

ACKNIT INDUSTRIES LIMITED

Annual Report 2011-12

BOARD OF DIRECTORS

Shri S. K. Saraf

Chairman-cum-Managing Director

Shri D. K. Saraf

Executive Director

Shri S. K. Ghosh

Shri M. K. Nath

Directors

AUDITORS

R. K. Bajaj & Co.

Chartered Accountants

40/5, Strand Road,

Kolkata - 700 001

SHARE TRANSFER AGENTS

S. K. Infosolutions (P) Ltd.

34/1A, Sudhir Chatterjee Street

Kolkata - 700 006

Phone : (033) 2219 4815

E-mail : skckolkata.invcom@gmail.com

BANKERS

State Bank of India

HDFC Bank Ltd.

REGISTERED OFFICE

817, KRISHNA

224, A. J. C. Bose Road,

Kolkata - 700 017

Phone : (033) 2287 8293

E-mail : acknit@vsnl.com

calcutta@acknitindia.com



NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Members of **ACKNIT INDUSTRIES LIMITED**, will be held at '**Kala Kunj**' at 48 Shakespeare Sarani, Kolkata - 700 017 on Tuesday, 25th September, 2012 at 3.00 p.m. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit & Loss of the company for the year ended 31st March 2012 and the Balance Sheet as on that date and the Reports of the Directors and Auditors there on.
2. To declare Dividend.
3. To appoint a Director in place of Mr. S. K. Ghosh, who retires by rotation at this meeting and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board
For **Acknit Industries Limited**

Place : Kolkata

Date : The 22nd day of Aug, 2012

D. K. Saraf

Executive 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 AT THE MEETING INSTEAD OF HIMSELF/ HERSELF AND THAT A PROXY NEED NOT BE A MEMBER.
2. An instrument appointing the proxy should reach the Registered Office of the Company not less than 48 hours before the meeting.
3. The Register of Members and the Share Transfer Books of the company shall remain closed from the 18th September, 2012 to 25th September, 2012, both days inclusive.
4. Members are requested to notify any change in their mailing address to the Registrar & Share Transfer Agents of the Company quoting their folio number.
5. Members holding Shares in identical order of names in more than one folio are requested to write to the Registrar and Share Transfer Agents for consolidation of the folios into one.
6. Members desiring to have any information/clarification on the published Accounts may write to the company at least 7 days before the meeting specifying the required information/clarification, so that, the information could be made ready in hand.
7. Pursuant to Sec. 205C of the Companies Act 1956, unpaid/unclaimed dividend remaining unpaid for 7 (Seven) years is to be transferred to the **Investor Education & Protection Fund** of the Central Govt. and once the amount is so transferred, no claim shall lie in respect thereof. Hence the shareholders, who have not encashed dividend warrants for the F.Y. 2004-05 and thereafter are requested to forward the same to the company for revalidation immediately.



8. Members holding shares in physical form may avail the facility of nomination in respect of the shares held by them pursuant to amendments in the Companies Act 1956. The prescribed format (Form 2B) can be obtained from the RTA of the company, M/s. S. K. Infosolution (P) Ltd., 34/1A Sudhir Chatterjee St. Kolkata - 700 006.
9. Investors and Shareholders may kindly note that if Physical documents viz Demat Request Form (DRF) and share certificates etc, are not received from their DPS by the Registrar within a period of 5 days from the date of generation of DRN for dematerialization, the DRN will be treated as rejected/ cancelled pursuant to the advice of National Securities Depository Limited (NSDL) so that no Demat Request remain pending beyond 21 days upon rejection of DRN as above. A fresh DRN has to be forwarded along with the Share Certificate by the DPS to the Registrar. This note is only to caution the Investors/Shareholders.
10. Dividend on Equity Shares for the year ended 31st March, 2012, if declared at the meeting, will be paid:
 - a. To those members whose names appear in the Register of Members of the company as on the date of the meeting ;
 - b. In respect of shares held in electronic forms, to those deemed members whose names appear on the statement of Beneficial ownership furnished by NSDL/CDSL at the end of the business hour on the date preceeding book closure i.e. 17th September, 2012.
 - c. SEBI has made it mandatory for all to use bank details furnished by the investors for distributing dividends or other cash benefits, on payment instrument to the Investors.
 - d. SEBI vide its circular dated 27.04.2007 and 25.06.2007 has made it effective from 02.07.2007 for every participants in the securities/capital market to furnish PAN. Therefore, members holding shares in physical mode are requested to furnish their PAN alongwith a photo copy of their PAN card.

PARTICULARS OF DIRECTOR(S) SEEKING APPOINTMENT AS REQUIRED IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT

NAME	S. K. GHOSH
DESIGNATION	INDEPENDENT NON EXECUTIVE DIRECTOR
DATE OF BIRTH	07.09.1938
DATE OF APPOINTMENT	30.04.2005
QUALIFICATION	M.COM, ICWA, ACS
EXPERIENCE	PROFESSIONAL WITH WIDE EXPERIENCE AND EXPOSURES IN THE FIELD OF COST. ACCOUNTANCY AND COMPANY LAWS



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 22nd Annual Report of your company alongwith the operating and financial results for the year ended 31st March, 2012.

FINANCIAL RESULTS

(` in Lacs)

	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
Gross Sales	8,904	6,503
Other Income	23	171
Total Revenue	8,927	6,674
Less : Total Expenditure	8,247	6,063
Gross Profit (before Depreciation & Finance Cost)	680	611
Less : Depreciation	162	154
: Finance Cost	297	259
Profit Before Exceptional Items & Tax	221	198
Less : Exceptional Item	—	29
Net Profit Before Tax (PBT)	221	169
Less : Provision for Income Tax	71	40
: Deferred Tax	2	(19)
Profit after Tax (PAT)	148	148
Balance B/F	120	96
Total amount available for appropriation	268	244
Less : Dividend & Dividend Tax	44	44
Less : Transfer to General Reserve	100	80
Balance Transfer to Balance Sheet	124	120

OPERATING PERFORMANCE

The year commenced with an optimistic note and the order book being sufficient with diverse enquiries and fresh orders.

The management succeeded in increasing the sales turnover after recovery of initial set back caused by fire in one of its unit at FSEZ at the end of the previous year and the Annual Turnover of the company was increased by about 37 % over the previous year and your directors are optimistic about sustaining the growth momentum.

The turnover of the company during the year under review was ` 89.27 Crores as against ` 66.74 crores in the last year, the gross profit was also increased to ` 6.80 crores from ` 6.11 crores in the previous year and the net profit after tax was ` 1.48 crores which works out to an EPS of ` 5.89 per share as against ` 5.87 per share in the previous year.

**DIVIDEND**

Your Directors have recommended a dividend of 15% on equity shares which together with dividend tax is expected to absorb ₹ 43.93 Lacs.

DIRECTORS

In accordance with the statutory provisions Shri S.K Ghosh, an Independent, Non-Executive Director retires by rotation at the ensuing Annual General Meeting of the Company, and being eligible offers himself for re-appointment.

The Particulars of Directors seeking appointment/re-appointment have duly been furnished as part of the notes to the notice convening the ensuing Annual General Meeting pursuant to clause 49 of the Listing Agreement.

None of the Directors of the Company is disqualified in terms of section 274 (l) (g) of the Companies Act 1956, as amended.

AUDITORS

The Auditors of the company, M/S. R.K. Bajaj & Co., Chartered Accountants, retires at the forthcoming Annual General Meeting and have given their consent for re-appointment and have also notified that if appointed, such re-appointment will be within the prescribed limits u/s 224 (IB) of the Companies Act, 1956 and they are duly qualified to accept such assignment.

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

Information pursuant to section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rule, 1988 and forming part of this Report is annexed hereto as "Annexure C".

b. Particulars of Employees :-

The Company has no employee drawing remuneration in excess of the prescribed limits u/s 217 (2A) of the Companies Act, 1956.

c. Directors' Responsibility Statement

As required u/s 217(2AA) of the Companies Act, 1956, Your Directors confirm having :

- a) Followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;
- b) 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 of the company for that year;
- c) Taken proper and sufficient care for 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
- d) Prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE

The company believes that Corporate Governance is a way of business life than a legal compulsion.



Though the provisions of Section 292 A of the Companies Act, 1956 and/or clause 49 of the Listing Agreement corresponding to the legal obligation for Corporate Governance, are not applicable to the Company, your Directors are committed to the application of best management practices, Compliance with Law and adherence to ethical standard while discharging social responsibilities. A report on Corporate Governance is annexed hereto separately as part of this report and marked as 'B'.

MANAGEMENT DISCUSSION AND ANALYSIS

A Separate Report on management Discussion and Analysis is annexed hereto, and marked as 'A'.

PUBLIC DEPOSITS

The Company has not accepted or renewed any Public Deposit, as defined u/s 58A of the Companies Act, 1956, during the year under review.

COMPLIANCE CERTIFICATE

The provisions u/s 383A of the Companies Act, 1956 regarding obtaining compliance certificate from practicing Company Secretary, have since been extended to companies having a paid-up Capital upto ` 5.00 Crores. Accordingly, your company has since obtained such Compliance Certificate for the year ended 31.03.2012 from Mr. Rajarshi Ghosh, a Company Secretary in practice, a copy thereof is annexed hereto as part of the Director's Report and marked as Annexure 'D'.

PERSONNEL AND INDUSTRIAL RELATION

All along, the Company maintained a cordial and harmonious relationship with its employees at all level. Your directors put on record their appreciation of the hard work and efficiency of its employees which enabled the Company to achieve its objectives.

CAUTIONARY STATEMENT

The statements made in this report describing Company's estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand supply conditions, raw material prices, changes in Government regulations, tax regimes, economic developments of the country and other factors like litigations and labour negotiations, etc.

CONCLUSION

Your Directors place on record their appreciation of the co-operation and support received from investors, customers, shareholders, bankers, vendors and statutory and Regulatory Authorities. Your Directors also thank the employees for their significant contribution in Company's performance. Your Directors now look forward to the future with confidence and optimism.

For and on behalf of the Board of Directors
Acknit Industries Limited

D. K. Saraf
Executive Director
S. K. Ghosh
Director

Place : Kolkata
Dated : The 22nd day of August 2012



ANNEXURE - 'A'

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis has been included in the Directors Report in adherence to the spirit enunciated in the code of Corporate Governance approved by the Securities and Exchange Board of India (SEBI). The Report herein presents a brief discussion on the Industry structure and Development, Company's Performance and outlook, SWOT analysis, Internal control systems and their adequacy, financial performance and Human Resource Development. This discussion is based on the assessment of the current environment which may vary due to future economic and other developments in the universal arena.

INDUSTRY STRUCTURE AND DEVELOPMENT

Industrial Safety measures has been made mandatory all over the world; And as part of the Industrial safety measurer different variants of Industrial Gloves and other safety gears are in increasing demands corresponding to further increases in Industrial activities across the world. On the other hand, increased cost of production in the Industrialised Developed countries of West, have resulted to close their own production units for safety gears in favour of job outsourcing to low cost Developing countries like India and other countries of the East with a view to cut down their own cost without compromising with the safety requirements. In this arena India with its abundant supply of raw materials and cheap labour associated with most advanced Technology and expertise occupies comparatively favoured position. Added to this the recent steps taken in liberalizing the Indian economy and overall improvement in business environment and a steady improvement in infrastructure developments across the country has given a positive impact to the growth of all types of business and manufacturing activities and export promotions.

Under this background, the future of production and Export of Industrial Safety Gloves in the country is extremely bright and in this arena 'Acknit' enjoys a privileged position because of its maintenance of Quality Standard confirming to ISO 9001-2008 and strict adherence to time schedules at the most competitive price over the decades.

COMPANY'S PERFORMANCE & OUTLOOK

Your company's products cover wide range of Industrial safety requirements with different types of coatings, dottings, rubberized and of such materials as per specific requirements of the consumers. The company's products have received wide acceptance across the world and your company is in receipt with various trade enquiries from various types of Industries of the Developed countries. The booming Indian economy, the growth in infrastructure facilities and added to it the increased amount of Industrial Investments in the country has added to the growing needs of safety gears directly in conformity with the increasing pollution control measures. Your Company's products are well established in the market and its brand name 'Acknit' has a substantial recall value creating an edge over other competitors.

Although there had been an all round increase in production during the year under review, the inflationary trend in Indian Economy and with continued fluctuation of Indian currency as against US Dollars and Euros resulted in a favourable impact on your company's turnover. On the other hand, the Indian Economic because of its failure to maintained its progress in every directions has lost its competitive position amongst the fastest growing economic of the present day world. However, the International connections and Economic interactions would not allow the Indian Economy to be quarantined against the recessionary effect of the global Economy.

Inspite of all such restraints the demand for Industrial Safety can not be compromised at any cost. International demand for Industrial safety wears will continue increasing directly in proportion to increased activities in Industrial restructuring efforts in the west. "Acknit" being exclusively engaged in the production and supply Industrial Safety wears, its activities are directly responsive to Industrial Activities of Developed countries.



The strength of the brand name 'Acknit', the enhanced product range, excellent distribution network and market relations, projected booming conditions after the by-gone recession in European market- all these factors are expected to act as synergies having potential propelling the workings of your company in the immediate future.

SWOT ANALYSIS

1. Strengths

- ◆ Your Company has most strategically located production units having varied and advanced Technologies and sophisticated Machineries installed adequately;
- ◆ Your company's products having been well established in the market over the years with commandable reputation, further increases in sales is foreseen;
- ◆ Your company has an excellent customer base with efficient Distribution network supplemented by continued liaison;
- ◆ Maintenance of Quality Standard confirming to ISO 9001-2008 and strict adherence to supply schedules at the most competitive price are the basic strength of your company.

2. Weakness

- ◆ Your company being a 100% Export Unit is dependant on the inflow of Export orders which has become subjected to increased propagation against outsourcing by the European union may cause concern for the Future;
- ◆ The profitability is generally dependant on the Government policy decision particularly with reference to GATT and WTO resolutions;
- ◆ Increasing trend of price war introduced by the new entrants in the market from other low cost Asian Country may cause ultimate concern in the future.

3. Opportunities

- ◆ Due to expansion of manufacturing base and development of diverse types of protective safetywears as per the customers requirements and industrial safety specifications, substantial increase of demand for your company's products is foreseen;
- ◆ There are opportunities to explore geographical insights of the global market;
- ◆ There are opportunities to develop and increase distribution network across the global markets in developing countries;
- ◆ There are opportunities to increase sale of different range of products through tie ups with retail outlets and other brand owners of the West.

4. Threats

- ◆ Stiff competition from other low- cost countries of the East and the increasing price wars are continuously reducing the returns on sale;
- ◆ The unprecedented global recession caused substantial decrease in International demand which is though of temporary nature;
- ◆ Prolonged Financial crisis in European Countries causes serious fluctuations in Exchange rates have since been neutralized by the devaluation of Indian Currency.
- ◆ Propagation against outsourcing in the European Countries may cause further shrinkage in the demand for your company's products.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Your company has established a well defined organization structure having an extensive system of internal control to ensure optimum utilisation of resources, accurate reporting of financial transactions and strict compliance of applicable statutory laws and regulations at all times. Your company has adequate system to ensure that the assets of the company are safeguarded against loss from unauthorized use or depreciation and that all transactions are properly authorized recorded and reported correctly.

An audit committee of the Board of Directors regularly reviews the audit plans, significant audit findings, adequacy of internal control, compliances with Applicable Accounting Standard and particularly reasons for changes in Accounting policies and practices, if any.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECTS TO OPERATIONAL PERFORMANCE.

The financial Statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Policies (GAAP) in India.

HUMAN RESOURCE DEVELOPMENT

Your Company is built around people. The Spirit of Trust, Transparency and Team Work has enabled your company to build a tradition and harmonious relation.

Your company has a systems of annual appraisal of its employees. It believes that in order to unleash 100% potential, it is necessary to empower Talent and prepare its people with the necessary skill to exploit their own potential. System of succession planning has commenced and it is expected to ensure that performances have a fast career growth.

ANNEXURE - 'B'**CORPORATE GOVERNANCE**

During the year under review, your Company continued its endeavour to achieve its objectives by means of adoption and monitoring corporate strategies, prudent business plans and pursued such policies and procedure to satisfy its ethical responsibilities.

BOARD OF DIRECTORS

In due compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Board is evenly composed with 2 (two) Executive Promoter Directors and 2 (two) Non Executive Independent Directors. The company did not have any pecuniary relationship or transactions with the non-executive Independent Directors. The Independent Directors are not related with the promoters or persons occupying management positions at the Board level or any level below the Board. They are neither in employment for the last 3 years nor are they material suppliers, service providers or customer or a lessee to the Company which may effect their Independence. They are not holding substantial shares of the Company.

None of the Directors is a member of more than 10 (ten) committees and Chairman of more than 5 (five) companies in which he is Director.

The necessary disclosures regarding committee positions have been made by the Directors.

MEETING OF THE BOARD

During the year under review, there were 6 (six) meetings of the Board of Directors held on 13.05.2011, 18.07.2011, 13.08.2011, 05.11.2011, 14.11.2011 & 14.02.2012 with a maximum gap between two consecutive meetings of not more than 4 (four) months and the information as required were made available to the Board members for discussion. The dates and venue of each meeting was decided well in advance and the Directors were duly communicated of the same alongwith the supporting papers and notes on the agenda of the meeting enabling them to deliberate in the meetings with full knowledge of the issues under discussion.



The Name and Categories of the directors, their membership in committee and attendance in the meeting during the year are given in the table below.

Name of Director	Category	No. of Directorship in other Pub Cos.	No. of Comm. Membership	No. of B.M. attended	Attendance at last AGM
S. K. Saraf	Promoter / Executive CMD	–	–	5	Yes
D. K. Saraf	Promoter / Executive Wholetime Director	One	Two	6	Yes
S. K. Ghosh	Non Executive Independent Director	One	Three	6	Yes
M. K. Nath (Addl. Director)	Non Executive Independent Director	–	Three	6	Yes

4. BOARD COMMITTEES

The Board has constituted 3 (Three) committees of Directors to assist the Board in discharging its responsibilities in strategic supervision.

(I) AUDIT COMMITTEE

The Board has formed an Audit Committee in due compliance of the Provisions of Section 292A of the Companies Act, 1956 and the Clause 49 of the Listing Agreements, comprising of 3 (three) directors with Mr.S.K Ghosh an Independent Non Executive Director as its Chairman. Mr. Ghosh is a qualified Cost Accountant with an extensive exposures in financial Management over a period of 40 years is assisted by Mr.M.K Nath, an Independent Non Executive Director with commercial and business exposures for 3 (three) decades and Mr.D.K Saraf, the Executive whole time Director as its members.

The Audit committee provides, inter alia, assurance to the Board on the adequacy or otherwise of internal Control System, Financial disclosures and ensure due observation of the statutory Accountings Standards. It provides the management the necessary guidance for preparation of periodic and Annual Financial statements before they are placed before the Board for its review and approval and at the same time, liaisons between the Internal Audit and the statutory Auditor. The functions of the Committee includes reviewing the adequacy of Internal Audit system, its structures and discussion with Internal Audit team on any significant finding and follow up therewith. In short, the role of the committee is more or less the same as one laid down in the listing Agreement and in Sec.292A of the Companies Act, 1956.

During the year, the Audit Committee met 5 (five) times on 13.05.2011, 18.07.2011, 13.08.2011, 14.11.2011 & 14.02.2012.

*Audit Committee :*

SL NO	NAME OF MEMBER	STATUS	NO OF MEETINGS ATTENDED
1	Mr. S.K GHOSH	Independent Non- Executive Director	5
2	Mr. M. K. NATH	– Do –	5
3	Mr. D.K.SARAF	Wholetime Executive Director	5

The matter dealt with by the committee includes, inter alia, analysis of financial conditions and operating results, statement submitted by the management relating to significant related party transaction, review of management discussion forming part of the Directors Report, Internal audit report, particularly in relation to control the weakness in operating system, etc.

(II) SHARE TRANSFER COMMITTEE-CUM-INVESTORS GRIEVANCE COMMITTEE

The share Transfer committee of the Board was comprised of Mr. M. K. Nath, Mr. S. K. Ghosh and Mr. D. K. Saraf. The share Transfer committee approves the Transfer of Shares, Consolidation/ Sub division of shares, issue of duplicate share certificates and related matters.

The Committee holds periodical meetings for approving requests for Transfer / Transmission of shares and also for issue / splitting of share certificates.

The under noted Table, shows attendance of the members in such meetings.

SL No	Name of Member	Status	No of meetings attended
1	Mr. M. K. Nath	Independent Non Executive Director	5
2	Mr. S. K. Ghosh	– Do –	5
3	Mr. D. K. Saraf	Wholetime Executive Director	5

(III) SHAREHOLDERS' GRIEVANCE COMMITTEE

The Committee was composed of the Independent Non Executive Directors, Mr. S. K. Ghosh and Mr. M. K. Nath. The committee holds periodical meetings for immediate redressal of Shareholders grievances.

The committee met 5 (five) times during the year on 13.05.2011, 18.07.2011, 13.08.2011, 14.11.2011 & 14.02.2012 to dispose of 9 Grievances received from shareholders.

(IV) REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors was composed of two Independent Directors Mr. S.K Ghosh and Mr. M.K Nath, The committee met 2 times during the year on 05.11.2011 and 14.02.2012.

The committee, examined and reviewed the remuneration packages of the senior Executives of the company in comparison to the packages available for equivalent positions in comparative organizations in the market and on the basis of their findings approved the revisions thereof as recommended by the management.

Similarly, the remuneration packages of the Executive Directors of the company were reviewed particularly with reference to the Members' resolution on re-appointment of the C.M.D and ED and recommended revision in their respective pay packages for the year 2011-12 and 2012-13.



RISK MANAGEMENT

At 'ACKNIT' Risk Management Approach has been formalised by effective systems and processes. As a result the risks are adequately balanced by business decisions while ensuring that initiatives taken are duly rewarded by generation of revenue which is consistent with the risks taken. The corporate policy is so designed to provide Risk Standards and Corresponding guidelines for credit, marketing, liquidity, funding etc., while the Risk Management is facilitated through involvement of senior Management for necessary approvals, periodic reviews and other policy measures including mitigation of plans and factors. Thus the end point responsibilities vest with the Senior Management who approves the initiatives and makes a continuous review.

EXECUTIVE DIRECTOR/CFO CERTIFICATION :

The Executive Director and the Chief Financial Officer (CFO) certify that (i) the financial statements and the cash flow statements for the year have been reviewed and to their belief those statements do not contain any untrue statement and it presents a true and fair view of the Company's affairs; (ii) that there are no transaction entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct; (iii) that they accept responsibility for establishing and maintaining Internal Control and that they evaluated the effectiveness of the internal control system of the company; (iv) that they have indicated to the Statutory Auditor and the Audit Committee :

- (a) Significant changes in internal control during the year;
- (b) Significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the Financial Statements;
- (c) Instances of significant fraud, if any, of which they have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system.

SHAREHOLDERS INFORMATION

a. Share Transfer System

Share Transfer Requests valid and complete in all respects are normally processed within 15 days. Power has been delegated to Share Transfer Committee and the Registrar & Share Transfer Agents for expediting Transfers. Valid requests for Dematerialisation of shares are completed within 10 days. The company's shares are compulsorily traded in dematerialized form. The ISIN No. allotted to the company is ISIN No. 326C 01017.

b. Details of Shares Transfers during the Year :-

No. of valid Share Transfer Requests received -	4
No. of Share Transfer Requests processed and registered	4
No. of Share Transferred	1901
No. of Pending Share Transfer Requests as on 31.03.2012	NIL
No. of Shares Demated to NSDL	1,756,017
No. of Shares Demated to CDSL	457,017
No. of Shares Remated	NIL
No. of Complaints remaining unresolved as on 01.04.2011	NIL
No. of complaints received during the year	5
No. of complaints resolved during the year	5
No. of complaints remaining unresolved as on 31.03.2012	Nil

c. Address for Communication :

All communication regarding Share Transfer, change of Address, Nomination etc, should be addressed to the Registrar & Share Transfer Agents at the following Address :-

S.K. Infosolutions (P) Ltd.
34/1 A, Sudhir Chatterjee Street, Kolkata- 700 006.
Phone No.(033) 2219 4815
Email: skckolkata.invcom@gmail.com



Complaints, if any, may also be addressed to the Compliance Officer at the registered office of the company at 817 Krishna, 224 A.J.C Bose Road, Kolkata- 700 017.

Shareholders are advised to correspond with the Registrar & Share Transfer Agents and the company via email to speed up response and to help us to expedite redressal of complaints. They are requested to mention clearly their Folio Nos./DP ID and Client ID and their respective addresses. However, in case of instructions for change of address and/or Transfer and Transmission of Shares, their letters should be signed by the shareholders concerned, otherwise such requests can not be processed.

COMPLIANCE OFFICER

Mr. B. K. Kesan, Chief Financial Officer and General Manager of the company has been designated as the Compliance Officer for the purpose of Listing Agreement. The Shareholders may send their complaints directly to "The Compliance Officer", Acknit Industries Ltd, 817 Krishna, 224, A.J.C Bose Road, Kolkata 700 017 or email to acknit@vsnl.com/calcutta@acknitindia.com or phone to (033) 2287-8293.

MEANS OF COMMUNICATION

1. Quarterly Results are published in one of the prominent business dailies in English and a Local Language Newspaper. The Annual Results are posted to every share holder of the company.
2. Official News Releases are given directly to the Stock Exchanges concerned and then to the press.
3. All Notices of General Shareholders Meetings are posted to every shareholder in due compliance of the provisions of the Companies Act,1956.

CODE OF CONDUCT

Declaration by CEO pursuant to clause 49(1) (D) (11) of the Stock Exchange Listing Agreement.

As Managing Director and CEO (Chief Executive Officer) of Acknit Industries Ltd. and as required by clause 49 (1) (D) (11) of the Listing Agreements, I do hereby declare that all the Board Members and Senior Management personnel of the company have affirmed due compliance with the Company's Code of Business conduct and Ethics during the financial year ending 31.03.2012.

SD/- S. K. Saraf

Chairman-Cum-Managing Director

Date : 14.07.2012

Place : Kolkata

GENERAL BODY MEETINGS :-

The date, time and venue of the Last Three Annual General Meetings are given herein below :

Financial Year	Date	Venue	Time
2008-2009	24.09.2009	GYAN MUNCH 11, Pretoria Street Kolkata – 700 071	10.30 a.m.
2009-2010	20.09.2010	- Do -	10.30 a.m.
2010-2011	19.09.2011	- Do -	10.30 a.m.

No Special Resolution was proposed in the Last AGM. No special Resolution requiring a postal ballot is being proposed for the enlisting AGM.

**DIRECTORS REMUNERATION**

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

NAME OF DIRECTOR	SALARY	PERQUISITES	SITTING FEES	TOTAL
Mr. S. K. Saraf (CMD)	₹ 1,612,800	NIL	NIL	₹ 1,612,800
Mr. D. K. Saraf (Exe.Dir)	₹ 1,344,000	NIL	NIL	₹ 1,344,000
Mr. M K Nath (Ind. Dir.)	NIL	NIL	₹ 24,000	₹ 24,000
Mr. S. K. Ghosh (Ind. Dir.)	NIL	NIL	₹ 24,000	₹ 24,000

GENERAL SHAREHOLDERS INFORMATION :**1. ANNUAL GENERAL MEETINGS**

22nd Annual General Meeting of the shareholders will be held at “Kala Kunj”, 48 Shakespeare Sarani, Kolkata – 700 017, on Tuesday, the 25th September 2012 at 3.00 p.m.

2. FINANCIAL CALAENDAR

The financial year of the company is April to March, every year. Un-audited Financial Results are drawn and published on a quarterly basis in the month following the end of the respective quarters.

3. BOOK CLOSURE

In terms of the provisions under Sec.154 of the Companies Act, 1956 the share transfer Books and the Register of Member shall remain closed from 18.09.2012 to 25.09.2012 (both days inclusive) to ascertain members entitled to dividend, if declared in the AGM.

4. LISTING OF SHARES

The shares of the Company continue to be listed on the Stock Exchanges at Mumbai and Calcutta. The Company is regular in payment of the Listing Fees to the Exchanges. The Security code of the Company's shares on those exchanges are : **BSE:530043, CSE:10011078.**

The shares of the Company are permitted to be traded only in dematerialized mode in NSDL & CDSL with effect from 24.11.2000 **ISIN No. is INE 326C01017.**

DIVIDEND HISTORY

The Company always maintained a commendable dividend paying records since the commencement of its commercial production. The rates of Dividend paid during last 7 years are :-

Year	Rate of Dividend	Amount Disbursed
2004-2005	20%	₹ 50.40 Lacs
2005-2006	20%	₹ 50.40 Lacs
2006-2007	20%	₹ 50.40 Lacs
2007-2008	20%	₹ 50.40 Lacs
2008-2009	15%	₹ 37.80 Lacs
2009-2010	15%	₹ 37.80 Lacs
2010-2011	15%	₹ 37.80 Lacs

**DISTRIBUTION OF SHARE HOLDINGS AS ON 31.03.2012**

Range of Shares	No. of holders	%	No. of Shares	%
1 to 500	821	77.38	142313	5.65
501 to 1000	118	11.12	94846	3.76
1001 to 2000	56	5.28	81735	3.24
2001 to 3000	15	1.41	38661	1.53
3001 to 4000	10	0.94	35174	1.40
4001 to 5000	9	0.85	42283	1.68
5001 to 10,000	8	0.75	56219	2.23
10,001 to 50,000	12	1.13	279523	11.10
50,001 to 1,00,000	2	0.20	151970	6.03
1,00,001 to above	10	0.94	1597276	63.38
Grand Total	1061	100.00	2520000	100.00

STOCK MARKET DATA

The shares of the Company are regularly traded on the BSE whereas trading on CSE is not regular. The Annual data for Trading on BSE are given below :-

Month	Month's High	Month's Low	Volume
Apr'11	31.80	26.30	6,117
May'11	31.70	25.20	5,720
Jun'11	31.70	25.60	15,327
Jul'11	30.00	25.25	5,532
Aug'11	28.40	24.00	2,597
Sep'11	30.15	24.30	10,632
Oct'11	31.25	26.30	667
Nov'11	30.95	24.00	4,734
Dec'11	27.45	22.35	9,523
Jan'12	26.90	21.90	1,814
Feb'12	26.70	23.10	36,910
Mar'12	29.30	23.50	55,364

Shareholding Pattern as on 31.03.2012

CATEGORY	NO. OF SHARES	PERCENTAGE OF TOTAL
Promoter Group		
Indian Promoters	746,290	29.61
Persons Acting in concert	422,059	16.75
Foreign Promoters	—	—
Total : Promoter Group	1,168,349	46.36
Non Promoter Group		
NRI/OCB	28,146	1.12
Other Bodies Corporate	645,329	25.61
Resident Individual	678,176	26.91
Institutional Investors (Bank)	—	—
Total : Non-Promoters Group	1,351,651	53.64
Grand Total	25,20,000	100.00

**DISCLOSURES**

- (a) Details of Transactions with any of the related parties as specified in Accounting Standard 18 (AS-18) issued by the Institute of Chartered Accountants of India have been reported in the 'Notes to the financial statements'. There was no transaction of material nature with any of the related party which was in conflict with the interest of the company.
- (b) There was no non-compliance, penalties or strictures imposed on the company by any Stock Exchange, SEBI or other Statutory Authority on matters related to capital Market during the last three (3) years.
- (c) Management Discussion and Analysis Report forms part of Director's Report.
- (d) No representation was made to Institutional Investors and Analysts during the year.
- (e) The company does not have any subsidiary.
- (f) There had been no Public issue, Right issue or other public offerings during the last ten (10) years. The company has not issued any GDRs/ADRs or any convertible instrument.
- (g) Plant Locations of the company are given hereunder :
 - I. Faltal Special Economic Zone-Sector I, 24 Parganas (S) W.B.
 - II. Faltal Special Economic Zone-Sector II, 24 Parganas (S) W.B.
 - III. Ganganagar, Madhyamgram, 24 Parganas (N) W.B.
 - IV. 16/B Methopara, Ganganagar, 24 Parganas (N) W.B.

Significant Information

The demand for traditional Knitted items have reached a saturation point due to severe competition from other Low cost Asian Countries. However, by installation of most sophisticated Machineries & production processes, the company could reduce its cost of production which resulted in increasing its competitiveness. The company has shifted its attention to the alternate market for coated gloves, leather items which is still open for further expansions.

Related Party Discloses as required under Accounting Standards (AS 18) issued by the institute of Chartered Accountants of India :-

- I. *Associate Companies / Firms*
 1. Acme Safetywears Ltd.
 2. Saraf Capital Markets Ltd.
- II. *Enterprises in which key Management personnel have significant influence :-*
 1. Rosinate (India) Company.
 2. Prince Vanijya (P) Ltd.
- III. *Key Management Personnel :*
 1. Sri Shri Krishan Saraf – Chairman-cum-Managing Director
 2. Sri Deo Kishan Saraf – Whole time Executive Director

Relatives of Key Management Personnel :

 1. Sri Abhishek Saraf
 2. Sri Aditya Saraf



ANNEXURE : C

Statement pursuant to Section 217 (1)(e) of the Companies Act, 1956, read with the Company (Disclosure of Particulars in the report of Board of Directors) Rules 1988**(i) Conservation of Energy :-**

The Company accords great importance to conservation of energy. The main focuses of the Company during the year were :-

- a. Close monitoring on consumption of electricity, diesel and water;
- b. Optimisation on electricity consumption by equipment modification and replacement process modification;
- c. Achieving power factor standards nearing unity in all units;
- d. Total energy consumption and energy consumption per unit of productions - Form 'A' enclosed.

(ii) Technology absorption : as per Form 'B'**A. Research and Development (R & D)**

Separate account of R & D expenditure is not maintained. The expenses are merged into relevant heads of expenditure. The Company's Research & Development wing is fully geared to absorb and innovate & tie up Imported Technology on a continuing basis. The R & D wing has continually developed various customer friendly product ranges and has set up performance Testing mechanism to generate various parameters required by customers.

(iii) FOREIGN EXCHANGE EARNINGS & OUTGO

Promising Foreign Exchange Reserves of the Country, with a moderate inflation rate and encouraging GDP growth rates during the last couple of years, have presented a unique atmosphere of increased business activities. Your Company is well positioned to take advantage of opportunities and continued to maintain its pace of progression. The company is engaged in 100% export oriented manufacturing activities, and is continuing its effort to increasing support to the country's forex Reserves by exploring, creating and developing new markets.

	<u>(` in Lacs)</u>	
	2011-12	2010-11
Earning (on FOB Basis)	6,932.62	5,139.38
Outgo	1,614.88	1,075.02

Form A

(Form of disclosure of particulars with respect to Conservation of Energy)

POWER & FUEL CONSUMPTION

	2011-12	2010-11
1) Electricity		
a) Purchased Unit (Kwh in Lacs)	13.74	11.76
Total Amount (Rs. in Lacs)	88.21	74.51
Average Rate per unit Rs.	6.42	6.34
Through diesel generator units (lakh kwh)	N.A.	N.A.
Unit per ltr. of Diesel oil (kwh) cost /unit (lakh kwh)	NIL	NIL
Through steam turbine / generator units (lakh kwh)	NIL	NIL
Unit per ltr. of LD oil (kwh) cost/unit (lakh kwh)	NIL	NIL

**CONSUMPTION PER UNIT OF PRODUCTION PER DOZ PAIRS**

	2011-12	2010-11
Electricity	0.94 kwh	0.89 kwh
Coal	NIL	NIL
Furnace Oil	NIL	NIL
Light Diesel Oil	NIL	NIL
Others	NIL	NIL

Form - B

(Form of disclosure of particulars with respect to Technology Absorption)

1. Specific areas in which R & D carried out by the Company	NIL	NIL
2. Benefit derived as a result of the above R & D	NIL	NIL
3. Future Plan of action	NIL	NIL
4. Expenditure on R & D		
Capital	NIL	NIL
Recurring	NIL	NIL
Total	NIL	NIL
Total R & D expenditure as % of total turnover	N.A.	N.A

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- Mordernisation and expansion of Product range to meet the growing market needs
- Upgradation of existing products and process by adopting most appropriate options available.
- Keeping abreast with new emerging technologies with long term potential

Obtained certification under ISO 9001 : 2008

Benefits : Launching new products has improved the Company's positive position in the market.

Introduction of new designs and material has also yielded significant cost savings.

ANNEXURE : D
COMPLIANCE CERTIFICATE
(u/s 383A of the Companies Act, 1956)

To
The Members of
ACKNIT INDUSTRIES LTD.
817, Krishna
224, AJC Bose Road
Kolkata-700 017

CIN: L01113WB1990PLC050020
Paid-up capital : ` 25,200,000/-

I have examined the registers, records, books and papers of **Acknit Industries Ltd.** as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify the following clauses as set out in Form specified under the Companies (Compliance Certificate) Rules, 2001 to the extent relevant to the said Company in respect of the aforesaid financial year :



1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, which were required to be filed with the Registrar of Companies generally within the time prescribed under the Act and the rules made there under.
3. The Company being a public Limited Company has the minimum prescribed paid up capital.
4. The Board of Directors duly met 6 (six) times on 13.05.2011, 18.07.2011, 13.08.2011, 05.11.2011, 14.11.2011 & 14.02.2012 during the year 2011-12 in respect of which meetings, proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. Resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
5. The company has closed its register of Members from 13.09.2011 to 19.09.2011 (both days inclusive) during the financial year under scrutiny.
6. The Annual General Meeting for the Financial year ended on 31st March,2011 was held on 19th September,2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose;
7. No extra ordinary general meeting was held during the year.
8. No loan of the nature specified in section 295 of the Companies Act, 1956 was made; hence no comments are required on the compliance of the provisions of the said section.
9. The company has duly complied with the provisions of section 297 of the Companies Act,1956 in respect of the contracts specified in that section.
10. The Company has made necessary entries in the register maintained u/s 301 of the Act.
11. The Company was not required to obtain any approval of the Members (pursuant to section 314 of the Act).
12. No duplicate share certificates were issued by the Company during year.
13. The Company has :
 - (i) received no cases for allotment/transfer/transmission of securities during the financial year.
 - (ii) deposited the amount of dividend declared including interim dividend in separate bank account on 23rd September,2011 which is within 5 working days from the date of declaration of such dividend.
 - (iii) paid/posted warrants for dividend to all the members within a period of 30 days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to unpaid dividend account of the Company with HDFC Bank on 19th October,2011.
 - (iv) transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unpaid/unclaimed for a period of 7 years to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of section 217 of the Act;
14. The Board of Directors of the Company is duly constituted and the appointments of directors have been duly made. No new appointments of any nature have been made.
15. The Company has made appointment of Managing Director/Whole-time Director/Manager in compliance with the provisions of section 269 read with Schedule XIII.
16. No appointment of sole-selling agents was made by the company.



17. The Company was not required to obtain any specific approval of the Central Government, Company Law Board, Regional Director, Registrar or any other authorities as may be prescribed under any of the provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under and necessary entries have been made in the register maintained for the purpose.
19. The company has not issued any shares, debentures or other securities during the Financial Year.
20. The Company has not bought back any shares during the financial year ending 31st March 2012.
21. The Company does not have any issued preference shares or debentures in its capital structure.
22. The Company was not required to keep in abeyance any rights to dividend, rights shares and bonus shares (no bonus or right issue was made by the company during the year under consideration).
23. The company has not accepted any deposits as contemplated u/s 58A and 58AA and as such was not required to comply with the provisions of said section read with Companies (Acceptance of Deposit) Rules, 1975/the applicable directions issued by the Reserve Bank of India/any other authority in respect of deposits accepted including unsecured loans taken, or raised by a company.
24. The amount amount borrowed by the Company during the financial year ending 31st March, 2012 does not exceed the borrowing limits of the directors under the provisions of section 293(1)(d) of the Act.
25. The Company has maintained the register of loans and investments made, guarantees given or securities provided as required under section 372A of the Companies Act, 1956.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. As per information furnished and explanation given to me, no prosecution was initiated against or show cause notice received by the company for any alleged offence under the Act and also no fines and/or penalties or any other punishment were imposed on the company during the year.
32. The company has not received any amount as security from its employees during the year under certification requiring deposit as per provisions of section 417(1) of the Act;
33. The Company has deposited both employee's and employer's contribution to provident fund with prescribed authorities pursuant to section 418 of the Act.

Place : Kolkata

Date : The 18th day of Aug 2012

RAJARSHI GHOSH

Company Secretary in Practice

C.P. No. 8921

**ANNEXURE 'A' of Compliance Certificate****Registers as maintained by the Company**

1. Register & Index of Members u/s 150/ 151.
2. Register of directors etc u/s 303.
3. Register of disclosure u/s 301(3) read with section 299.
4. Register of directors' shareholdings u/s 307.
5. Register of Application & Allotment
6. Minutes books for minutes of meetings of the Board & shareholders, separately.
7. Register of Contracts u/s 301.
8. Register of Charges u/s 143.
9. Books of Accounts u/s 209

Annexure 'B' of Compliance Certificate**ANNEXURE 'B'**

Form and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2012.

S. No.	Form No. / Return	Filed under section	Purpose	Date of Filing	Whether filed within prescribed time	If delay in filling whether requisite additional fee paid (Yes / No)
1.	20B	159	For AGM held on 19.09.2011	18.11.2011	Yes	N.A.
2.	23AC/ACA	220	For the Financial Year 2010-2011	30.12.2011	Yes	N.A.
3.	66	383A	For the year ended 31.03.2011	18.10.2011	Yes	N.A.

Managing Director and Chief Financial Officer (CFO) Certification

We, S. K.Saraf, Chairman-Cum-Managing Director and Bishnu Kumar Kesan, Chief Financial Officer of Acknit Industries Limited, do hereby certify that :-

- i) We have reviewed the Balance Sheet of the Company as at 31st March, 2012, the Statement of Profit & Loss and Notes to the financial statements as well as the Cash Flow Statements and Directors Report for the year ended on that date and to the best of our knowledge and belief ;



- a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws & regulations.
- ii) To the best of our knowledge and belief, no transactions entered into by the company during the year, are fraudulent, illegal or violative of the company's code of conduct;
- iii) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- iv) a) There has not been any significant change in internal control over financial reporting during the year under reference.
- b) There has not been any significant change in accounting policies during the year required disclosures in the notes to the financial statements.
- c) We are not aware of any instance of significant fraud during the year with involvement there in of the management or any employees who have significant role in the companies internal control system over financial reporting.
- v) We further declare that all Board members and senior management personnel have affirmed compliance with the code of conduct (since its adoption) during the year under review.

For **Acknit Industries Limited**

S. K. Saraf

Chairman-Cum-Managing Director

Bishnu Kumar Kesan

Chief Financial Officer

Place : Kolkata

Date : The 22nd day of August, 2012

**AUDITORS' REPORT****To The Members of M/s. ACKNIT INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of M/s. Acknit Industries Limited as at 31st March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this report comply with the accounting standards referred to sub-section (3C) of section 211 of the Companies Act, 1956; subject to notes given herein under.
 - e) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of Sub - section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our informations and according to the explanation given to us, the said accounts, read in conjunction with the significant accounting polices and notes on accounts along with other schedules, give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012 ;
 - (ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

R. K. Bajaj & Co.
Chartered Accountants
(Firm Regn. No. 314140E)

R. K. Bajaj
Proprietor
Membership No. 051715

Place : Kolkata
Date : The 22nd day of August, 2012

**Annexure to the Auditors' Report to the Members of Acknit Industries Limited**

[Referred to in paragraph (3) thereof.]

- I. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical inventory were noticed.
- (c) During the year, in our opinion the company has not disposed of a substantial part of the fixed assets. According to the information and explanations given to us, we are of the opinion that the withdrawal of the fixed assets has not affected the going concern status of the company.
- II. (a) The inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the company and nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the company.
- III. (a) The company has granted unsecured loans to one Body Corporate covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year aggregate to ₹ 11,006,880/-
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been granted to the company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) According to information and explanations given to us, the loan as aforesaid was repayable on demand and Body Corporate is regular in payment of Principal amount and interest as and when demanded by the company.
- (d) According to information and explanations given to us, there is no overdue amount of loans and interest granted to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The company has taken unsecured loan from two companies covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved in the transaction is ₹ 30,000,000/-.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been received from the company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (g) According to information and explanations given to us, there is no overdue amount of loans and interest received from the companies listed in the register maintained under section 301 of the Companies Act, 1956.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business



for the purchase of inventory, fixed assets and for the sale of goods and services. Further on the basis of our examination, and according to the information and explanation given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.

- V. (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us and excluding certain transactions of purchases/sale of goods and materials of special nature for which alternate quotations are not available, in our opinion, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time.
- VI. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year covered by our audit report and therefore the provision of section 58A & 58AA or any other relevant provision of the Companies Act, 1956 and Rules there under are not applicable to the company.
- VII. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- VIII. To the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the products of the company.
- IX. (a) According to the information and explanations given to us, and according to the books and records as produced and examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including provident fund, Investors Education Protection Fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the company examined by us the particulars of dues at income tax, sales tax, wealth tax, service tax, customs duty, excise duty and the Cess as at 31.03.2012 which have not been deposited on accounts of dispute are as follows :

Name of the Statute	Nature of the dues	Amount (in `)	Period to which the amount relates	Forum where pending
West Bengal Sales Tax Act, 1994.	Sales Tax	13,200	Year 1996-1997	Assistant Commissioner, Commercial Taxes, Kolkata South Circle
West Bengal Value Added Tax Act, 2003	VAT	7,505,444	Year 2006-2007	Joint Commissioner, Sales Taxes, Kolkata South Circle
Central Sales Tax Act, 1956	CST	37,044,059	Year 2006-2007	Joint Commissioner, Sales Tax, Kolkata South Circle
West Bengal Value Added Tax Act, 2003	VAT	807,300	Year 2007-2008	West Bengal Commercial Taxes, Appellate & Revisional Board



Name of the Statute	Nature of the dues	Amount (in `)	Period to which the amount relates	Forum where pending
West Bengal Value Added Tax Act, 2003	VAT	51,988,671	Year 2008-2009	Joint Commissioner, Sales Tax, Kolkata South Circle
Central Sales Tax Act, 1956	CST	3,02,39,468	Year 2008-2009	Joint Commissioner, Sales Tax, Kolkata South Circle

- X. The company does not have accumulated losses as at 31st March 2012 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- XI. According to information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution, bank during the year.
- XII. According to information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The Provision of any special statute applicable to chit fund/ nidhi /mutual benefit fund/societies are not applicable to the company.
- XIV. In our opinion and according to the information and explanations given to us, the company has maintained proper records of transaction and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made there in. All shares, debentures & other investments have been held by the company in its own name.
- XV. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by other from banks and financial institution.
- XVI. In our opinion, the term loans have been applied for the purpose for which they were raised.
- XVII. According to the information and explanations given to us and on overall examinations of Balance Sheet of the company, in our opinion there are no funds raised on short-term basis which have been used for long-term investments.
- XVIII. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the Year.
- XIX. As the company has no debenture outstanding at any time during the year, paragraph (xix) of the Order is not applicable to the company.
- XX. The company has not raised any money by public issue during the year.
- XXI. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been notified or reported during the course of our audit.

R. K. Bajaj & Co.
Chartered Accountants
(Firm Regn. No. 314140E)

R. K. Bajaj
Proprietor
Membership No. 051715

Place : Kolkata
Date : The 22nd day of August, 2012



Statement of Accounts



BALANCE SHEET AS AT MARCH 31, 2012

Amount in `

	Notes	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	27,577,000	27,577,000
Reserves and surplus	3	187,827,656	177,386,726
		<u>215,404,656</u>	<u>204,963,726</u>
Non-Current Liabilities			
Long-term borrowings	4	79,783,296	63,729,000
Deferred tax liabilities (net)	5	23,352,400	23,182,400
		<u>103,135,696</u>	<u>86,911,400</u>
Current Liabilities			
Short-term borrowings	6	242,463,872	214,577,544
Trade payables	7	70,994,428	61,738,618
Other current liabilities	8	44,449,514	37,065,913
Short-term provisions	9	4,393,211	4,393,211
		<u>362,301,025</u>	<u>317,775,286</u>
TOTAL		<u>680,841,377</u>	<u>609,650,412</u>
ASSETS			
Non-Current Assets			
Fixed Assets	10		
Tangible assets		198,594,891	179,888,584
Intangible assets		117,606	160,417
Capital work-in-progress		1,579,098	–
Non-current investments	11	1,066,137	2,066,137
Long-term loans and advances	12	6,761,591	6,374,035
Other non-current assets	13	833,058	938,751
		<u>208,952,381</u>	<u>189,427,924</u>
Current Assets			
Current investments	14	2,235,956	–
Inventories	15	208,730,756	179,918,879
Trade receivables	16	141,317,571	107,311,719
Cash and bank balances	17	9,496,948	7,832,254
Short-term loans and advances	18	107,917,766	124,276,613
Other current assets	19	2,189,999	883,023
		<u>471,888,996</u>	<u>420,222,488</u>
TOTAL		<u>680,841,377</u>	<u>609,650,412</u>

The accompanying notes 1 - 39 are an integral part of the financial statements
As per our report of even date

For **R. K. Bajaj & Co.**
Chartered Accountants
(Firm Regn. No. 314140E)

R. K. BAJAJ
Proprietor

Membership No. 051715
40/5, Strand Road, Kolkata - 700 001
Dated : The 22nd day of August 2012

Shri Krishan Saraf
Chairman cum Managing Director

For & on behalf of the Board
Deo Kishan Saraf
Director

Samir Kumar Ghosh
Director
Bishnu Kumar Kesan
Chief Financial Officer



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

		<u>For the year ended</u> <u>31.03.2012</u>	<u>For the year ended</u> <u>31.03.2011</u>
Amount in `			
	Notes		
INCOME			
Gross Revenue From Sale of products		839,390,606	603,942,306
Less : Excise Duty / Customs Duty		15,016,885	3,775,617
Net Revenue from sale of products		824,373,721	600,166,689
Other operating revenue		66,040,163	50,124,792
Revenue From Operations	20	890,413,884	650,291,481
Other Income	21	2,251,965	17,121,308
TOTAL REVENUE		892,665,849	667,412,789
EXPENSES			
Cost of raw materials Consumed	22	610,302,165	444,266,623
Purchase of stock-in-trade	23	2,402,155	3,648,392
Changes in inventories of finished goods, work in progress and stock-in-trade	24	(9,111,372)	(21,498,629)
Employee benefits expense	25	18,282,707	16,659,964
Finance Costs	26	29,748,828	25,947,666
Depreciation and amortisation expense	10	16,149,597	15,384,422
Other expenses	27	202,787,628	163,193,894
TOTAL EXPENSES		870,561,708	647,602,332
Profit before Exceptional Item and Tax		22,104,141	19,810,457
Exceptional Items	28	-	(2,941,827)
PROFIT BEFORE TAX		22,104,141	16,868,630
Tax Expense :			
Current tax	29	7,100,000	4,029,527
Deferred tax		170,000	(1,946,900)
PROFIT FOR THE YEAR		14,834,141	14,786,003
Earnings Per Share (Face Value ` 10/- each) Basic and Diluted	30	5.89	5.87

The accompanying notes 1 - 39 are an integral part of the financial statements
As per our report of even date

For **R. K. Bajaj & Co.**
Chartered Accountants
(Firm Regn. No. 314140E)

R. K. BAJAJ

Proprietor

Membership No. 051715

40/5, Strand Road, Kolkata - 700 001

Dated : The 22nd day of August 2012

Shri Krishan Saraf
Chairman cum Managing Director

For & on behalf of the Board
Deo Kishan Saraf
Director

Samir Kumar Ghosh
Director

Bishnu Kumar Kesan
Chief Financial Officer



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	For the year ended 31.03.2012	For the year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & extra ordinary items	22,104,141	19,810,457
Adjustment for :		
Depreciation and amortisation expense	16,149,597	15,384,422
Withdrawal of assets on account of fire	-	15,133,902
Finance costs	29,748,828	25,947,666
Interest income	(722,142)	(328,991)
Dividend income from long term investments	(16,250)	(122,500)
(Profit)/Loss on sale of Fixed Assets/Assets Discarded	116,047	(62,000)
Net (gain) / loss on sale of current investment	(310,687)	214
Net gain on sale of long term investments	-	(2,094,773)
Operating profit before working capital changes	67,069,534	73,668,397
Adjustments for changes in working capital		
Trade receivables, loans and advances and other assets	(28,937,512)	(62,226,670)
Inventories	(28,811,877)	(11,196,147)
Trade payables, other liabilities and provisions	12,775,560	2,800,082
Cash generated from operations	22,095,705	3,045,662
Tax paid (including TDS) (net)	(7,048,126)	(4,322,667)
Net Cash before extraordinary items	15,047,579	(1,277,005)
Loss incurred on account of fire	-	(2,941,827)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES (A)	15,047,579	(4,218,832)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(36,628,238)	(22,937,307)
Sale of fixed assets	120,000	62,000
Sale/(Purchase) of Investments	(1,235,956)	6,068,400
Intercorporate deposits	9,989,839	(12,506,880)
Payables for capital goods	(460,408)	(1,744,078)
Movement in loans and advances	(281,863)	349,660
Interest received	666,447	280,637
Profit / (loss) on sale of investments & dividend	326,937	2,217,059
NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)	(27,503,242)	(28,210,509)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Short term secured loan	27,886,328	32,023,990
Short term unsecured loan	-	2,500,000
Proceeds from unsecured loan	22,000,000	48,000,000
Repayment of long term loan	(4,494,760)	(17,782,473)
Interest and financing charges	(26,867,551)	(22,582,239)
Dividend & dividend tax paid	(4,401,173)	(4,400,406)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES (C)	14,122,844	37,758,872
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	1,667,181	5,329,531
Cash & Cash Equivalents at the beginning of the year	6,942,850	1,613,319
Cash & Cash Equivalents at the end of the year	8,610,031	6,942,850
Notes to cash flow statement for the year ended March 31, 2012		
1. Cash and cash equivalents include the following balance sheet amounts		
Cash on hand	793,356	891,468
Cheques on hand	-	134,378
Balances with banks		
- In Current Accounts	3,537,375	1,776,304
- In Deposit Accounts	4,279,300	4,140,700
	8,610,031	6,942,850

As per our report of even date

For **R. K. Bajaj & Co.**
Chartered Accountants
(Firm Regn. No. 314140E)

R. K. BAJAJ

Proprietor

Membership No. 051715

40/5, Strand Road, Kolkata - 700 001

Dated : The 22nd day of August 2012

Shri Krishan Saraf
Chairman cum Managing Director

For & on behalf of the Board
Deo Kishan Saraf
Director

Samir Kumar Ghosh
Director

Bishnu Kumar Kesan
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

Acknit Industries Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in manufacturing and selling of Industrial Hand Gloves, Garments and Safety wears.

The company was first amongst the various units producing safety gloves in India. Because of approved international quality standards and its comparatively competitive sales price, the products of the company were accepted immediately in the European market.

Over the years the company has grown in its operation which has been multiplied continuously and in the process the company has diversified its products from gloves to garments and safety wears.

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

Basis of Accounting

The financial statements have been generally prepared under the historical cost convention on an accrual basis except in case of assets for which provisions for impairment is made and revaluation is carried out. Wherever it is not possible to determine the quantum of accrual with reasonable certainty, e.g. insurance and other claims, etc. are accounted for on settlement basis.

All assets and liabilities have been classified as current or, non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Use of Estimates

The preparation of the financial statements in conformity with the GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

Fixed Assets and Impairment Losses

Fixed assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, inward freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/installation stage.

Gains/losses arising on Foreign exchange liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets.

The cost of and the accumulated depreciation for fixed assets sold are removed from the stated value and the resulting gains and losses are included in the Statement of Profit and Loss.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal /external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

A previously recognized impairment loss is increased or reversed depending on the changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging useful depreciation if there was no impairment.

To calculate depreciation on Fixed Assets, Tangible and Intangible, in a manner that amortizes the cost of the assets after commissioning, over their estimated useful lives or, where specified, lives based on the rates specified in schedule XIV of the Companies Act, 1956, whichever is lower.

Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments.



NOTES TO THE FINANCIAL STATEMENTS

Long term investments are valued at cost. Current investments are valued at lower of cost and fair value as on the date of the Balance Sheet. The Company provides for diminution in value of investments, other than temporary in nature.

Valuation of Inventories

Inventories are valued as follows :

Raw materials, components, stores and spares and Packing material

Lower of cost and net realizable value. However materials and other items held for use in the production of Inventories are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on FIFO basis and includes cost incurred in bringing the material to its present location and condition.

Work-in –progress & Finished goods

Lower of cost and net realizable value. Cost includes direct material and Labour and a proportion of manufacturing overheads based on normal operating capacity. The company accrues for excise duty liability in respect of stock of finished goods lying at works.

Revenue Recognition

Revenue from business and other activities consist primarily of revenue earned on a “time and material” basis. The related revenue is recognized as and when the material supplied/services performed. Sales are recognized inclusive of duty if any but net of sales tax. Export Incentives are accounted on accrual basis and include estimated realizable value/ benefits from Duty Free Import Authorization Scheme (DFIA), Focus Product Scheme and Focus Market Scheme.

Sales & Export Incentives

Sales are recognized, net of return, on dispatch of goods to customers and are reflected in the accounts at gross realizable value net of taxes but inclusive of excise/ customs duties.

Export incentives are accounted on accrual basis and include estimated realizable value / benefits from Duty Free Import Authorization Scheme (DFIA), DEPB, Focus Product Scheme and Focus Market Scheme.

Investment Income

To account for income from investments on an accrual basis, inclusive of related tax deducted at source. To account for income from dividends when the right to receive such dividends is established.

Employee Benefits

The Employee benefits are provided in accordance with revised AS 15 and are dealt in the following manner.

- (i) Contribution to Provident Fund and other Funds are accounted on accrual basis.
- (ii) Gratuity Liability is determined by actuarial valuation done at the end of the year and the current year charge is debited in the Statement of Profit and Loss.

Foreign Currency Transaction

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss arising out of fluctuations in the exchange rate are recognized in the Statement of Profit and Loss in the period in which they arise, except in respect of fixed assets where exchange variance is adjusted in the carrying amount of respective fixed assets.

To account for differences between the forward exchange rates and the exchanges rates at the date of transactions as income or expense over the life of the contracts.

To account for profit / loss arising on cancellation or renewal of forward exchange contracts as income / expenses for the period.

To recognize the net mark to market losses in the Statement of Profit and Loss on the outstanding portfolio of forwards as at the Balance Sheet date and to ignore the net gain if any.

Taxes on Income

To provide & determine current tax as the amount of tax payable in respect of taxable income for the period, measured using the tax rates and tax laws.

**NOTES TO THE FINANCIAL STATEMENTS**

To provide and recognize deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Not to recognize deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

Insurance Claims

Insurance claims in respect of loss of assets are accounted for on intimation to the insurer at the value persists on the date of fire. Policy deductibles, surplus or deficit, if any, shall be accounted for when the claim is finally settled by the insurer and such income / expenditure, if any, shall be the income / expenditure of the year in which such claim is settled by the insurer.

Other Claims :

Other claims including Quality Claim on Exports are accounted for on the basis of determination / admission of outflow of resources required to settle the obligations.

Provisions, Contingent Liabilities and Contingent Assets

A Provision is recognized when an estimate has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjust to reflect the current management estimates.

Contingent liabilities, if material, are disclosed by way of notes to accounts. Contingent assets are not recognized or disclosed in the financial statements

Segment Reporting policies

The Company's operating business are generally organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the location of the units wherever required.

	As at 31.03.2012		As at 31.03.2011	
	Numbers	Amount (`)	Numbers	Amount (`)
2. SHARE CAPITAL				
Authorised				
Equity Shares of ` 10/- each	12,000,000	120,000,000	12,000,000	120,000,000
	12,000,000	120,000,000	12,000,000	120,000,000
Issued and Subscribed				
Equity Shares of ` 10/- each fully paid	3,000,000	30,000,000	3,000,000	30,000,000
	3,000,000	30,000,000	3,000,000	30,000,000
Paid-up				
Equity Shares of ` 10/- each fully paid	2,520,000	25,200,000	2,520,000	25,200,000
Add : Shares Forfeited	–	2,377,000	–	2,377,000
TOTAL	2,520,000	27,577,000	2,520,000	27,577,000

a) 4,80,000 Equity shares of ` 10/- each forfeited in terms of Board resolution during 1998-99.

**NOTES TO THE FINANCIAL STATEMENTS**

b) Reconciliation of the number of Shares outstanding.

	As at 31.03.2012		As at 31.03.2011	
	Numbers	Amount (₹)	Numbers	Amount (₹)
Equity Share				
At the beginning of the year	2,520,000	25,200,000	2,520,000	25,200,000
Issued during the year	—	—	—	—
At the end of the year	2,520,000	25,200,000	2,520,000	25,200,000

c) Shareholders' holding more than 5% shares of the Company :

	As at 31.03.2012		As at 31.03.2011	
	Numbers	%	Numbers	%
1. Shri Krishan Saraf	381,458	15.14	381,458	15.14
2. Deo Kishan Saraf	364,832	14.48	364,832	14.48
3. Kusum Saraf	158,150	6.28	158,150	6.28
4. PBS Investment Pvt. Ltd.	149,900	5.95	149,900	5.95
5. Ritula Saraf	147,696	5.86	147,696	5.86
6. Pavi Investment Pvt. Ltd.	—	—	146,100	5.80

d) Rights, Preference and Restriction attached to Shares

The company has one class of Equity Shares having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

	As at	Amount in ₹
	31.03.2012	As at 31.03.2011
3. RESERVES & SURPLUS		
a) Capital Reserve		
At the beginning and at the end of the year	2,065,344	2,065,344
b) Securities Premium Account		
At the beginning and at the end of the year	12,288,500	12,288,500
c) General Reserve		
At the beginning of the year	151,000,000	143,000,000
Add : Transfer from Surplus in Statement of Profit and Loss	10,000,000	8,000,000
At the end of the year	161,000,000	151,000,000
d) Surplus/(Deficit) in Statement of Profit and Loss		
At the beginning of the year	12,032,882	9,640,090
Add : Profit during the year	14,834,141	14,786,003
Less : Appropriations		
Proposed dividend	3,780,000	3,780,000
Tax on proposed dividend	613,211	613,211
Transfer to general reserve	10,000,000	8,000,000
At the end of the year	12,473,812	12,032,882
TOTAL (a+b+c+d)	187,827,656	177,386,726



NOTES TO THE FINANCIAL STATEMENTS

4. LONG TERM BORROWINGS

	As at 31.03.2012	Amount in ` As at 31.03.2011
A. SECURED		
Term Loans		
Rupee Loan		
- From Banks	708,296	1,466,000
- From Financial Institution	9,075,000	14,263,000
Total	9,783,296	15,729,000
B. UNSECURED		
Rupee Loan		
- From Others	70,000,000	48,000,000
Total	70,000,000	48,000,000
TOTAL (A +B)	79,783,296	63,729,000

a) Secured Loans are covered by :

From Bank :

1. Primary charge on plant & machinery and equipment acquired at Falta & Ganganagar Unit.
2. Extension of equitable mortgage of Company's leasehold land and factory premises at Shed No. 2, Southern side, Falta Export Processing Zone, West Bengal.
3. Extension of equitable mortgage of Company's Land at Ganganagar Unit.

From Financial Institution

1. Term Loan, including current maturities, from financial institution is secured by way of both immovable and moveable assets / properties, both existing & future pertaining to the Project, Personal guarantee of Directors, PDC.

b) Repayment Terms of outstanding long term borrowings (including current maturities) as on March 31, 2012:-

The Scheduled maturity of the Long-term borrowings is summarised as under:

	As at 31.03.2012		Amount in ` As at 31.03.2011	
	Bank	Financial Inst.	Bank	Financial Inst.
TERM LOAN				
Borrowings Repayable				
In the first year (Note 8)	4,282,264	5,188,000	2,831,320	5,188,000
Current maturities of long-term debt	4,282,264	5,188,000	2,831,320	5,188,000
In the second year	708,296	5,188,000	1,466,000	5,188,000
In the third year	-	3,887,000	-	5,188,000
In the fourth year	-	-	-	3,887,000
Long Term Borrowings	708,296	9,075,000	1,466,000	14,263,000

c) Period of Continuing Default

There is no continuing default in repayment of Long Term Borrowings.

	As at 31.03.2012	Amount in ` As at 31.03.2011
d) Unsecured Loan from Others includes		
i) Related party (bearing interest)	10,000,000	-
ii) Intercorporates		
a) Bearing interest	35,000,000	23,000,000
b) Interest free	25,000,000	25,000,000
	70,000,000	48,000,000



NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2012	Amount in ` As at 31.03.2011
e) Long Term Borrowings from Related Party includes payable to :		
Prince Vanijya Pvt. Ltd.	10,000,000	–
	<u>10,000,000</u>	<u>–</u>
5. DEFERRED TAX LIABILITIES (NET)		
a) Deferred tax liability :		
on depreciation & amortisation	24,670,000	24,500,000
Total deferred tax liability (A)	<u>24,670,000</u>	<u>24,500,000</u>
b) Deferred tax asset :		
Provision for doubtful assets	21,600	21,600
Provision for doubtful loan & advances	1,296,000	1,296,000
Total deferred tax assets (B)	<u>1,317,600</u>	<u>1,317,600</u>
Net Deferred tax liability (A-B)	<u>23,352,400</u>	<u>23,182,400</u>
6. SHORT TERM BORROWINGS		
a) SECURED		
(i) Foreign currency loan from banks	65,941,239	26,007,250
(ii) Buyers' Credit	3,923,307	–
(iii) Rupee loan from banks		
Packing credit	12,025,823	75,481,379
Bill Discounting	42,971,235	49,288,779
Cash credit	115,102,268	61,300,136
	<u>239,963,872</u>	<u>212,077,544</u>
(Secured by way of Entire Fixed Assets, Raw material, Materials Stock in Transit, etc. guarantees, engagements, securities, investment and right etc. both present & future and supply of bills)		
b) UNSECURED		
(i) Rupee loan from other parties	2,500,000	2,500,000
	<u>2,500,000</u>	<u>2,500,000</u>
TOTAL (a + b)	<u>242,463,872</u>	<u>214,577,544</u>
Note: From Other Parties includes inter corporate loan of ` 25,00,000.		
7. TRADE PAYABLES		
Trade payables (including acceptances)	70,944,428	61,738,618
TOTAL	<u>70,944,428</u>	<u>61,738,618</u>
Note : A sum of ` 4,392,764/- payable to Micro and Small Enterprises as at 31st March, 2012 (Previous year - ` 2,124,618/-). There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been indefied on the basis of information available with the company.		
8. OTHER CURRENT LIABILITIES		
(a) Current Maturities of Long Term Debt – Note 4(b)	9,470,264	8,019,320
(b) Interest accrued but not due on Borrowings	6,450,349	3,486,328
(c) Interest accrued and due on borrowings	29,944	112,688
(d) Unpaid dividends *	695,573	703,535
(e) Other payables	27,803,384	24,744,042
TOTAL	<u>44,449,514</u>	<u>37,065,913</u>



NOTES TO THE FINANCIAL STATEMENTS

	<u>As at 31.03.2012</u>	<u>Amount in `</u> <u>As at 31.03.2011</u>
Other payables comprise :		
Payables for fixed assets	733,861	1,194,269
Advance received from customers	2,916,620	2,815,601
Statutory Liabilities	1,897,641	3,156,308
Others	22,255,262	17,577,864
	<u>27,803,384</u>	<u>24,744,042</u>

* There is no amounts due and outstanding to be credited to Investor Education & Protection Fund.

9. SHORT TERM PROVISIONS

Proposed Dividend	3,780,000	3,780,000
Tax on proposed dividend	613,211	613,211
TOTAL	<u>4,393,211</u>	<u>4,393,211</u>

10. FIXED ASSETS

Tangible Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Addition during the year	Withdrawals during the Year	As at 31.03.2012	As at 01.04.2011	Withdrawals during the Year	For the year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
1. Office Premises	5,271,635	—	—	5,271,635	110,756	—	83,409	194,165	5,077,470	5,160,879
2. Land	9,576,076	9,753,000	—	19,329,076	—	—	—	—	19,329,076	9,576,076
3. Freehold Building	42,015,510	6,121,662	—	48,137,172	5,454,499	—	1,431,773	6,886,272	41,250,900	36,561,011
4. Plant & Machinery	138,617,705	15,828,276	—	154,445,981	63,639,274	—	9,605,272	73,244,546	81,201,435	74,978,431
5. WindMill	59,645,616	—	—	59,645,616	15,401,317	—	3,149,289	18,550,606	41,095,010	44,244,299
6. Electric Installation	6,291,387	1,171,087	—	7,462,474	2,192,334	—	484,616	2,676,950	4,785,524	4,099,053
7. Fire Prevention & Equipment	527,287	—	—	527,287	24,522	—	25,046	49,568	477,719	502,765
8. Furniture & Fixtures	2,486,429	138,486	—	2,624,915	1,151,231	—	134,399	1,285,630	1,339,285	1,335,198
9. Air Conditioners	1,595,022	1,053,900	—	2,648,922	499,619	—	85,992	585,611	2,063,311	1,095,403
10. Office Equipment										
– Computer	1,499,092	196,966	—	1,696,058	919,360	—	164,215	1,083,575	612,483	579,732
– Other	707,917	169,356	—	877,273	538,294	—	60,032	598,326	278,947	169,623
11. Refrigerator	20,300	—	—	20,300	5,512	—	1,506	7,018	13,282	14,788
12. Vehicle	2,956,905	3,100	431,262	2,528,743	1,385,579	195,215	267,930	1,458,294	1,070,449	1,571,326
13. Clicking Dies	2,662,372	613,307	—	3,275,679	2,662,372	—	613,307	3,275,679	—	—
	273,873,253	35,049,140	431,262	308,491,131	93,984,669	195,215	16,106,786	109,896,240	198,594,891	179,888,584
CAPITAL W I P	—	1,579,098	—	1,579,098	—	—	—	—	1,579,098	—
TOTAL	273,873,253	36,628,238	431,262	310,070,229	93,984,669	195,215	16,106,786	109,896,240	200,173,989	179,888,584
Previous Year	277,848,551	36,658,709	40,634,007	273,873,253	90,373,375	11,731,183	15,342,477	93,984,669	179,888,584	187,475,176

Note :

- Building Freehold include ` 28,863,977/- (previous year - ` 25,466,261/-), aggregate cost of Building on Leasehold Land situated at various locations.
- Office Premises include ` 5,271,635/- (previous year - ` 5,271,635/-), aggregate cost of Office Premises on lease. While the ownership of office premises ` 5,271,635/- is in the name of the company has not yet effected formal transfer.



NOTES TO THE FINANCIAL STATEMENTS

3. The company imported plant & machineries under concessional rate or zero customs duty under Export Promotion Capital Goods Scheme (EPCG Scheme). Under the scheme, the company is obliged to export goods aggregating USD 4.42 lacs, equivalent to 8 times of duty saved on capital goods. The company is required to meet this export obligation over a period of 8 years from the date of issue of authorisations. Out of the above, the company has fulfilled export obligation of USD 0.99 lacs upto 31.03.2012.

4. Depreciation had been provided at WDV up to the additions made on 31.03.95 and at SLM on the additions made on or after 31.03.95 as per Companies Act, 1956 (as amended). The Total depreciation provided on ` 7,111/- WDV method on Gross Block of ` 3,303,142/- (previous year depreciation ` 15,058/- on Gross Block of ` 3,303,142/-) and ` 16,142,486/- on SLM on Gross Block of ` 305,455,990/- (previous year depreciation ` 15,369,364/- on Gross Block of ` 270,838,112/-)

Intangible Assets

Amount in `

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Addition during the year	Withdrawals during the Year	As at 31.03.2012	As at 01.04.2011	Withdrawals during the Year	For the year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
1. Computer - Software	268,001	—	—	268,001	107,584	—	42,811	150,395	117,606	160,417
TOTAL	268,001	—	—	268,001	107,584	—	42,811	150,395	117,606	160,417
Previous Year	220,481	47,520	—	268,001	65,639	—	41,945	107,584	160,417	154,842

11. NON CURRENT INVESTMENTS

Amount in `

(at cost unless stated otherwise)

Long Term and Non Trade Investments

Investment in equity instruments

Unquoted

Gujrat NRE Mineral Resources Limited
23,000 shares of ` 10 each, fully paid

Quoted

Electrosteel Steel Limited
Nil (P. Y - 1,00,000) shares of ` 10 each
Henkel Spic India Limited
250 (P. Y - 250) shares of ` 10 each
Ispat Industries Limited
100 (P. Y - 100) shares of ` 10 each

Aggregate amount of non-current investments

Aggregate market value of quoted investments.

12. LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

- a) Security Deposits
- b) Deposits with body corporate and others
 - Considered good
 - Considered doubtful
- c) Loan to Employees
- d) Other advances recoverable in cash or kind

Less: Provision for doubtful advances

TOTAL

<u>As at</u> <u>31.03.2012</u>	<u>As at</u> <u>31.03.2011</u>
1,050,000	1,050,000
1,050,000	1,050,000
—	1,000,000
15,341	15,341
796	796
16,137	1,016,137
1,066,137	2,066,137
7,300	816,000
4,533,794	4,397,385
—	—
3,900,000	3,900,000
597,917	346,770
1,629,880	1,629,880
10,661,591	10,274,035
3,900,000	3,900,000
6,761,591	6,374,035



NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2012	Amount in ` As at 31.03.2011
13. OTHER NON-CURRENT ASSETS		
a) Prepaid Expenses	530,008	635,701
b) Deposits with Banks (with maturity more than 12 months)	303,050	303,050
TOTAL	833,058	938,751
14. CURRENT INVESTMENTS (at lower of cost and fair value)		
Non Trade Investments		
Investment in equity instruments		
Quoted		
(i) Electrosteel Steel Limited 1,00,000 shares of ` 10 each, fully paid up	1,000,000	-
(ii) Arvind Limited 2,000 shares of ` 10 each, fully paid up	155,814	-
(iii) Alok Industries Limited 5,000 shares of ` 10 each, fully paid up	131,716	-
(iv) Ballarpur Industries Limited 25,000 shares of ` 2 each, fully paid up	948,426	-
Aggregate Amount of Investments	2,235,956	-
Market value of quoted investments	1,533,050	-
15. INVENTORIES		
(At lower of cost and net realisable value)		
(a) Raw Materials	104,956,976	85,225,264
(b) Work-in-progress (refer note 24)	35,981,024	32,799,692
(c) Finished goods (refer note 24)	62,708,632	58,067,258
(d) Traded goods (refer note 24)	388,476	158,097
(e) Stores spares & packing materials	4,695,648	3,668,568
TOTAL	208,730,756	179,918,879
The above includes goods in transit as under :		
Raw Materials	7,500,476	769,897
Stores, Spares & packing materials	92,934	68,544
	7,593,410	838,441
Note : Valuation of inventories certified and decided by the management are according to normally accepted accounting principal.		
16. TRADE RECEIVABLES		
(a) Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	15,751,696	8,686,650
Doubtful	64,800	64,800
	15,816,496	8,751,450
Less : Provision for doubtful receivables	64,800	68,800
Total	15,751,696	8,686,650
(b) Others		
Unsecured, considered good	125,565,875	98,625,069
Total (a + b)	141,317,571	107,311,719



NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2012	Amount in ` As at 31.03.2011
17. CASH AND BANK BALANCES		
a) Cash and Cash Equivalents		
Balances with banks		
- In current accounts	1,111,425	1,317,510
- In EEFC accounts	2,425,950	458,794
- In deposit accounts (with less than 3 months maturity)	4,279,300	4,140,700
Cash on hand	793,356	891,468
Cheques on hand	-	134,378
Total	<u>8,610,031</u>	<u>6,942,850</u>
b) Other Bank Balances		
In deposit accounts (with maturity of more than 3 months) but less than 12 months)	185,167	179,817
- In unpaid dividend accounts	701,750	709,587
Total	<u>886,917</u>	<u>889,404</u>
TOTAL (a+b)	<u><u>9,496,948</u></u>	<u><u>7,832,254</u></u>
Deposits with banks having maturity more than 12 months of ` 303,050/- (Previous Year : ` 303,050/-) is classified as Other Non-current Assets (Refer Note 13)		
18. SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
a) Loans and advances to Related Parties		
	17,041	12,506,880
b) Others		
i) Advance Income Tax (Net of provision of ` 15,535,000/- Previous year ` 8,435,000/-)	2,032,237	2,084,111
ii) Loans and advances to other body corporate	2,667,461	167,461
iii) Export incentives & Receivables from govt. authorities	80,573,381	55,010,652
iv) Loans & Advances to Employees	463,946	295,414
v) Other Loans and Advances	22,163,700	54,212,095
TOTAL	<u><u>107,917,766</u></u>	<u><u>124,276,613</u></u>
Loans and advances to Related Parties -Refer Note 33		
19. OTHER CURRENT ASSETS		
a) Prepaid Expenses	1,663,096	771,815
b) Interest accrued on deposits	166,903	111,208
b) Security Deposits	360,000	-
TOTAL	<u><u>2,189,999</u></u>	<u><u>883,023</u></u>



NOTES TO THE FINANCIAL STATEMENTS

	<u>For the year ended</u> <u>31.03.2012</u>	<u>Amount in `</u> <u>For the year ended</u> <u>31.03.2011</u>
20. REVENUE FROM OPERATIONS		
Sale of products	839,390,606	603,942,306
Other operating revenue	66,040,163	50,124,792
Revenue from operations (gross)	905,430,769	654,067,098
Less: Excise duty attributable to product sold	15,016,885	3,775,617
Revenue from operations (net)	890,413,884	650,291,481
Details of products sold		
A. Finished goods sold		
Hand Gloves	668,935,819	487,653,675
Garments	147,720,752	106,092,275
Windpower	7,575,080	6,746,463
Others	5,387,678	2,061,529
	(A)	602,553,942
B. Raw materials & other traded goods sold		
Yarn, fabrics, chemicals and other traded goods	9,771,277	1,388,364
	(B)	1,388,364
	(A) + (B)	603,942,306
Other operating revenue		
Scrap sales	931,775	141,540
Export Incentives	65,108,388	49,983,252
	66,040,163	50,124,792
21. OTHER INCOME		
Interest income on		
Bank Deposits	703,208	220,094
Others	18,934	108,897
Dividend income on		
Long-term investments	16,250	122,500
Net Gain on Sale of		
Current investments	310,687	(214)
Long term investments	-	2,094,773
Net gain on foreign currency transactions and translation	-	14,336,499
Excess of cost of current investment over fair value reversed	-	11,177
Other Non-operating income *	1,202,886	227,582
TOTAL	2,251,965	17,121,308
* Other Non-operating income includes		
Discount Received	100,507	93,974
Rent Received	-	36,000
Brokerage Income	1,634	-
Other Misc. Income	1,100,745	35,608
Profit on sale of Fixed Assets	-	62,000
	1,202,886	227,582
22. COST OF RAW MATERIALS CONSUMED		
Opening Stock	85,225,264	83,455,256
Add: Purchase	630,033,877	459,029,707
Less: Goods destroyed by fire	-	12,993,076
Less: Closing Stock	104,956,976	85,225,264
Cost of raw materials consumed	610,302,165	444,266,623



NOTES TO THE FINANCIAL STATEMENTS

	Amount in `	
	For the year ended 31.03.2012	For the year ended 31.03.2011
Details of raw materials consumed		
Yarn	56,229,658	65,628,878
Fabrics	74,773,116	50,981,038
Leathers	313,808,379	235,256,777
Chemicals	34,441,467	20,493,059
Industrial Gloves (SF)	95,366,175	55,596,857
Others	35,683,370	16,310,014
	610,302,165	444,266,623
Value of Raw materials consumed during the year		
Imported	21.86% 133,436,772	13.14% 58,359,598
Indigenous	78.14% 476,865,393	86.86% 385,907,025
	100.00% 610,302,165	100.00% 444,266,623
23. PURCHASES OF STOCK-IN-TRADE		
Hand Gloves	2,402,155	3,590,439
Others	-	57,953
	2,402,155	3,648,392
24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN-TRADE		
Opening Stock		
Work-in-progress	32,799,692	28,227,979
Finished goods	58,067,258	54,042,436
Traded goods	158,097	80,432
	91,025,047	82,350,847
Closing Stock		
Work-in-progress	35,981,024	32,799,692
Finished goods	62,708,632	58,067,258
Traded goods	388,476	158,097
	99,078,132	91,025,047
Stock Destroyed by Fire	-	(14,627,997)
Excise duty on increase / (decrease) of finished goods	(1,058,287)	1,803,568
TOTAL	(9,111,372)	(21,498,629)
Details of inventories		
Work-in-progress		
Hand gloves	23,683,063	28,479,002
Garments	12,297,961	4,320,690
	35,981,024	32,799,692
Finished goods		
Hand gloves	50,127,098	41,236,263
Garments	11,963,004	16,750,495
Others	618,530	80,500
	62,708,632	58,067,258
Traded goods		
Hand gloves	388,476	158,097
	388,476	158,097
Details of inventories destroyed by fire		
Hand Gloves (Finished)	-	14,415,941
Hand Gloves (Semi-Finished)	-	151,096
Others (Finished)	-	60,960
	-	14,627,997



NOTES TO THE FINANCIAL STATEMENTS

	For the year ended 31.03.2012	Amount in ` For the year ended 31.03.2011
25. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, bonus, etc	16,498,507	14,471,599
Contribution to provident and other funds	1,549,186	1,688,635
Gratuity expenses	(53,501)	259,432
Staff welfare expenses	288,515	240,298
TOTAL	18,282,707	16,659,964

Note: No provision was made in respect of Leave encashment in the account.

As required by Accounting Standard 15 "Employee Benefits" (AS-15), the disclosures are as under :

(i) Employer's Contribution to Provident Fund	1,241,919	1,382,521
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Defined Benefit Plan :

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognized each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Under AS - 15 (Revised 2005) as on 31.03.12 in respect of CGCA scheme of Acknit Industries Limited.**1. Actuarial Assumptions**

Discount Rate (per annum)	8.00%	8.00%
Rate of escalation in salary (per annum)	3.00%	4.00%

2. Changes in present value obligation

Present value obligation as at beginning of the year	2,733,764	2,232,368
Interest cost	218,701	178,589
Current service cost	240,269	218,310
Benefits paid	(95,552)	-
Actuarial (gain)/ loss on obligation	(235,415)	104,497
Present value obligation as at end of the year	2,861,767	2,733,764

3. Changes in fair value of plan assets

Plan assets as at beginning of the year	3,096,377	2,644,413
Expected return on plan assets	277,056	241,964
Contributions	94,529	210,000
Benefits Paid	(95,552)	-
Actuarial gain /(loss)	-	-
Plan assets as at end of the year	3,372,410	3,096,377

4. Fair value of plan assets

Plan assets as at beginning of the year	3,096,377	2,644,413
Actual return on plan assets	277,056	241,964
Contributions	94,529	210,000
Benefit paid	(95,552)	-
Fair value of plan assets as at end of the year	3,372,410	3,096,377
Funded status	510,643	362,613

Excess of actual over estimated return on plan assets

(Actual rate of return = Estimated rate of return as ARD falls on 31st March)



NOTES TO THE FINANCIAL STATEMENTS

	Amount in `	
	For the year ended 31.03.2012	For the year ended 31.03.2011
5. Actuarial (Gain) / Loss recognized		
Actuarial (gain) / loss for the year - obligation	(235,415)	104,497
Actuarial (gain) / loss for the year - plan assets	-	-
Total (gain) / loss for the year	(235,415)	104,497
Actuarial (gain) / loss recognized in the year	(235,415)	104,497
6. Amounts to be recognized in the Balance Sheet.		
Present value obligation as at end of the year	2,861,767	2,733,764
Fair value of plan assets as at end of year	3,372,410	3,096,377
Funded status	510,643	362,613
Net assets / (liability) recognized in Balance Sheet	510,643	362,613
7. Expenses Recognized in the Statement of Profit & Loss		
Current service cost	240,269	218,310
Interest cost	218,701	178,589
Expected return on plan assets	(277,056)	(241,964)
Net actuarial (gain)/ loss recognized in the year	(235,415)	104,497
Expenses / (Income) recognized in the statement of Profit & Loss	(53,501)	259,432
Expenses related to previous year	-	-

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

26. FINANCE COSTS

Bank charges	1,538,433	1,093,200
Interest Expense	28,207,683	24,851,122
Others	2,712	3,344
TOTAL	29,748,828	25,947,666

27. OTHER EXPENSES

Consumption of stores, spares & packing materials @	23,939,830	17,862,091
Power & fuels	12,180,809	9,825,327
Rent, rates & taxes etc.	3,853,991	3,716,248
Packing & finishing charges	6,252,493	3,123,324
Printing & stationary	690,172	580,000
Processing charges	102,064,467	80,554,997
Bank Charges	2,932,121	2,945,609
Travelling & conveyance expenses	5,135,427	5,112,218
Auditor's remuneration *	244,472	218,949
Insurance charges	2,365,940	2,196,971
Postage, telegram, telephone & telex	1,919,583	1,788,437
Motor car expenses	802,619	741,741
Repairs & maintenance		
Plant & machinery	1,989,466	1,044,966
Building	246,888	54,415
Others	4,512,606	4,193,770
Commission on sales	1,432,942	872,854
Sales promotion expenses	1,824,694	1,037,206
Coolie, cartage, freight & forwarding charges	18,238,807	22,261,216



NOTES TO THE FINANCIAL STATEMENTS

	<u>For the year ended</u> <u>31.03.2012</u>	<u>Amount in `</u> <u>For the year ended</u> <u>31.03.2011</u>
Quality Claim on Exports	428,455	2,065,220
Applicable net loss on foreign currency transactions and translation	7,942,923	-
Loss on sale of Fixed Assets	116,047	-
Misc. expenses	3,511,167	3,716,414
Prior Period items #	161,709	(718,079)
TOTAL	202,787,628	163,193,894

Note: - Cyclic expenditure such as Professional Tax, Rates, Taxes, Bonus, Insurance, Telephone expenses are treated on cash basis.

@Value of Stores, spares & packing materials consumed during the year

Imported	12.28%	2,939,288	15.82%	2,826,174
Indigenous	87.72%	21,000,542	84.18%	15,035,917
	100.00%	23,939,830	100.00%	17,862,091

*** Auditors' remuneration and expenses**

Audit Fees	179,776	154,420
Tax Audit Fees	39,326	33,090
Vat Audit Fees	7,523	7,721
Other Matters	17,847	23,718
	244,472	218,949

Details of Prior period items (Net)**(a) Prior period item (Debit Adjustments)**

Purchases	8,607	-
Export Incentives	199,155	-
Coolie, Cartage, Freight & Forwarding Charges	34,967	31,598
Salary Wages & Bonus	8,000	12,893
Packing & Finishing Charges	-	5,011
Bank Charges	178	1,175
Insurance Charges	-	94,075
Processing Charges	31,865	-
Repairs & Maintenance	2,500	25,925
Others	33,675	106,519
	318,947	277,196

(b) Prior period item (Credit Adjustments)

Coolie, Cartage, Freight & Forwarding Charges	121,871	105,051
Telephone exp	1,983	-
Rent Rates & Taxes	-	1,000
Export Incentives	-	653,973
Electricity Charges	-	3,947
Insurance Charges	-	500
Processing Charges	2,276	13,582
Gratuity Expenses	-	205,913
Ineterst Received	2,080	-
Others	29,028	11,309
	157,238	995,275
Total (a) - (b)	161,709	(718,079)



NOTES TO THE FINANCIAL STATEMENTS

	Amount in `	
	For the year ended 31.03.2012	For the year ended 31.03.2011
28. EXCEPTIONAL ITEMS		
Loss on fire	-	(2,941,827)
	-	(2,941,827)

There was a major fire on 16.09.2010, midnight, at one of its unit at Falta SEZ. In the same fire, Plant & Machineries, Electric Installations, Other Equipments alongwith Factory Building and Shed and Furniture & Fixtures were damaged. Moreover Inventories also destroyed in the same fire. All these Fixed Assets and Inventories were insured under "Standard Fire and Special Perils Policy". During the year, the claim was fully settled at ` 51,457,777/- after all deductions and expenditure incurred for cost of restoration.

The Company had deducted the cost of Inventories for ` 28,835,562/- (Net after salvage), WDV of Fixed Assets on the date of fire for ` 15,133,902/- and cost of restoration of Fixed Assets for ` 10,430,140 from the Claim so settled and net shortfall of ` 2,941,827/- was shown in the Statement of Profit & Loss Account Under heading "Exceptional Items – Loss on Fire".

29. CURRENT TAX

Income tax for the year :

Current Tax	7,100,000	4,600,000
	7,100,000	4,600,000
Adjustments / (credits) related to previous years - Net Current Tax	-	(570,473)
	-	(570,473)
TOTAL	7,100,000	4,029,527

30. EARNINGS PER SHARE

Profit After Taxation (`)	14,834,141	14,786,003
Weighted average number of shares (Nos.)	2,520,000	2,520,000
Basic and Diluted Earnings Per Share (`)	5.89	5.87

31. CONTINGENT LIABILITIES

a) Claims against the company not acknowledged as debts	127,598,142	820,500
(i) Sales Taxes claims disputed by the company relating to issues of applicability classification and disallowance		
(ii) Tax liability demanded by the Kolkata Municipal Tax Authorities*	2,562,342	2,562,342
b) Guarantees		
Letter of Credit	23,843,457	23,357,990
c) Other money for which company is contingently liable		
Bills discounted by the Bank	42,971,235	49,288,779

* Tax liability demanded by the Kolkata Municipal Tax Authorities for the periods prior to acquisition of a property of ` 1,265,475/- (P.Y. - ` 1,265,475/-), for the periods after acquisition of the property of ` 245,025/- (P.Y. - ` 245,025/-) and penalty and interest for above amounting to ` 1,051,842/- (P.Y. - ` 1,051,842/-) is pending disposal before Hon'ble High Court at Kolkata against which the company has deposited on account a sum of ` 1,700,000/- (P.Y. - ` 1,700,000/-).

32. SEGMENT REPORTING

The company's operating business are organized and managed separately according to the nature of products. The four identified reportable segments are (i) Own manufactured cotton & synthetic gloves, (ii) Leather gloves, (iii) Other & traded items and (iv) Power generation segment. The secondary segment is the geographical segment based on the location of manufacturing unit.



NOTES TO THE FINANCIAL STATEMENTS

Amount in `

PRIMARY SEGMENT INFORMATION

	2012			2011		
	External Sale	Intersegment Sales	Total	External Sale	Intersegment Sales	Total
A. SEGMENT REVENUE						
Cotton & Synthetic Gloves	126,926,494	–	126,926,494	94,506,345	–	94,506,345
Leather Gloves	601,369,097	18,675,736	620,044,833	434,034,981	17,983,931	452,018,912
Others & Traded items	154,543,213	–	154,543,213	115,003,692	–	115,003,692
Power Generation	7,575,080	–	7,575,080	6,746,463	–	6,746,463
Segment Total	890,413,884	18,675,736	909,089,620	650,291,481	17,983,931	668,275,412
Elimination			(18,675,736)			(17,983,931)
Total Revenue			890,413,884			650,291,481
B. SEGMENTS RESULTS						
Cotton & Synthetic Gloves			6,902,447			5,787,402
Leather Gloves			46,099,098			23,572,289
Others & Traded items			16,871,260			9,261,084
Power Generation			3,317,064			2,202,518
Segment Total			73,189,869			40,823,293
Unallocated Corporate Exps.			(23,053,624)			(16,210,328)
Unallocated Corporate Income.			994,582			16,781,140
Profit before Finance cost & Tax			51,130,827			41,394,105
Finance cost			(29,748,828)			(24,854,466)
Interest on loan, deposits, etc.			722,142			328,991
Provision for Taxation (Net)			(7,270,000)			(2,082,627)
C. Profit after Taxation			14,834,141			14,786,003
D. Other information						
	Segment Assets	Segment Liabilities		Segment Assets	Segment Liabilities	
Cotton & Synthetic Gloves	212,886,424	131,950,761		217,815,061	111,735,719	
Leather Gloves	281,146,349	207,579,065		228,088,064	176,456,007	
Other & Traded items	100,382,713	79,430,487		76,438,057	63,500,277	
Power Generation	45,534,274	15,006,461		48,421,159	20,700,718	
Segment Total	639,949,760	433,966,774		570,762,341	372,392,721	
Unallocated corporate Assets/Liab.	46,174,017	36,752,347		52,605,471	46,011,365	
Total	686,123,777	470,719,121		623,367,812	418,404,086	



NOTES TO THE FINANCIAL STATEMENTS

Amount in `

	2012			2011		
	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation
Cotton & Synthetic Gloves	23,598,447	9,069,375	–	31,722,927	8,457,959	–
Leather Gloves	2,810,650	2,712,661	–	4,337,222	2,580,732	–
Others & Traded items	10,020,109	690,080	–	181,310	666,484	–
Power Generation	–	3,149,289	–	–	3,149,289	–
Unallocated Expenditure	199,032	528,192	–	464,770	529,958	–
Segment Total	36,628,238	16,149,597	–	36,706,229	15,384,422	–

SECONDARY SEGMENT INFORMATION

Segment Revenue

WITHIN SPECIAL ECONOMIC ZONE	183,671,383	133,111,594
OUTSIDE SPECIAL ECONOMIC ZONE	706,742,501	517,179,887

Segment Assets

WITHIN SPECIAL ECONOMIC ZONE	212,886,424	217,815,060
OUTSIDE SPECIAL ECONOMIC ZONE	473,237,353	405,552,752

Capital Expenditure

WITHIN SPECIAL ECONOMIC ZONE	23,598,447	31,722,927
OUTSIDE SPECIAL ECONOMIC ZONE	13,029,791	4,983,302

33. RELATED PARTY DISCLOSURES

Related Party Disclosures, as required by Accounting Standard 18, "Related Party Disclosures", are given below :

1. **ASSOCIATES** : (a) Acme Safetywears Limited
(b) Saraf Capital Markets Limited
2. **KEY MANAGEMENT PERSONNEL** : (a) Mr. Shri Krishan Saraf
(b) Mr. Deo Kishan Saraf
(c) Mr. Swapan Kumar Chakraboarty
(d) Mr. Bishnu Kumar Kesan
(e) Mr. Abhishek Saraf
3. **COMPANIES WHERE THERE IS A SIGNIFICANT INFLUENCE** : (a) Rosinate (India) Company
(b) Prince Vanijya Pvt Ltd



NOTES TO THE FINANCIAL STATEMENTS

Amount in `

Disclosure of Transactions between the Company and Related Parties and status of outstanding balance as on 31.03.12

	Parties referred to in (1) above		Parties referred to in (2) above		Parties referred to in (3) above		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Sales of Goods	-	699,598	-	-	-	-	-	699,598
Purchase of Goods	24,501,165	9,573,907	-	-	-	-	24,501,165	9,573,907
Sale of Investment	4,806,750	8,299,017	-	-	-	-	4,806,750	8,299,017
Purchase of Investment	5,732,020	-	-	-	-	-	5,732,020	-
Rent Received	-	36,000	-	-	-	-	-	36,000
Interest Income	18,934	7,644	-	-	-	-	18,934	7,644
Interest Paid	554,178	-	-	-	1,332,534	84,247	1,886,712	84,247
Porcessing Charges	1,050,291	896,191	-	-	1,230,383	1,202,186	2,280,674	2,098,377
Remuneration								
Directors	-	-	2,956,800	2,956,800	-	-	2,956,800	2,956,800
Others	-	-	1,043,484	1,038,284	-	-	1,043,484	1,038,284
Loan given	-	11,000,000	-	-	-	-	-	11,000,000
Receipt Towards Refund of Loan	11,006,880	-	-	-	-	-	11,006,880	-
Advances Given	-	4,500,000	-	-	-	-	-	4,500,000
Receipt Towards Refund of Advances	1,500,000	3,000,000	-	-	800,000	-	2,300,000	3,000,000
Loan Taken	27,500,000	-	-	-	10,000,000	5,000,000	37,500,000	5,000,000
Repayment of Loan	27,500,000	-	-	-	-	5,000,000	27,500,000	5,000,000
Balance as on 31st March								
Debtors / Receivables	-	-	-	-	3,000,000	11,000,000	3,000,000	11,000,000
Creditors / Payables	4,392,764	2,124,619	-	-	40,274	488,553	4,433,038	2,613,172
Loan Given	17,041	11,006,880	-	-	-	-	17,041	11,006,880
Advances Given	-	1,500,000	-	-	-	-	-	1,500,000
Loan Taken	498,760	-	-	-	10,000,000	-	10,498,760	-

Amount in `

**For the year ended
31.03.2012**

For the year ended
31.03.2011

34. EXPENDITURE IN FOREIGN CURRENCY

(Amount remitted in foreign currency by way of letter of credit arrangements/ others)

(i) For purchase of Capital goods on CIF basis	14,747,824	9,257,380
(ii) For purchase of Raw Materials, stores, spares & Finished Goods	138,344,263	89,255,139
(iii) For Travelling Expenses	2,498,508	3,237,478
(iv) On other accounts	5,897,905	5,752,468
	161,488,500	107,502,465

35. EARNINGS IN FOREIGN CURRENCY ON (FOB BASIS)

(i) Export of goods	692,596,401	513,818,581
(ii) Other income	666,011	119,259
	693,262,412	513,937,840

**NOTES TO THE FINANCIAL STATEMENTS****36. DERIVATIVE INSTRUMENTS :-**

The company uses forward exchange contracts to hedge its exposure in foreign currency related to firm commitments and highly probable forecasted transactions. The information on derivative instruments is as follows :-

Forward exchange contracts outstanding as at year end :-

Currency	Cross Currency	As at 31.03.2012		As at 31.03.2011	
		Buy	Sell	Buy	Sell
Us Dollar	Indian Rupees	16,475	1,476,634	–	1,458,768
Euro	Indian Rupees	–	429,188	–	758,584

37. Balance under heading trade receivables, trade payables and loans and advances are subject to confirmations.

38. Figures have been rounded off to the nearest rupee.

39. The financial statements for the year ended March 31, 2011 were prepared as per the then applicable, erstwhile Schedule VI of the Companies Act, 1956. Consequent to notification of Revised Schedule VI under the Companies Act, 1956, the financial statement for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for the previous year figures does not impact recognition and measurement principals followed for preparation of financial statements.

As per our report of even date

For **R. K. Bajaj & Co.**
Chartered Accountants
(Firm Regn. No. 314140E)

R. K. BAJAJ
Proprietor

Membership No. 051715

40/5, Strand Road, Kolkata - 700 001

Dated : The 22nd day of August 2012

Shri Krishan Saraf
Chairman cum Managing Director

For & on behalf of the Board
Deo Kishan Saraf
Director

Samir Kumar Ghosh
Director

Bishnu Kumar Kesan
Chief Financial Officer