



ACKNIT KNITTING LIMITED



ANNUAL REPORT AND ACCOUNTS

ACKNIT KNITTING LIMITED

Annual Report 2003-2004

BOARD OF DIRECTORS

Shri S. K. Saraf
Chairman-cum-Managing Director

Shri D. K. Saraf
Executive Director

Shri B. K. Kedia
Shri P. K. Goenka (*Since Resigned*)

AUDITORS

R. K. Bajaj & Co.
Chartered Accountants
40/5, Strand Road
Kolkata - 700 001

SHARE TRANSFER AGENTS

S. K. Computers
34/1A, Sudhir Chatterjee Street
Kolkata - 700 006

BANKERS

State Bank of India

REGISTERED OFFICE

817, KRISHNA
224, A. J. C. Bose Road
Kolkata - 700 017



ACKNIT KNITTING LIMITED

NOTICE :

Notice is hereby given that the 14th Annual General Meeting of the Shareholders of **ACKNIT KNITTING LIMITED** will be held at GYAN MANCH, 11, Pretoria Street, Kolkata – 700 017 on Thursday the 30th September, 2004 at 10.30 a.m. to transact the following business:

1. To consider and adopt the audited statements of Accounts for the year ended 31st March, 2004 and the Report of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a director in place of Shri B. K. Kedia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Date: 28th August, 2004
Place : Kolkata

By Order of the Board
D K Saraf
Executive Director

NOTES :

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy (ies) to attend and vote in his/her stead and a proxy need not be a member. The instrument appointing the proxy, in order to be effective, should reach the registered office of the company not later than 48 hours before the meeting.
2. The Register of Members and Share Transfer books of the Company shall remain closed from Tuesday the 21st September to Thursday, the 30th September, 2004 both days inclusive.
3. Members holding shares in identical order of names in more than one folio may kindly write to the Registrar & Share Transfer Agents for consolidation of the folios into one.
4. Members and Proxy holders attending the meeting are requested to kindly bring with them their copy of the Annual Report and attendance slip duly filled in.
5. Pursuant to the provisions u/s 205 A of the Companies Act, 1956 as amended, Dividend remaining unpaid / unclaimed for 7 years shall be transferred to the Investors Education & Protection Fund established by the Central Government and once such transfer is made no claim for unpaid Dividend will be entertained in any manner whatsoever. The unpaid/unclaimed Dividend for the year ended 31.03.1997 is due for transfer in the month of October, 2004. Members who have not encashed Dividend Warrant for the years ended 31.03.1997 and thereafter may kindly write to the company at the earliest.
6. **Details of Director seeking Appointment/Re-appointment at the forthcoming Annual General Meeting (Pursuant to clause 49 of the Listing Agreement)**

<u>Name of Director</u>	<u>Date of Birth</u>	<u>Date of Appointment</u>	<u>Qualification</u>	<u>Expertise in Specific Functional Area</u>	<u>Directorship in other Public Co.</u>	<u>Committee Membership in other PUBLIC Co.</u>
Shri B. K. Kedia	19.09.1953	01.06.1994	B. Com	Industrialist with 25 years experience	NIL	NIL



ACKNIT KNITTING LIMITED

DIRECTORS REPORT

Your Directors take pleasure in presenting the 14th Annual Reports and the audited statements of Accounts for the year ended on 31st March, 2004.

FINANCIAL RESULTS

	Year ended 31.03.04	Year ended 31.03.03
Gross Sales :	2134.71	1816.40
Other Income :	30.38	37.98
Less : Total Expenditure	1839.74	1567.19
Gross Profit (before Depr. & Interest)	325.35	287.19
Less : Interest	25.95	29.98
Depreciation	80.54	72.00
Net Profit before Tax (PBT)	218.86	185.21
Prior Period Charges	0.24	0.02
Less : Provision for Tax :		
Income Tax :	60.56	33.62
Deferred Tax :	(3.15)	12.00
Profit after Tax (PAT)	161.21	139.57
Balance B/F	54.02	70.99
Less : Transfer to Gen. Reserve	100.00	113.90
Less : Dividend & Dividend tax	56.83	42.64
Balance To Balance Sheet	58.40	54.02

PERFORMANCE

The year under review, represented high growth in the specialised sector of Leather items carrying only a slender margin while in the traditional sector of knitted cotton items, the previous year quota could not be maintained consequent to increased competition from other Asian countries coupled with shrinkage of demands and import of price war. The cumulative effect of such changes in the product mix resulted in a fall in the overall surplus ratio.

However, continuous efforts of management are there to balance the short fall in overseas market through exploration of new domestic markets.

The gross sales increased by 17.5% while the ultimate surplus was marginally increased by 15.50%. The overall performance of the company continued to be encouraging and compatible with the overall economic growth rate of the country.

DIVIDEND

Your Directors recommend payment of Dividend @ Rs. 2.00 per share (i.e. 20%) for the year ended 31st March, 2004. If approved, the Dividend together with Dividend Tax will absorb a sum of Rs. 56.83 lacs.

CORPORATE GOVERNANCE

A report on Corporate Governance forming part of this Directors Report is annexed hereto as Annexure – “A”.

MANAGEMENT DISCUSSION & ANALYSIS

As a part of this Directors Report, a report on Management Discussion and Analysis, is annexed hereto and marked as Annexure ‘B’.



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AUDITORS REPORT

M/s R. K. Bajaj & Co., Chartered Accountants, the statutory Auditors of the company are due to retire at the forthcoming Annual General Meeting and they being eligible, have offered themselves for re-appointment and have notified the company u/s 224-1B of the Companies Act 1956, that if re-appointed, such appointment will be within the prescribed limit of the Act and that they are duly qualified to accept such assignment.

The observation made in the Report of the Auditors when read with the 'Notes on Accounts' are self explanatory and do not require any further elaboration.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

a. Conservation of Energy and Technology absorption.

Information pursuant to Clause (e) of sub-section (1) of section 217 of the Companies Act 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming part of the Directors Report for the year ended 31st March, 2004, are attached hereto and marked as annexure – 'C'.

b. Particulars of Employees

The Company having no employee drawing salaries in excess of the prescribed limit, the provisions u/s 217(2A) for Disclosures is not attracted.

c. Responsibility Statement

Statement under section 217 (2AA) of the Companies Act, 1956 on the responsibility of the Directors is a part of this Report.

DIRECTORS

Shri B. K. Kedia director of the company retires by rotation at the forthcoming Annual General Meeting of the Company, and being eligible, offers himself for re-appointment.

Shri P. K. Goenka, director of the company has resigned from the Board of Directors, during the year for his other pre-occupation and the Board put on records the valuable services rendered by Shri Goenka during the tenure of his office. None of the directors of the Company is disqualified for being appointed as Director, in terms of section 274 (1) (g) of the Companies Act 1956.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions under section 217 (2AA) of the Companies Act 1956, the Board of Director states :

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departure, if any;
- ii. that the Directors have selected such Accounting policies and applied them consistently and 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 at the end of the financial year and of the Profit and Loss of the Company for the period;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. that the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors place on records their sincere appreciation of the devoted services of the Executives, staff and workers at all levels who have contributed to the success of the Company. The Directors also wish to acknowledge with thanks the valuable cooperation and support received from Banks , Statutory Authorities, and the Shareholders of the Company.

Place : 224 A. J. C. Bose Road

Kolkata : 700 017

Date : 28th, August, 2004

For and On Behalf of the Board

S. K. Saraf

Chairman



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ANNEXURE 'A'

CORPORATE GOVERNANCE

CORPORATE PHILOSOPHY :

Although the provisions under section 292 A of the Companies Act, 1956 or clause 49 of the Listing Agreement, are not mandatory in case of the Company, it is all the same, the Company is committed to a good Corporate Governance. The company provides detailed information on various issues concerning the company's business and financial performance. The management believes in the right of the shareholders to get information on the performance of the Company and considers itself as a trustee of its shareholders

BOARD OF DIRECTORS

The Board of 'Acknit' is comprised of two Promoter Executive, whole-time Directors and two Independent non-Executive Directors. One of the non-executive Directors Shri P. K. Goenka has since vacated his office due to his other pre-occupation w.e.f. 1st July, 2004 and in his place an effective professional will be inducted shortly. The composition of the Board with details of their attendance and other membership are given in the table below :-

Name of the Director	Category	No. of Directorship in other Pub. Co.	No. of Comm. Membership	No. of Meeting attended during last year	Attendance at last AGM
Shri S. K. Saraf	Promoter Mg. Director	—	One	Four	—
Shri D. K. Saraf	Promoter Exc. Director	Four	Two	Five	Yes
Shri B. K. Kedia	Non Promoter Independent Non-Executive Director	—	Three	Five	Yes
Shri P.K.Goenka	- Do-	Six	Two	One	—

During the year under review 5 (five) Board Meetings were held on the following dates :- 17.04.03, 15.07.03, 30.07.03, 30.10.03 and 30.01.04.

BOARD PROCEDURE

The Board of Directors meet from time to time to transact such business in respect of which the attention of the Board is drawn and sanctions required. There is a well laid procedure of sending due notice to all the Directors together with detailed agenda papers, sufficiently in advance. The Directors express their views and seek clarifications on various points concerning the respective business on the agenda and otherwise. The discussions in the Board meetings are held in a Transparent manner and various decisions taken and resolved in such meetings are duly and correctly implemented without any reservations. There had been 5 (five) Board meetings during the year.

BOARD COMMITTEES

The Board of Directors has three (3) Committee of Directors to assist the Board in discharging its responsibilities towards strategic supervision.

The said committee are : AUDIT COMMITTEE, SHARE TRANSFER / INVESTORS' GRIEVANCE COMMITTEE & REMUNERATION COMMITTEE.

a) AUDIT COMMITTEE

The Audit Committee, in conjunction with the Management, Internal Auditors & Statutory Auditors, conducts review of all matters of significance pertaining to company's performances, status of previous audit recommendations,



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difficulties encountered in the access of information during the audit as well as changes required. It ascertains whether internal controls are adequate and conducts an overall review of periodic and Annual Financial Results and other financial reportings before they are made public.

The Audit Committee was comprised of 3 (three) directors of whom 2 (two) were Independent Non-Executive. The members of the committee were : Shri B. K. Kedia – Chairman, Shri P. K. Goenka – member and Shri D. K. Saraf – member.

With the resignation of Shri P. K. Goenka from the Board of Directors w.e.f 1st July, 2004, the present committee is left with two members only. The vacancy caused by the resignation of Shri P. K. Goenka will be filled up shortly.

The chairman of the Committee is non Executive Independent director. The statutory auditor and the Internal auditors of the Company are permanent invitees at the Committee meetings. During the year, committee met 4 times on 15.07.03, 30.07.03, 30.10.03 & 31.01.04.

b) SHARE TRANSFER-CUM- INVESTORS GRIEVANCE COMMITTEE

The Company has constituted a committee of Directors comprising of Shri D. K. Saraf and Shri B. K. Kedia to oversee the process of Transfer, Transmission and Duplicate issue of shares and time to time approving the same for and on behalf of the Board and also to ensure timely and appropriate redresal of grievances received from the Share holders / investors re : Transfers, Non receipts of Annual report/ Dividend Warrant and for Loss or misplacement thereof. During the year under review the committee had 12 meetings.

c) REMUNERATION COMMITTEE

The company has formed a Remuneration Committee to review from time to time the remuneration paid and/or payable to Directors of the Company, with reference to the ceilings laid down under the provisions of the Act, scale of pay available for comparable positions in the Industry and the Company's own financial health. The committee is comprised of Shri S. K. Saraf as its Chairman and Shri B. K. Kedia a member .

The committee met only once during the year on 15.07.03.

DISCLOSURES

Related party transaction in the ordinary course of business have been disclosed in Schedule "V". No transactions were made that had the possibility of conflict with the interest of the Company at large. The Company has complied with the regular requirements on the Capital Markets.

RTA

In Accordance with Clause 49 of the Listing Agreements, the Board had delegated powers of the Share Transfer to M/s AMI Computers (I) Ltd., 60 A & B , Chowringhee Road, Kolkata 700 020, the RTA of the Company .

The agreement with M/s AMI Computers has come to an end with the close of 30 th June, 2004 and w. e. f 1st July 2004, M/s S. K. Computer, a SEBI registered Category IRTA has been appointed to undertake the Jobs of Share Transfer and ancillary jobs for and on behalf of the company. The Address of M/s S. K. Computers is 34/1A Sudhir Chatterjee Street, Kolkata 700 006. The RTA reviews Share Transfer every fortnight.

Relevant details of the Directors being appointed or re-appointed form part of the Explanatory statement of the Notice convening the Annual General Meeting .

No penalties or Strictures have ever been imposed against the Company.

Compliance Officer

The Board of Directors has Designated Shri Sanjay Singh the Chief Accountant of the Company as the Compliance officer.

Details of Shareholders Complaints receive

During the year under review the Company received 18 complains from shareholders all of which were resolved/ redressed leaving a nil balance at the end of the day.



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Means of Communication

The Company's financial results are published in one National (English) and one Local (Vernacular) newspaper as required under the provisions of listing Agreement. They are not sent individually to the shareholders, save and except the Annual audited Results which are sent to all shareholders alongwith the notice convening the Annual General meeting. There were no presentation made to Institutional Investors.

A comprehensive management discussion and analysis report form a part of the annual report.

GENERAL BODY MEETINGS

The date, time and venue of the Last three Annual General meetings are given below :-

FINANCIAL YEAR	DATE	VENUE	TIME
2000- 2001	21.09.2001	GYAN MANCH 11 PRETORIA STREET Kolkata – 700 071	10.00 A.M
2001-2002	13.09.2002	Do	10.15 A.M
2002-2003	12.09.2003	Do	10.15 A.M

No Special Resolution was put through ballot at the Last AGM

Directors Remuneration

The details of remuneration paid to Directors during the year are given below:-

NAME OF THE DIRECTORS	SALARY Rs.	PERQUISITES	SITTING FEES	TOTAL Rs.
SHRI S.K.SARAF	6,00,000/-	—	—	6,00,000
SHRI D.K.SARAF	4,80,000	—	—	4,80,000

GENERAL SHARE HOLDERS INFORMATION

1. Annual general Meeting of the Shareholders will be held at 'Gyan Manch' 11 Pretoria Street, Kolkata - 700 071 on Thursday, the 30 th September, 2004 at 10.30 A.M.

2. **Financial Calendar**

The financial year of the Company is April to March, every year. Un-audited Quarterly Results are published in the month next following the respective Quarter.

3. **Book Closure**

From 21st September, 2004 to 30 th September, 2004 (both days inclusive)

4. **Listing on Stock Exchanges**

The shares of the Company continue to be listed on the stock Exchanges at Calcutta and Mumbai. The Company is regular in payment of listing fees. The shares of the Company had earlier been listed on the Stock Exchanges at Delhi & Madras also. But there having been no transaction and /or quotations for our shares at those exchanges, delistment of shares from those exchanges have been effected with the close of 31st March, 2002 in due compliance of SEBI guidelines prescribed under SEBI circular no SMDRP-CIR -14/98 dated 29.04.1998
Security code : BSE code 530043 CSE code 10011078.

ISIN No. : INE 326C01017



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5. Dividend payment Records

The Company maintains a commendable track record of paying Dividend ever since the commencement of commercial operations. The rates of dividend paid during the last 5 years are :

1998-99 & 1999-2000 in 2 years @ 12% on paid up Capital

2001-01 to 2002-03 in 3 years @ 15% on paid up capital.

STOCK MARKET DATA :

BSE			
Month	Month's High	Month's Low	Volume
April'03	13.00	11.00	4200
May'03	13.70	11.55	8787
June'03	16.45	11.15	17628
July'03	16.00	14.00	30550
Aug'03	18.00	15.30	33099
Sept'03	17.15	13.60	8746
Oct'03	15.85	13.60	17218
Nov'03	16.45	14.30	19415
Dec'03	29.85	16.00	218388
Jan'04	24.80	15.00	88650
Feb'04	17.20	15.70	26297
Mar'04	16.50	14.90	56833

SHARE HOLDING PATTERN : AS ON 31.03.2004

CATEGORY	NO OF SHARES	PERCENT OF TOTAL
INDIAN PROMOTER :	767430	30.45
PERSONS ACTING IN CONCERT :	839901	33.33
TOTAL PROMOTER GROUP :	1607331	63.78
NRIs / OCBs :	38900	1.54
OTHER BODIES CORPORATE :	214115	8.50
RESIDENT INDIVIDUALS :	657654	26.10
INSTITUTIONAL INVESTORS :	2000	0.08
TOTAL NON PROMOTERS :	910669	36.22
GRAND TOTAL :	2520000	100.00



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SHARE TRANSFER SYSTEM :

In case of shares held in Physical forms, transfer requests are received at the office of the RTA and the transfer formalities are immediately attended to and depending on the volume of transfer requests so received necessary processing is attended by the Transfer Committee, at least once in a month. In case of shares held in dematerialised forms, the Shares are traded electronically in the Depository and the RTA of the Company periodically obtains the details of beneficial holdings from the Depository for the purpose of updating their records. Physical shares received for dematerialisation are processed and computerised within a period of 15 days from the date of receipt provided they are found in order, in every respect. Bad deliveries are returned immediately to the concerned Depository Participant under advice to the respective shareholders

DEMATERIALISATION OF SHARES & LIQUIDITY :

About 50% of the shares have been dematerialised upto 31.03.2004. The equity shares are permitted to be traded only in dematerialised form in NSDL and CDSL with effect from 24.11.2000 .

OUT STANDING GDR/ ADR OR OTHER CONVERTIBLE INSTRUMENT, IF ANY : NIL

PLANT LOCATION

Unit 1 & 2 at Falta Special economic Zone, 24 Pgs (S) West Bengal & Unit 3 at Ganganagar, 24 Parganas (N) West Bengal

INVESTORS CORRESPONDENCE ADDRESS :

All correspondence for transfer, dematerialization, payment of dividend or any other query relating to the shares of the Company may be addressed to : M/s Acknit Knitting Ltd, 224 A.J.C Bose Road (8th Floor)

Kolkata : 700 017

Attn : Compliance Officer

Financial Summary for last 5 years (Rs in Lacs)

Year	Turn over	Gross Profit	Depreciation	Tax	Profit After Tax	E.P.S
1999-00	1037.11	201.07	41.60	1.42	158.05	6.27
2000-01	1602.27	283.64	51.35	1.58	230.71	9.16
2001-02	1862.10	357.61	69.76	29.26	258.59	10.26
2002-03	1854.39	257.19	72.00	45.62	139.57	5.54
2003-04	2165.10	299.16	80.54	57.41	161.21	6.40

Place : 224 A. J. C. Bose Road

Kolkata : 700 017

Date : 28th, August, 2004

For and On Behalf of the Board

S. K. Saraf

Chairman