



Kareems Spun Silk Limited

15th
ANNUAL REPORT
2005-2006

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**FIFTEENTH ANNUAL GENERAL
MEETING AT NO. 946, OLD M.C.
ROAD, MANDYA CITY - 571 401,
ON SATURDAY, THE 30TH
SEPTEMBER, 2006 AT 11.00 AM**

BOARD OF DIRECTORS

Sri A.K.ABDUL SAMAD
Chairman

Sri MOHAMMED MOHSIN
Managing Director

DIRECTORS

Sri MOHAMMED WAJID
Sri MOHAMMED FAIZAL
Sri MAHARAJ KRISHEN KAW
(BIFR Nominee)

AUDITORS

M/s.S.Janardhan & Associates
Chartered Accountants
Apartment No.104 & 203
Embassy Centre, No.11, Crescent Road
BANGALORE - 560 001

REGISTERED OFFICE & FACTORY

No. 946, Old M. C. Road
MANDYA CITY - 571 401
KARNATAKA, INDIA

CORPORATE OFFICE

City Point, TF 11/12
No.13, Infantry Road
BANGALORE - 560 001
KARNATAKA, INDIA

**NOTICE**

Notice is hereby given that the 15th Annual General Meeting of the Members of Kareems Spun Silk Limited will be held at the Registered Office of the Company, No. 946, Old M.C. Road, MANDYA CITY - 571 401, KARNATAKA, INDIA, on Saturday, the 30th September, 2006 at 11.00 AM to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006 and the Profit and Loss account for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Sri. Mohammed Wajid, who retires by rotation and who being eligible, offers himself for re-appointment.
3. To appoint Auditors, M/s. S.Janardhan & Associates, Chartered Accountants, Bangalore, the retiring Auditors, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Notes:

1. A member entitled to attend and vote at the General Meeting is entitled to appoint a Proxy to attend and vote, instead of himself and the Proxy need not be a member of the Company.
2. The Register of Members and the Share Transfer Book of the Company will remain closed on Saturday, the 30th September, 2006 (one day only), being the "Record Date".

By Order of the Board

A.K.ABDUL SAMAD

Chairman

Place : Bangalore

Date : 29th July, 2006



DIRECTORS' REPORT

TO THE MEMBERS OF THE COMPANY :

Your Directors have great pleasure in presenting their Fifteenth Annual Report on the business and the operations of your Company alongwith the audited Statement of Accounts for the year ended 31st March, 2006.

REVIVAL PLANS :

Your Directors would like to inform that after settlement of dues to the Financial Institutions/Banks, the plant has been shifted to Mandya. The dismantling, shifting and re-assembling of Plant and Machinery took considerable time. The Company would re-start its manufacturing activities and revive its business in due course.

BOARD OF DIRECTORS :

Your Directors are sorry to inform that one of their learned colleagues in the Board, Sri J. Mohammed Azam Jan passed away on 08-04-2006. Your Directors wish to place on record their appreciation for the valuable services rendered by Sri J. Mohammed Azam Jan.

Sri. Mohammed Wajid will be retiring by roation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. You are requested to re-appoint him as Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors' hereby state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed and there had been no material departures;
- (ii) they had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 Profit or Loss of the Company for that period;

(iii) they had taken proper and sufficient care 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) they had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE :

The Company is a sick industrial undertaking and has closed down its manufacturing activities with effect from 07-05-2003. Hence it has not been possible to form any committees of the Board, as required in terms of clause 49 of the Listing Agreement. However, the Board of Directors is committed to reviving the operations of the company as per the Scheme of Rehabilitation sanctioned by Honourable Appellate Authority for Industrial and Financial Reconstruction (AAIFR).

AUDITORS :

M/s.S.Janardhan & Associates, Chartered Accountants, Bangalore, the Auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible, are recommended for re-appointment.

DISCLOSURE OF PARTICULARS:

The particulars relating to conservation of Energy, Technology Absorption and Foreign Exchange earnings and out-go as required under Section 217(i)(e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 are enclosed as part of the report.

ACKNOWLEDGEMENT :

The management is grateful to the Financial Institutions for their continued co-operation throughout the year.

for and on behalf of
the Board of Directors

A.K.ABDUL SAMAD
Chairman

Place : Bangalore
Date : 29th July, 2006



ANNEXURE TO THE DIRECTORS' REPORT

The Companies (Disclosure of particulars in the Report of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The Plant at Factory has not run for the year under report except for some trial runs and there has been no significant consumption of power.

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Not applicable for reasons stated in 'A' above.

C. FOREIGN EXCHANGE EARNINGS AND OUT-GO

The Company has earned no foreign exchange.

for and on behalf of the Board of Directors

A.K.ABDUL SAMAD

Chairman

Place : Bangalore

Date : 29th July, 2006