

**17th Annual Report**  
2008-2009



**KARAN WOO-SIN LIMITED**

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### **BOARD OF DIRECTORS**

Mr. Anil Agarwal  
Mr. Percy H.italia  
Mr. A.G. Ravindranath Reddy  
Mr. Sri Kishan Badruka  
Mr. Rakesh Garg

### **MANAGER**

Mr. N.C. Reddy

### **AUDITORS**

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) 40021946  
E-mail – [Karanwoosin@rediffmail.com](mailto:Karanwoosin@rediffmail.com)

### **REGISTRARS AND SHARE TRANSFER AGENTS**

Cil Securities Limited  
214, Raghava Ratna Towers  
Chirag Ali Lane  
Hyderabad - 500 001.  
Ph: (040) 23202465  
Fax: (040) 23203028  
e-mail – [cilsec@rediffmail.com](mailto:cilsec@rediffmail.com)

**NOTICE**

Notice is hereby given that the 17th Annual General Meeting of the members of M/s. Karan Woo-Sin Limited will be held on Wednesday, the 30th September 2009 at 11 A.M at the Registered Office of the Company situated at S. No. 321, Kallakal Village, Gajwel Tq., Medak District, Andhra Pradesh, 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, 2009 and the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a director in the place of Mr. Rakesh Garg who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in the place of Mr. Anil Agarwal 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 Niranjana & 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 of Rs.10,000/- per Annum plus out of pocket expenses on actual basis.

**SPECIAL BUSINESS:**

5. To consider and if thought fit to pass the following resolution, with or without modification as a Special Resolution.

RESOLVED THAT subject to confirmation by the Hon'ble High Court of Andhra Pradesh and other approvals, as may be required, the paid-up capital of the Company be reduced from Rs.8,23,50,000/- divided into 82,35,000 Equity shares of Rs.10/- each to Rs.4,94,41,000/- divided into 82,35,000 Equity shares of Rs.6/- each fully paid-up by canceling the accumulated loss of Rs. 3,29,40,000/- which represents 82,35,000 shares of Rs.4/- each, which has been lost and is unrepresented by the available assets.

RESOLVED FURTHER THAT consequential amendments be made in the capital clause of the Memorandum of Association of the company after such reduction becomes operative and effective.

RESOLVED FURTHER THAT on such reduction becoming operative an effective, every member of the Company do surrender to the Company their old certificates in respect of the physical shares held by him and thereupon the company shall issue fresh share certificates to the said shareholder and to which he may be entitled to as aforesaid.

6. To consider and if thought fit to pass the following resolution, with or without modification as an ordinary resolution.

RESOLVED THAT pursuant to the provisions of Section 269, 309, 310 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII, approval of the members be and is hereby accorded for the re-appointment of Mr. N.C.Reddy, as Manager of the Company for a period of 5 years with effect from 01.10.2009, on the following terms and conditions:

a. Salary: Rs.30,000/- P.M. inclusive of all perks

b. Duties and Responsibilities:

He shall be responsible for handling all the day to day activities of the company and compliance with all the statutory requirements under the supervision and direction of the Board of Directors and discharge such functions and responsibilities as delegated to him by the Board from time to time.

c. Tenure of Appointment: 5 years

//By Order of the Board//  
For Karan Woo-Sin Limited

Place: Secunderabad  
Date : 31.07.2009

Sd/-  
ANIL AGARWAL  
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 25.09.2009 to 30.09.2009 (both days inclusive).
3. Explanatory Statement pursuant to section 173(1) of the Companies Act, 1956, relating to the special business to be transacted at the meeting is annexed herewith.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(1) OF THE COMPANIES ACT, 1956.****Item No. 5**

The Company has accumulated losses of Rs.3,67,81,497.66 as on 31.03.2009 which has been accumulated since commencement of business. The Board of directors in their meeting held on 31.07.2009 are of the opinion that the accumulated losses should not continue to be carried forward and hence it is proposed to reduce the capital of the Company to the extent of accumulated loss of Rs. 3,29,40,000/- which represents 82,35,000 shares of Rs.4/- each, which has been lost and is unrepresented by the available assets. The paid up capital of the Company after cancellation of accumulated loss of Rs. 3,29,40,000/- shall be Rs.4,94,41,000/- divided into 82,35,000 Equity shares of Rs.6/- each fully paid-up.

As per section 100 to 104 of the Companies Act, 1956, the reduction of capital requires the approval of the members by way of special resolution, subject to confirmation by the Hon'ble High Court of Andhra Pradesh. Therefore your Board of Directors proposes the above resolution for your approval.

None of the Directors except Mr. Anil Agarwal and Mr. Percy H Italia, are interested in the resolution.

**Item No. 6**

The present term of office of Mr. N.C. Reddy as Manager will be expiring on 30th September 2009. The Board recommends the reappointment of Mr. N.C. Reddy as Manager for a further period of 5 years from 1st October 2009. The remuneration committee fixed the remuneration in their meeting held on 31.07.2009 as detailed in the resolution.

Mr. N.C. Reddy is aged about 49 years and has been looking after the day to day affairs of the Company and has been associated since its inception. Your Board of Directors proposes the above resolution for your approval.

None of the directors are interested in this resolution.



## DIRECTORS' REPORT

We hereby present the Seventeenth Annual Report and the Audited Statement of Accounts for the Financial Year ended 31st March, 2009.

### 1. FINANCIAL RESULTS

| Particulars  | Rs. in Lakhs<br>31.03.2009 | Rs. in Lakhs<br>31.03.2008 |
|--|----------------------------|----------------------------|
| Turnover   | 318.97                     | 405.44                     |
| Other Income   | 30.20                      | 3.06                       |
| Total  | <u>349.17</u>              | <u>408.50</u>              |
| Profit/(Loss) Before Interest,<br>Depreciation and Tax (PBIDT) | 26.36                      | 51.03                      |
| Interest   | <u>17.71</u>               | <u>13.45</u>               |
| Depreciation   | 34.20                      | 31.46                      |
| Profit/ (Loss) Before Tax                                      | (25.36)                    | 6.12                       |
| Less: Provision for Taxation                                   | <u>1.18</u>                | <u>1.24</u>                |
| Net Profit/ (loss)   | (26.54)                    | 4.88                       |
| Prior Period Items   | <u>(16.50)</u>             | <u>(2.94)</u>              |
| Net Profit / (Loss)  | (43.04)                    | 1.94                       |
| Add: Loss b/f from previous year                               | <u>(324.77)</u>            | <u>(326.71)</u>            |
| Loss carried forward to Balance sheet                          | <u>(367.81)</u>            | <u>(324.77)</u>            |

### 2. REVIEW OF OPERATIONS

The company's operations have been severely hit by the unprecedented slow down and the huge decline in exports of apparel from India.

### 3. FUTURE PROSPECTS

The company sees no signs of recovery of demand in the markets that it presently operates. Fortunately, the domestic market for the company's products is showing encouraging signs. The competition is limited. The company is therefore making all efforts to meet the requirements of the domestic market.

#### **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, 2009 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, 2009 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, 2009.

#### **7. PARTICULARS OF EMPLOYEES**

During the year under review, no employee of the company was in receipt of remuneration for the whole year which in the aggregate was Rs 24,00,000/- or more per annum nor was any employee in receipt of remuneration of Rs.2,00,000/- or more 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.



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

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

#### **10. AUDITORS**

Niranjan & Narayan, 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. REPLIES TO THE QUALIFICATIONS IN THE AUDITORS REPORT:**

- a) The Company has been accounting Gratuity on a cash basis and the same will be accounted for on accrual basis at the earliest.
- b) The Board has confirmed in the Board Meeting held on 31.07.2009 that all the Profession Tax & ESI dues as at March 31, 2009 have been paid.
- c) The company has made representations as per the H'ble High Court(AP) directive to the Provident Fund Tribunal in New Delhi. The company has filed all the relevant papers substantiating its objections against the levy of the unfair penalty by the Provident Fund Department. The company is awaiting the case to be heard.

#### **12. LISTING AT STOCK EXCHANGES**

The Equity Shares of the company are listed on Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -- 400 001  
The listing fee to the Bombay Stock Exchange Limited is up to date.



### 13. ACKNOWLEDGEMENTS

Your directors thank all the executives, staff, Bankers, customers and workers of the Company for their dedicated services.

//By Order of the Board//  
For KARAN WOO-SIN LIMITED

|                     |           |              |                |
|---------------------|-----------|--------------|----------------|
|                     | Sd/-      | Sd/-         | Sd/-           |
| Place: Secunderabad | N.C REDDY | ANIL AGARWAL | PERCY H.ITALIA |
| Date: 31.07.2009    | Manager   | Director     | Director       |

### ANNEXURE "A" TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.

Statement pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with 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 up to 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