

ACKNIT KNITTING LIMITED

Annual Report 2001-02

BOARD OF DIRECTORS

Shri S.K.Saraf

Chairman-cum-Managing Director

Shri D.K.Saraf

Executive Director

Shri P.K.Goenka

Shri B.K.Kedia

COMPANY SECRETARY

Shri D. C. Sahoo

AUDITORS

R.K.Bajaj & Co.

Chartered Accountants

40/5, Strand Road,

Kolkata - 700 001

SHARE TRANSFER AGENTS

AMI Computers (I) Ltd

60A, & B, Chowringhee Road,

Kolkata - 700 020

Phone : 280 0812, Fax : 280 8169

BANKERS

State Bank of India, Commercial Branch

Bank of Baroda

State Bank of Bikaner & Jaipur

REGISTERED OFFICE

817, KRISHNA

224, A.J.C Bose Road,

Kolkata - 700 017

Phone : 240-8293

ACKNIT KNITTING LIMITED**NOTICE****TO THE SHARE HOLDERS**

Notice is hereby given that the 12th Annual General Meeting of the Share Holders of ACKNIT KNITTING LTD. will be held at Gyan Manch, 11, Pretoria Street, Kolkata - 700 071 on Friday, the 13th September, 2002 at 10.15 A.M. to transact the following business :

ORDINARY BUSINESS :-

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend for the year 2001-02.
3. To appoint a Director in the place of Shri D. K. Saraf, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Registered Office :
224, A.J.C. Bose Road,
Kolkata - 700 017
Dated : 28th June, 2002

By Order of the Board
D. C. Sahoo
Company Secretary

NOTES :

1. A member, entitled to attend and vote at the meeting is also entitled to appoint a proxy / proxies to attend and vote at the meeting in his / her stead and a proxy need not be a member. A proxy, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the meeting.
2. The Register of members and share transfer books of the Company shall remain closed from, 06/09/2002 to 13/09/2002, both days inclusive.
3. Members, holding shares in identical order of names in more than one folio, are requested to write to the Registrar and Transfer Agents of the Company.
4. Members / Proxy holders should bring their attendance slip duly filled-in for attending the meeting.
5. Pursuant to the provisions u/s 205A of the Companies Act, 1956 as amended, Dividends for the Financial year ended 31st March, 1996 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the "Investors Education and Protection Fund" established by the Central Government. Members who have not received or encashed the Dividend Warrant(s) so far, for the Financial year ended 31st March, 1996 or any subsequent Financial Year(s) are requested to make their claim at the Registered Office of the Company.

In this connection, it may be noted that under the amended Companies Act, once the unclaimed / unencashed Dividend is transferred to the Government as above, no claim will be entertained in respect of such amount from the Company.

ACKNIT KNITTING LIMITED**DIRECTORS' REPORT****TO THE SHARE HOLDERS**

Your Directors take pleasure in presenting the 12th Annual Report and Accounts of the Company for the year ended on 31st March, 2002.

FINANCIAL RESULTS :

	Year ended 31.03.2002 (Rs. in Lacs)	Previous year ended 31.03.2001 (Rs. in Lacs)
Gross Sales	1830.42	1567.55
Other income	31.68	34.72
Less : Total Expenditure	1473.57	1272.76
Gross Profit (before Depr. & Interest)	388.53	329.51
Less : Interest	30.92	45.87
Less : Depreciation	69.76	51.35
Net Profit (before tax)	287.85	232.29
Less : Provision for Tax (Current Year)	2.00	
Provision for Tax deferred (Previous Year)	27.26	
Profit after tax (PAT)	29.26	1.58
Balance B/F	258.59	230.71
Less : Dividend & Div. Tax	50.20	61.15
Less : Transfer to General Reserve	37.80	41.66
	200.00	200.00
Balance to Balance Sheet	70.99	50.20

PERFORMANCE :

During the year under review, your company could further consolidate its presence in the market. The increased gross turnover followed by increased resultant profit speaks for the maintenance of company's product quality at the highest standard and gaining more and more acceptance in the overseas market.

INDUSTRIES AND DEVELOPMENT :

The growth of the Gloves Industries is extremely bright due to invention of new material and coatings on the gloves. The Seamless gloves are being used for various purposes and their usage is being increased more rapidly. Simultaneously, new entrants have intensified the competition with a resultant reduction in individual share of the market.

MARKET :

Price advantage of your company's products vis-a-vis comparable items with exorbitant cost of production in the European and Developed countries has opened up huge opportunities in the European Market. On the other hand, lured by the extensive opportunities in the market, more and more players from the other Asian Countries have entered the field importing serious competition and in the process serious price war has set in. Moreover, the devaluation of currencies of these Asian Countries in quick succession caused lowering the effective prices of their products in the international market. Despite such difficult trading conditions your company could successfully advance still further with regular review and appropriate upgradation of its products and marketing policies.

Incidentally, your Directors could successfully identify untapped markets in the Domestic Sector and at the same time could procure substantial orders for leather items.

FUTURE OUTLOOK :

Overall demand for Gloves in the International market is increasing sharply. The increasing Industrial activities in the European and American countries causes more and more consumption of these products. Moreover, the availability of cheap labour, power and raw materials in the Indian sub-continent ensures a bright prospects for the growth of this Industry in this part of the world.

As part of its ambitious growth plan, your company has since established a new production unit in the Export Processing Zone at Chennai while it has increased its production capacity at Kolkata by about 100% for catering the growing demands for its products in the global market.

RISK FACTORS :

Though your Directors do not foresee any immediate risk as such, yet the following factors may influences the future prospects of the Company, substantially :-

- Fluctuations in the export demand consequent to signing of GATT agreement and formation of W.T.O. and Policy of the European Union, and finally potential competitions from manufacturers of other Asian Countries.
- Profitability is dependant on the Exchange Fluctuations , Government Policy decisions and the ultimate intensity of the price war imported by the new entrants from other Asian countries.

ACKNIT KNITTING LIMITED**ISO CERTIFICATION :**

The Quality Management System of the company has since been certified to conform to the International Quality Management System Standard of ISO-9002.

DIVIDEND :

The Board of Directors has recommended payment of dividend on Equity Shares of Rs.10/- each @Rs.1.50 per share (previous year Rs.1.50 per share) for the year ended 31st March, 2002.

DIRECTORS RESPONSIBILITY STATEMENT :

In compliance with Sec 217 (2AA) of the Companies Act, 1956, the Directors confirm that :-

- (i) In preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- (ii) The Directors have selected such accounting policies as mentioned in Schedule 'S' to the Annual Accounts 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 the period.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the aforesaid Act, for safeguarding the assets of the Company and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on the on-going concern basis.

CORPORATE GOVERNANCE :

Corporate Governance implies transparency and disclosure of information about the affairs of the company. It entails, essentially to show how the company is run and the manner in which the Board of Directors discharges its responsibilities to ensure proper management in the best interest of the shareholders and other stock holders.

The code of Corporate Governance as is required under the provisions of Clause 49 of the Listing Agreement is not applicable in case of your Company. However, your Directors feel that for the benefit & knowledge of share holders there should be transparency in all the activities of the Company and accordingly a brief report on the Corporate Governance is Annexed separately hereto.

DIRECTORS :

Shri D. K. Saraf, Director of the Company, retires by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

Shri D. K. Saraf is a Commerce Graduate and Promoter Director of this Company having wide experience of more than one decade in production, marketing and Trading in Hand Gloves. Shri Saraf is devoting his full time for the business of the Company as Executive Director and have contributed to the meteoric development of the company's business.

AUDITOR :

R.K.Bajaj & Co. Chartered Accountants, the auditor of the Company, retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

AUDITORS REPORT :

The report of the Auditors, being self Explanatory, does not require any further clarification.

PARTICULARS OF EMPLOYEES :

There being no employee receiving salaries and remuneration in excess of the prescribed limit, the provisions u/s 217(2A) of the Companies Act, 1956 is not attracted to this Company.

CONSERVATION OF ENERGY, ETC. :

A statement showing necessary information as required under 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 is annexed hereto.

APPRECIATION :

Your Directors place on records their appreciation of the sincere services of the staff, workers and executives of the company, who have contributed to the success of the company. The Directors also wish to place on record their appreciation of the valuable co-operation and support received from the Banks, Government Authorities (both Central and State). The Directors also express their thanks to Shareholders for their confidence and understandings.

Your Directors look forward to the future with confidence.

Place : 224, A.J.C.Bose Road,
Kolkata - 700 017
Date : 28th June, 2002

For and on behalf of the Board
D.K.Saraf
Executive Director

ACKNIT KNITTING LIMITED**ANNEXURE 'A' TO DIRECTORS REPORT**

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY :

The plants incorporated the latest technology for the Conservation of Energy. Particulars with respect to Conservation of Energy are given in 'Form A' appended below :

B) TECHNOLOGY ABSORPTION :

Particulars with respect to Technology Absorption are given in 'Form- B' appended below :

C) FOREIGN EXCHANGE EARNINGS AND OUTGO ;

	2001-02	2000-01
a) Earnings (on FOB basis)	175,380,380	147,789,959
b) Outgo	57,550,577	55,336,179

FORM - A

(Form of disclosure of particulars with respect to Conservation of Energy 2001-02)

A) POWER AND FUEL CONSUMPTION

1. Electricity	2001-02	2000-01
(a) Purchase Unit	8,73,692	6,24,528
Total Amount Rs.	39,13,809	23,81,167
Average rate per unit Rs.	4.48	3.81
(b) Own generation	NIL	NIL
(i) Through diesel generator units (Lakh KWH)	NIL	NIL
units per ltr. of diesel oil (KWH) cost / unit (Rs./Kwh)	NIL	NIL
(ii) Through steam turbine / generator units (Lakh KWH)	NIL	NIL
Units per ltr. of LD. oil (KWH) Cost / Unit (Rs / KWH)	NIL	NIL
2. Coal		
Quantity (Tonnes)	NIL	NIL
Total cost		
Average rate		
3. Furnace Oil		
Quantity (K. Ltrs.)	NIL	NIL
Total Amount		
Average Rate		
4. Light Diesel Oil		
Quantity (K. Ltrs)		
Total Amount	NIL	NIL
Average Rate (Rs.)		

B) CONSUMPTION PER UNIT OF PRODUCTION PER DOZ PAIRS

Electricity	0.76	0.72
Furnace Oil	NIL	NIL
Coal	NIL	NIL
Others	NIL	NIL
Light Diesel Oil	NIL	NIL

ACKNIT KNITTING LIMITED**ANNEXURE 'A' TO DIRECTORS REPORT (Contd.)****FORM - B**

Form of disclosures of particulars with respect to Technology Absorption 2001 -02

	2001-02	2000-01
RESEARCH & DEVELOPMENT		
1. Specific areas in which R & D carried out by the company	NIL	NIL
2. Benefits derived as a result of the above R & D	N.A	N.A
3. Future plan of action	NIL	NIL
4. Expenditure on R & D	N.A	N.A
a) Capital		
b) Recurring		
c) Total		
d) Total R & D expenditure as a % of total turnover	N.A	N.A

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1.
 - a) Modernisation and expansion of Product range to meet the growing market needs.
 - b) Upgradation of existing products and process by adapting most appropriate options available.
 - c) Keeping abreast with new emerging technologies with long term potential.
 - d) Obtaining certification under ISO' 9002
2. Benefits : Launching a number of new upgraded products has improved the company's competitive position in the market. Introduction of new designs and materials has also yielded significant cost savings.

Place : 224, A.J.C.Bose Road,
Kolkata - 700 017
Date : 28th June, 2002

For and on behalf of the Board
D.K.Saraf
Executive Director

REPORT ON CORPORATE GOVERNANCE**1. Company's Philosophy on code of Corporate Governance :-**

The Company believes in total transparency accountability and equity in the Management of the affairs of the Company. It envisages highest level of such qualities in all the spheres of its operations. Interactions with the employees, customers, Bankers, Government Authorities and above all with its stockholders. The Company is committed to achieve highest standard of Corporate Governance.

2. Board of Directors :

At present, the Board of Directors consist of only four members, but the Board has since decided to sufficiently broad base the Board of Directors with induction of necessary professionals for constituting necessary committees for effective implementation of the Code of Corporate Governance.

a) COMPOSITION OF BOARD

<u>Name of Directors</u>	<u>Category</u>	<u>Qualification</u>
Sri Sri Kishan Saraf	Chairman-cum-Mg. Director	Bachelor of Science
Sri Deo Kishan Saraf	Executive Director	Bachelor of Commerce
Sri Bal Krishna Kedia	Director (Non-Executive)	Bachelor of Commerce
Sri Pawan Kumar Goenka	Director (Non-Executive)	Bachelor of Commerce

b) BOARD MEETING

There had been five Board Meetings since the last Annual General Meeting held on 21st September, 2001. The meetings were held on 21.09.2001, 29.10.2001, 30.01.2002, 07.03.2002, and 28.06.2002 respectively.

c) ATTENDANCE OF DIRECTORS IN BOARD MEETING & THE LAST ANNUAL GENERAL MEETING

<u>Name</u>	<u>No. of Board Meeting Attended</u>	<u>Last AGM Attended</u>
Shri S. K. Saraf	Four	Yes
Sri D. K. Saraf	Five	Yes
Sri B. K. Kedia	Five	Yes
Sri P. K. Goenka	One	No.

d) BOARD PROCEDURES:

The Board Directors meet from time to time to transact such business in respect of which the attention and sanction of the Board is required. There is a well laid procedure of sending to all the directors due notices of the meetings accompanied by the detailed agenda papers sufficiently in advance. The Directors freely express their views and seeks clarification on various points concerning the respective business taken up in such meetings. The discussions in the Board meetings are held in transparent manner and various decisions taken and resolved in such meetings are duly and correctly implemented without any reservations.

The directors hold their offices strictly in accordance with the provisions of the Companies Act, 1956 and the provisions of the Articles of the Association of the company.

3. DIRECTORS REMUNERATION:

Presently, two Directors of the Company are Wholtime Executive Directors and the other two Directors are Non-Executive Directors. The two Executive Directors draw salaries within the limit specified under Sec.269 of Companies Act, 1956 read with Schedule - XIII and none of the Non-Executive Directors receives any remuneration or any meeting fees from the Company. However the Board proposes to review the remuneration scale, both for the Executive and Non-Executive Directors.

4. GENERAL BODY MEETINGS :

The last three Annual General Meetings of the Company were held at Gyan Manch, 11, Pretoria Street, Kolkata-700071 on the following date and time :-

9th Annual General Meeting on 25th September, 1999 at 11.45 A.M.

10th Annual General Meeting on 22nd September, 2000 at 2.00 P.M.

11th Annual General Meeting on 21st September, 2001 at 10.00 A.M.

In between, there had been 2(nos.) Extra Ordinary General Meetings held at the Registered Office of the company on 15.5.2000 and 24.11.2001.

5. DISCLOSURES :

a) Disclosures on materially significant related party transaction of the Company of material nature, with its promoters, Directors or the Management, Personnel, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large. The Company did not have any related party transaction which may have potential conflict with the interest of the Company at large.

b) Details of non-compliance by the Company, penalties, strictures imposed on the company by the Stock Exchange(s) or SEBI or any Statutory Authority on any matter relating to Capital Market during last 3 years :-

The Company has regularly complied with the requirements of the regulatory Authorities on Capital Markets and no penalty or strictures was imposed on the company during the last 3 years.

6. MEANS OF COMMUNICATION

a) The Company does not send its half yearly reports to individual share holders. The half yearly and quarterly results are published in the Newspapers.