

10th Annual Report
2001-2002



KARAN WOO-SIN LIMITED

BOARD OF DIRECTORS

Mr. ANIL AGARWAL
Mr. PERCY H.ITALIA
Mr. RAKESH AGGARWAL
Mr. A.G. RAVINDRANATH REDDY
Mr. SRI KISHAN BADRUKA
Mr. SAINATH MUDHELLI

Mr.N.C.REDDY - MANAGER

AUDITORS

M/S.NIRANJAN VENKATA & OMPRAKASH
CHARTERED ACCOUNTANTS
HIMAYATNAGAR
HYDERABAD -500 029.

BANKERS

STATE BANK OF INDIA
COMMERCIAL BRANCH
SECUNDERABAD- 500 003.

REGISTERED OFFICE AND WORKS

S.NO.321, KALLAKAL VILLAGE
GAJWEL TQ., MEDAK DIST.
ANDHRA PRADESH.

REGISTRARS

KARVY CONSULTANTS LIMITED
46, AVENUE 4, STREET NO.1
BANJARA HILLS
HYDERABAD – 500 034.

DEMAT REGISTRARS

CIL SECURITIES LIMITED
214, RAGHAVA RATNA TOWERS
CHIRAG ALI LANE
HYDERABAD - 500 001.

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the members of Karan Woo-Sin Limited will be held on Monday, the **30th September, 2002** at the Registered Office, S. No. 321, Kallakal Village, Gajwel Tq., Medak District, Andhra Pradesh, at 11.00 am to transact the following business:

1. To receive, consider and adopt the Directors' and Auditors' Report, the Audited Profit & Loss account for the financial year ended March 31, 2002 and the Balance Sheet as at that date.
2. To appoint a director in the place of **Mr. RAKESH AGGARWAL** who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in the place of **Mr. PERCY H.ITALIA** who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass the following resolution as an ordinary resolution.

"RESOLVED THAT Pursuant to Section 224 and other applicable provisions if any, of the Companies Act, 1956 M/s. Niranjana Venkata & Omprakash, Chartered Accountants, Hyderabad be and are hereby appointed as Auditors of the Company from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration as may be fixed by the Board of Directors of the Company".

Place: Secunderabad
Date: 31st May, 2002

By Order of the Board
for Karan Woo-Sin Limited

Sd/-
PERCY H.ITALIA
Director

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS TO BE VALID SHALL BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Share Transfer books of the Company will be closed from 20th September, 2002 to 30th September, 2002 (both days inclusive).
3. Members are requested to intimate any changes in their addresses registered with the Company.

DIRECTORS' REPORT

We have pleasure in presenting the Tenth Annual Report and the Audited Statement of Accounts for the Financial Year ended 31st March, 2002.

1. FINANCIAL RESULTS

	Rs. In Lakhs 31.03.2002	Rs. In Lakhs 31.03.2001
Turnover	344.57	404.40
Other Income	0.43	1.36
	<u>345.00</u>	<u>405.76</u>
	=====	=====
Profits		
Profit / (loss) before interest, depreciation and tax (PBIDT)	(3.10)	54.48
Interest	23.87	32.61
Depreciation	24.83	18.99
	<u>(51.80)</u>	<u>2.88</u>
Profit / (loss) before tax	(51.80)	2.88
Less: Provision for Taxation	—	—
	<u>(51.80)</u>	<u>2.88</u>
Net Profit / (Loss)	(51.80)	2.88
Prior Period Adjustments & exceptional expenses	(0.80)	(5.40)
	<u>(52.60)</u>	<u>(2.52)</u>
Net Profit / (Loss)	(52.60)	(2.52)
Add: B/F from previous year	(168.44)	(165.93)
	<u>(221.04)</u>	<u>(168.44)</u>
Loss carried forward	(221.04)	(168.44)
	=====	=====

2. REVIEW OF OPERATIONS

Your Directors regret to inform you that inspite of commencing the year under review with a robust order book position and higher sales realizations, there has been a slump in demand post September 2001. A section of the knitting machine department was shut down and 24 workers were laid off.

Due to the aforesaid, the Company recorded a decline in sales of 15% compared to the previous year and resulted in a cash loss of Rs. 26.97 lakhs.

3. FUTURE PROSPECTS

Aggrieved by the lay-off declared by the Company, the union led the workers to an illegal strike with effect from 18th March, 2002. The company's unit however commenced production from 19th June after obtaining an injunction against the striking workers from the Honourable Civil Court. Your Directors now see an improvement in the market conditions and expect good sales in the remaining part of the year. This coupled with the strengthening of the Euro should see the Company end the current year with substantially improved performance.

4. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) Appropriate accounting policies have been selected and applied consistently and have made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as

at March 31, 2002 and of the profit of the company for the said period.

- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

5. CORPORATE GOVERNANCE

Corporate Governance is concerned with the conduct / behaviour of the company, its management and accountability of persons, who are managing it towards the stakeholders. Your company is committed in its constant endeavour to practice and follow good corporate governance.

In terms of Clause 49 of the Listing Agreement, your company is required to implement the provisions regarding corporate governance by March 31, 2003. As per the provisions of Section 292A of the Companies Act, 1956 the company has set up an Audit Committee consisting of 3 directors who have rich professional & commercial background:

1. Mr.A.G.Ravindranath Reddy
2. Mr.Sri Kishan Badruka
3. Mr.Sainath Mudhelli

The members appointed Mr.Sri Kishan Badruka as the Chairman of the committee.

These provisions would be in place by the current year-end and a report relating to the corporate governance will appear in the next year's Annual Report.

6. FIXED DEPOSITS

The Company has not raised any fixed deposits as on 31st March, 2002 in terms of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended from time to time. There are no outstanding or unclaimed deposits as on 31st March, 2002.

7. PARTICULARS OF EMPLOYEES

During the year under review, no employee of the company was in receipt of remuneration which in the aggregate was Rs. 24,00,000/- or more nor was any employee in receipt of remuneration exceeding Rs.2,00,000/- per month for any part of the year in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

8. PARTICULARS REGARDING ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of Energy Conservation, Research & Development, Technology absorption, Foreign Exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure "A" and Annexure "B" respectively, to the Directors Report.

9. DIRECTORS

In accordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rakesh Aggarwal and Mr. Percy H. Italia retire by rotation and the Board recommends their reappointment.

10. AUDITORS

M/s Niranjan Venkata & Omprakash, Chartered Accountants, the Company's Auditors, hold office till the conclusion of this Annual General Meeting. They have signified their willingness to accept their re-appointment and have further confirmed their eligibility under section 224 (1-B) of the Companies Act, 1956.

11. LISTING AT STOCK EXCHANGES

The Equity Shares of the company are listed on the following Stock Exchanges:

Hyderabad Stock Exchange Limited
3-6-275, Himayatnagar
Hyderabad - 500 029

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 023

The listing fee to the Hyderabad Stock Exchange is outstanding

12. ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Visakhapatnam Export Processing Zone and also from its bankers, the State Bank of India during the year under review. Your directors also thank and appreciate all the executives, staff and workers of the Company for their dedicated services.

By Order of the Board
for KARAN WOO-SIN LIMITED

	Sd/-	Sd/-
Place : Secunderabad	ANIL AGARWAL	PERCY H.ITALIA
Date : May 31, 2002	(Director)	(Director)

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2002.

Statement under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

Conservation of Energy

1. Energy Conservation measures taken.

The company does not have a major requirement of energy. However it is upgrading some of its electrical systems to bring itself upto date with the new hardware available for its motor driven machines.

2. Additional Investments and proposals, if any, implemented for reduction of consumption of energy.

3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact of the cost of production of goods.

NIL

ANNEXURE

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current year 2001-2002	Previous year 2000-2001
A. Power & Fuel Consumption		
1. Electricity		
a. Purchased		
Units	376,960.00	212,585.00
Total Amount (Rs.)	1,606,547.50	1,089,310.00
Cost/Unit (Rs.)	4.26	5.12