conditions of Corporate Governance by Padam Cotton yarns Limited, Karnal (Haryana) for the year ended March 31, 2018 as stipulated in Regulation E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

In my opinion and to the best of my information and according to the explanations given to me, and the information given by the management, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned regulations.

I state that in respect of investor grievance received during the year ended March, 31, 2018, no investor grievances were pending against the Company, as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee.

I further state that 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

Sd/-

Place: Chandigarh
Date: 09.08.2018

Ramesh Bhatia
Practicing Company Secretary
FCS No. 2483
C P No. 1917

PADAM COTTON YARNS LIMITED

CEO/CFO CERTIFICATION

To
The Board of Directors
Padam Cotton yarns Limited

- (a) We have reviewed the financial statements and the cash flow statement of Padam Cotton yarns Limited for the year ended 31st March, 2018 and to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the Auditors and the Audit Committee:
- (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) that there are no significant changes in accounting policies except that the company has adopted new IND AS for the preparation of the Financial results for the year ended 31st March 2018.
 - (iii) that there are no instances of significant fraud of which we have become aware.

Yours sincerely,

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

Sd/-
(Narinder Kumar Chutanil)
Chief Financial Officer

Place: Karnal
Dated: 09.08.2018

PADAM COTTON YARNS LIMITED
"Mechanism for Performance Evaluation of Directors"
(Legal Framework)

In the endeavour to safeguard the interest of public at large, the Companies Act, 2013 (the Act) provides that the performance of the Board of Directors of Listed Companies and prescribed class of companies must be reviewed regularly against appropriate measures. For this purpose, the Nomination and Remuneration Committee of a Company has been obliged under Section 178 of the Act to formulate a draft policy for recommending it to the Board of Directors of the Company, setting the criteria, based on which the performance of each and every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company. Based on such performance evaluation, remuneration of directors, KMPs and employees shall be determined. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the Directors and will ensure that they exercise their powers in a rational manner. Relevant extracts of Section 178 of the Act reads as:

Section 178 of the Companies Act, 2013

(1) The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors:

Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

(2) The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

(3) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

(4) The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that—

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

Provided that such policy shall be disclosed in the Board's report.

(5) The Board of Directors of a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the Board.

(6) The Stakeholders Relationship Committee shall consider and resolve the grievances of security holders of the company.

(7) The chairperson of each of the committees constituted under this section or, in his absence, any other member of the committee authorised by him in this behalf shall attend the general meetings of the company.

(8) In case of any contravention of the provisions of section 177 and this section, the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both:

Provided that non-consideration of resolution of any grievance by the Stakeholders Relationship Committee in good faith shall not constitute a contravention of this section.

Explanation.—The expression "senior management" means personnel of the company who are members of its

core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

As per Rule 6 of Companies (Meeting of Board and its Powers) Rules, 2014, the Board of Directors of following classes of Companies shall constitute a Nomination and Remuneration Committee:

Committees of the Board.- The Board of directors of every listed companies and the following classes of companies shall constitute an Audit Committee and a Nomination and Remuneration Committee of the Board-

(i) all public companies with a paid up capital of ten crore rupees or more;

(ii) all public companies having turnover of one hundred crore rupees or more;

(iii) all public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more.

Explanation.- The paid up share capital or turnover or outstanding loans, or borrowings or debentures or deposits, as the case may be, as existing on the date of last audited Financial Statements shall be taken into account for the purposes of this rule.

The Act, under Clause VIII of schedule IV, casts an obligation on the part of the Board of Directors for evaluating the performance of independent directors. All the Directors on the Board of a Company, except the independent director whose performance is being evaluated, will assess the performance of independent director. Accordingly, a report of performance evaluation of each independent director of the Company would be prepared, which would determine whether to extend or continue the term of appointment of the concerned independent director or not.

SCHEDULE IV [See section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall :

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made there under and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - (a) the term of appointment;
 - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

- (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
- (a) review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Place: Karanai
Dated: 09.08.2018

By Order of the Board of Directors
For Padam Cotton yarns Limited

| | |
|---------------|---------------|
| Sd/- | Sd/- |
| (Rajev Gupta) | (Vivek Gupta) |
| Director | Director |
| DIN-00172828 | DIN-00172835 |

PADAM COTTON YARNS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMY WITH REGARD TO COTTON & TEXTILE INDUSTRIES

India has the largest area under cotton cultivation in the world, covering 12.7 million hectares of cultivated land, which constitute about 37% of the total area under cotton in the world. India has been a major exporter since 2005-06 and is currently the world's second largest exporter. Apart from these, cotton is a major component of the Indian textiles industry, which consumes over 70% of domestically produced cotton. Cotton is an important cash crop. India is a major player in global textiles market and garments. It is one of the few nations having strong presence across the textile value chain from natural and synthetic fibers to yarn, fabrics, blends and finished products.

OVERVIEW

The Indian textile industry is the second largest sector in the country after agriculture and in 2015-16, this sector employed 51 million people directly and 68 million indirectly. The Indian textile industry is export-oriented, facing many challenges, which can be primarily attributed to sluggish global demand and lower production of Indian textile industries than global parameters as well as deteriorating global competitiveness of the domestic textile industry. Despite falling prices, exports to neighboring countries like Pakistan and export to Europe seems to rise at a steady pace. The Indian textile industry is expected to grow further.

SWOT ANALYSIS

STRENGTHS & OPPORTUNITIES

India emerges as the second largest exporter after China having approximately 6% share in the global trade. The industry is taking all steps to promote textile exports, which is the need of the hour. The shift from China to India is expected to happen in the long run, to make India a dependable source of supply for the World. Your Company is exploring this opportunity as a long term impact. India's business environment is gradually becoming attractive and industry is expecting more investment in this section as many of the states are now focusing on their state policies to support textile and clothing industry. This will help them to bring in more investment from outside the state in their clusters which are suitable for textile industry.

Our core strength is Regenerated colored cotton yarn. It is in great demand in world market as well as in domestic market. Your company is a leading manufacturer of regenerated colored cotton yarn. It is expected that scope of regenerated yarn will continue to grow further.

WEAKNESS AND THREATS

India has enough potential to double its market size in the long run. Yet, increasing competition from countries like Bangladesh, Vietnam, Pakistan and Sri Lanka due to favorable tariff structures on exports to developed markets like the US, EU, Canada, Australia, etc poses a significant challenge to Indian exports. Volatility in foreign currencies/dollar prices, fluctuation in demand from overseas market are also considerable factors in textile business.

Continuous increase in input cost such as labour, power, raw materials are some of the main factors which affect the profit margins. Further shortage of skilled manpower, is also major area of concern for textile industries.

FUTURE OUTLOOK

Since the government is keen to provide boost to investments in different sectors through its 'Ease of doing business' mission and policies, it is a long term initiative which will finally improve the GDP in coming years while increase in foreign exchange. It is expected that this shall drive investment and further growth in the textile industry as well. GST is also one of the important step in this direction which will encourage investors to take up

the projects in states where they feel suitable. GST will unify the geographically and administratively fragment India's domestic market. GST is expected to create level playing field for all sub-sectors of textile including cotton and MNF. It is expected that this will bring uniformity in taxes across all fibers of textiles.

The fundamental strength of your Company flows from its strong production base of regenerated colored cotton yarns/man-made fibers like polyesters etc. The Company has a robust framework for providing quality products at competitive prices by ensuring proper timeline.

INTERNAL CONTROL SYSTEM

A strong internal control is pervasive in the Company. The Company has a well established framework of internal control in all areas of its operations, including suitable monitoring procedures, competent and qualified personnel. The Internal Audit department also assesses the opportunities for improvement in business processes, systems and controls, provides recommendations, designed to add value to the Company. In addition to statutory audit, the financial controls of the Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of the Board. The Audit Committee actively reviews the adequacy and effectiveness of internal control system and suggests further strengthening the same, if so required. The Committee meets to review the progress of the internal audit initiatives, significant audit observations, planning and implementation of follow up action required. The Company conducts its business with integrity and high standard of ethical behavior and in compliance with the applicable laws and regulations that govern its business.

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACES

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention of Sexual Harassment at Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Management of the Company has also constituted Internal Complaint Committees at its workplaces to consider and redress the complaints of Sexual Harassment. During the year under review, the Company has not received any complaint on sexual harassment.

RISK MANAGEMENT FRAMEWORK

Business risks exist for every Company having national and international exposure. Your Company also faces some such risks, the key ones are unfavorable raw material price, financial & liquidity & unexpected changes in regulatory framework. To ensure long-term success, it is therefore essential that risks be effectively identified, analyzed and then mitigated by means of appropriate control measures.

We have a comprehensive risk management system/policy in place, which enables us to assess, mitigate and to monitor the different risks exposed to the industry in which the Company operates and to take the appropriate action, where ever required.

HEALTH AND SAFETY MEASURES

The Company has health and workplace safety programs in place and has established policies and procedures aimed at ensuring compliance with applicable laws/legislative requirements. The Company believes that the health and safety of the workers and the persons residing in the vicinity of its plants is fundamental to the business. Commitment to the identification and elimination or control of the workplace hazards for protection of all is utmost importance.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The permanent employee strength of Company as on 31st March 2018 was two. The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people. The Company has been adopting methods and practices for Human Resources development. With utmost respect to human values, the Company continues to develop its human resources, through appropriate trainings, workshops, motivation/leadership techniques and employee welfare activities at regular intervals.

CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and yarn prices in the domestic and overseas markets, changes in government regulations, tax laws and economic developments.

Place: Karanai
Dated: 09.08.2018

By Order of the Board of Directors
For Padam Cotton yarns Limited

| | |
|---------------|---------------|
| Sd/- | Sd/- |
| (Rajev Gupta) | (Vivek Gupta) |
| Director | Director |
| DIN-00172828 | DIN-00172835 |

**ACTIVITY SCHEDULE FOR AGM
COMPANY PADAM COTTON YARNS LIMITED**

| S.No. | Activities | Date/Time |
|--------------|---|-----------------------|
| 1. | Date of AGM (DATE & TIME) | 28.09.2018 (11:00 AM) |
| 2. | Books Closure Start Date | 22.09.2018 |
| 3. | Book Closure End Date | 28.09.2018 |
| 4. | Cut-off date to whom AGM Notice to be dispatched | 24.08.2018 |
| 5. | Dispatch Date of Notice | 03.09.2018 |
| 6. | E-Voting advertisement in Newspaper (21 days prior) AGM | 05.09.2018 |
| 7. | Cut-off Date for Cast for E-Voting (the Cut-off date not earlier than seven days before the date of general meeting.) | 21.09.2018 |
| 8. | E-Voting Start Date & Time | 25.09.2018 (10:00 AM) |
| 9. | E-Voting End Date & Time | 27.09.2018 (5:00 PM) |
| 10. | Last Date of submission of report by Scrutinizer | 01.10.2018 |
| 11. | Date of Declaration of results of E-Voting by the Chairman | 03.10.2018 |
| 12. | EVSNO NO. | 180827018 |

Place: Karanai
Dated: 09.08.2018

By Order of the Board of Directors
For Padam Cotton yarns Limited

Sd/- Sd/-
 (Rajev Gupta) (Vivek Gupta)
 Director Director
 DIN-00172828 DIN-00172835

PADAM COTTON YARNS LIMITED

Form No. AOC-2

(Pursuant to clause (h) of sub-section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts), Rules, 2014

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis.

- (a) Name(s) of the related party and nature of relationship : NIL
(b) Nature of contracts/arrangements/transactions : NIL
(c) Duration of the contracts/arrangements/transactions : NIL
(d) Salient terms of the contracts or arrangements or transactions including the value, if any : NIL
(e) Justification for entering into such contracts or arrangements or transactions : NIL
(f) Date(s) of approval by the Board : NIL
(g) Amount paid as advances, if any : NIL
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 : N.A.

2. Details of material contracts or arrangements or transactions at arm's length basis.

- (a) Name(s) of the related party and nature of relationship : NIL
(b) Nature of contracts/arrangements/transactions : NIL
(c) Duration of the contracts/arrangements/transactions : NIL
(d) Salient terms of the contracts or arrangements or transactions including the value, if any : NIL
(e) Date(s) of approval by the Board if any : NIL
(f) Amount paid as advances, if any : NIL

Place: Karanal
Dated: 09.08.2018

By Order of the Board of Directors
For Padam Cotton yarns Limited

| | |
|---------------|---------------|
| Sd/- | Sd/- |
| (Rajiv Gupta) | (Vivek Gupta) |
| Director | Director |
| DIN-00172828 | DIN-00172835 |

PADAM COTTON YARNS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of
Padam Cotton Yarns Limited
Karnal

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Padam Cotton Yarns Limited (the company), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statement").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the India Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

As audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating to provide a basis for our audit opinion on the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In Our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements :

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Governments of India in terms of section 143 (11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable that :
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The balance sheet, the statements of profit and loss including other comprehensive income, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder.
 - (e) On the basis of the written representation received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.

- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 3.01 to the Ind AS financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of
For Harjinder Singh & Co.
Chartered Accountants
(FRN : 014119N)

Sd/-
(Harjinder Singh)
Partner
M. No. 092290

Place : Karnal
Date : 28.05.201

" Annexure A " to the Independent Auditors' Report

Referred to in paragraph I under the heading ' Report on Other Legal & Regulatory Requirement ' of our report of even date to the financial statements of the Company for the year ended March 31, 2018, we report that:

- 1) The company is not having any fixed assets. Accordingly the provisions of clause 3(i) (a) to (c) of the order are not applicable to the company and hence not commented upon.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
(b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Governments under sub-section (1) of section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Excise Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the governments and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the managements, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and terms Loans during the years.

Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

- 10) Based upon the audit procedures performed and the information and explanations given by management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the company has not paid any managerial remuneration during the year. Accordingly, the provisions of clause 3(xi) of the Order are not applicable to the Company and hence not commented upon.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of
For Harjinder Singh & Co.
Chartered Accountants
(FRN : 014119N)

Sd/-
(Harjinder Singh)
Partner
M. No. 092290

Place : Karnal
Date : 28.05.201

**Annexure - B to the Independent Auditor's Report of even date on the Ind AS Financial Statements of Padam Cotton Yarns Limited
Report on the Internal Financial Controls under Clause (I) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Padam Cotton Yarns Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Managements's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance for external purpose in accordance with generally accepted accounting principal. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effects on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Karnal
Date : 28.05.201

For and on behalf of
For Harjinder Singh & Co.
Chartered Accountants
(FKN : 014119N)

Sd/-
(Harjinder Singh)
Partner
M. No. 092290

| PADAM COTTON YARNS LIMITED | | | | |
|--|----------|----------------------|----------------------|----------------------|
| (CIN : U17112HR1994PLCO33641) | | | | |
| BALANCE SHEET AS ON 31ST MARCH 2018 | | | | |
| | | | | (Amount in Rs.) |
| Particulars | Note No. | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
| | | INR | INR | INR |
| A ASSETS | | | | |
| 1 Non-current assets | | | | |
| Other non-current assets | 3 | 52,951,550.55 | 52,951,550.55 | 52,955,114.55 |
| Total Non-Current Assets | | 52,951,550.55 | 52,951,550.55 | 52,955,114.55 |
| 2 Current assets | | | | |
| (a) Inventories | 4 | | 17,796,748.17 | 17,775,530.00 |
| (b) Financial Assets | | | | |
| (i) Trade receivables | 5 | 17,648,273.48 | | |
| (ii) Cash and cash equivalents | 6 | 129,234.42 | 69,290.55 | 112,941.55 |
| (c) Other Current Assets | 7 | 19,595.00 | | |
| Total Current Assets | | 17,797,102.90 | 17,866,038.72 | 17,888,471.55 |
| Total Assets (1+2) | | 70,748,653.45 | 70,819,589.27 | 70,843,586.10 |
| B EQUITY AND LIABILITIES | | | | |
| 1 Equity | | | | |
| (a) Share capital | 8 | 38,730,000.00 | 38,730,000.00 | 38,730,000.00 |
| (b) Other Equity | 9 | (11,901,761.55) | (11,874,277.73) | (11,875,916.90) |
| Total Equity | | 26,828,238.45 | 26,855,722.27 | 26,854,083.10 |
| 2 LIABILITIES | | | | |
| Non-current Liabilities | | | | |
| (a) Non-Financial Liabilities | | | | |
| (i) Other non-current assets - | 10 | 43,913,515.00 | 43,913,515.00 | 43,913,515.00 |
| Total Non Current Liabilities | | 43,913,515.00 | 43,913,515.00 | 43,913,515.00 |
| Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Trade payable | 11 | 5,900.00 | 45,968.00 | 69,099.00 |
| (b) Non-Financial Liabilities | | | | |
| (i) Short Term Provisions | 12 | 1,000.00 | 4,000.00 | 6,450.00 |
| (ii) Other Non Financial Liabilities | 13 | | 386.00 | 439.00 |
| Total Current Liabilities | | 6,900.00 | 50,352.00 | 75,988.00 |
| Total Equity and Liabilities | | 70,748,653.45 | 70,819,589.27 | 70,843,586.10 |
| Notes form an integral part of the standalone financial statements | 1-26 | | | |

This is the balance sheet referred to in our audit report of even date

For HARJINDER SINGH & CO.
Chartered Accountants
FRN : 014119N
Sd/-
(HARJINDER SINGH)
PARTNER
M.NO. 092290
Place : Karnal
Date : 28.05.2018

For AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
RAJEV GUPTA
(DIRECTOR)
(DIN : 00172828)
Sd/-
HARINDER KUMAR CHUTANI
(CHIEF FINANCIAL OFFICER)

Sd/-
VIVEK GUPTA
(DIRECTOR)
(DIN : 00172835)

| PADAM COTTON YARNS LIMITED | | | | |
|---|--|----------|--------------------|--------------------|
| (CIN : U17112HR1994PLCO33641) | | | | |
| PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH 2018 | | | | |
| (Amount in Rs.) | | | | |
| | Particulars | Note No. | For the Year Ended | For the Year Ended |
| | | | March 31, 2018 | March 31, 2017 |
| | | | INR | INR |
| I | Income | | | |
| | Revenue from operations | 14 | 18,292,348.48 | 1,299,110.00 |
| II | Other Income | | | |
| III | Total Income (I+II) | | 18,292,384.48 | 1,299,110.00 |
| IV | Expenses | | | |
| | (a) Cost of Materials Consumed | | | |
| | (b) Purchases of Stock in Trade | 15 | - | 850,000.00 |
| | (c) Changes in stock of finished goods, work in progress and Stock-in-trade | 16 | 17,798,748.17 | (23,218.17) |
| | (d) Employee benefits expense | | | |
| | (e) Finance Costs | 17 | 3,055.18 | 3,016.00 |
| | (f) Depreciation expense | | | |
| | (g) Other expenses | 18 | 509,537.95 | 467,287.00 |
| | Total Expense | | 18,311,341.30 | 1,297,084.83 |
| V | Profit before tax (III-IV) | | (18,992.82) | 2,025.17 |
| VI | Tax Expense : | | | |
| | (1) Tax adjustment of earlier years | | 8,491.00 | |
| | (2) Current tax | | | 388.00 |
| | (3) Deferred tax | | | |
| VII | Profit/(Loss) for the year (V-VI) | | (27,483.82) | 1,639.17 |
| VIII | Other Comprehensive Income | | | |
| | -items which will not be reclassified to Profit and loss a/c and its related income tax effects. | | - | - |
| | -items that will be reclassified to profit and loss a/c and its related income tax effects. | | - | - |
| IX | Total Comprehensive Income for the year (VII+VIII) | | (27,483.82) | 1639.17 |
| X | Earning per equity share (Nominal Value of Share Rs 10 each) | 20 | | |
| | (1) Basic (in Rs.) | | (0.01) | 0.00 |
| | (2) Diluted (in Rs.) | | (0.01) | 0.00 |
| | See accompanying notes forming part of Financial statements | 1-26 | | |

For HARJINDER SINGH & CO.
Chartered Accountants
FRN : 014119N
Sd/-
(HARJINDER SINGH)
PARTNER
M.NO. 092290
Place : Karnal
Date : 28.05.2018

For AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
RAJEV GUPTA
(DIRECTOR)
(DIN : 00172828)
Sd/-
NARINDER KUMAR CHUTANI
(CHIEF FINANCIAL OFFICER)

Sd/-
VIVEK GUPTA
(DIRECTOR)
(DIN : 00172835)

PADAM COTTON YARNS LIMITED
(CIN : U17112HR1994PLC033841)

STATEMENT OF CHANGES IN EQUITY

Statement Of Changes In Equity for the period ended 31.03.2018

A. Equity Share Capital

| | Number of Equity Shares | Amount (in Rs.) |
|---|-------------------------|-----------------|
| Equity shares of Rs. 10/- each issued, subscribed and paid. | | |
| As at 1st April, 2016 | 3,873,000 | 38,730,000.00 |
| Changes in equity Share Capital | - | - |
| As at 31st March, 2017 | 3,873,000 | 38,730,000.00 |
| Changes in equity Share Capital | - | - |
| As at 31st March, 2018 | 3,873,000 | 38,730,000.00 |

B. Other Equity

| | Reserve & Surplus | | Other Comprehensive Income | | | Total equity attributable to equity holders |
|---|----------------------------|-------------------|---|---------------------------------------|---|---|
| | Capital Redemption Reserve | Retained Earnings | Equity Instruments through Other Comprehensive Income | Effective portion of cash flow hedges | Other items of Other Comprehensive Income | |
| As at 1st April, 2016 | 8,558,684.00 | (28,434,608.90) | | | | (11,875,916.90) |
| Total Comprehensive Income for the year | | | | | | - |
| Profit for the Period | | 1,639.17 | | | | 1,639.17 |
| As at March 31st, 2017 | 8,558,684.00 | (28,432,969.73) | - | - | - | (11,874,277.73) |
| Changes in accounting policy or prior period errors | | | | | | - |
| Total Comprehensive Income for the year | | | | | | - |
| Profit for the Period | | (27,483.82) | | | | (27,483.82) |
| As at March 31, 2018 | 8,558,684.00 | (28,460,446.55) | - | - | - | (11,901,761.55) |

For HARINDER SINGH & CO.
Chartered Accountants
FRN : 014119N
Sd/-
(HARINDER SINGH)
PARTNER
M.NO. 092290
Place : Karnal
Date : 28.05.2018

For AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
RAJEV GUPTA
(DIRECTOR)
(DIN : 00172828)
Sd/-
HARINDER KUMAR CHUTANI
(CHIEF FINANCIAL OFFICER)

Sd/-
VIVEK GUPTA
(DIRECTOR)
(DIN : 00172835)

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS
NOTE '1'

Corporate Information

A. Padam Cotton Yarns Limited ("the Company") is a public company domiciled in the India and was incorporated in 1994 under the provisions of the erstwhile Companies Act, 1956. The company having CIN U17112HR1994PLC033641 is engaged in the business of providing consultation relating to textiles industry and wholesale trading in Agricultural Pumping Sets and Implements during the year. The activities of the company comprises only two business segment viz wholesale trading and consultancy. Its shares are listed on on recognised stock exchange in India - the BSE limited. The Registered Office of the company is located at 186, 1st Floor, G.T. Road, Opp Red Cross Market, Karnal-132001 & Corporate Office At C-5/2A, Rana Pratap Bagh, Opp. CC Colony, New Delhi.

B. ACCOUNTING POLICIES

B.1 Basis of preparation and presentation

The financial statement have been prepared on the historical cost basis. The financial statements of the Company have been prepared to comply with the Indian Accounting standards (Ind AS), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

Up to the year ended March 31, 2018, the Company has prepared its financial statements in accordance with the requirements of Indian GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2008 and considered as "Previous GAAP". These financial statements are the Company's first Ind AS statements and as covered by Ind AS 101 - First time adoption of Indian Accounting Standards.

Company's Financial statements are presented in Indian Rupees (INR), which is its functional currency.

B.2 Summary of significant accounting policies.

(a) Property, plant and equipments :

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and arrangements arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow the entity and the cost can be measured reliably.

Depreciation on property, plant and equipment is provided using straight line method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the Statement of Profits and Loss when the assets is derecognised.

(b) Intangible assets :

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the assets to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations, attributable to the intangible assets.

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the Statement of Profit and Loss when the asset is derecognised.

(c)

Leases :

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased assets is depreciated over the useful life of the assets. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease terms, the asset is depreciated over the shorter of the estimated useful life of the assets and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(d)

Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying assets is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

(e)

Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of purchase cost and other overheads, net of recoverable taxes incurred in bringing them to their respective present location and condition.

(f)

Impairment of non-financial assets

At each balance sheet date, the company assesses whether there is an indication that any property, plant and equipment and intangible assets may be impaired. If any such indication exists, the recoverable amount of the assets is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

(g) Provisions and Contingencies

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

(h) Employee Benefits

(i) Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee render the services.

(ii) Long Term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date on the basis of actuarial valuation.

(iii) Post-Employment Benefits

Defined Contribution Plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment and other long term benefits are charged to the Other Comprehensive Income.

(i) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

- Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

- Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution, repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

(k) Foreign currencies

Transactions and Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue is recognised only if the following conditions are satisfied:

- The Company has transferred risks and rewards incidental to ownership to the customer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- It is probable that the economic benefit associated with the transaction will flow to the Company; and
- it can be reliably measured and it is reasonable to expect ultimate collection.

Revenue from operations includes sale of goods and services measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates and excluding taxes or duties collected on behalf of the government.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividends income is recognised when the Company's right to receive the payment has been established.

(m) Financial Instruments

1) Financial assets

1.a Initial recognition and measurement:

Financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised using trade date accounting.

1.b Subsequent measurement

i) Financial assets carried at amortised cost (AC)

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through profit or loss (FVTPL)

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

1.c Equity investments:

Equity investments are measured at fair value, with value changes recognised in statement of profit and loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

1.d Investment in subsidiaries, associates and joint ventures

The Company has accounted for its investments in subsidiary, at cost.

1.e Impairment of financial assets

The Company assesses impairment based on expected credit loss (ECL) model to the following:

a. Financial assets at amortised cost

b. Financial assets measured at fair value through Other Comprehensive income

The Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Historical loss experience used to determine the impairment loss allowance on the portfolio of trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

2 Financial liabilities

2.a Initial recognition and measurement:

All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in profit or loss as finance cost.

2.b Subsequent measurement:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

C. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

C.1 Depreciation and useful lives of Property, Plant and Equipments :

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their, estimated residual value. Intangible assets are amortised over its

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

estimated useful lives. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation/ amortisation for future periods is adjusted if there are significant changes from previous estimates.

C.2 Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

C.3 Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

C.4 Recoverability of trade receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

C.5 Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

D FIRST TIME ADOPTION OF IND AS:

The Company has adopted Ind AS with effect from 1st April 2016 with comparatives being restated. Accordingly, the impact of transition differences has been provided in the Opening Reserve as at 1st April 2015 and all the periods presented have been restated accordingly.

D.1 Exemptions from retrospective application:

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

(a) Business combination exemption

The Company has applied the exemption as provided in Ind AS 101 on non-application of Ind AS 103, "Business Combinations" to business combinations consummated prior to April 1, 2015 (the "Transition Date"), pursuant to which goodwill arising from a business combination is stated at the carrying amount prior to the date of transition under Indian GAAP.

(b) Investments in subsidiaries, joint ventures and associates

The Company has elected to measure investments in subsidiary, at cost.

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

| Particulars | On 31/03/11 Rs. | On 31/03/17 Rs. | On 31/03/18 Rs. |
|-------------|--------------------|--------------------|--------------------|
|-------------|--------------------|--------------------|--------------------|

NOTE '3'

OTHER NON CURRENT ASSETS

| | | | |
|--|----------------------|----------------------|----------------------|
| Insurance Claim Receivable | 52,951,550.55 | 52,951,550.55 | 52,951,550.55 |
| Central Depository Services (India) Ltd. | | | 3,584.00 |
| Total | 52,951,550.55 | 52,951,550.55 | 52,955,134.55 |

3.01 The Company's unit for manufacturing of cotton yarns was destroyed in fire on 13/06/2001. The insurance claim of the company was repudiated by the insurance company. The Hon'ble National Consumer has decided the case of issuance of insurance claim in favour of the company against which the insurance company has filed an appeal before Hon'ble Supreme Court. Though Company was allowed 50% claim by the Supreme Court against security which was provided by the director of the company, the same is shown as non current liabilities as the matter is contingent and is sub judice. The same has not been adjusted against the insurance claim receivable account, due to its contingent nature as a matter of abundant precaution and sheer uncertainty of the verdict of Hon'ble Supreme Court.

NOTE '4'

INVENTORIES

(As Taken, Valued & certified by the Management of the Company)

| | | | |
|--|----------|----------------------|----------------------|
| Central Depository Services (India) Ltd. | - | 17,798,748.17 | 17,775,530.00 |
| Total | - | 17,798,748.17 | 17,775,530.00 |

NOTE '5'

TRADE RECEIVABLES

(i) Trade Receivables outstanding for a period of more than 6 months

- (a) Unsecured, considered Good
 (b) Unsecured, considered Doubtful
 Less : Provision for Doubtful Debts

(ii) Other Trade Receivables

| | | | |
|----------------------------|----------------------|----------|----------|
| Unsecured, considered Good | 17,648,273.48 | - | - |
| Total | 17,648,273.48 | - | - |

5.01 Trade receivable includes Rs. 17648273.48 due to associate company M/s Oswal Pumps Limited

NOTE '6'

CASH AND CASH EQUIVALENTS

Cash and Bank Balances

| | | | |
|--|-------------------|------------------|-------------------|
| Cash in Hand | 109,690.65 | 55,225.65 | 14,451.90 |
| Balance with banks : | | | |
| -In Current Accounts | 19,543.77 | 14,064.90 | 98,489.65 |
| -In Deposits Accounts (with original maturity of 3 months or less) | | | |
| TOTAL Cash and Cash Equivalent | 129,234.42 | 69,290.55 | 112,941.55 |

NOTE '7'

OTHER CURRENT ASSETS

Balance with Government authorities (other than Income Taxes)

| | | | |
|--------------------------------------|------------------|----------|----------|
| Deposits with Government Authorities | 19,595.00 | - | - |
| Total | 19,595.00 | - | - |

NOTE '7'

OTHER CURRENT ASSETS

Balance with Government authorities (other than Income Taxes)

| | | | |
|--------------------------------------|------------------|----------|----------|
| Deposits with Government Authorities | 19,595.00 | - | - |
| Total | 19,595.00 | - | - |

NOTE '8'

EQUITY SHARE CAPITAL

| | No of shares | Amount | No of shares | Amount | No of shares | Amount |
|---|----------------|----------------------|----------------|----------------------|------------------|----------------------|
| -Authorized Equity Shares of Rs. 10/- each | 7000000 | 70,000,000.00 | 7000000 | 70,000,000.00 | 7000000 | 70,000,000.00 |
| -Issued and Subscribed Capital Equity Shares of Rs. 10/- each | 5875200 | 58,752,000.00 | 5875200 | 58,752,000.00 | 5,975,200 | 58,752,000.00 |
| -Paid up Capital Equity Shares of Rs10/- each fully paid-up | 3873000 | 38,730,000.00 | 3873000 | 38,730,000.00 | 3,873,000 | 38,730,000.00 |
| Total | 3873000 | 38,730,000.00 | 3873000 | 38,730,000.00 | 3,873,000 | 38,730,000.00 |

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

| PARTICULARS | DR 3100213 | | DR 3100217 | | DR 1500110 | |
|--|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| | PA | | PA | | PA | |
| 8.1 Reconciliation of the number of share outstanding at the beginning and at the end of the period : | | | | | | |
| Authorized Share Capital | Nos | Amo(Rs) | Nos | Amo(Rs) | Nos | Amo(Rs) |
| Opening Share Capital | 7000000 | 70,000,000 | 7000000 | 70,000,000 | 7000000 | 70,000,000 |
| Add: Increased during the year | - | - | - | - | - | - |
| Closing Share Capital | <u>7,000,000</u> | <u>70,000,000</u> | <u>7,000,000</u> | <u>70,000,000</u> | <u>7,000,000</u> | <u>70,000,000</u> |
| Issued Share Capital | | | | | | |
| Opening Share Capital | 5,975,200 | 59,752,000.00 | 5,975,200 | 59,752,000.00 | 5,975,200 | 59,752,000.00 |
| Add: Share issued During the year | - | - | - | - | - | - |
| Add: Rights/Bonus Share Issued | - | - | - | - | - | - |
| Total | <u>5,975,200</u> | <u>59,752,000.00</u> | <u>5,975,200</u> | <u>59,752,000.00</u> | <u>5,975,200</u> | <u>59,752,000.00</u> |
| Less: Buy back of shares | - | - | - | - | - | - |
| Less: Reduction in Capital | - | - | - | - | - | - |
| Closing Share Capital | <u>5,975,200</u> | <u>59,752,000.00</u> | <u>5,975,200</u> | <u>59,752,000.00</u> | <u>5,975,200</u> | <u>59,752,000.00</u> |
| Paid up Capital | | | | | | |
| Opening Share Capital | 3,873,000 | 38,730,000.00 | 3,873,000 | 38,730,000.00 | 3,873,000 | 38,730,000.00 |
| Add: Share issued During the year | - | - | - | - | - | - |
| Add: Rights/Bonus Share Issued | - | - | - | - | - | - |
| Total | <u>3,873,000</u> | <u>38,730,000.00</u> | <u>3,873,000</u> | <u>38,730,000.00</u> | <u>3,873,000</u> | <u>38,730,000.00</u> |
| Less: Buy back of shares | - | - | - | - | - | - |
| Less: Reduction in Capital | - | - | - | - | - | - |
| Closing Share Capital | <u>3,873,000</u> | <u>38,730,000.00</u> | <u>3,873,000</u> | <u>38,730,000.00</u> | <u>3,873,000</u> | <u>38,730,000.00</u> |

8.2 Rights, Preference and restrictions attaching to each class of shares

Equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in India Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2018, the amount of per share dividend recognized as distribution to equity shareholders was Rs 0/- (Previous Year Rs. 0/-)

In event of liquidation of the Company, the holders of equity share will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion of the number of equity shares held by the shareholders.

8.3 Details of shares held by each Share holders holding more than 5% Shares (In Nos)

| Name of Shareholders | Number of shares held | | % holding in that class of shares | | Number of shares held | | % holding in that class of shares | |
|----------------------|-----------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Sh. Vivek Gupta | 74800 | 19.28 | 74800 | 19.28 | 74800 | 19.28 | 74800 | 19.28 |
| Sh. Rajiv Gupta | 60870 | 15.74 | 60870 | 15.74 | 60870 | 15.74 | 60870 | 15.74 |
| Sh. Padam San Gupta | 47400 | 12.25 | 47400 | 12.25 | 47400 | 12.25 | 47400 | 12.25 |

8.4 No shares were allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back during the period of 5 years immediately preceding the balance sheet date

8.5 There are no calls unpaid/forfeited shares issued during the year ending 31 March 2018 or in previous year

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

NOTE '9'

OTHER EQUITY

| | 01/01/2013 | 01/03/17 | 01/04/18 |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|
| (a) Share Forfeiture Reserve | 8,558,884.00 | 8,558,884.00 | 8,558,884.00 |
| Opening Balance | <u>8,558,884.00</u> | <u>8,558,884.00</u> | <u>8,558,884.00</u> |
| Closing Balance | | | |
| (b) Retained Earnings | | | |
| Opening Balance | (20,432,981.73) | (20,434,800.90) | (19,044,504.90) |
| Add (Less) Profit for the Year | (27,483.82) | 1,638.17 | (1,380,086.00) |
| Closing Balance | <u>(20,460,465.55)</u> | <u>(20,432,981.73)</u> | <u>(20,432,800.90)</u> |
| TOTAL OTHER EQUITY (a+b) | <u>(11,901,581.55)</u> | <u>(11,874,277.73)</u> | <u>(11,875,916.90)</u> |

Note :-

(i) Share Forfeiture Reserve

Share Forfeiture reserve is created out of money collected on forfeiture of equity shares by the company. The reserve is utilized in accordance with the provisions of Companies Act, 2013

(ii) Retained Earnings

The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013

| Particulars | 01/01/2013 | 01/03/17 | 01/04/18 |
|-------------|------------|----------|----------|
|-------------|------------|----------|----------|

NOTE '10'

OTHER NON CURRENT FINANCIAL LIABILITIES

Non Current

| | | | |
|--|----------------------|----------------------|----------------------|
| -Legal Claims Outstanding | 43,913,515.00 | 43,913,515.00 | 43,913,515.00 |
| New India Assurance Co Limited-Protected Claim A/c | | | |
| Total | <u>43,913,515.00</u> | <u>43,913,515.00</u> | <u>43,913,515.00</u> |

10.1 The Company's unit for manufacturing of cotton yarns was destroyed in fire on 13/08/2001. The insurance claim of the company was repudiated by the Insurance Company. The Hon'ble National Consumer has decided the case of issuance of insurance claim in favor of the company against which the insurance company has filed an appeal before Hon'ble Supreme Court. Though Company was allowed 50% claim by the Supreme Court against security which was provided by the director of the company, the same is shown as non current liabilities as the matter is contingent and is sub judice. The same has not been adjusted against the insurance claim receivable account, due to its contingent nature as a matter of abundant precaution and sheer uncertainty of the verdict of Hon'ble Supreme Court. In Case the company lose its case in Supreme Court, the amount shall become payable .

NOTE '11'

TRADE PAYABLES

CURRENT

| | | | |
|--------------------------------------|-----------------|------------------|------------------|
| Trade Payable for goods and services | 5,900.00 | 45,966.00 | 69,099.00 |
| Total Trade Payable | <u>5,900.00</u> | <u>45,966.00</u> | <u>69,099.00</u> |

NOTE '12'

SHORT TERM PROVISIONS

CURRENT

| | | | |
|---|-----------------|-----------------|-----------------|
| Statutory Remittances (Withholding Taxes) | 1,000.00 | 4,000.00 | 6,450.00 |
| Audit Fee Payable | - | - | - |
| Total Current other Non Financial Liabilities | <u>1,000.00</u> | <u>4,000.00</u> | <u>6,450.00</u> |

NOTE '13'

OTHER NON FINANCIAL LIABILITIES

Short Term Provisions

| | | | |
|--------------------------|----------|---------------|---------------|
| Provision for Income Tax | - | 386.00 | 439.00 |
| Total | <u>-</u> | <u>386.00</u> | <u>439.00</u> |

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

| Particulars | On 31/03/18 | On 31/03/17 |
|--|----------------------|------------------------|
| NOTE '14' | | |
| REVENUE FROM OPERATION | | |
| a) Sale of Products | 17,798,748.48 | 838,480.00 |
| b) Other Operating Revenues | | |
| Consultancy Charges | 493,600.00 | 480,650.00 |
| Total | <u>18,292,348.48</u> | <u>1,299,130.00</u> |
| NOTE '15' | | |
| PURCHASE OF TRADED GOODS | | |
| Purchase of Goods | - | 850,000.00 |
| Total | <u>-</u> | <u>850,000.00</u> |
| NOTE '16' | | |
| Changes in Inventory of Finished Goods, Work in Progress and Stock in Trade | | |
| Inventories at the end of the year | | |
| Stock in Trade | 17,798,748.17 | 17,775,530.00 |
| | <u>17,798,748.17</u> | <u>17,775,530.00</u> |
| Inventories at the beginning of the year | | |
| Stock in Trade | - | 17,798,748.17 |
| Stock Decreased/(Increased) by | | |
| | <u>17,798,748.17</u> | <u>(17,798,748.17)</u> |
| NOTE '17' | | |
| FINANCE COST | | |
| Bank Charges | 482.18 | 3,018.00 |
| Interest on TDS/GST Late Deposits | | |
| | 2,583.00 | - |
| Total | <u>3,065.18</u> | <u>3,018.00</u> |
| NOTE '18' | | |
| OTHER EXPENSES | | |
| Accounting Charges | 6,000.00 | 6,000.00 |
| AGM Exp | 27,232.00 | 23,945.00 |
| Advertisement Expenses | | 3,498.00 |
| Annual Listing Fee | | 285,852.00 |
| Audit Fees | 30,000.00 | 46,000.00 |
| Fees & Taxes | 17,095.00 | 7,994.00 |
| Legal & Professional Exp | 92,557.00 | 77,750.00 |
| Postage/Postal Exp. | 168.00 | 1,663.00 |
| Office/General Exp. | 798.00 | 1,195.00 |
| Photocopy Exp. | 979.00 | 517.00 |
| Printing and Stationary | 531.00 | 2,855.00 |
| Website Exp | 6,600.00 | 7,580.00 |
| Telephone Exp | 689.00 | 787.00 |
| Travelling Exp. | 1,607.00 | 1,661.00 |
| Total | <u>509,537.00</u> | <u>487,287.00</u> |
| Note | | |
| Payment to the auditors comprises | | |
| As Auditors-Statutory Audit | 30,000.00 | 46,000.00 |
| For Taxation Matters | - | - |
| For Company Law Matters | - | - |
| Total | <u>30,000.00</u> | <u>46,000.00</u> |

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

| Particulars | 31/03/2018 INR | 31/03/2017 INR |
|-------------|-------------------|-------------------|
|-------------|-------------------|-------------------|

NOTE '18' ADDITIONAL INFORMATION

18.1 Value of imports calculated on CIF basis
 Raw Materials

| | |
|-----|-----|
| NIL | NIL |
| NIL | NIL |

Disclosure is with regard to 'direct' imports by the Company

| NOTE '20' EARNING PER SHARE (EPS) | | |
|--|-------------|-----------|
| 1) Net profit after Tax Attributable to Equity Shareholders | (27,483.82) | 1,839.17 |
| II) Weighted Average number of Equity Shares used as denominator for calculating EPS | 3,873,000 | 3,873,000 |
| III) Basic and Diluted Earning Per Share | (0.0071) | 0.00 |
| IV) Face Value per Equity Share | 10.00 | 10.00 |

NOTE '21' RELATED PARTY DISCLOSURES AS REQUIRES UNDER IND AS 24 ARE GIVEN BELOW:

| i) List of related parties where control exists and related parties with whom transactions have taken place and relationships : | | | |
|--|---------------|--|------------|
| Enterprises Over Which Key Managements Personnel Exercise Significant Influence | | | |
| 1. Oswal Pumps Limited | | | |
| Key Management Personnel | | | |
| 1. Rajiv Gupta (Key Managerial Person) | | | |
| 2. Vivek Gupta (Key Managerial Person) | | | |
| ii) Transactions During the year with related Parties: | | | |
| 1. Oswal Pumps Limited | | | |
| Sales during the year | 17,798,748.48 | | |
| Purchases during the year | | | 850,000.00 |
| iii) Balance Outstanding as on 31st March 2018 | | | |
| Trade Receivables | | | |
| 1. Oswal Pumps Limited | 17,848,273.48 | | NIL |

NOTE '22' CONTINGENT LIABILITIES AND COMMITMENTS

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|---------------------|
| | INR in lakhs | INR in lakhs |
| Contingent Liabilities | | |
| Disputed Insurance Claim under appeal by insurance company (50% recd) against security of director of Company Sh. Rajiv Gupta * | 439.14 | 439.14 |

* Future cash outflows in respect of the above matters are determinable only on receipt of judgement/ decision pending at Supreme Court of India

PADAM COTTON YARNS LIMITED
NOTES FORMING PART OF ACCOUNTS

NOTE '23' Operating Segments :

The Managing Director of the company has been identified as the Chief Operating decision maker (CODM) as defined by IND AS-108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators, however the Company is primarily engaged in two segments viz. Consultation & Whole Sale Trading and that most of the operations are in India.

a) Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenues and Expenses which related to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as " Unallocable."

b) Segments Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as unallocable

| Particulars | Consulting | | Wholesale Trading | | Unallocable | | (Rs. In Lacs) | |
|--|------------|---------|-------------------|---------|-------------|---------|---------------|---------|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| 1. Segments Revenue | | | | | | | | |
| External Turnover | 4.93 | 4.61 | 177.98 | 8.38 | - | - | 182.91 | 12.99 |
| Inter Segments Turnover | - | - | - | - | - | - | - | - |
| Gross Turnover | 4.93 | 4.61 | 177.98 | 8.38 | - | - | 182.91 | 12.99 |
| Less: Excise duty/Service Tax | - | - | - | - | - | - | - | - |
| Net Turnover | 4.93 | 4.61 | 177.98 | 8.38 | - | - | 182.91 | 12.99 |
| Segments Results before Interest and Taxes | | | | | | | | |
| Less : Interest Expenses | - | (0.10) | - | 0.12 | - | - | - | 0.02 |
| Add : Interest Income | - | - | - | - | - | - | - | - |
| Profit Before Tax | 4.93 | (0.10) | (5.12) | 0.12 | - | - | (0.19) | 0.02 |
| Current Tax | - | - | - | - | - | - | - | - |
| Deferred Tax | - | - | - | - | - | - | - | - |
| Profits after tax | 4.93 | (0.10) | (5) | 0.12 | - | - | (0.19) | 0.02 |
| 3. Other Information | | | | | | | | |
| Segment Assets | - | - | - | 177.90 | 707.48 | 530.30 | 707.48 | 708.20 |
| Segment Liabilities | - | - | - | - | 439.20 | 439.64 | 439.20 | 439.64 |
| Capital Expenditure | - | - | - | - | - | - | - | - |
| Depreciation/Amortisation and Depletion expenses | - | - | - | - | - | - | - | - |
| Non Cash Expenses other than Depreciation and Amortisation | - | - | - | - | - | - | - | - |

NOTE '24' Explanation of Transition to Ind AS

As stated in note 2.1, these are the Company's first financial statements prepared in accordance with Ind AS, for the year ended March 31, 2017, the company has prepared its financial statements in accordance with Companies (Accounting Standards) rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act (Previous GAAP). The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening Ind AS balance sheet as on the date of transition i.e. April 1, 2018. In preparing the Company's Ind AS balance sheet as at April 1, 2018 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, and how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

(A) Exemptions availed Ind AS 101

* First-time Adoption of Indian Accounting Standards* allows first-time adopters certain optional / mandatory exemptions.

The Company has accordingly availed the following exemptions:

(i) The estimates as at April 1, 2018 and March 31, 2017, are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies)

NOTE '23' Operating Segments :

The Managing Director of the company has been identified as the Chief Operating decision maker (COOM) as defined by IND AS-108, Operating Segments. The COOM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators, however the Company is primarily engaged in two segments viz. Consultation & Whole Sale Trading and that most of the operations are in India.

(B) Reconciliations between previously reported Previous GAAP and Ind AS

The transition from Previous GAAP to Ind AS does not have any material impact on the equity, total comprehensive income and cash flows for prior Periods.

Notes:

1. Under Previous GAAP, cash discounts and other discounts directly attributable to sales was recognised as part of "Other expenses" which has been adjusted against the revenue under Ind AS during the year ended March 31, 2017.

Note 25: Financial instruments**A) Accounting classifications**

The following tables shows the carrying amount / fair values of financial assets and financial liabilities:

| Financial instruments category | Carrying value / Fair value | | |
|--|-----------------------------|------------------------|-----------------------|
| Financial Assets | As at March 31,2018 | As at March 31,2017 | As at April 1,2018 |
| a) Measured at fair value through Profit or Loss (FVTPL) | | | |
| b) Measured at fair value through Other Comprehensive Income (OCI) | | | |
| c) Measurement at amortised cost: | | | |
| Trade receivables | 17,848,273.48 | - | - |
| Cash and cash equivalents | 129,234.42 | 69,290.55 | 112,941.55 |
| Other financial assets | - | - | - |
| Total Financial Assets | 17,777,507.90 | 69,290.55 | 112,941.55 |
| Financial Liabilities | | | |
| a) Measured at fair value through Profit or Loss (FVTPL) | | | |
| b) Measured at fair value through Other Comprehensive Income (OCI) | | | |
| c) Measurement at amortised cost: | | | |
| Other financial liabilities | 6,900.00 | 50,352.00 | 75,988.00 |
| Total Financial Liabilities | 6,900.00 | 50,352.00 | 75,988.00 |

Note 26

The financial statements were approved for issue by the board of directors on May, 28, 2018

This is the balance sheet referred to in our audit report of even date

For HARJINDER SINGH & CO.

Chartered Accountants

FRN : 014119N

Sd/-

(HARJINDER SINGH)

PARTNER

M.NO. 092290

Place : Karnal

Date : 28.05.2018

For AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

RAJEV GUPTA

(DIRECTOR)

(DIN : 00172828)

Sd/-

NARINDER KUMAR CHUTANI

(CHIEF FINANCIAL OFFICER)

Sd/-

VIVEK GUPTA

(DIRECTOR)

(DIN : 00172835)

M/S PADAM COTTON YARNS LIMITED

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 | - |
| State Code | - |
| Balance Sheet Date | 31.03.2018 |

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 & DEPARTMENT OF FUNDS (Amount in Rs. 000)

| | |
|-------------------|-------|
| Total Liabilities | 70749 |
| Total Assets | 70749 |

Sources of Funds

| | |
|-------------------|------------|
| Paid up Capital | 38730 |
| Reserve & Surplus | (11901.78) |
| Secured Loans | NIL |
| Unsecured Loans | NIL |

Application of Fund

| | |
|--------------------|----------|
| Net Fixed Assets | NIL |
| Investments | NIL |
| Net Current Assets | 17790.20 |
| Miscellaneous Exp. | NIL |
| Accumulated Losses | NIL |

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

| | |
|--------------------------|----------|
| Turnover | 18292.35 |
| Total Expenditure | 18311.34 |
| Profit (Loss) Before Tax | (18.99) |
| Profit After Tax | (27.48) |
| Earning Per Share | N.A. |
| Dividend Rate (%) | N.A. |

5. GENERIC NAMES OF PRINCIPAL PRODUCTS, SERVICES OF THE COMPANY

| | |
|---------------------|--------------------|
| Item Code No. | |
| Product Description | Whole Sale Trading |

By Order of the Board of Directors
For Padam Cotton yarns Limited

| | |
|---------------|---------------|
| Sd/- | Sd/- |
| (Rajiv Gupta) | (Vivek Gupta) |
| Director | Director |
| DIN-00172828 | DIN-00172835 |

PADAM COTTON YARNS LIMITED
(CIN : U17112HR1994PLC033641)
Cash flow statement for the year ended 31st March 2018

(Amount in Rs.)

| | For the Year Ended March 31, 2018 | For the Year Ended March 31, 2017 | For the Year Ended March 31, 2016 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| | INR | INR | INR |
| A. Cash flow from operating activities | | | |
| Net profit before tax but after exceptional / extraordinary items | (18,992.82) | 2,025.17 | 2,303.00 |
| Adjustments for non-cash items: | - | - | - |
| Preliminary Expenses Written off | - | - | - |
| Depreciation / amortization | - | - | - |
| Interest & finance expense | 3,055.18 | 3,018.00 | 3,047.00 |
| Operating profit before working capital changes | (15,937.64) | 5,041.17 | 5,350.00 |
| Adjustments for changes in working capital : | - | - | - |
| (increase)/decrease in trade receivables | (17,648,273.48) | - | - |
| (increase)/decrease in other current assets | (18,595.00) | - | - |
| (increase)/decrease in other non-current assets | - | 3,584.00 | (3,584.00) |
| (increase)/decrease in long-term loans & advances | - | - | - |
| (increase)/decrease in short-term loans & advances | - | - | - |
| (increase)/decrease in inventories | 17,798,748.17 | (23,218.17) | (230,000.00) |
| Increase/(decrease) in trade payables | (40,058.00) | - | - |
| Increase/(decrease) in other long-term liabilities | - | - | - |
| Increase/(decrease) in other current liabilities | (3,000.00) | (25,583.00) | 54,798.00 |
| Increase/(decrease) in long-term provisions | - | - | - |
| Increase/(decrease) / decrease in short-term provisions | (388.00) | (53.00) | 123.00 |
| Cash generated from/(used in) operations | 71,490.05 | (40,249.00) | (173,295.00) |
| Taxes (paid) / received (net of withholding taxes TDS) | 8,491.00 | 388.00 | 439.00 |
| Prior period (expense)/income (net) | - | - | - |
| Net cash from/(used in) operating activities | 82,999.05 | (40,835.00) | (173,734.00) |
| B. Cash flow from investing activities | | | |
| Purchase of fixed assets | - | - | - |
| Proceeds from sale of fixed assets | - | - | - |
| Sale of non-current investments | - | - | - |
| Purchase of current investments | - | - | - |
| Share application money | - | - | - |
| Net cash from/(used in) investing activities | - | - | - |
| C. Cash flow from financing activities | | | |
| Proceeds from issue of share capital | - | - | - |
| Raising of unsecured loans | - | - | - |
| Repayment of unsecured loans | - | - | - |
| Raising Of Secured Loans | - | - | - |
| Interest & finance charges paid | (3,055.18) | (3,018.00) | (3,047.00) |
| Net cash from/(used in) financing activities | (3,055.18) | (3,018.00) | (3,047.00) |
| Net increase/(decrease) in cash & cash equivalents | 58,943.87 | (43,851.00) | (178,781.00) |

| | | | |
|---|-----------------|-----------------|-----------------|
| | | | |
| Cash & Cash equivalents - opening balance | 69,290.55 | 112,941.55 | 289,722.55 |
| Cash & Cash equivalents - closing balance | 129,234.42 | 69,290.55 | 112,941.55 |
| Net increase(decrease) in cash & cash equivalents | | | |
| NOTED : | | | |
| 1. The above cash flow statements has been prepared under the "indirect method" as set out in the Ind AS 7-Cash Flow Statement notified pursuant to Section 133 of the Companies Act, 2013 (the Act), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and | | | |
| 2. Cash and Cash equivalents at the end of the year consist of cash in hand and | | | |
| Balance with banks as follows : | | | |
| | 31st March 2018 | 31st March 2017 | 31st March 2016 |
| Cash, Cheques & Drafts (in hand) and remittances in transit | 109,690.65 | 55,225.65 | 14,451.90 |
| Balance with Banks | | | |
| Current Account | 19,543.77 | 14,064.90 | 98,489.65 |
| Deposit Account | | | |
| | 129,234.42 | 69,290.55 | 112,941.55 |

For HARJINDER SINGH & CO.
Chartered Accountants
FRN : 014118N
Sd/-
(HARJINDER SINGH)
PARTNER
M.NO. 092290
Place : Karnal
Date : 28.05.2018

For AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
RAJEV GUPTA
(DIRECTOR)
(DIN : 00172828)

Sd/-
VIVEK GUPTA
(DIRECTOR)
(DIN : 00172835)

Sd/-
NARINDER KUMAR CHUTANI
(CHIEF FINANCIAL OFFICER)

PADAM COTTON YARNS LIMITED

Form MGT - 11

PROXY FORM

(Pursuant to Section 105(6) of the Company Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN : L17112HR1994PLC033841

Name of the Company : PADAM COTTON YARNS LIMITED

Registered Office : 196, OPPOSITE RED CROSS MARKET, GT ROAD, KARNAL-132001

I/We, being the Member (s) of.....Shares of the above named company, hereby appoint

Name :

Address :

Email ID :

Signature:....., or failing him

Name :

Address :

Email ID :

Signature:....., or failing him

Name :

Address :

Email ID :

Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Friday, the 28th day of September, 2018 at 11:00 A.M. at 196, Opposite Red Cross Market, GT Road, Karnal-132001 and at any adjournment thereof in respect of such resolutions as are indicated below :

| S.No. | RESOLUTIONS |
|-------|---|
| 1. | Consider and adopt the Audited Financial Statements, Reports of the Board of Directors and Auditors. |
| 2. | To appoint a director in palce of Mr. Rajev Gupta who retires by rotation at this Annual General Meeting and being eligible offers his self for re-appointment. |

Signed this.....day of.....,2018

Signature of Shareholder :

Signature of Proxy Holder (s) :

Note : This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.

REGISTERED POST/COURIER

If undelivered please return to :
PADAM COTTON YARNS LIMITED
Regd. Office : 196, 1st Floor, G.T. Road,
Opp. Red Cross Market,
KARNAL - 132 001
www.pada.cotton.com