

11th
ANNUAL REPORT
2004-2005

UNI-SOCKS (INDIA) LTD.

**Flat No. 202, Patels Avenue, Road No. 11,
Banjara Hills, Hyderabad - 500 034.**

Uni-Socks (India) Ltd.

Report  junction.com

Uni-Socks (India) Ltd.

BOARD OF DIRECTORS : Sheerchand Sethia - Chairman
As on 31.3.2005

Raghu Raj - Director

Subhash Kothari - Director

Om Joshi - Director
(IFCI Venture Fund Nominee)

Sunil Kapoor - IFCI Nominee

D.P. Kelkar - Director

Nortan Bothra - Director

Prabhat Sethia - Managing Director

REGISTERED OFFICE : 202, Patel Avenue Road,
B-2-618/2/1/1, Road No. 11,
Banjara Hills, Hyderabad - 500 034.

WORKS : Alinagar, Chetla,
Potharam Village,
Jeenaram Mandal,
Medak Dist.

BANKERS : State Bank of Hyderabad
Beilavista Branch,
Somajiguda, Hyderabad.

AUDITORS : M/s. S. Suresh & Co.
Chartered Accountants
Hyderabad.

Uni-Socks (India) Ltd.

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of Members of the Company will be held on Friday the 30th September 2005 at 3:00 P.M. at its Registered Office at Flat No. 202, Patels Avenue, Road No. 11, Banjara Hills, Hyderabad - 500 034 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2005 and Audited Profit & Loss Account for the period ended on that date together with the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri D.P.Kelkar who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Raghuraj who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors and fix their remuneration.

Place: Hyderabad

By Order of the Board

Date : 29.08.2005

Sd/-
(PRABHAT SETHIA)
Managing Director

NOTES :

1. A person entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote for himself and such proxy need not be a member
2. Proxy Form duly executed should be deposited at the Registered Office of the Company atleast FORTY EIGHT hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books shall remain closed from 27th September, 2005 to 30th September, 2005 (both days inclusive) for the purpose of Annual General Meeting.
4. A member entitled to attend and vote at the 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.
5. Brief profiles of Shri. D.P. Kelkar and Shri. Raghuraj are given hereunder.

Brief Profiles :

- 1) Sri D.P. Kelkar : Mr. D.P. Kelkar is a Bachelor of textile. He also holds a Diploma in Industrial Management and Diploma in Managerial Accounting. He was the Chairman cum Managing Director of M/s. National Textile Corporation (North Maharashtra & South Maharashtra).
- 2) Shri Raghuraj : Mr. Raghu Raj is a Diploma in Textile Engineering passed in 1955 with Gold Medal with specialization in Textile machinery. He has worked with a Textile Machinery manufacturer in Germany. In India he has worked has been associated in setting up successful Textile projects like The Bowreach Cotton Mills, DBR Mills, Vardhman Spinning Mill, Suryavañshi Spinning. He was also CEO with New Great Eastern Spinning Mills, Bombay for 12 years.

Uni-Socks (India) Ltd.

DIRECTOR REPORT

The Members

UNISOCKS (INDIA) LIMITED,
Hyderabad

Your Directors have pleasure in presenting the Eleventh Annual Report of your Company together with the Audited Annual Accounts for the year ended 31st March, 2005.

1. FINANCIAL RESULTS:

(Rupees. in Lacs)

	31.03.2005	31.03.2004
Net Sales	392.65	315.38
Increase/ Decrease in Stock	(4.28)	(2.00)
Other Income	0.59	3.28
Manufacturing/ Operating Expenses	246.16	201.42
Profit before Financial Expenses & Depreciation	142.80	115.24
Interest/ Financial Costs	76.84	76.75
Depreciation	36.07	36.07
Preliminary Expenses written off	2.48	2.43
Net Profit (Loss) after Financial Expenses & Depreciation	27.41	(0.06)

2. BUSINESS REVIEW & FUTURE OUTLOOK:

During the year under review Company has clocked turnover of Rs.392.65 lacs with net profit of Rs.27.41 lacs when the Quota Free regime has set in India. All the major brands across the globe are outsourcing from India. The Company also stands to benefit which has been possible only due to Quality consistency maintained which resulted into repeat orders from international buyers. The wows of the Company regarding inadequate Working Capital continue as the Bankers are not being supportive to the EOUs in the Country. Due to inadequate profits and in order to prepare for good times ahead, Your Directors have not recommended any Dividend.

3. DIRECTORS: Shri D.P.Kelkar and Shri Raghuraj retire by rotation at the ensuing Annual General meeting and being eligible, offer themselves for reappointment. Your Director recommend their appointment as Directors liable to retire by rotation.

4. AUDITORS: The Auditors M/s. S. Suresh & Co., Chartered Accountants, Hyderabad who were appointed as Auditors in Annual General Meeting hold office upto the ensuing Annual General Meeting. Being eligible, the Board recommends their reappointment for the year 2005-2006.

The observations made by the Auditors in their report read with the Notes on Accounts are self explanatory and do not require any comments from Directors.

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5. **FIXED DEPOSITS:** Yours Company has not accepted any Fixed Deposits from the Public or its shareholders during the year under review.
6. **DIRECTORS RESPONSIBILITY STATEMENT:** In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state:
 - (i) That in the preparation of the Annual accounts, the applicable accounting standards have been followed.
 - (ii) That your Directors have selected such accounting policies and applied them consistently and made judgement 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 that period.
 - (iii) That your 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 your Company and for preventing and detecting fraud and other irregularities.
 - (iv) That your Directors have prepared the Annual Accounts on a going concern concept.
7. **PARTICULARS OF EMPLOYEES:** During the year under review, there were no employees drawing salaries more or equal to the limits laid under Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975.
8. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:**
The details of energy conservation, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are given in the Annexure forming part of this report.
9. **CORPORATE GOVERNANCE CODE:** The Code of Corporate governance promulgated by Securities & Exchange Board of India has been implemented by your Company as per schedule of implementation given by SEBI. A Report on Corporate Governance as required is attached hereto and forms part of the Report.
10. **DEMATERIALISATION OF SHARES:**
M/s. Sharex Dynamic (India) Private Limited, Mumbai were appointed as Depository Registrars for dematerialization of shares and for physical shares also the transfer work was entrusted to them.
The Company has been allotted ISIN No. by NSDL and CDSL for demat of shares during the year..
11. **ACKNOWLEDGEMENTS:** Your Directors take this opportunity to express their grateful appreciation for the cooperation and assistance by Central and State Governments, IFCI, State Bank of Hyderabad, Raw material suppliers and business associates as well as shareholders. Your Directors also place on record their appreciation for the devoted services rendered by all employees.

for and on behalf of the Board of Directors

Place : Hyderabad
Date: 29.08.2005

(Prabhat Sethia)
Managing Director

(Norton Bothra)
Director

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ANNEXURE-A TO DIRECTOR'S REPORT

A. Conservation of Energy:

The thrust on energy conservation continued during the year across all manufacturing processes and the combined usage of system and devices was made to conserve the energy. The training on the subject was also imparted to technical personnel during the year. The Company has installed power capacitor which also contributes to conservation of energy, power and fuel consumption.

B. Technology Absorption :

a) Research & Development

1. Specific areas in which R & D carried out by the Company :

The Company does not have a specific R & D Department, However it is constantly trying to improve quality of its products by adhering to strict international quality procedures as per buyers specifications.

2. Benefits as a result of above R & D

Reduction of cost in output, marked improvement in quality resulting in better marketability by following the procedures.

3. Future plan of action

The above activities shall continue. The Company proposes to concentrate in the use of developing process know how which will eliminate/ reduce wastage.

b) Technology absorption, adaptation & innovation

4. The efforts in brief towards technology absorption, adaptation and innovation : The Company has fully absorbed the technology for manufacture of socks.

5. Benefits to be derived as a result of above efforts e.g. output improvement, cost reduction, product development, import substitution etc are reflected in the working.

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Disclosure of Particulars with respect to the conservation of energy:

FORM A

A. Power & Fuel consumption

Current Year

Electricity

a) Purchased	
Units (Kwh)	236519
Total amount (Rs.)	1397830
Rate/ unit (Rs.)	5.91
b) Own Generation	
Through Diesel Generator	
Units (Kwh)	43922
Total Amount (Rs.)	361920
Cost/unit (Rs)	8.24

FORM B

RESEARCH & DEVELOPMENT (R&D)]

The Company is operating in the area of manufacture where R&D is for designing only. However Company has always made efforts to absorb the latest technological developments in machinery etc.

TECHNOLOGY ABSORPTION

The company has fully absorbed the imported technology for usage and running of machines, their maintenance etc.

FOREIGN EXCHANGE EARNINGS & OUTGO

(Rs. in lacs)

a. Total Foreign Exchange earned through direct exports	392.65
b. Others	-
Total Foreign Exchange Earned	392.65
c. Foreign Exchange Used	
- For import of raw materials	
- For import of spares etc	2.14
- For capital expenditure	Nil
Total Foreign Exchange used	5.10

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ANNEXURE-B

Management Discussion & Analysis

Industry structure and developments

The Indian Textile and Garment industry has started to look up after a gap of three years with boost in Exports to Western countries picking up for the Industry. Indian Textile industry offers cheaper quality products with talent pool of designers to suit the price sensitive Multinationals. These factors have earned the Indian Textile industry a good reputation which has thrown open the gates for lot of large Multinationals setting up their sourcing outfits in India.

Opportunities and Threats

The Company is a 100% Export Oriented unit which enjoys confidence of buyers in European countries for quality supplies and this catapults into more orders from major chain stores in France and United Kingdom which can be leveraged to great advantage. The Company faces competition from several other socks units in India. Indian Banking system has continued its traditional approach of higher interest rates thereby making the products costlier resulting in increase in costs and pressures on profitability. The size of the Company also does not allow to reap benefits of scale.

Outlook

During last years, the industry in general was facing slow down but has shown marked recovery in the current year which is expected to continue during year. The Company is considering to enter into some other field of business including backward integration for manufacture of covered cotton yarn. However, no plant have been formalized and are at exploration stage only.

Risks and concerns

The opening of Indian economy is a cause for concern as Indian markets are attracting major buyers to establish their own manufacturing bases in India. This may result into lower orders from some of the international buyers of the Company. With plans to diversify into other businesses, the risks associated with the trade will be borne in mind before leaping into such business.