

# 12<sup>th</sup> Annual Report 2003-2004



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

**MANAGER**

Mr.N.C.REDDY

**AUDITORS**

M/S.NIRANJAN &amp; NARAYAN

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**

CIL SECURITIES LIMITED

214, RAGHAVA RATNA TOWERS

CHIRAG ALI LANE

HYDERABAD - 500 001.

## NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the members of M/s. Karan Woo-Sin Limited will be held on Thursday, the 30<sup>th</sup> September, 2004 at the Registered Office, S. No. 321, Kallakal Village, Gajwel Tq., Medak District, Andhra Pradesh, at 11.00 AM to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit & Loss account for the financial year ended March 31, 2004 and the Balance Sheet as at that date and the Directors' and Auditors Report thereon.
2. To appoint a director in the place of Mr. Anil Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in the place of Mr. Sainath Mudhelli 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. Niranjan & Narayan (formerly Niranjan Venkata & Omprakash), Chartered Accountants, Hyderabad be and are hereby re-appointed as Auditors of the Company to hold the office 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".

### **SPECIAL BUSINESS**

5. To consider and if thought fit to pass with or without modification(s) the following resolution as an Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 314 of the Companies Act, 1956 the Board of Directors be

and are hereby empowered to appoint Mr. Rishabh Agarwal as Manager - Operations holding office of profit in the Company, he being a relative of the director, Mr. Anil Agarwal, for a period of three years with effect from 1st December, 2003, on a monthly remuneration of Rs.20,000 and pursuant to the terms and conditions including those relating to remuneration as contained in an agreement between the Company of the one part and the said Mr. Rishabh Agarwal on the other part."

By Order of the Board  
for Karan Woo-Sin Limited

Place: Secunderabad  
Date: 30<sup>th</sup> June, 2004

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 20<sup>th</sup> September 2004 to 30<sup>th</sup> September 2004 (both days inclusive).
3. Members are requested to intimate any changes in their addresses registered with the Company.

### **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

#### **Appointment of Mr. Rishabh Agarwal as Manager - Operation**

The Directors would like to appoint Mr. Rishabh Agarwal as Manager - Operations. Mr. Rishabh is a graduate of Economics from Brigham Young University (Salt Lake City, Utah). The Directors would like to avail his services and recommends his appointment.

## DIRECTORS' REPORT

We hereby present the Twelfth Annual Report and the Audited Statement of Accounts for the Financial Year ended 31<sup>st</sup> March, 2004.

### 1. FINANCIAL RESULTS

	Rs. In Lakhs 31.03.2004	Rs. In Lakhs 31.03.2003
Turnover	312.53	213.41
Other Income	2.97	0.48
	-----	-----
	315.50	213.89
	=====	=====
Profit /(loss) before interest, depreciation and tax (PBIDT)	58.09	12.98
Interest	16.58	21.04
Depreciation	31.55	31.47
	-----	-----
Profit / (loss) before tax	9.96	(39.53)
Less: Provision for Taxation	0.93	---
	-----	-----
Net Profit / (Loss)	9.03	(39.53)
Prior Period expenses	1.59	(3.39)
	-----	-----
Net Profit / (Loss)	10.62	(42.92)
Add: Loss b/f from previous year	(263.96)	(221.04)
	-----	-----
Loss carried forward to Balance Sheet	(253.34)	(263.96)
	=====	=====

## 2. REVIEW OF OPERATIONS

The catastrophic effect of non-fulfillment of export orders due to unlawful work stoppages by workmen in the previous year continued to be experienced during the year under review. However, the sales turnover improved due to the aggressive marketing and damage control measures undertaken by the management.

## 3. FUTURE PROSPECTS

The future prospects are bright due to several factors apart from the commencement of the quota free regime with effect from 01.01.2005. The Indian apparel and hosiery market is now attracting the attention of high fashion European brands, due to India's strong hold on cotton and as it is now accepted that India can deliver high value addition. In order to benefit from these favourable prospects, major increase in capacities have to be effected.

## 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, if any.
- (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, 2004 and of the profit of the company for the year ended on that date.
- (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

- (a) Management Discussion and Analysis Report is enclosed.
- (b) As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance Practices followed by the Company together with a certificate from the Company's Auditor confirming compliance is set out in the Annexure forming part of this report.

## 6. FIXED DEPOSITS

The Company has not raised any fixed deposits as on 31<sup>st</sup> March, 2004 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 31<sup>st</sup> March, 2004.

## 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. Anil Agarwal** and **Mr. Sainath Mudhelli** retire by rotation and the Board recommends their reappointment.

### 10. AUDITORS

M/s Niranjan & Narayan (formerly 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:

The Hyderabad Stock Exchange Limited  
6-3-654, Beside Erramanzil Bus Stop  
Somajiguda, Hyderabad- 500 082

The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001

The listing fee to The Hyderabad Stock Exchange is outstanding



## 12. EXPLANATORY STATEMENT ON AUDITORS QUALIFICATIONS:

- a) The Company has been accounting Gratuity on cash basis. However the Directors are favorably considering provision of Gratuity based on Actuarial valuation and the same will be implemented from the next year (2004-05).
- b) Owing to cash crunch the company has not been able to deposit the Provident fund and the Employees State Insurance dues with the Authorities within the due date. However the company has provided for all its Provident Fund & ESI dues as at March 31, 2004. The company has paid for the dues as follows:

PARTICULARS	PERIOD	DATE OF PAYMENT
Provident Fund	Upto February 2004	Not later than 5th May 2004
Employee State Insurance	Upto March 2004	Not later than 5th May 2004

The amount outstanding for March 2004 pertaining to Provident Fund will be paid soon.

## 13. ACKNOWLEDGEMENTS

Your directors 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

Place : Secunderabad  
Date : June 30, 2004

Sd/-  
ANIL AGARWAL  
(Director)

Sd/-  
PERCY H.ITALIA  
(Director)

## ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2004.

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 2003-2004	Previous year 2002-2003
<b>A. Power &amp; Fuel Consumption</b>		
1. Electricity		
a. Purchased		
Units	2,44,948.20	226,038.30
Total Amount (Rs.)	1,281,893.00	1,109,529.00
Cost/Unit (Rs.)	5.23	4.91
b. Own Generation		
i. Through diesel generator		
Units	8615.00	5874.00