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Kareems Spun Silk Limited

17th
ANNUAL REPORT
2007-2008

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SEVENTEENTH ANNUAL GENERAL MEETING at No. 946, OLD M.C. ROAD, MANDYA CITY-571 401, ON SATURDAY, THE 27th SEPTEMBER 2008 AT 11.00 AM

BOARD OF DIRECTORS

Chairman

Sri. A.K. ABDUL SAMAD

Managing Director

Sri MOHAMMED MOHSIN

DIRECTORS

Sri MOHAMMED WAJID

Sri MOHAMMED FAISAL

AUDITORS

M/s. S. Janardhan & Associates

Chartered Accountants

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



Kareems Spun Silk Limited

NOTICE

Notice is hereby given that the 17th 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 27th September 2008 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, 2008 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 A.K. Abdul Samad, 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 27th September, 2008 (one day only), being the "Record Date".

By order of the Board

A.K. ABDUL SAMAD

Chairman

Place : Bangalore

Date : 30th July, 2008

**DIRECTORS' REPORT:****To the Members of the Company:**

Your Directors present their Seventeenth Annual Report on the business and the operations of your Company along with the audited Statement of Accounts for the year ended 31st March, 2008.

Financial Results:

The financial results for the year under report are as follows :

Rs. in Lakhs

| | 31-03-2008 | 31-03-2007 |
|---------------------------------------|------------|------------|
| Sales | 123.29 | 29.41 |
| Other Income | 2.86 | — |
| Loss before interest and depreciation | 41.77 | 23.12 |
| Less: Interest | — | — |
| Depreciation | 52.87 | 52.88 |
| Loss for the year | 94.64 | 76.00 |
| Add: Previous years Loss | 804.16 | 728.16 |
| Loss transferred to Balance Sheet | 898.80 | 804.16 |

Your Directors reports better sales performances for the year ended 31-03-2008 as compared to the previous year. However the manufacturing and other expenses have been substantial owing to the poor condition of plant and machinery, requiring substantial expenses towards repair, overhaul and maintenance. Your management hopes that the current year performance would be better.

BOARD OF DIRECTORS :

Sri A.K. Abdul Samad will be retiring by rotation 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 :

- in the preparation of the annual accounts, the applicable accounting standards had been followed and there had been no material departures;
- 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;

- 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;
- they had prepared the annual accounts on a going concern basis.

Corporate Governance:

The Company is a sick Industrial undertaking and was not functioning for few years. 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 and is hopeful of a positive outcome.

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 Directors wish to place on record their appreciation for the whole hearted co-operation by the bankers, customers and suppliers.

for and on behalf of
the Board of Directors

A.K. ABDUL SAMAD
Chairman

Place : Bangalore

Date : 30th July, 2008



Kareems Spun Silk Limited

ANNEXURE TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

- a) Though the plant has been commissioned, operations have not reached full potential because of balancing and technical fine tuning exercises still required to be done and shortage of suitable technical manpower.
- b) The total energy consumption and energy consumption per unit of production is given in the prescribed Form-'A' below :

FORM - 'A'**POWER AND FUEL CONSUMPTION****B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

The Company's technical personnel are trained in reputed Spun Silk Industry in Europe. No foreign technology has been employed by the Company.

C. FOREIGN EXCHANGE EARNINGS AND OUT-GO

The particulars of Foreign Exchange earnings and out-go are given in Notes on Accounts.

for and on behalf of
the Board of Directors

A.K. ABDUL SAMAD
Chairman

Place : Bangalore
Date : 30th July, 2008

| | Current Year | Previous Year |
|-------------------------------------|-----------------|------------------|
| Electricity : | | |
| a) Purchased Units (KWH) | 170098.25 | 77334 |
| Total Amount (Rs.) | 794105 | 366452 |
| Rate per unit (Rs.) | 4.67 | 4.74 |
| b) Own Generation | | |
| i) Through Diesel Generator | | |
| Units (KWH) | NIL | NIL |
| Units (KWH) per Litre of Diesel Oil | NIL | NIL |
| Cost per unit (Rs.) | N.A | N.A |
| ii) Through Steam Turbine/Generator | NIL | NIL |