



# ACKNIT INDUSTRIES LIMITED

## Annual Report 2012-13

### **BOARD OF DIRECTORS**

Shri Shri Krishan Saraf

*Chairman-cum-Managing Director*

Shri Deo Kishan Saraf

*Whole Time Executive Director*

Shri Samir Kumar Ghosh

Shri Manindra Kumar Nath

*Directors*

### **GENERAL MANAGER**

Mr. Bishnu Kumar Kesan

### **COMPANY SECRETARY**

Ms. Deepa Singh

### **AUDITORS**

R. K. Bajaj & Co.

*Chartered Accountants*

40/5, Strand Road,

Kolkata - 700 001

### **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](mailto:acknit@vsnl.com)

[calcutta@acknitindia.com](mailto:calcutta@acknitindia.com)

### **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](mailto:skckolkata.invcom@gmail.com)



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**NOTICE**

To

THE SHAREHOLDERS,

Notice is hereby given that the Twenty Third Annual General Meeting of the Shareholders of ACKNIT INDUSTRIES LIMITED, will be held on Saturday, the 21st day of September, 2013 at 11.00 A.M at 'Bharatiya Bhasha Parishad' Auditorium at 36A Shakespeare Sarani,Kolkata- 700 017 to transact the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2013 and the Audited Statement of Profit & Loss for the Financial year ended on that date together with the Reports of the Directors and Auditors there on.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Manindra Kumar Nath, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

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

Place : Kolkata

**D. K. Saraf**

Date : The 30<sup>th</sup> day of May, 2013 *Whole Time Executive Director*

**Notes**

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING
2. The Register of Members and Share Transfer Books of the company shall remain closed from Tuesday 17<sup>th</sup> September,2013 to Saturday, 21<sup>st</sup> September, 2013 (both days inclusive)
3. The payment of Dividend as recommended by the Board, if approved by the Shareholders, will be paid after 21<sup>st</sup> September,2013 to those:-
  - a. Whose names appear as Beneficial Owners as at the beginning of the business hours on the 17<sup>th</sup> September, 2013 in the list of Beneficial Owners to be furnished by National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL); and
  - b. Whose names appear as Shareholders in the Register of Members of the Company on the 21<sup>st</sup> September,2013 after giving effect to valid share transfers in physical form lodged with the company/ RTA of the company on or before 16<sup>th</sup> September, 2013.

4. Shareholders desiring any information on the Accounts for the year ended 31<sup>st</sup> March,2013 are requested to write to the company at least 10 days in advance, so that the management is enabled to keep the information ready at the meeting.
5. Shareholders are requested to bring the admission slip(s) alongwith their copy of Annual Report to the meeting.
6. Any Change in address and/or Bank A/c No. of any shareholder holding shares in physical mode, may please be notified to the RTA of the Company quoting their registered folio well before the book closing date to enable the company to send their dividend to the correct address / Bank A/c.
7. Shareholders holding shares in physical mode are requested to furnish their bank particulars to the RTA of the company to enable the company to pay the dividend direct to their Bank A/c on ECS to avoid any Loss/misplacement in transit.
8. Shareholders are informed that Dividend which remains unclaimed/un-encashed over a period of 7 (seven) years, is required to be transferred to 'The Investors Education & Protection Fund' as per the provisions of section 205 C of the Companies Act,1956 and once the dividend is so transferred no claim in respect thereof shall lie. Hence the shareholders who have not encashed their Dividend for the year 2005-06 and thereafter are requested to forward the same for revalidation and/or seek issue of duplicate warrant immediately to the company or its RTA Quoting their respective Folio/Client ID No.
9. Members who are desirous of getting the notice & other documents covered under sec.219 read with Sec.53 of the Companies Act,1956 by electronic mode are requested to update their e-mail id with respective depository participants (DP) in case they hold their shares in electronic mode and in case they hold their shares in physical mode to the RTA of the company.

**(Annexure to the Notice)**

INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENTS IN RESPECT OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT.

Name of Director	- Mr.Manindra Kumar Nath
Date of Birth	- 20.10.1939
Date of Appointment	- 30.04.2009
Qualification	- B.COM, LLB, MBA
Experience in Specific Functional Areas	- HRD EXECUTIVE & ADMINISTRATION
Directorship in other Companies	- NIL
Chairmanship/membership of Committees in other companies	- NIL
Shareholdings as on 31 <sup>st</sup> March, 2013	- NIL

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Reports of your company alongwith the operating and financial results for the year ended 31<sup>st</sup> March,2013.

**FINANCIAL RESULTS**

( ` in Lacs)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Gross Sales	9660	8904
Other Income	84	23
Total Revenue	9744	8927
Less: Total Expenditure	9020	8247
Gross Profit	724	680
(before Depreciation & Finance Cost)		
Less : Depreciation	171	162
: Finance Cost	308	297
Profit before Extraordinary item	245	221
Less: Extraordinary Item	-	-
Profit before Tax (PBT)	245	221
Less : Provision for Income Tax	104	71
: Deferred Tax	(12)	2
Profit after Tax (PAT)	153	148
Balance B/F	124	120
Balance available for appropriation	277	268
Less : Dividend & Dividend Tax	44	44
Less : Transfer to General Reserve	100	100
Balance transfer to Balance Sheet	133	124

**Review of Performance**

During the year under review the Indian Economy has passed through a continued slow down of growth rates, overall runaway inflation, high interest rates, falling industrial output, depreciating rupee and last but not the least the global uncertainty causing reduction in Export Orders severely hurting the economic activities. This had a major adverse impact on the expansion programme of the company.

Inspite of so many obstacles, your directors with the support of its Management team and other stakeholders of the company succeeded in steering the company to a commendable performance of the company as compared to the last financial year.

The company reported income from operation amounting to ` 96.60 crores during the year under review as compared to ` 89.04 Crores during the previous year, that is a growth of 8.5% which is more than the average growth rate of the country. The net profit after Tax during the year ended 31<sup>st</sup> March,2013 was ` 1.53 Crores as against ` 1.48 Crores in the previous year inspite of around increase in cost of operation caused by galloping inflation in the country.

**DIVIDEND**

Your Directors have recommended a dividend of 15% on equity shares i.e. ` 1.50 per share which together with dividend tax is expected to absorb ` 0.44 Crores.

**DIRECTORS**

In accordance with the statutory provisions Mr.M.K Nath, 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 the Director seeking appointment/re-appointment has 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 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.

**TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND**

In terms of Section 205A & 205C of the companies Act,1956 the company has since transferred during the year a sum of ` 70,344/- (Rupees Seventy Thousand Three Hundred Forty Four Only) to the Investor Education & Protection Fund created by Central Government, since these dividends remained unclaimed for 7 years.

**LISTING**

The Equity Shares of the company are listed at the Bombay Stock Exchange Ltd.(BSE) and the Calcutta Stock Exchange Ltd. (CSE)

**CORPORATE GOVERNANCE**

The Company believes that Corporate Governance is a way of business life rather than a legal compulsion. Although the provisions u/s 292 A of the Companies Act,1956 and/or the provisions of clause 49 of the Listing Agreement corresponding to the legal obligation for corporate governance, are not attracted to the company, your directors being committed to best management practices and adhering to the policy of full transparency, enclose herewith a Report on Corporate Governance as at 31<sup>st</sup> March, 2013 and a Report on Management Discussion and Analysis as annexure A & B and forming part of this Report.

**COST COMPLIANCE / COST AUDIT**

Your company has appointed M/s Patangi & Co. Cost Accountants to furnish cost compliance certificate for the financial year ended 31st March, 2012. In respect of the financial year ended 31st March, 2013, your company has appointed M/s. Patangi & Co., Cost Accountants, as a Cost Auditor for audit of cost records maintained by the Garment Div. The due date for filing the Cost Audit Report is 27th September, 2013.

**PUBLIC DEPOSITS**

The company has not accepted or renewed any Public Deposits as defined under section 58A of the Companies Act,1956 during the year .

**PARTICULARS OF CONSERVATION OF ENERGY TEHNOLOGY ABSORPTION AND FOREIGN EARNINGS & OUTGO**

The Information on particulars of conservation of Energy, technology absorption and foreign Exchange earnings & outgo as required under section 217 (l) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) rules,1988 forms a part of this Report as Annexure C.



### Particulars of Employees

The information on Particulars of Employees as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 in respect of the Company is not attracted to the company.

### 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.

### 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 31.03.2013 from Mr. Rajarshi Ghosh, a Company Secretary in practice, a copy thereof is annexed hereto as part of the Director's Report 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**

Whole Time Executive Director

**S. K. Ghosh**

Director

Place : Kolkata

Dated : The 30th day of May 2013

### 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 measures 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 conforming 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 flooded 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.

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 maintain 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.

In spite 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 of 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 anticipated 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 basically a 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 Countries 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 causing 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'**

**REPORT ON CORPORATE GOVERNANCE**

**1. Philosophy on Corporate Governance :**

The company believes that the Directors are the trustees of the Investors' capital and are obliged to maximise shareholders values over the long run while protecting the interests of all stakeholders such as employees, customers, business partners, suppliers and the society at large. It is committed to a high degree of transparency. The Company's Corporate Governance is based on two core principles.

- Management focus should be on Executive freedom to drive the enterprise forward without undue restraints; and
- Such freedom must be exercised within a framework of effective accountability.

The above belief and core principles of Corporate governance adopted by ACKNIT leads the company's corporate Governance Philosophy, trusteeship, transparency, and accountability which in turn is the basis of public confidence in corporate system.

A Report in line with the requirements of clause 49 of the Listing Agreements with the Stock Exchanges for the year ended 31<sup>st</sup> March, 2013 is given below.

**2. Board of Directors**

**Composition, Category & Independence**

The Board of Directors of the company represents an appropriate mix of Executive and Independent Directors. The Board consists of 4 (Four) Directors of whom 2 (two) are non-executive Independent Directors while one is Promoter whole time Executive Director and one promoter is Chairman-cum-Managing Director.

As mandated by clause 49 of the Listing Agreement, the Non-executive Independent directors of the company,

- i. Apart from receiving sitting fees do not have any material pecuniary relationship or transactions with the company, its promoters, its directors, its senior management or its associates which may affect independence of the Director;
- ii. are not related to promoters or persons occupying management positions at the Board level or any one level below the Board;
- iii. have not been executive of the company in the immediately preceding three years;

- iv. are not partners or executives or were not partners or executives during preceding 3 financial years of the
  - a) Statutory Audit Firm or Internal Audit Firm of the company;
  - b) Legal Firm or Consulting Firm that have a material associations with the Company;
  - c) Are not material suppliers, service providers, customers, lessors or lessees of the company;
- v. are not substantial shareholders i.e. do not hold 2% or more of the block of voting shares/rights;
- vi. are not less than 21 year of age, and
- vii. as mandated by clause 49, none of the Directors are members of more than 10 Board Committees nor are they chairman of 5 Board Committees across all companies in which they occupy the position of a director.

The Chairman-cum-Managing Director and also the whole time Executive Director have been appointed by the shareholders on such terms and conditions including remuneration on the recommendation of the Board of Directors. The details of remuneration received by them during the year 2012-13 are given else where in this Report.

The following Table indicates the composition of the Board of Directors of the company and the number of other Boards and Board Committees served by them as members/chairman.

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	-	-	10	Yes
D.K Saraf	Promoter/ Executive Wholetime Director	One	-	10	Yes
S.K Ghosh	Non Executive Independent Director	One	-	10	Yes
M.K Nath	Non Executive Independent Director	-	-	10	Yes

**3. MEETINGS AND ATTENDANCE RECORD OF BOARD**

During the year under review, there were 10 (Ten) meetings of the Board of Directors held on 30.04.2012, 02.05.2012, 11.05.2012, 14.05.2012, 05.06.2012, 14.08.2012, 22.08.2012, 12.11.2012, 13.02.2013 & 25.03.2013 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.

**4. Code of Conduct**

The Company's Board of Directors has laid down a code of conduct for all Board members and senior Management personnel for avoidance of conflict of interest. This code, inter alia, requires the Board Members and Senior Management personnel also to comply with the code of conduct for Insider Trading as laid down by Securities and Exchange Board of India (SEBI). The Company has received necessary confirmations affirming compliance of the code from all of them during the year ended 31<sup>st</sup> March, 2013. A declaration to this effect, duly signed by the Whole Time Executive Director and Chief Financial Officer of the Company is given in Whole Time Executive Director & CFO's certificate as annexed hereto and forms part of this Report.

**5. 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 14.05.2012, 14.08.2012, 22.08.2012, 12.11.2012 & 13.02.2013

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 Director Report, Internal audit report, particularly in relation to control the weakness in operating system, etc.

**(II) SHARE TRANSFER-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

The committee met 5 (five) times during the year on 14.05.2012, 14.08.2012, 22.08.2012, 12.11.2012 & 13.02.2013 also to dispose of Grievances received from shareholders.

**(III) REMUNERATION COMMITTEE**

There was no meeting held for the financial year ending 31.03.2013.

**6. PAYMENTS MADE TO DIRECTORS**

i) Payments made to the Chairman-cum-Managing Director and the whole time Executive Director during the year under review are given as hereunder.

Name of Director	Salary & Perquisites (₹)	Total (₹)	Service Contract/ Notice Period
1. Shri Shri Krishan Saraf	1,612,800	1,612,800	Severance Fees As per Service Contract
2. Shri Deo Kishan Saraf	1,344,000	1,344,000	As per Service Contract

ii) Details of sitting fees paid to the Non-Executive Directors for the year ended 31.03.2013 alongwith Shares held by them are given below :-

Name of Director	No. of Shares held	Sitting fees Paid (₹)	Other Payments (₹)	Service Contract/ Notice Period/ Severance Fees
Mr.S.K Ghosh	1500	30,000	NIL	Retire by rotation
Mr.M.K Nath	NIL	30,000	NIL	Retire by rotation



**7. MANAGEMENT COMMITTEE**

Management Committee consists of the following members :

1. Mr. Deo Kishan Saraf, Whole Time Executive Director, Chairman of the Committee,
2. Mr. Abhishek Saraf, Senior Executive and Production in charge,
3. Mr. Bishnu Kumar Kesan, General Manager and Compliance Officer & Chief Financial Officer

The terms of Reference of the committee comprises of matters generally of routine nature such as opening and closure of Bank Accounts, investments/borrowing of short term Loans and Advances, selection and appointment of suppliers, and service providers, filling of forms and statutory returns, Insurance and other claims, etc, subject to supervision and guidelines of the Board. The Compliance Officer acts as the Secretary to the committee. The Committee generally meets once in a fortnight by way of informal meetings from time to time as and when it is so required.

**8. Disclosures**

- a) Materially significant Related Party Transactions - The company has not entered into any transactions of material nature with its promoters, Directors or the Management, its associates or with the Directors' relatives, etc., that may have potential conflict with the interest at large, other than those in the normal course of business. The transactions undertaken during the year have been appropriately disclosed in the Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2013. The Company's major related party transactions are entered into based on various business exigencies, synergy in operation, legal requirements, liquidity and capital resources of the Associates. All related Party transactions are negotiated at arms length basis and in the interest of the company.
- b) Details of compliances : The company is regular in complying with the requirements of the regulatory authorities on the matters relating to the Capital Market and no penalties/structures have been imposed on the company by Stock Exchanges, SEBI or any regulatory authority, during the year.
- c) Whistle Blower Policy : The company has a whistle Blower policy and appropriate mechanism in place. Employees can directly report to the Top Management any concern about any unethical behaviour, actual or suspected fraud or violation of Company's code of conduct or Ethic Policy. Management on its turn is responsible for establishing a fearless atmosphere where the reporting employee does not fear of being harassed or threatened in any way. No personnel of the company have been denied access to the Audit Committee during the year under review.

- d) Non Mandatory Requirement : Although the company is not mandatorily obliged to comply with the provisions of section 292A of the Companies Act, 1956 and/or clause 49 of the Listing Agreement, the company has voluntarily complied with the requirements of clause 49 of the Listing Agreements and has adopted some of the mandatory requirements defined therein.

**9. 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.

**10. General Shareholders Information**

- a) Annual General Meeting  
Date & Time : Saturday, the 21<sup>st</sup> September, 2013 at 11.00 a.m  
Venue : Bharatiya Bhasha Parisad Auditorium 36A Shakespear Sarani, Kolkata-700017
- b) Financial Year : 12 months from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March, 2013
- c) Book Closure Date : Tuesday, the 17<sup>th</sup> day of September, 2013 to Saturday the 21<sup>st</sup> day of September, 2013 (both days inclusive)
- d) Dividend Payment : On or before 20<sup>th</sup> day of October, 2013
- e) Particulars in respect of unclaimed Dividend declared by the company for the financial year 2005-06 and thereafter is given below :-

Financial Year	Date of declaration of Dividend	Last date of claiming Unpaid Dividend
2005-06	27.09.2006	27.09.2013
2006-07	27.09.2007	27.09.2014
2007-08	26.09.2008	26.09.2015
2008-09	24.09.2009	24.09.2016
2009-10	20.09.2010	20.09.2017
2010-11	19.09.2011	19.09.2018
2011-12	25.09.2012	25.09.2019



- f) Listing of Equity Shares on Stock Exchanges
- i) Bombay Stock Exchange Ltd.- P.J Towers, Dalal Street, Fort, Mumbai-400001
- ii) Calcutta Stock Exchange Ltd.- 7, Lyons Range, Kolkata- 700 001

g) Listing Fees

Annual Listing Fees for the year 2013-14 have already been paid to both the Exchanges. The Company also paid the Annual Custody fees to both the Depositories for the year 2013-14.

h) Depositories

- i. National Securities Depository Ltd.  
Trade World, Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel, Mumbai-400013
- ii. Central Depository Services (India) Ltd.  
P.J.Towers, 17<sup>th</sup> Floor, Dalal Street,  
Fort, Mumbai-400001

i) Stock Code

Stock Exchanges : Stock Code : ISIN of Equity Shares

Bombay Stock Exchange (BSE) 530043 INE 326C01017

Calcutta Stock Exchange (CSE) 10011078 INE 326C01017

j) Market Price Data

The Market Price of Equity Shares of the Company During the year 2012-13 is given below :

Months	BSE High/Low ( ` )	Volume
April, 2012	28.00/23.10	24,811
May, 2012	29.25/25.60	2,441
June, 2012	30.95/27.95	8
July, 2012	32.40/25.35	2,135
Aug, 2012	32.40/24.90	6,836
Sept, 2012	30.00/25.40	3,905
Oct, 2012	31.85/25.85	574
Nov, 2012	31.40/25.20	5,441
Dec, 2012	28.75/25.10	8,477
Jan, 2013	30.00/25.00	5,055
Feb, 2013	29.70/24.15	24,358
Mar, 2013	28.45/23.40	2,461

Note : There was no trading in CSE

k) 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 mode. The ISIN No. allotted to the company is ISIN No.326C 01017.

**I) SHAREHOLDING PATTERN AS ON 31.03.2013**

CATEGORY	NO.OF SHARES	PERCENTAGE OF TOTAL
<b>Promoter Group</b>		
Indian Promoters	746,290	29.61
Persons Acting in concert	422,059	16.75
Foreign Promoters	—	—
<b>Total : Promoter Group</b>	<b>1,168,349</b>	<b>46.36</b>
<b>Non Promoter Group</b>		
NRI/OCB	8,245	0.33
Other Bodies Corporate	632,543	25.10
Resident Individual	710,863	28.21
Institutional Investors (Bank)	—	—
<b>Total : Non-Promoters Group</b>	<b>1,351,651</b>	<b>53.64</b>
<b>Grand Total</b>	<b>25,20,000</b>	<b>100.00</b>

**m) DISTRIBUTION OF SHARE HOLDINGS AS ON 31.03.2013**

Range of Shares	No. of holders	%	No. of Shares	%
1 to 500	810	77.51	135,195	5.36
501 to 1000	111	10.62	87,726	3.48
1001 to 2000	57	5.45	85,694	3.40
2001 to 3000	16	1.53	41,250	1.64
3001 to 4000	10	0.96	35,707	1.42
4001 to 5000	11	1.05	52,645	2.09
5001 to 10,000	7	0.67	48,636	1.93
10,001 to 50,000	11	1.05	264,888	10.51
50,001 to 1,00,000	2	0.20	170,983	6.79
1,00,001 and above	10	0.96	1,597,276	63.38
<b>Grand Total</b>	<b>1045</b>	<b>100.00</b>	<b>2,520,000</b>	<b>100.00</b>



- n) Dematerialisation of Shares and Liquidity  
Approximately 88.85% of the Company's Shares have been dematerialised as on 31.03.2013. The Equity Shares of the company are actively traded in Bombay Stock Exchange.
- o) Plant Location
1. Falta Special Economic Zone, Sector-I, Falta, South 24 Parganas, West Bengal
  2. Falta Special Economic Zone, Sector-II, Falta, South 24 Parganas, West Bengal
  3. 144, Old Jessore Road, Ganganagar, Madhyamgram, Kolkata-700 132
  4. Kantakhal, Vill + Post - Ganganagar, Madhyamgram, Kolkata -700 132

**p) DIVIDEND PAYMENT RECORD**

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 (` per share)	Amount Disbursed
2005-2006	2.00	` 50.40 Lacs
2006-2007	2.00	` 50.40 Lacs
2007-2008	2.00	` 50.40 Lacs
2008-2009	1.50	` 37.80 Lacs
2009-2010	1.50	` 37.80 Lacs
2010-2011	1.50	` 37.80 Lacs
2011-2012	1.50	` 37.80 Lacs

**q) Declaration by Whole Time Executive Director pursuant to clause 49(I) (D) (II) of the Listing Agreement.**

As Whole Time Executive Director of Acknit Industries Ltd. and as required by clause 49 (1) (D) (II) 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 31.03.2013.

SD/- D. K. Saraf

Whole Time Executive Director

Date : The 30th day of May 2013

Place : Kolkata

**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**

**1. 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

**Form A**

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

**POWER & FUEL CONSUMPTION**

	2012-13	2011-12
l) Electricity		
a) Purchased Unit (Kwh)-in lacs	<b>12.18</b>	13.74
b) Total Amount (` ) in lacs	<b>103.60</b>	88.21
Average Rate per unit `	<b>8.51</b>	6.42
Through diesel generator units (lakh kwh)	<b>N.A</b>	N.A
Unit per liter. of Diesel oil (kwh) cost/unit(lakh kwh)	<b>NIL</b>	NIL
Through steam turbine/ generator units (lakh kwh)	<b>NIL</b>	NIL
Unit per liter. Of LD oil (kwh) cost/unit (lakh kwh)	<b>NIL</b>	NIL

**(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, with a low 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 basically engaged in 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.

	(` in Lacs)	
	2012-13	2011-12
Earnings (on FOB Basis)	<b>7,327.41</b>	6,932.62
Outgo	<b>1,463.26</b>	1,614.88

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

	2012-13	2011-12
Electricity	1.00 kwh	0.94 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	NIL	NIL
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 :**

- Modernization 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 31<sup>st</sup> March, 2013. 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 :

- 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.
- 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.
- The Company being a public Limited Company has the minimum prescribed paid up capital.
- The Board of Directors duly met 10 (ten) times on 30.04.2012, 02.05.2012, 11.05.2012, 14.05.2012, 05.06.2012, 14.08.2012, 22.08.2012, 12.11.2012, 13.02.2013 & 25.03.2013 during the year 2012-13 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.
- The company has closed its register of Members from 18.09.2012 to 25.09.2012 (both days inclusive) during the financial year under scrutiny.
- The Annual General Meeting for the Financial year ended on 31<sup>st</sup> March,2012 was held on 25<sup>th</sup> September,2012 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;
- One extra ordinary general meeting was held during the year.
- 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.
- 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.
- The Company has made necessary entries in the register maintained u/s 301 of the Act.
- The Company was not required to obtain any approval of the Members (pursuant to section 314 of the Act).
- 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 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.
  - (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 31<sup>st</sup> March 2013.
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 borrowed by the Company during the financial year ending 31<sup>st</sup> March, 2013 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.

RAJARSHI GHOSH  
Company Secretary in Practice  
C.P.No.8921

Place : Kolkata  
Date : The 30<sup>th</sup> day of May, 2013



**Annexure 'A' of Compliance Certificate**

**Registers as maintained by the Company**

1. Register & Index of Members u/s 150/ 151
2. Register of director 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**

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 31<sup>st</sup> March, 2013.

Annual Return filed u/s 159 for the year 2011-2012 on 24.12.12

Balance Sheet filed u/s 220 for the year 2011-2012 on 28.02.13

Compliance certificate u/s 383A for the year 2011-2012 on 08.11.12

For 23B for reappointment of auditor u/s 224 (1B) filed on 03.10.12

Form 1INV filed on 05.04.2012

Form 5INV filed on 31.07.2012

Form 25C filed u/s 269(2) on 06.07.12 & 11.07.12

Form 23 filed u/s 192 on 27.06.12 & 04.07.12

Form 20A filed u/s 149 (2A) on 05.07.12

**ANNEXURE : E**

**Whole Time Executive Director and Chief Financial Officer (CFO) Certification**

We, D. K. Saraf, Whole Time Executive Director and B. K. Kesan, Chief Financial Officer of Acknit Industries Limited, do hereby certify that :-

- i) We have reviewed the Balance Sheet of the Company as at 31<sup>st</sup> March, 2013, the Statement of Profit & Loss Accounts and all its Schedules 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 systems 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 that 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 therein of the management or any employees who have significant role in the company's 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

**D. K. Saraf**  
*Whole Time Executive Director*

**Bishnu Kumar Kesan**  
*Chief Financial Officer*

Place : Kolkata

Date : The 30th day of May 2013

**INDEPENDENT AUDITORS' REPORT**

To the Members of Acknit Industries Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Acknit Industries Limited which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- 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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us];
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
  - e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

**R. K. Bajaj**  
*Proprietor*  
Membership No. 051715

Place : Kolkata

Date : The 30th day of May, 2013



**Annexure to the Auditors' Report**

The Annexure referred to in our report to the members of Acknit Industries Limited for the year ended 31 March 2013. We report that :

- 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 two Body Corporates covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year aggregate to ₹ 31,500,000/-
- (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 body corporates covered in the register maintained under section 301 of the companies Act, 1956 and the maximum amount involved in the transaction is ₹ 28,600,000/-
- (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 opinions, 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. We have broadly reviewed the cost records maintained by the company, as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained and are being made of. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- IX. (a) According to the information and explanation 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, employees' 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 explanation 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 31.03.2013 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	807,300	Year 2007-2008	West Bengal Commercial Taxes, Appellate & Revisional Board
West Bengal Value Added Tax Act, 2003	VAT	6,542,794	Year 2008-2009	West Bengal Commercial Taxes, Appellate & Revisional Board
Central Sales Tax Act, 1956	CST	266,664	Year 2008-2009	West Bengal Commercial Taxes, Appellate & Revisional Board

- X. The company does not have accumulated losses as at 31<sup>st</sup> March 2013 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 re-payment of dues to any financial institution, bank during the year.
- XII. According to information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debenture 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.

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

**R. K. Bajaj**  
*Proprietor*  
Membership No. 051715

Place : Kolkata  
Date : The 30th day of May 2013



## BALANCE SHEET AS AT MARCH 31, 2013

Amount in `

	Notes	As at 31.03.2013	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	27,577,000	27,577,000
Reserves and surplus	3	198,732,759	187,827,656
		<b>226,309,759</b>	<b>215,404,656</b>
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	66,987,000	79,783,296
Deferred tax liabilities (net)	5	22,157,400	23,352,400
		<b>89,144,400</b>	<b>103,135,696</b>
<b>Current Liabilities</b>			
Short-term borrowings	6	311,635,112	242,463,872
Trade payables	7	96,773,117	70,994,428
Other current liabilities	8	34,583,555	44,449,514
Short-term provisions	9	5,733,305	4,393,211
		<b>448,725,089</b>	<b>362,301,025</b>
<b>TOTAL</b>		<b>764,179,248</b>	<b>680,841,377</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
Tangible assets		188,402,583	198,594,891
Intangible assets		100,833	117,606
Capital work-in-progress		585,916	1,579,098
Non-current investments	11	1,066,137	1,066,137
Long-term loans and advances	12	7,283,781	6,761,591
Other non-current assets	13	1,024,225	833,058
		<b>198,463,475</b>	<b>208,952,381</b>
<b>Current Assets</b>			
Current investments	14	–	2,235,956
Inventories	15	263,414,615	208,730,756
Trade receivables	16	150,077,118	141,317,571
Cash and bank balances	17	7,315,206	9,496,948
Short-term loans and advances	18	141,716,546	107,917,766
Other current assets	19	3,192,288	2,189,999
		<b>565,715,773</b>	<b>471,888,996</b>
<b>TOTAL</b>		<b>764,179,248</b>	<b>680,841,377</b>

The accompanying notes 1 - 37 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 30th day of May 2013

For & on behalf of the Board  
**Deo Kishan Saraf**  
Director  
**Samir Kumar Ghosh**  
Director  
**Bishnu Kumar Kesan**  
Chief Financial Officer



## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED MARCH 31, 2013

		Amount in `	
	Notes	For the year ended 31.03.2013	For the year ended 31.03.2012
<b>INCOME</b>			
Gross Revenue From Sale of products		906,935,701	839,390,606
Less : Excise Duty / Customs Duty		13,380,640	15,016,885
Net Revenue from sale of products		893,555,061	824,373,721
Other operating revenue		72,439,307	66,040,163
<b>Revenue From Operations</b>	20	<b>965,994,368</b>	890,413,884
Other Income	21	8,438,046	2,251,965
<b>TOTAL REVENUE</b>		<b>974,432,414</b>	892,665,849
<b>EXPENSES</b>			
Cost of raw materials Consumed	22	693,747,513	610,302,165
Purchase of stock-in-trade	23	176,231	2,402,155
Changes in inventories of finished goods, work in progress and stock-in-trade	24	(27,578,448)	(9,111,372)
Employee benefits expense	25	19,281,418	18,282,707
Finance Costs	26	30,800,751	29,748,828
Depreciation and amortisation expense	10	17,086,868	16,149,597
Other expenses	27	216,397,694	202,787,628
<b>TOTAL EXPENSES</b>		<b>949,912,027</b>	870,561,708
Profit before Exceptional & Extraordinary Item and Tax		24,520,387	22,104,141
Tax Expense :			
Current tax	28	10,417,073	7,100,000
Deferred tax		(1,195,000)	170,000
<b>PROFIT AFTER TAX</b>		<b>15,298,314</b>	14,834,141
Earnings Per Share (Face Value ` 10/- each) Basic and Diluted	29	6.07	5.89

The accompanying notes 1 - 37 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 30th day of May 2013

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, 2013

	For the year ended 31.03.2013	Amount in `
		For the year ended 31.03.2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & extra ordinary items	24,520,387	22,104,141
Adjustment for :		
Depreciation and amortisation expense	17,086,868	16,149,597
Finance costs	30,800,751	29,748,828
Interest income	(478,946)	(722,142)
Dividend income from long term investments	-	(16,250)
(Profit)/Loss on sale of Fixed Assets/Assets Discarded	-	116,047
Net (gain) / loss on sale of current investment	23,020	(310,687)
Net loss on sale of long term investments	696,031	-
<b>Operating profit before working capital changes</b>	<b>72,648,111</b>	<b>67,069,534</b>
<b>Adjustments for changes in working capital</b>		
Trade receivables, loans and advances and other assets	(24,510,386)	(28,937,512)
Inventories	(54,683,859)	(28,811,877)
Trade payables, other liabilities and provisions	21,213,062	12,775,560
<b>Cash generated from operations</b>	<b>14,666,928</b>	<b>22,095,705</b>
Tax paid (including TDS) (net)	(7,044,742)	(7,048,126)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES (A)</b>	<b>7,622,186</b>	<b>15,047,579</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(5,884,605)	(36,628,238)
Sale of fixed assets	-	120,000
Sale/(Purchase) of Investments (net)	2,235,956	(1,235,956)
Intercompany deposits	(21,014,362)	9,989,839
Payables for capital goods	373,912	(460,408)
Movement in loans and advances	(713,357)	(281,863)
Interest received	381,523	666,447
Profit / (loss) on sale of investments & dividend	(719,051)	326,937
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(25,339,984)</b>	<b>(27,503,242)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Short term secured loan	44,171,240	27,886,328
Short term unsecured loan	25,000,000	-
Proceeds from / (repayment of) unsecured loan	(6,900,000)	22,000,000
Repayment of long term loan	(10,178,560)	(4,494,760)
Interest and financing charges	(32,221,518)	(26,867,551)
Dividend & dividend tax paid	(4,364,424)	(4,401,173)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>15,506,738</b>	<b>14,122,844</b>
<b>NET (DECREASE)/INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(2,211,060)</b>	<b>1,667,181</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>8,610,031</b>	<b>6,942,850</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>6,398,971</b>	<b>8,610,031</b>
Notes to cash flow statement for the year ended March 31, 2013		
<b>1. Cash and cash equivalents include the following balance sheet amounts</b>		
Cash on hand	486,928	793,356
Balances with banks		
- In Current Accounts	2,888,697	3,537,375
- In Deposit Accounts	3,023,346	4,279,300
	<b>6,398,971</b>	<b>8,610,031</b>

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 30th day of May 2013

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

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.

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 31.03.2013		As at 31.03.2012	
	Numbers	Amount (₹)	Numbers	Amount (₹)
<b>2. SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	<u>12,000,000</u>	<u>120,000,000</u>	<u>12,000,000</u>	<u>120,000,000</u>
	<u>12,000,000</u>	<u>120,000,000</u>	<u>12,000,000</u>	<u>120,000,000</u>
<b>Issued and Subscribed</b>				
Equity Shares of ₹ 10/- each fully paid	<u>3,000,000</u>	<u>30,000,000</u>	<u>3,000,000</u>	<u>30,000,000</u>
	<u>3,000,000</u>	<u>30,000,000</u>	<u>3,000,000</u>	<u>30,000,000</u>
<b>Paid-up</b>				
Equity Shares of ₹ 10/- each fully paid	<u>2,520,000</u>	<u>25,200,000</u>	<u>2,520,000</u>	<u>25,200,000</u>
Add : Shares Forfeited	<u>—</u>	<u>2,377,000</u>	<u>—</u>	<u>2,377,000</u>
<b>TOTAL</b>	<u><u>2,520,000</u></u>	<u><u>27,577,000</u></u>	<u><u>2,520,000</u></u>	<u><u>27,577,000</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

c) Reconciliation of the number of Shares outstanding.

	As at 31.03.2013		As at 31.03.2012	
	Numbers	Amount (₹)	Numbers	Amount (₹)
<b>Equity Share</b>				
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

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

	As at 31.03.2013		As at 31.03.2012	
	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

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 31.03.2013	Amount in ₹ As at 31.03.2012
<b>3. RESERVES &amp; SURPLUS</b>		
<b>a) Capital Reserve</b>		
At the beginning and at the end of the year	2,065,344	2,065,344
<b>b) Securities Premium Account</b>		
At the beginning and at the end of the year	12,288,500	12,288,500
<b>c) General Reserve</b>		
At the beginning of the year	161,000,000	151,000,000
Add : Transfer from Surplus in Statement of Profit and Loss	10,000,000	10,000,000
At the end of the year	171,000,000	161,000,000
<b>d) Surplus/(Deficit) in Statement of Profit and Loss</b>		
At the beginning of the year	12,473,812	12,032,882
Add : Profit during the year	15,298,314	14,834,141
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	10,000,000
At the end of the year	13,378,915	12,473,812
<b>TOTAL (a+b+c+d)</b>	<b>198,732,759</b>	<b>187,827,656</b>



## NOTES TO THE FINANCIAL STATEMENTS

## 4. LONG TERM BORROWINGS

## A. SECURED

Term Loans

Rupee Loan

- From Banks

- From Financial Institution

Total

## B. UNSECURED

Rupee Loan

- From Others

Total

TOTAL (A+B)

	As at 31.03.2013	Amount in ` As at 31.03.2012
	-	708,296
	3,887,000	9,075,000
<b>Total</b>	<b>3,887,000</b>	<b>9,783,296</b>
	63,100,000	70,000,000
<b>Total</b>	<b>63,100,000</b>	<b>70,000,000</b>
<b>TOTAL (A+B)</b>	<b>66,987,000</b>	<b>79,783,296</b>

## 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, 2013:-

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

	As at 31.03.2013		Amount in ` As at 31.03.2012	
	Bank	Financial Inst.	Bank	Financial Inst.
	<b>TERM LOAN</b>			
<b>Borrowings Repayable</b>				
In the first year (Note 8)	-	5,188,000	4,282,264	5,188,000
Current maturities of long-term debt	-	5,188,000	4,282,264	5,188,000
In the second year	-	3,887,000	708,296	5,188,000
In the third year	-	-	-	3,887,000
Long Term Borrowings	-	3,887,000	708,296	9,075,000

## c) Period of Continuing Default

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

	As at 31.03.2013	Amount in ` As at 31.03.2012
<b>d) Unsecured Loan from Others includes</b>		
i) Related party (bearing interest)	11,100,000	10,000,000
ii) Intercorporates		
a) Bearing interest	27,000,000	35,000,000
b) Interest free	25,000,000	25,000,000
	<b>63,100,000</b>	<b>70,000,000</b>





## NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2013	Amount in ` As at 31.03.2012
<b>e) Long Term Borrowings from Related Party includes payable to :</b>		
Prince Vanija Pvt. Ltd.	11,100,000	10,000,000
	<b>11,100,000</b>	<b>10,000,000</b>
<b>5. DEFERRED TAX LIABILITIES (NET)</b>		
<b>a) Deferred tax liability :</b>		
on depreciation & amortisation	23,475,000	24,670,000
Total deferred tax liability (A)	<b>23,475,000</b>	<b>24,670,000</b>
<b>b) Deferred tax asset :</b>		
Provision for doubtful assets	21,600	21,600
Provision for doubtful loan & advances	1,296,000	1,296,000
Total deferred tax assets (B)	<b>1,317,600</b>	<b>1,317,600</b>
<b>Net Deferred tax liability (A-B)</b>	<b>22,157,400</b>	<b>23,352,400</b>
<b>6. SHORT TERM BORROWINGS</b>		
<b>a) SECURED</b>		
(i) Foreign currency loan from banks	118,873,737	65,941,239
(ii) Buyers' Credit	12,639,696	3,923,307
(iii) Rupee loan from banks		
Packing credit	-	12,025,823
Bill Discounting	45,592,365	42,971,235
Cash credit	107,029,314	115,102,268
	<b>284,135,112</b>	<b>239,963,872</b>
(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>b) UNSECURED</b>		
(i) Rupee loan from other parties	27,500,000	2,500,000
	<b>27,500,000</b>	<b>2,500,000</b>
<b>TOTAL (a + b)</b>	<b>311,635,112</b>	<b>242,463,872</b>
Note : From Other Parties includes inter corporate loan of ` 27,500,000 (P.Y. ` 25,00,000)		
<b>7. TRADE PAYABLES</b>		
Trade payables (including acceptances)	96,773,117	70,994,428
<b>TOTAL</b>	<b>96,773,117</b>	<b>70,994,428</b>
Note : A sum of ` 4,781,549/- payable to Micro and Small Enterprises as at 31st March, 2013 (Previous year - ` 5,454,701/-). 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, 2013. 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.		
<b>8. OTHER CURRENT LIABILITIES</b>		
(a) Current Maturities of Long Term Debt – Note 4(b)	5,188,000	9,470,264
(b) Interest accrued but not due on Borrowings	5,044,497	6,450,349
(c) Interest accrued and due on borrowings	15,029	29,944
(d) Unpaid dividends *	724,360	695,573
(e) Other payables	23,611,669	27,803,384
<b>TOTAL</b>	<b>34,583,555</b>	<b>44,449,514</b>



NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2013	Amount in ` As at 31.03.2012
Other payables comprise :		
Payables for fixed assets	1,107,773	733,861
Advance received from customers	2,264,131	2,916,620
Statutory Liabilities	1,344,354	1,897,641
Others	18,895,411	22,255,262
	<b>23,611,669</b>	<b>27,803,384</b>

\* 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
Provision for Income Tax (Net of Advances of ` 19,159,906)	1,340,094	-
<b>TOTAL</b>	<b>5,733,305</b>	<b>4,393,211</b>

10. FIXED ASSETS

Tangible Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Addition during the year	Withdrawals during the Year	As at 31.03.2013	As at 01.04.2012	Withdrawals during the Year	For the year	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
1. Office Premises	5,271,635	—	—	5,271,635	194,165	—	83,181	277,346	4,994,289	5,077,470
2. Land	19,329,076	—	—	19,329,076	—	—	—	—	19,329,076	19,329,076
3. Freehold Building	48,137,172	1,570,560	—	49,707,732	6,886,272	—	1,651,429	8,537,701	41,170,031	41,250,900
4. Plant & Machinery	154,445,981	1,157,105	—	155,603,086	73,244,546	—	9,920,311	83,164,857	72,438,229	81,201,435
5. WindMill	59,645,616	—	—	59,645,616	18,550,606	—	3,149,289	21,699,895	37,945,721	41,095,010
6. Electric Installation	7,462,474	1,211,348	—	8,673,822	2,676,950	—	558,186	3,235,136	5,438,686	4,785,524
7. Fire Prevention Equipment	527,287	996,262	—	1,523,549	49,568	—	54,869	104,437	1,419,112	477,719
8. Furniture & Fixtures	2,624,915	700,824	—	3,325,739	1,285,630	—	154,094	1,439,724	1,886,015	1,339,285
9. Air Conditioners	2,648,922	65,398	—	2,714,320	585,611	—	127,965	713,576	2,000,744	2,063,311
10. Office Equipment										
– Computer	1,696,058	208,814	—	1,904,872	1,083,575	—	184,126	1,267,701	637,171	612,483
– Other	877,273	36,778	—	914,051	598,326	—	63,125	661,451	252,600	278,947
11. Refrigerator	20,300	—	—	20,300	7,018	—	1,506	8,524	11,776	13,282
12. Vehicles	2,528,743	43,210	—	2,571,953	1,458,294	—	234,526	1,692,820	879,133	1,070,449
13. Clicking Dies	3,275,679	858,888	—	4,134,567	3,275,679	—	858,888	4,134,567	—	—
	<b>3,08,491,131</b>	<b>6,849,187</b>	<b>—</b>	<b>315,340,318</b>	<b>109,896,240</b>	<b>—</b>	<b>17,041,495</b>	<b>126,937,735</b>	<b>188,402,583</b>	<b>198,594,891</b>
<b>CAPITAL W I P</b>	<b>1,579,098</b>	<b>585,916</b>	<b>1,579,098</b>	<b>585,916</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>585,916</b>	<b>1,579,098</b>
<b>TOTAL</b>	<b>310,070,229</b>	<b>7,435,103</b>	<b>1,579,098</b>	<b>315,926,234</b>	<b>109,896,240</b>	<b>—</b>	<b>17,041,495</b>	<b>126,937,735</b>	<b>188,988,499</b>	<b>200,173,989</b>
Previous Year	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

Note :

1. Building Freehold include ` 36,556,198/- (previous year - ` 34,985,639/-), aggregate cost of Building on Leasehold Land situated at various locations.

2. 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 2.40 lacs (P.Y. - USD 0.99 Lacs) upto 31.03.2013.

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 01.04.95 as per Companies Act, 1956 (as amended). The Total depreciation provided ` 28,464/- on WDV method on Gross Block of ` 3,303,142/- (previous year depreciation ` 7,111/- on Gross Block of ` 3,303,142/-) and ` 17,058,404/- on SLM on Gross Block of ` 305,455,990/- (previous year depreciation ` 16,142,486/- on Gross Block of ` 305,455,990/-)

**Intangible Assets**

Amount in `

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Addition during the year	Withdrawals during the Year	As at 31.03.2013	As at 01.04.2012	Withdrawals during the Year	For the year	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
1. Computer - Software	268,001	28,600	—	296,601	150,395	—	45,373	195,768	100,833	117,606
<b>TOTAL</b>	268,001	28,600	—	296,601	150,395	—	45,373	195,768	100,833	117,606
Previous Year	268,001	—	—	268,001	107,584	—	42,811	150,395	117,606	160,417

**11. NON CURRENT INVESTMENTS**

(at cost unless stated otherwise)

**Long Term and Non Trade Investments**

Investment in equity instruments

**Unquoted**

Gujrat NRE Mineral Resources Limited

34,500 (P.Y. 34,500) shares of ` 10 each, fully paid

**Quoted**

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**

	As at 31.03.2013	As at 31.03.2012
	<b>1,050,000</b>	1,050,000
	<b>1,050,000</b>	1,050,000
	<b>15,341</b>	15,341
	<b>796</b>	796
	<b>16,137</b>	16,137
	<b>1,066,137</b>	1,066,137
	<b>8,175</b>	7,300
	<b>5,144,984</b>	4,533,794
	—	—
	<b>3,900,000</b>	3,900,000
	<b>508,917</b>	597,917
	<b>1,629,880</b>	1,629,880
	<b>11,183,781</b>	10,661,591
	<b>3,900,000</b>	3,900,000
	<b>7,283,781</b>	6,761,591



## NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2013	Amount in ` As at 31.03.2012
<b>13. OTHER NON-CURRENT ASSETS</b>		
a) Prepaid Expenses	721,175	530,008
b) Deposits with Banks (with maturity more than 12 months)	303,050	303,050
<b>TOTAL</b>	<b>1,024,225</b>	<b>833,058</b>
<b>14. CURRENT INVESTMENTS</b> (at lower of cost and fair value)		
<b>Non Trade Investments</b>		
<b>Investment in equity instruments</b>		
Quoted		
(i) Electrosteel Steel Limited Nil (P.Y. 1,00,000) shares of ` 10 each, fully paid up	-	1,000,000
(ii) Arvind Limited Nil (P.Y. 2,000) shares of ` 10 each, fully paid up	-	155,814
(iii) Alok Industries Limited Nil (P.Y. 5,000) shares of ` 10 each, fully paid up	-	131,716
(iv) Ballarpur Industries Limited Nil (P.Y. 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
<b>15. INVENTORIES</b> (At lower of cost and net realisable value)		
(a) Raw Materials	132,497,442	104,956,976
(b) Work-in-progress (refer note 24)	47,249,093	35,981,024
(c) Finished goods (refer note 24)	78,662,206	62,708,632
(d) Traded goods (refer note 24)	-	388,476
(e) Stores spares & packing materials	5,005,874	4,695,648
<b>TOTAL</b>	<b>263,414,615</b>	<b>208,730,756</b>
The above includes goods in transit as under :		
(a) Raw Materials (incl. semi finished goods)	7,008,932	7,500,476
(b) Stores, Spares & packing materials	117,125	92,934
	<b>7,126,057</b>	<b>7,593,410</b>
Note : Valuation of inventories certified and decided by the management are according to normally accepted accounting principal.		
<b>16. TRADE RECEIVABLES</b>		
(a) Outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good Doubtful	16,688,226 64,800	15,751,696 64,800
	<b>16,753,026</b>	<b>15,816,496</b>
Less : Provision for doubtful receivables	64,800	64,800
<b>Total</b>	<b>16,688,226</b>	<b>15,751,696</b>
(b) Others Unsecured, considered good	133,388,892	125,565,875
<b>Total (a + b)</b>	<b>150,077,118</b>	<b>141,317,571</b>



## NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2013	Amount in ` As at 31.03.2012
<b>17. CASH AND BANK BALANCES</b>		
<b>a) Cash and Cash Equivalents</b>		
Balances with banks		
- In current accounts	886,991	1,111,425
- In EEFC accounts	2,001,706	2,425,950
- In deposit accounts (with less than 3 months maturity)	3,023,346	4,279,300
Cash in hand	486,928	793,356
Total	<b>6,398,971</b>	8,610,031
<b>b) Other Bank Balances</b>		
- In deposit accounts (with maturity of more than 3 months but less than 12 months)	188,467	185,167
- In unpaid dividend accounts	727,768	701,750
Total	<b>916,235</b>	886,917
<b>TOTAL (a+b)</b>	<b>7,315,206</b>	9,496,948
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)		
<b>18. SHORT TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>a) Loans and advances to Related Parties</b>	<b>20,031,403</b>	17,041
<b>b) Others</b>		
i) Advance Income Tax (Net of provision for Previous year ` 15,535,000/-)	-	2,032,237
ii) Loans and advances to other body corporate	3,667,461	2,667,461
iii) Export incentives & Receivables from govt. authorities	90,787,049	80,573,381
iv) Loans & Advances to Employees	459,904	463,946
v) Other Loans and Advances	26,770,729	22,163,700
<b>TOTAL</b>	<b>141,716,546</b>	107,917,766
<b>Loans and advances to Related Parties -Refer Note 33</b>		
<b>19. OTHER CURRENT ASSETS</b>		
a) Prepaid Expenses	2,567,962	1,663,096
b) Interest accrued on deposits	264,326	166,903
b) Security Deposits	360,000	360,000
<b>TOTAL</b>	<b>3,192,288</b>	2,189,999



## NOTES TO THE FINANCIAL STATEMENTS

	For the year ended 31.03.2013	Amount in `
		For the year ended 31.03.2012
<b>20. REVENUE FROM OPERATIONS</b>		
Sale of products	906,935,701	839,390,606
Other operating revenue	72,439,307	66,040,163
Revenue from operations (gross)	979,375,008	905,430,769
Less : Excise duty attributable to product sold	13,380,640	15,016,885
<b>Revenue from operations (net)</b>	<b>965,994,368</b>	<b>890,413,884</b>
<b>Details of products sold</b>		
<b>A. Finished goods sold</b>		
Hand Gloves	738,668,218	668,935,819
Readymade Garments	117,127,622	147,720,752
Windpower	8,422,286	7,575,080
Others	37,956,272	5,387,678
(A)	<b>902,174,398</b>	<b>829,619,329</b>
<b>B. Traded goods sold</b>		
Yarn, fabrics, chemicals and other traded goods	4,761,303	9,771,277
(B)	<b>4,761,303</b>	<b>9,771,277</b>
(A) + (B)	<b>906,935,701</b>	<b>839,390,606</b>
<b>Other operating revenue</b>		
Scrap sales	287,355	931,775
Export Incentives	72,151,952	65,108,388
	<b>72,439,307</b>	<b>66,040,163</b>
<b>21. OTHER INCOME</b>		
Interest income on		
Bank Deposits	433,696	703,208
Others	45,250	18,934
Dividend income on		
Long-term investments	-	16,250
Net Gain on Sale of		
Current investments	-	310,687
Net gain on foreign currency transactions and translation	7,603,837	-
Other Non-operating income *	355,263	1,202,886
<b>TOTAL</b>	<b>8,438,046</b>	<b>2,251,965</b>
<b>* Other Non-operating income includes</b>		
Discount Received	169,127	100,507
Brokerage Income	-	1,634
Other Misc. Income	186,136	1,100,745
	<b>355,263</b>	<b>1,202,886</b>
<b>22. COST OF RAW MATERIALS CONSUMED</b>		
Opening Stock	104,956,976	85,225,264
Add: Purchase	721,287,979	630,033,877
Less: Closing Stock	132,497,442	104,956,976
<b>Cost of raw materials consumed</b>	<b>693,747,513</b>	<b>610,302,165</b>



## NOTES TO THE FINANCIAL STATEMENTS

	<b>Amount in `</b>	
	<b>For the year ended 31.03.2013</b>	<b>For the year ended 31.03.2012</b>
<b>Details of raw materials consumed</b>		
Yarn	39,200,821	56,229,658
Fabrics	69,878,202	74,773,116
Leathers	388,761,773	313,808,379
Chemicals	32,347,794	34,441,467
Industrial Gloves (SF)	16,178,371	95,366,175
Others	147,380,552	35,683,370
	<b>693,747,513</b>	<b>610,302,165</b>
<b>Value of Raw materials consumed during the year</b>		
Imported	16.03% 111,205,760	21.86% 133,436,772
Indigenous	83.97% 582,541,753	78.14% 476,865,393
	<b>100.00% 693,747,513</b>	<b>100.00% 610,302,165</b>
<b>23. PURCHASES OF STOCK-IN-TRADE</b>		
Hand Gloves	8,231	2,402,155
Others	168,000	-
<b>Total</b>	<b>176,231</b>	<b>2,402,155</b>
<b>24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS &amp; STOCK-IN-TRADE</b>		
<b>Opening Stock</b>		
Work-in-progress	35,981,024	32,799,692
Finished goods	62,708,632	58,067,258
Traded goods	388,476	158,097
	<b>99,078,132</b>	<b>91,025,047</b>
<b>Closing Stock</b>		
Work-in-progress	47,249,093	35,981,024
Finished goods	78,662,206	62,708,632
Traded goods	-	388,476
	<b>125,911,299</b>	<b>99,078,132</b>
Excise duty on increase / (decrease) of finished goods	(745,281)	(1,058,287)
<b>TOTAL</b>	<b>(27,578,448)</b>	<b>(9,111,372)</b>
<b>Details of inventories</b>		
<b>Work-in-progress</b>		
Hand gloves	31,067,528	23,683,063
Garments	16,051,822	12,297,961
Others	129,743	-
	<b>47,249,093</b>	<b>35,981,024</b>
<b>Finished goods</b>		
Hand gloves	75,606,528	50,127,098
Garments	2,703,465	11,963,004
Others	352,213	618,530
	<b>78,662,206</b>	<b>62,708,632</b>
<b>Traded goods</b>		
Hand gloves	-	388,476
	<b>-</b>	<b>388,476</b>



## NOTES TO THE FINANCIAL STATEMENTS

	Amount in `	
	For the year ended 31.03.2013	For the year ended 31.03.2012
<b>25. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages, bonus, etc	16,958,630	16,498,507
Contribution to provident and other funds	1,623,052	1,549,186
Gratuity expenses	235,098	(53,501)
Staff welfare expenses	464,638	288,515
<b>TOTAL</b>	<b>19,281,418</b>	<b>18,282,707</b>

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

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

<b>(i) Employer's Contribution to Provident Fund</b>	` 1,290,316	` 1,241,919
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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 31.03.13 in respect of CGCA scheme of Acknit Industries Limited.**

	31.03.2013	31.03.2012
<b>1. Actuarial Assumptions</b>		
Discount Rate (per annum)	8.00%	8.00%
Rate of escalation in salary (per annum)	3.00%	3.00%
<b>2. Changes in present value obligation</b>		
Present value obligation as at beginning of the year	2,861,767	2,733,764
Interest cost	228,941	218,701
Current service cost	233,587	240,269
Benefits paid	(138,843)	(95,552)
Actuarial (gain)/ loss on obligation	77,971	(235,415)
Present value obligation as at end of the year	3,263,423	2,861,767
<b>3. Changes in fair value of plan assets</b>		
Plan assets as at beginning of the year	3,372,410	3,096,377
Expected return on plan assets	305,401	277,056
Contributions	268,354	94,529
Benefits Paid	(138,843)	(95,552)
Actuarial gain /(loss)	-	-
Plan assets as at end of the year	3,807,322	3,372,410
<b>4. Fair value of plan assets</b>		
Plan assets as at beginning of the year	3,372,410	3,096,377
Actual return on plan assets	305,401	277,056
Contributions	268,354	94,529
Benefit paid	(138,843)	(95,552)
Fair value of plan assets as at end of the year	3,807,322	3,372,410
Funded status	543,899	510,643
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

	31.03.2013	Amount in ` 31.03.2012
<b>5. Actuarial (Gain) / Loss recognized</b>		
Actuarial (gain) / loss for the year - obligation	77,971	(235,415)
Actuarial (gain) / loss for the year - plan assets	-	-
Total (gain) / loss for the year	77,971	(235,415)
Actuarial (gain) / loss recognized in the year	77,971	(235,415)
<b>6. Amounts to be recognized in the Balance Sheet.</b>		
Present value obligation as at end of the year	3,263,423	2,861,767
Fair value of plan assets as at end of year	3,807,322	3,372,410
Funded status	543,899	510,643
Net assets / (liability) recognized in Balance Sheet	543,899	510,643
<b>7. Expenses Recognized in the Statement of Profit &amp; Loss</b>		
Current service cost	233,587	240,269
Interest cost	228,941	218,701
Expected return on plan assets	(305,401)	(277,056)
Net actuarial (gain)/ loss recognized in the year	77,971	(235,415)
Expenses recognized in the statement of Profit & Loss	235,098	(53,501)
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**

	For the year ended 31.03.2013	For the year ended 31.03.2012
Bank charges	1,545,845	1,538,433
Interest Expense	29,245,865	28,207,683
Others	9,041	2,712
<b>TOTAL</b>	<b>30,800,751</b>	<b>29,748,828</b>

**27. OTHER EXPENSES**

Consumption of stores, spares & packing materials @	24,888,526	20,594,732
Power & fuels	19,074,250	15,525,907
Rent, rates & taxes etc.	3,435,413	3,853,991
Packing & finishing charges	6,439,345	6,252,493
Printing & stationary	675,381	690,172
Processing charges	105,767,021	102,064,467
Bank Charges	4,063,745	2,932,121
Travelling & conveyance expenses	5,070,096	5,135,427
Auditor's remuneration *	262,083	244,472
Insurance charges	2,643,449	2,365,940
Postage, telegram, telephone & telex	1,744,896	1,919,583
Motor car expenses	781,297	802,619
Repairs & maintenance		
Plant & machinery	1,440,261	1,989,466
Building	540,536	246,888
Others	5,167,912	4,512,606
Commission on sales	4,783,574	1,432,942
Sales promotion expenses	1,517,245	1,824,694
Coolie, cartage, freight & forwarding charges	17,866,704	18,238,807



## NOTES TO THE FINANCIAL STATEMENTS

	Amount in `	
	For the year ended 31.03.2013	For the year ended 31.03.2012
Quality Claim on Exports	1,312,143	428,455
Applicable net loss on foreign currency transactions and translation	-	7,942,923
Loss on sale of Fixed Assets	-	116,047
Loss on sale of Investment	719,051	-
Misc. expenses	7,174,144	3,511,167
Prior Period items #	1,030,622	161,709
<b>TOTAL</b>	<b>216,397,694</b>	<b>202,787,628</b>

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

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

Imported	14.69%	3,655,679	14.27%	2,939,288
Indigenous	85.31%	21,232,847	85.73%	17,655,444
	<b>100.00%</b>	<b>24,888,526</b>	<b>100.00%</b>	<b>20,594,732</b>

## \* Auditors' remuneration and expenses

Audit Fees	179,776	179,776
Tax Audit Fees	39,326	39,326
Vat Audit Fees	8,989	7,523
Other Matters	33,992	17,847
	<b>262,083</b>	<b>244,472</b>

## # Details of Prior period items (Net)

## (a) Prior period item (Debit Adjustments)

Purchases	-	8,607
Export Incentives	872,344	199,155
Coolie, Cartage, Freight & Forwarding Charges	-	34,967
VAT Expenses	110,438	-
Salary Wages & Bonus	-	8,000
Gram Panchayat Tax	57,969	-
Bank Charges	-	178
Interest	1,168,141	-
Processing Charges	-	31,865
Repairs & Maintenance	5,500	2,500
Others	117,890	33,675
	<b>2,332,282</b>	<b>318,947</b>

## (b) Prior period item (Credit Adjustments)

Coolie, Cartage, Freight & Forwarding Charges	-	121,871
Telephone exp	-	1,983
Rent Rates & Taxes	863,891	-
Processing Charges	357,299	2,276
Ineterst Received	-	2,080
Others	80,470	29,028
	<b>1,301,660</b>	<b>157,238</b>
<b>Total (a) – (b)</b>	<b>1,030,622</b>	<b>161,709</b>



## NOTES TO THE FINANCIAL STATEMENTS

	<u>For the year ended</u> <u>31.03.2013</u>	<u>Amount in `</u> <u>For the year ended</u> <u>31.03.2012</u>
<b>28. CURRENT TAX</b>		
Income tax for the year :		
Current Tax	<u>8,800,000</u>	<u>7,100,000</u>
	<u>8,800,000</u>	<u>7,100,000</u>
Adjustments / (credits) related to previous years - Net		
Current Tax	<u>1,617,073</u>	<u>-</u>
	<u>1,617,073</u>	<u>-</u>
<b>TOTAL</b>	<u><u>10,417,073</u></u>	<u><u>7,100,000</u></u>
<b>29. EARNINGS PER SHARE</b>		
Profit After Taxation (`)	<u>15,298,314</u>	<u>14,834,141</u>
Weighted average number of shares (Nos.)	<u>2,520,000</u>	<u>2,520,000</u>
Basic and Diluted Earnings Per Share (`)	<u>6.07</u>	<u>5.89</u>
	<u>31.03.2013</u>	<u>31.03.2012</u>
<b>30. CONTINGENT LIABILITIES</b>		
<b>a) Claims against the company not acknowledged as debts</b>	<u>7,629,958</u>	<u>127,598,142</u>
(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*	<u>2,562,342</u>	<u>2,562,342</u>
<b>b) Guarantees</b>		
Letter of Credit	<u>15,239,170</u>	<u>23,843,457</u>
<b>c) Other money for which company is contingently liable</b>		
Bills discounted by the Bank	<u>45,592,365</u>	<u>42,971,235</u>

\* 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/-).

**31. SEGMENT REPORTING**

The company's operating business are organized and managed separately according to the nature of products. The five identified reportable segments are (i) Own manufactured cotton & synthetic gloves, (ii) Leather gloves, (iii) Readymade Garments (iv) Other & traded items and (v) 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

	External Sale	Intersegment Sales	2013 Total	External Sale	Intersegment Sales	2012 Total
<b>A. SEGMENT REVENUE</b>						
Cotton & Synthetic Gloves	113,775,994	–	113,775,994	126,926,494	–	126,926,494
Leather Gloves	691,629,477	5,365,919	696,995,396	601,369,097	18,675,736	620,044,833
Readymade Garments	110,384,878	–	110,384,878	89,569,142	–	89,569,142
Others & Traded items	41,781,733	398,145	42,179,878	64,974,071	–	64,974,071
Power Generation	8,422,286	–	8,422,286	7,575,080	–	7,575,080
<b>Segment Total</b>	<b>965,994,368</b>	<b>5,764,064</b>	<b>971,758,432</b>	<b>890,413,884</b>	<b>18,675,736</b>	<b>909,089,620</b>
Elimination			(5,764,064)			(18,675,736)
<b>Total Revenue</b>			<b>965,994,368</b>			<b>890,413,884</b>
<b>B. SEGMENTS RESULTS</b>						
Cotton & Synthetic Gloves			3,751,923			6,902,447
Leather Gloves			41,165,312			46,099,098
Readymade Garments			13,511,738			6,508,267
Others & Traded items			6,350,002			10,362,993
Power Generation			2,892,817			3,317,064
<b>Segment Total</b>			<b>67,671,792</b>			<b>73,189,869</b>
Unallocated Corporate Exps.			(20,783,100)			(23,053,624)
Unallocated Corporate Income.			7,953,500			994,582
<b>Profit before Finance cost &amp; Tax</b>			<b>54,842,192</b>			<b>51,130,827</b>
Finance cost			(30,800,751)			(29,748,828)
Interest on loan, deposits, etc.			478,946			722,142
Provision for Taxation (Net)			(9,222,073)			(7,270,000)
<b>C. Profit after Taxation</b>			<b>15,298,314</b>			<b>14,834,141</b>
<b>D. Other information</b>						
	<b>Segment Assets</b>	<b>Segment Liabilities</b>		<b>Segment Assets</b>	<b>Segment Liabilities</b>	
Cotton & Synthetic Gloves	221,065,187	131,046,208		212,886,424	131,950,761	
Leather Gloves	359,689,411	293,946,734		281,146,349	207,579,065	
Readymade Garments	93,336,356	66,968,365		83,298,630	64,670,299	
Other & Traded items	6,905,585	6,101,846		17,084,083	14,760,188	
Power Generation	42,394,418	9,811,715		45,534,274	15,006,461	
<b>Segment Total</b>	<b>723,390,957</b>	<b>507,874,868</b>		<b>639,949,760</b>	<b>433,966,774</b>	
Unallocated corporate Assets/Liab.	65,230,596	54,436,926		46,174,017	36,752,347	
<b>Total</b>	<b>788,621,553</b>	<b>562,311,794</b>		<b>686,123,777</b>	<b>470,719,121</b>	



## NOTES TO THE FINANCIAL STATEMENTS

Amount in `

	2013			2012		
	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation
Cotton & Synthetic Gloves	4,017,613	9,653,169	–	23,598,447	9,069,375	–
Leather Gloves	1,880,021	3,068,125	–	2,810,650	2,712,661	–
Readymade Garments	1,405,774	719,307	–	10,020,109	690,080	–
Others & Traded items	–	–	–	–	–	–
Power Generation	–	3,149,289	–	–	3,149,289	–
Unallocated Expenditure	160,295	496,978	–	199,032	528,192	–
<b>Segment Total</b>	<b>7,463,703</b>	<b>17,086,868</b>	<b>–</b>	<b>36,628,238</b>	<b>16,149,597</b>	<b>–</b>

## SECONDARY SEGMENT INFORMATION

## Segment Revenue

WITHIN SPECIAL ECONOMIC ZONE	113,775,994	183,671,383
OUTSIDE SPECIAL ECONOMIC ZONE	852,218,374	706,742,501

## Segment Assets

WITHIN SPECIAL ECONOMIC ZONE	221,065,187	212,886,424
OUTSIDE SPECIAL ECONOMIC ZONE	567,556,366	473,237,353

## Capital Expenditure

WITHIN SPECIAL ECONOMIC ZONE	4,017,613	23,598,447
OUTSIDE SPECIAL ECONOMIC ZONE	3,446,090	13,029,791

## 32. 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.  
(c) Century Safety Wears Ltd.



NOTES TO THE FINANCIAL STATEMENTS

Amount in `

Disclosure of Transactions between the Company and Related Parties and status of outstanding balance as on 31.03.13

	Parties referred to in (1) above		Parties referred to in (2) above		Parties referred to in (3) above		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Sales of Goods	-	-	-	-	-	-	-	-
Purchase of Goods	19,178,948	24,501,165	-	-	-	-	19,178,948	24,501,165
Sale of Investment	1,516,906	4,806,750	-	-	-	-	1,516,906	4,806,750
Purchase of Investment	-	5,732,020	-	-	-	-	-	5,732,020
Rent Paid	-	-	-	-	420,000	-	420,000	-
Interest Income	34,892	18,934	-	-	-	-	34,892	18,934
Interest Paid	329,683	554,178	-	-	1,584,360	1,332,534	1,914,043	1,886,712
Porcessing Charges	134,938	1,050,291	-	-	1,108,054	1,230,383	1,242,992	2,280,674
Remuneration								
Directors	-	-	2,956,800	2,956,800	-	-	2,956,800	2,956,800
Others	-	-	1,130,944	1,043,484	-	-	1,130,944	1,043,484
Loan given	66,500,000	-	-	-	-	-	66,500,000	-
Receipt Towards Refund of Loan	46,517,041	11,006,880	-	-	-	-	46,517,041	11,006,880
Advances Given	-	-	-	-	-	-	-	-
Receipt Towards Refund of Advances	-	1,500,000	-	-	-	800,000	-	2,300,000
Loan Taken	102,401,240	27,500,000	-	-	1,100,000	10,000,000	103,501,240	37,500,000
Repayment of Loan	102,900,000	27,500,000	-	-	-	-	102,900,000	27,500,000
<b>Balance as on 31st March</b>								
Debtors / Receivables	-	-	-	-	-	300,000	-	3,000,000
Creditors / Payables	4,379,276	4,392,764	-	-	-	40,274	4,379,276	4,433,038
Loan Given	20,031,403	17,041	-	-	-	-	20,031,403	17,041
Advances Given	-	-	-	-	-	-	-	-
Loan Taken	-	498,760	-	-	1,100,000	10,000,000	1,100,000	10,498,760

Amount in `

For the year ended  
31.03.2013

For the year ended  
31.03.2012

33. 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	618,347	14,747,824
(ii) For purchase of Raw Materials, stores, spares & Finished Goods	130,482,878	138,344,263
(iii) For Travelling Expenses	3,146,026	2,498,508
(iv) For Commission	4,783,574	1,432,942
(v) On other accounts	7,294,725	4,464,963
	<b>146,325,550</b>	<b>161,488,500</b>

34. EARNINGS IN FOREIGN CURRENCY ON (FOB BASIS)

(i) Export of goods	732,564,230	692,596,401
(ii) Other income	176,646	666,011
	<b>732,740,876</b>	<b>693,262,412</b>



## NOTES TO THE FINANCIAL STATEMENTS

**35. 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 31.03.2013		As at 31.03.2012	
		Buy	Sell	Buy	Sell
Us Dollar	Indian Rupees	–	934,780	16,475	1,476,634
Euro	Indian Rupees	–	452,541	–	429,188

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

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

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 30th day of May 2013

For & on behalf of the Board

**Deo Kishan Saraf**

*Director*

**Samir Kumar Ghosh**

*Director*

**Bishnu Kumar Kesan**

*Chief Financial Officer*



# ACKNIT INDUSTRIES LIMITED

(Formerly : Acknit Knitting Limited)

817, KRISHNA, 224, A.J.C. BOSE ROAD, KOLKATA - 700 017 (INDIA)

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Website : <http://www.acknitindia.com>

## FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name Of The Company	Acknit Industries Ltd.
2.	Annual Financial Statements For The Year Ended	31 <sup>st</sup> March, 2013
3.	Type Of Audit Observation	Un-qualified
4.	Frequency Of Observation	Not Applicable
5.	To Be Signed By- <ul style="list-style-type: none"><li>• CEO/ Managing Director</li><li>• CFO</li><li>• Auditor Of The Company</li><li>• Audit Committee Chairman</li></ul>	