



# ACKNIT KNITTING LIMITED

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Annual Report And Accounts  
**2004 - 05**

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## **ACKNIT KNITTING LIMITED**

### **Annual Report 2004-2005**

#### **BOARD OF DIRECTORS**

Shri S. K. Saraf

*Chairman-cum-Managing Director*

Shri D. K. Saraf

*Executive Director*

Shri B. K. Kedia

Shri S. K. Ghosh

*Additional Director*

#### **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

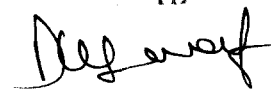
#### **BANKERS**

State Bank of India

#### **REGISTERED OFFICE**

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

Certified true and correct copy  
for Annual Report 2004-2005

  
S. K. Saraf  
Chairman-cum-Managing Director

**NOTICE**

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of ACKNIT KNITTING LIMITED, will be held at 'Gyan Manch' at 11, Pretoria Street, Kolkata 700 017 on Tuesday, the 13th September, 2005 at 10.30 a.m to transact the following business :-

**ORDINARY BUSINESS**

1. To consider and adopt the audited Balance Sheet of the Company as at 31st March, 2005 and the Profit & Loss Accounts for the year ended on that date together with the Reports of the Auditor & Directors thereon.
2. To declare Dividend.
3. To appoint a director in place of Shri Deo Kishan Saraf, who retires by rotation and being eligible offers himself for re- appointment.
4. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS**

5. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution :  
 "RESOLVED that Shri Samir Kr. Ghosh, who has given his consent in writing be and is hereby appointed as a director of the Company, whose period in office shall be subject to retirement by rotation.
6. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :  
 "RESOLVED that pursuant to the provisions of Sec. 198, 269, 309 and other applicable provisions of the Companies Act, 1956 and subject to schedule XIII to the Act, the Company hereby approves the re-appointment of Shri S. K. Saraf, as the Chairman & Managing Director of the Company for a further period of 5 (five years) w.e.f 01.04.05 on such terms and conditions as are set out in the Explanatory Statement annexed hereto."
7. To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :  
 "RESOLVED that pursuant to Sec. 198, 269, 309 and other applicable provisions of the Companies Act, 1956 and subject to schedule XIII to the Act, and subject to all guidelines for Managerial Remuneration issued by the Central Government from time to time, the Company hereby approves the reappointment of Shri D. K. Saraf as the wholetime Executive Director for a further period of 5(five) years w.e.f 01.04.2005, on such terms and conditions as are fully set out in the Explanatory Statement annexed hereto."
8. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :  
 "RESOLVED that pursuant to sec. 94 and other applicable provisions of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from Rs. 8,00,00,000/- (Rupees eight Crores only) divided into 80,00,000 (Eighty Lacs ) Equity Shares of Rs.10/- (Ten) each to Rs 12,00,00,000/- ( Rupees Twelve Crores) divided into 120,00,000 (One hundred twenty lacs) Equity Shares of Rs 10/- each, by creating further 40,00,000 (Forty lacs) Equity Shares of Rs. 10/- (Ten) each ranking pari-passu in all respects with the existing Equity Shares of the Company."
9. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :  
 "RESOLVED that pursuant to Sec. 293( l)(a) and other applicable provisions of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Director to Create charges on all or any of the Company's immovable and/or movable assets, both present and future, in favour of the banks or other financial Institutions to secure Loans and/or other credit facilities obtained for the business of the Company."
10. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :  
 "RESOLVED that pursuant to Sec. 293(l)(d) and other applicable provisions of the Companies Act, 1956 and in supersession of all earlier resolution in this regard, the consent of the Company be and is hereby accorded to the Board of Directors to borrow money(s) from time to time, in excess of the aggregate of the Company's paid up Capital and free Reserves but not exceeding Rs. 200,00,00,000/- (Rupees Two hundred Crores) in the aggregate at any point of time."



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

"RESOLVED that pursuant to Sec.149 (2A) of the Companies Act, 1956 and other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors to engage and carry on the business authorised by sub-clause 12 under clause IIIC (OTHER OBJECTS) and sub-clause No. 4 under clause IIIB (OBJECTS INCIDENTAL & ANCILLARY) of the Memorandum of Association of the Company for acquiring, installation and carrying on the business of Spinning Mills and Wind Mills in addition to the existing business of the Company."

By Order of the Board  
For **Acknit Knitting Limited**,

Place : Kolkata

**S.K.Saraf**

Date : 1st August, 2005

*Chairman-cum-Mg. Director*

**Notes :**

1. A Member entitled to attend and vote at the meeting is also entitled to appoint a proxy/proxies to attend and vote instead of himself/herself and that the proxy need not be a member. As 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. A Proxy form is enclosed herewith.
2. An Explanatory Statement pursuant to Sec.173(2) of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and Share Transfer book of the Company shall remain closed from Tuesday the 6th September, 2005 to Tuesday the 13th September, 2005 both the days inclusive.
4. Members who are holding shares in identical order of names in more than one folio, may write to the Company enclosing their Share Certificates, to enable the Company to consolidate their holding in one folio.
5. Members desiring any information on Accounts, at the Annual General Meeting are requested to write to the Company at least 7 days in advance, so that the information could be made ready.
6. Members are requested to notify any change in their mailing address to the Register and Share Transfer Agents, quoting their Folio No.
7. Pursuant to Sec 205, of the Companies Act, 1956, an unclaimed/unpaid dividend remaining unpaid for 7 (seven) years are due to be transferred to the 'Investors' Education and Protection Fund ( IEPF) and that once such unclaimed Dividend is transferred to IEPF no claim shall lie in respect thereof. Hence the Share Holders who have not yet encashed their Dividend Warrants for the financial year 1997-98 and thereafter, are requested to immediately forward the same to the Company for revalidation.

**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT FORTHCOMING ANNUAL GENERAL MEETING.**

NAME OF DIRECTOR	:	Shri. D. K. Saraf	Shri S. K. Ghosh
DATE OF BIRTH	:	10th August, 1966	7th September, 1938
DATE OF APPOINTMENT	:	12.10.1990	30.04.2005
QUALIFICATION	:	B. Com.	M. Com., ICWA
EXPERTISE IN SPECIFIC FUNCTIONAL AREA	:	Industrialist with diversified business experience.	Finance & Company Law
LIST OF PUBLIC COMPANIES IN WHICH DIRECTORSHIP HELD	:	SARAF CAPITAL MKT. LTD.	NIL
CHAIRMAN/MEMBER OF COMMITTEE OF DIRECTORS	:		
IN OTHER COMPANY	:	NIL	NIL

**EXPLANATORY STATEMENT PURSUANT TO SEC 173(2) OF THE COMPANIES ACT 1956.****Item No. 5**

Mr. Samir Kumar Ghosh was appointed as an additional Director of the Company w.e.f. 30.04.05 and his terms of office expires at the conclusion of the ensuing Annual General Meeting. Meantime one of the members have notified to the company u/s 257 of the Companies Act, 1956 indicating his intention to move the resolution as set out under item no. 5 of the notice for appointment of Mr. Samir Kumar Ghosh as a Director of the Company.

Mr. Samir Kumar Ghosh is a Master of commerce from the Calcutta University and Cost Accountant having extensive knowledge and expertise in Finance & Corporate Business. He is taking active participation in the management of the Company's business and your directors recommend adoption of the subject resolution in the interest of the Company. None of the Directors excepting Mr. Samir Kumar Ghosh is personally interested or concerned in this resolution.

**Item No. 6**

Sri Shri Kishan Saraf aged about 51 years is one of the promoters of the Company. Because of his devoted efforts, dynamic leadership and outstanding performance, the Company could achieve a dominant position in the International Market. The terms of appointment of Sri Shri Kishan Saraf as the Chairman & Managing Director expired on 31.03.2005 and on the basis of recommendation of the Remuneration Committee and in due compliance with the remuneration guidelines of the Central Government, the Board of Directors of the Company have reappointed Sri Shri Kishan Saraf as the Chairman & Managing Director for a further period of 5 (Five) years w.e.f. 01.04.2005 on the terms and conditions detailed hereunder :-

**1. DUTIES AND RESPONSIBILITIES**

Shall perform under supervision and control of the Board of Directors.

**2. REMUNERATION**

Salary :- Rs. 1,00,000/- per month.

**PERQUISITES:**

Equivalent to Annual Salary on the aggregate, as detailed below :

- i) Free furnished accommodation / House Rent Allowance as per I/T Rules.
- ii) Medical Reimbursement for self and family - equivalent to one month Salary per year or 3 months salary for a period of 3 years.
- iii) Gas, Electricity, Water and furnishing of accommodation as per I/T Rules.
- iv) Leave : One month leave with full pay per year.
- v) Leave Travel Concession for self and family - Reimbursement at actuals subject to a ceiling of one month salary per year.
- vi) Club Fees : Reimbursement of Club Fees for 2 Clubs, excluding Admission / Life Membership Fee.
- vii) P.F. / Super annuation / Gratuity - as per I/T Rule and this amount shall not be taken into account while computing perquisite value.
- viii) Free cars for office purpose and Telephone connection at residence - not to be included in computation of perquisite.

**3. MINIMUM REMUNERATION**

In the event of absence or inadequacy of profits in any year, the above mentioned salary and perquisites will be paid as minimum remuneration.

**4. PERIOD OF SERVICE**

For a period of five years with effect from 1st April, 2005 terminable by three months notice in writing from either side.

The Directors recommend the Resolution as set out under Item No. 6 of the agenda be passed in the interest of the company. Sri Shri Kishan Saraf excepting no other Directors is interested or concerned in this resolution.

**Item No. 7**

Sri D. K. Saraf aged about 39 years, is one of the Promoters and architect of this Company. Because of his whole time devotion in the administration to the Company from its inception, the Company could achieve a commendable position and status. The terms of Sri D. K. Saraf, as the whole time Executive Director expired on 31.03.2005, and on the basis of recommendation of Remuneration Committee and in compliance with the Managerial Remuneration Guidelines of the Central Government, the Board of Directors of the Company have reappointed Sri D. K. Saraf, as the whole time Executive Director for a further period of five years w.e.f. 01.04.2005 on such terms and conditions as are given hereunder :-

**1. DUTIES AND RESPONSIBILITIES**

Shall perform under the control & guidance of the Board and shall be responsible for the Administration of the Company and shall report to the Chairman & Managing Director.

**2. REMUNERATION**

Salary :- Rs. 80,000/- per month

Perquisites :- Equivalent to annual salary in aggregate of the following :-

- i) Free furnished accommodation / House Rent Allowance as per I/T Rules.
- ii) Medical Reimbursement for self and family - equivalent to one month Salary per year or 3 months salary for a period of 3 years.
- iii) Gas, Electricity, Water and furnishing of accommodation as per I/T Rules.
- iv) Leave : One moth leave with full pay per year.
- v) Leave Travel Concession for self and family - Reimbursement at actuals subject to a ceiling of one month salary per year.
- vi) Club Fees : Reimbursement of Club Fees for 2 Clubs, excluding Admission / Life Membership Fee.
- vii) P.F. / Super anuation / Gratuity - as per I/T Rule and this amount shall not be taken into account while computing perquisite value.
- viii) Free cars for office purpose and Telephone connection at residence - not to be included in computation of perquisite.

**3. MINIMUM REMUNERATION**

In the event of absence or inadequacy of profits in any year, the above mentioned salary and perquisites will be paid as minimum remuneration.

**4. PERIOD OF SERVICE**

For a period of five years with effect from 1st April, 2005 terminable by three months notice in writing from either side.

The Directors recommend the resolution set out under Item No. 7 of the notice in the interest of the Company. Excepting Shri D. K. Saraf none of the Directors is interested or concerned in this resolution.

**ITEM NO. 8**

The Company has undertaken various ambitious programmes of expansions and diversification at a substantial Capital Cost. It is proposed that part of the proposed capital cost be funded out of new Issue of Capital be made and in order to accommodate such further issue of Capital, necessary increase in the authorised capital be made. The Resolution as set out under Item No. 9 of the notice intends to increase the authorised capital of the Company with a view to meet the needs of the Company. Your Directors recommended approval of the Resolution under Item No. 9 of the notice.

None of the Directors is personally interested or concerned in this resolution.

**ITEM NO. 9**

For implementation of the Company's projects in hand, the Company may, from time to time, be required to borrow sums of moneys from the Banks and/or Financial Institutions against security of Company's immovable and movable assets as per the requirements of the lenders. The Resolution as set out under Item No. 9 of the notice is intended to grant such authority to Create Mortgage / Charge on Company's assets. The Board recommends this Resolution be approved in the interest of the Company.

None of the Directors is personally interested or concerned in this resolution.

**ITEM NO.10**

The Company proposed to meet part of the projected capital expenditure through borrowed funds as may be obtained from the Bank or Financial Institutions. For such borrowings beyond the aggregate of Company's paid up capital and free reserves the Act require prior sanction of the members in a general meeting. The Resolution as set out under Item No. 10 is intended to meet such requirements of the Act. The Directors recommend this resolution be approved in the interest of the Company.

None of the Directors is personally interested or concerned in this resolution.

**ITEM NO. 11**

The Company proposes to expand and diversify by pursuing the business of Spinning Mills and Wind Mills by way of Vertical as well as Horizontal integration. Such business being covered by the 'other objects' and 'objects incidental' to the main object of the Company and not being germane in the present line of business, prior consent of the members by a Special Resolution u/s 149(2A) of the Companies Act, 1956 is required. Accordingly the Board recommends approval of the Resolution as set out under Item No. 11 of the notice.

None of the Directors is personally interested or concerned in this resolution.



**DIRECTOR'S REPORT**

Your Directors are pleased in presenting the 15th Annual Reports and audited Statements of Accounts for the year ended 31st March, 2005.

**FINANCIAL RESULTS**

	<i>(Rs. in Lacs)</i>	
	Year Ended 31.03.2005	Year Ended 31.03.2004
Gross Sales	<b>2102.71</b>	2134.71
Other Income	<b>91.30</b>	30.38
Less : Total Expenditure	<b>1837.30</b>	1839.98
Gross Profit (before Depreciation & Interest)	<b>356.71</b>	325.11
Less : Interest	<b>29.63</b>	25.95
Depreciation	<b>81.30</b>	80.54
Net Profit (PBI)	<b>245.78</b>	218.62
Provision for Income Tax	<b>70.00</b>	60.56
Deferred Tax	<b>13.63</b>	(3.15)
Profit after Tax (PAT)	<b>162.15</b>	161.21
Balance B/F	<b>58.40</b>	54.02
Less : Transfer to General Reserve	<b>100.00</b>	100.00
Dividend & Dividend Tax	<b>57.47</b>	56.83
Balance to Balance Sheet	<b>63.08</b>	58.40

**PERFORMANCE**

The year under review has witnessed substantial increase in turnover of the traditional knitted items while keeping the specialised leather items, carrying slender margin, to a lower key. As a results, the over-all margin could be maintained at the same level as of the previous year, while increase in other incomes contributed to 10% increase in the gross profit over the previous year. On the other hand encouraging response of the market has opened up new avenues of progression, which will go a long way to surpass the reduction in overseas bookings consequent to increased competition from other South Asian manufacturers.

The over all performance continued to be encouraging keeping space with the overall economic growth rate of the country.

**FUTURE OUTLOOK**

Burgeoning Foreign Exchange Reserves of the country with a low inflation rate and encouraging GDP growth rates during the last couple of years, have presented an unique atmosphere of increased business activities. Your company is well poised to take advantage of the opportunity and have undertaken a prospective expansion project by way of setting up a composite Gloves manufacturing unit at Ganga Nagar, in 24 Prgs. (N) in West Bengal. This new unit fitted with most modern state of the art production facilities with arrangements for captive supply of raw material is expected to be commercially operational by and end of the current fiscal. This new unit becoming fully operational, the gross turnover of the Company is projected to increase substantially over its present level and the Company is destined to achieve a commendable leadership in the supply of Industrial Safety Gears in the International market.

**DIVIDEND**

Your directors recommended a Dividend @ 20% for the year to 31st March, 2005, i.e. @ Rs 2/- per share subject to approval of the members in the ensuing Annual General Meeting, which together with the Dividend Tax is expected to absorb a sum of Rs. 57.46 Lacs.

**MANAGEMENT DISCUSSION & ANALYSIS**

As a part of the Director's Report, a separate Report is annexed hereto and marked as annexure 'A'.

**CORPORATE GOVERNANCE**

A Separate Report is annexed hereto and marked as annexure 'B'.

**AUDITORS & THEIR REPORT**

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

The Report of the Auditors is annexed hereto separately and that the observation made there in when read with the notes on Accounts, are self explanatory and it needs no further clarification.

**INFORMATION U/S 217 of COMPANIES ACT, 1956****a. Conservation of Energy etc.**

Information pursuant to see 217 (i) (e) of the Companies Act, 1956 read with Companies (Particulars in the Report of the Board of Directors) Rule 1988 and forming part of this Report is annexed hereto and marked as annexure 'C'

**b. Particulars of Employees :**

The Company have no employee drawing Salaries in excess of the prescribed limit u/s 217(2A) of the Act.

**c. Responsibility Statement u/s 217 (2AA) of the Act.**

In accordance with the provisions u/s 217(2AA) of the Companies Act 1956 the Board of Directors States :-

- i) that in preparation of the Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures, if any ;
- ii) that the Directors have 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 & Loss of the Company for the period ;
- iii) that the Directors have taken proper and sufficient care for the maintenance of the adequate accounting records in detecting fraud and other irregularities ; and
- iv) that the Directors have prepared the Annual Accounts on a 'going concern' basis.

**DIRECTORS**

Sri D. K. Saraf, Director of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

In the vacancy caused by resignation of Shri P. K. Goenka, Shri Samir Kumar Ghosh a master of Commerce and Cost Accountant has been inducted as an additional Director whose term is due to expire at the forthcoming Annual General Meeting. Meantime the company has received a notice u/s 257 of the Act, proposing appointment of Shri Ghosh in the forthcoming Annual General Meeting.

None of the Directors of the Company is disqualified for being Appointed in terms of the provisions under section 274 (i)(g) for the Companies Act, 1956, as amended.

**Future Prospects**

Burgeoning Foreign Exchange Reserves, a reasonable low inflation level alongwith encouraging GDP growth rates over the last couple of years have presented an unique opportunity. Your company is well positioned to take advantage of the opportunities and continue to maintain its space of progression.

**Acknowledgements**

Your Directors places on records their appreciations of the devoted services of the Executives staff and workers at all levels, who have equal contributions to the service of the Company. Your Directors also acknowledge with thanks the valuable co-operation and support of the Banks, Statutory Authorities and the Shareholder of the Company.

For and On behalf of the Board

**D. K. Saraf**

*Executive Director*

**B. K. Kedia**

*Director*

Place : Kolkata

Date : 29th June, 2005



**ANNEXURE - 'A'****REPORT ON CORPORATE GOVERNANCE**

We in 'Acknit' view corporate Governance as a systematic on-going process by which the Company is directed and controlled in its day to day transactions to maximize its capacity to generate wealth. Although 'Acknit' having a paid-up capital of less than Rupees three cores, does not fall within the ambit of Statutory Regulations for 'Corporate Governance' as spelt out under section 229A of the Companies Act, 1956 and/or Clause 49 of the listing Agreements & incorporated in terms of SEBI, your Directors strongly believe in Transparency, Accountability and Corporate Culture.

The practice of Corporate Governance in 'Acknit' is in-built in its three tier inter-linked Management structure.

- i) Strategic Supervision : by the Board of Directors
- ii) Strategic Management : by the Committee of Managing Director & Executive Directors.
- iii) Executive Management : by Executive Heads of Depts. on consultations with the respective committees of Directors and amongst themselves.

This 3 tier corporate structure ensures strategic supervisions independent of day-to-day executive management. The structure, process and practice ensures focus on corporate purpose while facilitating effective management of diverse business needs.

**BOARD OF DIRECTORS**

The Board has an optimum combination of executive and Non Executive Directors and at least 50% of the total strength is comprised of Non-Executive Directors. The Board of directors of the Company is normally composed of Executive and Non-Executive Directors in the ratio of 50-50 basis. For an intermittent period after resignation of Sri P. K. Goenka, a Non-Executive Director, the above ratio was adversely affected. However, with the induction of Sri Samir Kumar Ghosh in the vacancy, the ideal ratio has since been restored.

The board closely monitors the performance of the Company and of the management and at the same time reviews and approves the strategies through various committees. It also evaluates management performance and ensures legal and ethical conduct of the same while ensuring accurate financial reporting.

The Company is managed by the Managing Director in close co-ordination and assistance of the Executive Director.

The non-executive directors are professional and business people having wide exposures and expertise in general corporate managements, finance and other allied fields.

None of the Directors in the board is a member of more than 10 Committees of Director nor are they Chairman of more than 5 Committees as per the ceiling imposed under clause 49(IV)(B) of the listing Agreements. And none of them is dis-qualified u/s 274(i)(g) of the Act. Each of the directors have made the requisite disclosures annually in terms of the various statutes and regulations.

During the year under review, the board met 6 times on 29.04.04, 30.7.04, 28.8.04, 30.9.04, 31.10.04 & 28.1.05.

The Company has not entered into any materially significant transactions with its promoters, directors or their relatives etc. that may have potential conflict with the interest of the Company, at large.

The names and category of the directors, their attendance at the Board / General meetings during the year as also their other directorship and committee memberships are given in the table below :

**BOARD PROCEDURE**

The functions of the board are discharged through periodic meeting for which the Company has an well laid procedure for sending detailed agenda papers for each meeting, well in advance to all the Directors so that the Directors can effectively deliberate in the proceedings of the meetings and are in a position to discharge their responsibilities properly and appropriately. In the Meetings the Directors express their views truly and do seek clarification on various points taken up for disposal in such meeting. The discussions in the meetings are held in a transparent manner and decisions of the Board are recorded in the form of resolutions. The draft minutes are circulated to the Directors for their approval and comments thereon before the same are recorded in the minutes books in a chronological order.

There is an well-defined guideline to facilitate an effective post meeting follow-up review and reporting for the decision taken by the Board.

In the process, the Company take due care of the Regulations prescribed under various statutes, regulations and listing agreements with reference to the Board procedure and necessary steps are taken to ensure due compliance thereof

**BOARD COMMITTEE**

The Board has constituted 3 (three) committees to assist the Board in the discharge of its responsibility towards strategic supervision.

Those Committee are Audit Committee, Share Transfer committee-cum-Investors Grievance Redressal committee and the Remuneration Committee.

**a) AUDIT COMMITTEE**

The Audit Committee, in conjunction with the Management, the Internal Auditors & Statutory Auditors, conducts



review of all matters of significance & pertaining to Company's performances, status of previous audit recommendations, 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 reporting before they are made public.

The Audit Committee was comprised of 3 (three) directors of whom 2 (two) were independent Non- Executive Directors. 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 a 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 5 times on 29.4.04, 30.7.04, 30.9.04, 31.10.04 & 28.1.05.

**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 from time to time and approving the same, for and on behalf of the Board and also to ensure timely and appropriate redressal of grievances received from the Share Holders/ Investors re-transfer, Non receipts of Annual Report/Dividend Warrant and for Loss or misplacement thereof. During the year under review the committee had 12 meetings, one each in every month.

**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 ceiling 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 15.07.04.

**DISCLOSURES**

**a) Disclosures on materially significant related party transaction.**

Details of transactions of a material nature with any of the related parties as specified in AS-18 issued by I.C.A.I have been reported in the notes to the Accounts. There has been no transactions of a material nature with any of the related party, which is in conflict with the interest of the Company.

Details of non-compliance by the Company, penalties imposed on the Company by the Stock Exchanges or SEBI, or any Statutory Authority on any matter related to capital markets during the last ( three) years :-

There has been no such instance of non- compliance during the last 3 (three) years.

**b) Share Transfer Agents ( RTA)**

In accordance with clause 49 of the listing agreements and SEBI Regulations for **Common Agency** for Share Transfer.

The Board has since delegated a power of Share Transfer, both in Demat and physical mode to the Company's RTA M/s. S. K. Computers of 34/1A, Sudhir Chatterjee Street, Kolkata- 700 006. The RTA reviews Share Transfer, every fortnight.

Relevant details of directors being appointed or re appointed during year from part of the notice convening the forthcoming Annual General Meeting by way of notes.

**c) Compliance Officer**

Sri Bishnu Keshan, Administrative Officer has been designated as the Compliance Officer for the purpose of Listing Agreement.

**d) Detail of Shareholders Complaints received during the year :**

During the year company received a total of 20 Shareholders complaint of which 12 related to non-receipt of Dividend, 8 relating to non-receipt of A/R and Non-receipt of share Certificate after endorsement of transfer. All those complaints were duly resolved and there was no brought forward or carried over complaints.

**MEANS OF COMMUNICATIONS**

1. Annual Reports containing Audited Accounts, Directors Reports and Auditor Reports and the Notices of General Meetings with Explanatory Statements are duly mailed to the Shareholders by post paid.
2. Quarterly Results & Audited Financial Results are duly published in one English (National) and one Bengali Newspaper as required under the provisions of the listing Agreements.

**GENERAL SHAREHOLDERS INFORMATION**

The 15th Annual General Meeting of the Shareholder will be held at Gyan Manch, 11, Pretoria Street, Kolkata -700 017 on 13th day of September, 2005 at 10.30 a.m.