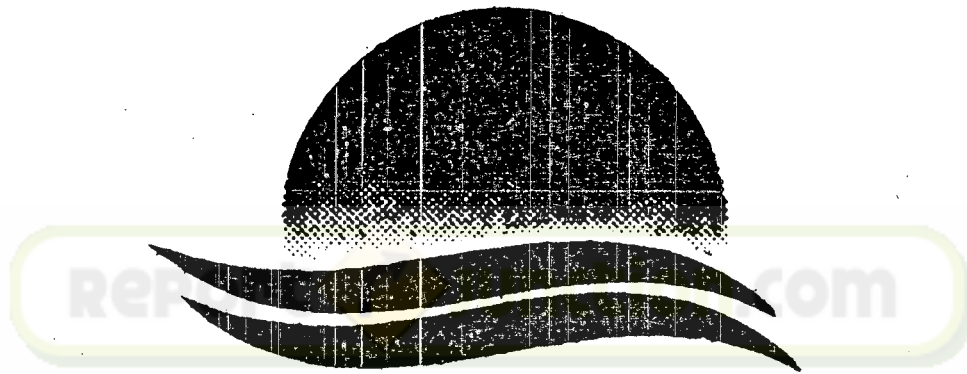


GOLDEN CARPETS LIMITED



THIRTEENTH ANNUAL REPORT
2006-2007

*Golden Carpets Limited***CONTENTS**

| Sl. NO | Particulars | Page No. |
|---------------|---|-----------------|
| 1. | General Information | 3 |
| 2. | Notice | 4 |
| 3. | Directors' Report | 6 |
| 4. | Corporate Governance Report | 9 |
| 5. | Management & Analysis Discussion | 15 |
| 6. | Auditors' Report | 18 |
| 7. | Balance Sheet | 22 |
| 8. | Profit & Loss Account | 23 |
| 9. | Schedules forming Part of Accounts | 24 |
| 10. | Cash Flow Statement | 33 |
| 11. | Balance Sheet Abstract and Company's General Business Profile | 35 |
| 12. | Attendance Slip & Proxy Form | 36 |

Golden Carpets Limited**GOLDEN CARPETS LIMITED****BOARD OF DIRECTORS****MANAGING DIRECTOR**

Mr. S Naik

DIRECTORS

Mr S B Kerur

Mrs. Meena Kerur

Mr. K Suresh

Mr. Maqsood Ahmed

REGISTERED OFFICE

8-2-596/B/1

Road No. 10

Banjara Hills

Hyderabad-500 035

WORKS

Jeedipally Village

Toopran Mandal

Medak Dist.

Andhra Pradesh

BANKERS

State Bank of Hyderabad

Industrial Finance Branch

Somajiguda

Hyderabad

**REGISTRARS & SHARE
TRANSFER AGENTS**

XL Softech Systems Limited

Sagar Society Road,

Road No. 2, Banjara Hills,

Hyderabad.

AUDITORS

M/s Mahesh Nandiraju & Associates,

Chartered Accountants

First floor, 2-1-133/3

Lane beside Fever Hospital

Nallakunta

Hyderabad- 44.

LISTING

The Hyderabad Stock Exchange Limited

The Mumbai Stock Exchange Limited

*Golden Carpets Limited***NOTICE**

Notice is hereby given that the 13th Annual General Meeting of the members of the Company will be held on Saturday, 29th September, 2007 at 3.30 P.M. at the Hotel Marriott, Tank Bund, Hyderabad, to transact the following :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date together with the report of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. K Suresh, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a Director in place of Mr. S B Kerur, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors for the financial year 2007-08 and to authorize the Board of Directors to fix their remuneration by passing the following resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the members be and is hereby accorded for the appointment of M/s Mahesh Nandiraju & Associates, Chartered Accountants, Hyderabad as Statutory Auditors of the Company for the financial year 2007-08 to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company."

On behalf of the Board

For GOLDEN CARPETS LIMITED

Hyderabad

25.08.2007

Sd/-

S. Naik
Managing Director

Golden Carpets Limited**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY OR PROXIES TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIM. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from 28th September, 2007 to 29th September, 2007 (Both days inclusive)
4. Members are requested to notify immediately any change in their address to the Share transfer agents and in case their shares are held in de-materialized form, this information should be passed on to their respective Depository Participants without delay.
5. Members who have multiple accounts are requested to intimate to the Company, the Folios of such accounts, to enable the Company to consolidate all their shareholdings into one account.
6. Members who hold shares in de-materialized form are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
7. The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during the working hours between 10.00 a.m. to 1.00 p.m. except on holidays
8. The Register of Directors' Shareholding shall be open for inspection to any member of the Company during the period beginning 14 days before the date of Company's Annual General Meeting and ending 3 days after the date of its conclusion. The said register shall also remain open and accessible during the Annual General Meeting to any person having right to attend and vote at the meeting.
9. Pursuant to the requirements of the Listing Agreement of Stock Exchanges, the information of the Directors proposed to be appointed/ re-appointed is given in the annexure to the notice.



Golden Carpets Limited

DIRECTORS' REPORT

Your Directors are pleased to present their 13th Annual report on the business and operations together with the Audited Financial results of the Company during the Financial year 2006-07

FINANCIAL RESULTS

| Sl. No. | Particulars | Year ended 31.03.2007 | Year ended 31.03.2006 |
|---------|---|--------------------------|--------------------------|
| 1. | Sales | 165.32 | 229.74 |
| 2. | Other Income | 0.61 | 1.13 |
| 3. | TOTAL INCOME(1+2) | 165.93 | 230.87 |
| 4. | Operating Expenses including decrease in stocks | 140.99 | 191.78 |
| 5. | Profit Before Depreciation | 24.94 | 39.08 |
| 6. | Depreciation | 74.57 | 75.35 |
| 7. | Miscellaneous Expenditure Written off | 32.37 | 32.38 |
| 8. | Profit/(Loss) for the before tax | 82.00 | (68.64) |
| 9. | Tax expenses/ Differed Tax Liability | (7.70) | 9.61 |
| 10. | Profit/(Loss) for the year after tax | (74.30) | (78.26) |

OPERATIONS

During the year the Company has achieved a Turnover of Rs.165.32 lacs as against 229.74 Lacs. Though the Company has suffered a net loss in the year under review the same is lower as compared to the loss of Rs. 78.26 in the previous year.

The Company has made one time settlement of debts with Industrial Development Bank of India.

RESERVES:

The Company has not transferred any amount to Reserves during the financial year under review.

DIVIDENDS

No dividend was recommended by the Board of Directors for the financial year 2006-07 due to the non profitability.

DEPOSITS

The Company has not accepted deposits from the Public to which the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under apply.



Golden Carpets Limited

INFORMATION PURSUANT TO THE COMPANIES DISCLOSURE OF (PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUTGO:

A. Conservation of Energy:

- i. Adequate measures have been taken for conservation of energy.
- ii. There is no additional investment and proposals for reduction of energy conservation.
- iii. As there is no additional investment, there is no impact on the business of the Company.

B. Technology Absorption:

i) Research and Development (R& D)

a) Specific areas in which R & D carried out by the Company

For having the modern design, patterns and styles and improving the quality of the products and to have unique, royal and classic designs the Company is carrying out research constantly

b) Benefits derived as a Result of R & D

The most impressive designs with highest standard in the quality meeting the present market demand have been emerged out of research.

c) Future Plan of Action

The quality designs of carpets to be improved to have unique features, pattern and design. Expenditure on R & D: The Company has not made any expenditure on R & D.

ii) Technology Absorption, Adoption and Innovation

During the year the Company has neither absorbed any new technology nor adopted or innovated as existing technology is sufficient to meet present market requirements.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings : Nil

Foreign Exchange outgo

FOB value of Exports : Nil

PARTICULARS OF EMPLOYEES:

There is no employee drawing remuneration aggregating to the limits prescribed under Section 217(2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rules 1975 and amendments thereto during the period under review.



Golden Carpets Limited

The Employee relations were cordial during the year.

DIRECTORS

Mr. K Suresh and Mr. S B Kerur, Directors, retire at this Annual General Meeting and being eligible offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of section 217(2AA) of the Companies Act 1956, the directors would like to state that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanations relating to the material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts on the going concern basis.

CORPORATE GOVERNANCE REPORT

The report on the corporate governance under clause 49 of the Listing Agreement

AUDITORS:

M/s. Mahesh Nandiraju & Associates, Chartered Accountants, Hyderabad. Statutory Auditors of the Company, retire at this Annual General Meeting. They being eligible, offer themselves for re-appointment for the year 2007-2008.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to record their sincere appreciation for the continued support extended by investors, employees, customers, bankers, business associates and all the shareholders for their continued co-operation and support to your Company.

On behalf of the Board

For GOLDEN CARPETS LIMITED

Hyderabad

Sd/-

Sd/-

25.08.2007

Director

Managing Director

Golden Carpets Limited

REPORT ON CORPORATE GOVERNANCE

As per the amended new Clause 49 of the Listing Agreement read with the format prescribed by the Securities and Exchange Board of India is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on code of Governance is to provide transparency, accountability and to comply with the requirements of law, rules and regulations, listing agreement in the best interest of the investors, stake holders.

As per clause 49 of the Listing agreement with the Stock Exchanges, a separate report on Corporate Governance and Management's Discussion and Analysis together with a certificate from the company's auditors conforming compliance is set out separately forming part of this report.

2. BOARD OF DIRECTORS

Composition:

The Board has five members, a Managing Director and three other Non Executive Directors as under:

| Sl. No | Name | Designation | Number of other Directorships | No. of Committees in which the Director is either member / Chairman in other Companies |
|--------|-------------------|--|-------------------------------|--|
| 01 | Mr.S.Naik | Managing Director & Non - Independent Director | NIL | NIL |
| 02 | Mrs. Meena kerur | Non-Executive & Non- Independent Director | NIL | NIL |
| 03 | Mr.S B Kerur | Non-Executive & Non- Independent Director | NIL | NIL |
| 04 | Mr. K Suresh | Non-Executive & Independent Director | NIL | NIL |
| 05 | Mr. Maqsood Ahmed | Non- Executive Independent Director. | NIL | NIL |



Golden Carpets Limited

3. BOARD MEETINGS AND ATTENDANCE

The Board meets at least four times in a year at quarterly Intervals and more frequently if deemed necessary to transact its business.

Total Five Meetings of the Board were held during the financial year 2006-2007.

| Sl. No | Name | Designation | Board Meetings attended | Attendance in last AGM | Number of other Directorships | No. of Committees in which the Director is either member/ Chairman |
|--------|-------------------|--|-------------------------|------------------------|-------------------------------|--|
| 01 | Mr.S Naik | Managing Director & Non-Independent Director | 5 | Yes | NIL | 1 |
| 02 | Mr.S.B.Kerur | Non-Executive & Non-Independent Director | 2 | No | NIL | 1 |
| 03 | Mr. K.Suresh | Non-Executive & Independent Director | 5 | Yes | NIL | 2 |
| 04 | Ms. Meena Kerur | Non-Executive & Non-Independent Director | 3 | No | NIL | 2 |
| 05 | Mr. Maqsood Ahmed | Non-Executive & Independent Director | 1 | No | Nil | 1 |

4. BOARD PROCEDURE

Board members are given in advance the appropriate documents and information of each Board and Committee meetings so as to enable them to participate effectively and contribute to the smooth functioning of the company.