

14th Annual Report

2005-2006



KARAN WOO-SIN LIMITED

BOARD OF DIRECTORS

Mr. ANIL AGARWAL

Mr. PERCY H.ITALIA

Mr. RAKESH AGGARWAL (up to 26.06.2006)

Mr. A.G. RAVINDRANATH REDDY

Mr. SRI KISHAN BADRUKA

Mr. SAINATH MUDHELLI (up to 26.06.2006)

Mr. RAKESH GARG (wef. 26.06.2006)

MANAGER

Mr. N.C.REDDY

AUDITORS

M/S.NIRANJAN & 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.

PH: (040) 27848700 FAX: (040) 27818165

E-MAIL: karanwoosin@rediffmail.com

REGISTRARS

CIL SECURITIES LIMITED

214, RAGHAVA RATNA TOWERS

CHIRAG ALI LANE, HYDERABAD - 500 001.

PH: (040) 23202465 FAX: (040) 23203028 E-Mail - cilsec@rediffmail.com

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the members of M/s. Karan Woo-Sin Limited will be held on Friday, the 29th September, 2006 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, 2006 and the Balance Sheet as at that date and the Directors' and Auditors' Reports.
2. To appoint a director in the place of Mr. A.G. Ravindranath Reddy who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in the place of Mr. Srikishan Badruka 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, 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 Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. N.C. Reddy as Manager, for a period of three years with effect from 1st October, 2006, upon the terms and conditions set out in the Agreement entered into with him, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or Agreement in such manner and at a remuneration to be fixed and approved by the Remuneration Committee.”

By Order of the Board
for Karan Woo-Sin Limited

Place: Secunderabad

Date: 27th July, 2006

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 2006 to 29th September 2006 (both days inclusive).
3. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed herewith.

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

Item No. 5 : Appointment of Mr. N.C. Reddy as Manager.

The present term of office of Mr. N.C. Reddy as Manager will be expiring on 1st October, 2006. The Board recommends the reappointment of Mr. N.C. Reddy as a Manager for a further period of 3 years from 1st October, 2006. Mr. N.C.Reddy will be paid remuneration as fixed by the Remuneration Committee as per guidelines stipulated under Section 269 read with Schedule XIII thereto, or any statutory modification(s) or re-enactment(s) thereto.

Mr. N.C. Reddy is aged about 46 years and has been looking after the day to day operations and has been associated with the company since long.

None of the Directors is interested in this resolution.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges the following information is furnished about the Directors proposed to be reappointed, vide items 2 and 3 of the Notice dated 27th July, 2006.



Name of Director	Mr. A.G.Ravindranath Reddy	Mr. Srikishan Badruka
Date of Birth	18.06.1957	24.01.1955
Date of appointment	29.09.2001	29.09.2001
Expertise in areas	Practising Company Secretary	Business
Qualification	M.Com, B.L, FCS	B.Com
Number of Equity Shares held in the Company by the Director or for other persons on a beneficial basis	Nil	Nil
List of outside Directorships held	Nil	Vins Bio Products Limited
Chairman / Member of the Committees of the Board of Directors of the Company	Audit Committee – Chairman Member of Shareholders Grievance and Remuneration Committees	Shareholder's Grievance Committee - Chariman Member – Audit and Remuneration Committee
Chairman / Member of the Committees of Board of Directors of other companies in which he is a Director	Nil	Nil



Brief resume of Mr. Rakesh Garg appointed as Director in the casual vacancy caused in the Office of Director – Mr. Sainath Mudhelli

Name of Director	Mr. Rakesh Garg
Date of Birth	03.09.1963
Date of appointment	26.06.2006
Expertise in areas	Practising Chartered Accountant
Qualification	FCA, ACS

Number of Equity Shares held in the Company by the Director or for other persons on a beneficial basis

Nil

List of outside Directorships held

Nil

Chairman / Member of the Committees of the Board of Directors of the Company

Appointed Member of Audit Committee, Shareholders Grievance and Remuneration Committees in place of Mr. Sainath Mudhelli.

Chairman / Member of the Committees of Board of Directors of other companies in which he is a Director

Nil

DIRECTORS' REPORT

We hereby present the Fourteenth Annual Report and the Audited Statement of Accounts for the Financial Year ended 31st March, 2006.

1. FINANCIAL RESULTS

	Rs. in Lakhs 31.03.2006	Rs. in Lakhs 31.03.2005
Turnover	607.08	345.43
Other Income	4.12	4.37
	<u>611.20</u>	<u>349.80</u>
	=====	=====
Profit / (Loss) Before Interest, Depreciation and Tax (PBITD)	83.65	26.64
Interest	11.03	13.01
Depreciation	30.75	31.55
	<u>41.87</u>	<u>(17.92)</u>
Profit / (loss) Before Tax	41.87	(17.92)
Less: Provision for Taxation	1.59	0.00
	<u>40.28</u>	<u>(17.92)</u>
Net Profit / (Loss)	40.28	(17.92)
Prior Period items	0.78	(3.32)
	<u>41.06</u>	<u>(21.24)</u>
Net Profit / (Loss)	41.06	(21.24)
Exceptional Items	0.00	(7.78)
	<u>41.06</u>	<u>(29.03)</u>
Net Profit / (Loss)	41.06	(29.03)
Add: Loss b/f from previous year	(369.64)	(340.61)
	<u>(328.58)</u>	<u>(369.64)</u>
	=====	=====
Loss carried forward to Balance Sheet.	(328.58)	(369.64)

2. REVIEW OF OPERATIONS

Better utilization of capacity and higher sales realization have resulted in higher top line and bottom line figures. The emphasis laid on quality has enabled the company to ward off competition from other low cost economies.

3. FUTURE PROSPECTS

With established quality products, large scale dismantling of capacities in high cost economies and the huge supply shortages that one can predict, your company's future is indeed very bright if it can ramp up capacity quickly.

4. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (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 judgments 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, 2006 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 31st March, 2006 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, 2006.

7. PERSONNEL

During the year under review, industrial relations of the company continued to be cordial and peaceful.

8. 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.

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

Details of Energy Conservation, Research & Development, Technology Absorption, Foreign Exchange Earnings and