

**16TH
ANNUAL REPORT
2009-2010**

ANKA INDIA LIMITED

BOARD OF DIRECTORS

Harpreet Singh Sethi
Whole-Time Director

Arshdeep Singh Sethi
Joint Managing Director

Paramjit Sethi
Director

Shri Hari Upadhya
Director

AUDITORS

V. K. Dhingra & Co.
Chartered Accountants
E-1/15, Jhandewalan
New Delhi-110055

INTERNAL AUDITORS

H. Kumar & Associates

REGISTERED OFFICE

Village & P.O. Kherki Daula,
Distt. Gurgaon, Haryana - 122001.

WORKS & PLANT

Village & P.O. Kherki Daula,
Distt. Gurgaon, Haryana - 122001.

ANKA INDIA LIMITED

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of **Anka India Ltd.**, will be held on Monday, 27th December 2010 at Village & P.O. Kherki Daula, Distt. Gurgaon, Haryana-122001 at 9.30 A.M. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet for the period ended on 30th September, 2010, Together with the Profit & Loss Account on that date alongwith the Auditors & Directors Report thereon.
2. To appoint a Director in place of Mrs. Paramjit Kaur Sethi, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and to fix their remuneration, M/s. V.K. Dhingra & Co., Chartered Accountants, New Delhi retire at this Annual General Meeting and being eligible, offer themselves for reappointment and to pass, with or without modifications, the following resolution, which will be proposed as an ordinary resolution

"RESOLVED THAT M/s V.K.Dhingra & Co, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and the Audit Committee of the Board of Directors of the Company be and is hereby authorized to determine the remuneration payable to the Companies Auditors".

By the Order of Board

Place Gurgaon
Date : 2nd December, 2010.

(Harpreet Singh Sethi)
Whole Time Director

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from 26/12/2010 to 2/01/2011 (both days inclusive).
3. Members attending the meeting are requested to bring their own copy of the Annual Report and attendance slips sent herewith duly filled and signed.
4. Members are requested to notify change in address, if any, to the Company at its Registered Office, quoting correct folio number(s).
5. In the case of Joint holders, if more than one holder intend to attend the meeting they must obtain additional admission slips on request from the Registered Office of the Company.
6. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in Respect of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting is separately annexed hereto.

Details of the Directors seeking appointment/ re-appointment in Annual General Meeting fixed on 27th December, 2010. (In Pursuance of Clause 49 of the Listing Agreement)

Name of Director	MrsParamjit Sethi
Date of Birth	05/06/1940
Date of Appointment	01.10.2008
Expertise in specific	25 Years
Functional area	PERSONNEL & ADMINISTRATION
Qualifications	Graduate
Lists of Outside Directorship held	NIL
Chairman /Member of the committee of the Board of Directors of the company.	NIL
Chairman/Member of the Committee of the Board of Directors of other company	NIL

ANKA INDIA LIMITED

CEO / CFO CERTIFICATION IN TERMS OF CLAUSE 49(V) OF THE LISTING AGREEMENT

**To the Board of Directors
Anka India Ltd
Village & PO Kherki Daula,
Distt. Gurgaon, Haryana-122001**

Dear Sir,

1. I Harpreet Singh Sethi, Whole Time Director of the Company hereby certify that I have reviewed the Balance Sheet, Profit & Loss Account and all its Schedules and Notes and Accounts as well the Cash Flow Statement as at 30th SEPTEMBER, 2010 and certify that to the best of our knowledge and belief:
 - 1) These Statements do not contain any materially untrue statement or omit any Material fact or contain any Statement that might be misleading;
 - 2) These Statements read together present a true and fair view of Companies affair and are in Compliance with existing Accounting Standards, applicable laws and regulations.
2. We further certify that, to the best of our knowledge and belief , no transactions have been entered into by the company during the year under review which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We are responsible for establishing and maintaining disclosure control s and procedures and internal controls over financial reporting for the Company and we have:
4.
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the Company is made known to us by others within the Company, particularly during the period in which this report is being prepared.
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - c) Evaluated the effectiveness of the Company's disclosures, controls and Procedures.
 - d) Disclosed in the report any change in the Company's internal control over financial reporting that occurred during the Company's most recent financial year that has materially affected, or is reasonably likely or materially affect, the Company's internal control over financial reporting.
5. We have disclosed based on our most recent evaluations, wherever applicable, to the Company's auditors and the Audit Committee of The Company 's Board (and performing the equivalent functions)
 - a) all deficiencies in the design or operation of the internal controls , which could adversely affect the Company's ability to record ,process ,summaries and report financial data, and have identified for the Company's auditors, any material weakness in internal controls over financial reporting including any corrective actions with regard to deficiencies.
 - b) Significant changes in internal controls during the year covered by this report.
 - c) All the significant changes in accounting policies during the year , if any. And that the same have been disclosed in the notes to the financial statements.
 - d) Instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal controls system.

**Place: New Delhi
Date: 18th November.2010**

**Harpreet Singh Sethi
Chairman & Whole Time Director**

ANKA INDIA LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Economic scenario and Business outlook.

The year 2009-2010 was an eventful year both nationally and internationally. The Sub prime crisis, rise in the prices of oil, gold and commodities had a telling effect on the stock market and investors across the globe.

Our company is primarily involved in the business of manufacturing of PU and TPR Shoe Soles, but due to the entry of new entities in the market both in organized and unorganized sector. And inspite of having the expertise to manufacture state of the art shoe soles the company could not fully exploit and utilize its capacity.

2. Opportunities and threats

The Indian Shoe Manufacturing Industry is highly competitive both for PU & TPR. Your Company faces stiff competition both from the international as well as domestic manufacturers. The competition is increasing with the addition of new capacities and emergence of new global players especially from China, which could affect our market shares. Increased competition might lead price reduction of the Final products, decreased sales, lower profit margins thus adversely affecting the business and Financial conditions of the Company.

3. FUTURE OUTLOOK

The future of the industry looks bright, as the Government of India has several steps for developing this Industry. The Industry has sufficiently geared itself up for a considerable growth in production over next few years as the export demands escalates. The Shoe industries future is very bright due to changing perceptions of the fashion & style. The Company is quite optimistic and buoyant about its performance and business opportunities in the years to come.

4. INTERNAL CONTROLS AND SYSTEMS.

The Company ensures existence of adequate internal control through policies and procedures to be followed by the executives at various levels in the organization. While operating Managers ensure compliance within the areas, Internal Auditors carry out extensive checks and tests and report non-compliance / weak ness, if, any, through Internal Audit Report and on the respective areas. These reports along with the reports on the compliance made thereafter are reviewed by the Audit committee of the Board. The Committee regularly reviews and discussions with the Auditors and the management regarding issues in the Audit Report and financial matters. It reinforces the impact of the internal controls in the company.

5. COMPANY'S FINANCIAL PERFORMANCE & ANALYSIS

A. FIXED ASSETS

The composition of assets is as under:

(Rs.)		
Particulars	September 30 2010	June 30 2009
Land	2111880.00	2111880.00
Building	11497292.31	11497292.31
Plant & machinery	49956523.35	49956523.35
Electrical equipments	901705.21	901705.21
Furniture & fixture	1262893.36	1262893.36
Office equipment	1407138.49	1407138.49
Vehicles*	1120410.00	1120410.00
Total	68257842.72	68257842.72
Less accumulated depreciation	45475384.43	41357439.76
Impairment	2881304.95	2881304.95
Add: cwip	—	—
Net fixed assets	19901153.34	24019098.01

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B. Results Of Operations

The summary of operating performance for the year is given below:

(Rs.)

Particulars	Year Ended 30-Sep-10 Amount Rs.	Year Ended 30-Jun-09 Amount Rs.
INCOME		
Sales & Job work(Net)	182,000.00	17642713.58
Other Income	2564200.43	1394980.37
Increase/ (Decrease) in Finished goods & work in Progress	(126,000.00)	(942068.04)
Total Income	2,620,200.43	18,095,625.91
EXPENDITURE		
Material cost	—	10,387,086.36
Other Manufacturing Expenses	—	2,608,847.85
Payment & Benefits to Employees	146,574.00	2,378,834.00
Administrative ,Selling & Other Expenses	2,825,212.70	16,034,334.97
OPERATIVE EXPENSES	2,971,786.70	31,409,103.18
Expenses Allocated to self Constructed Assets	—	—
EBIDT	(351,586.27)	(13,313,477.27)
Less Depreciation	4117944.67	8368169.13
Interest & Financial Charges	37077.86	439454.39
Earning Before Tax, Prior Period Adjustment & Extra Ordinary Item	(4506608.80)	(22121100.79)

6. HUMAN RESOURCES DEVELOPMENT/INDUSTRIAL RELATIONS

The Company Human Resources philosophy is to establish and build a strong performance and competency driven culture with greater sense of accountability and responsibility. The company is going to take pragmatic steps for strengthening organizational competency through involvement and development of employees as well as installing effective systems for improving the productivity / quality and accountability at all levels through company's training and upgradation of technical and management skills.

7. RISK MANAGEMENT

Macro economic conditions do affect the performance of the Company. Low demand, Political Instability, crop failures, natural calamities may affect the business. Business therefore cannot be risk free. What is therefore important is to correctly assess the risk area wise and to mitigate the risk before it becomes potential threat. General risk areas are statutory compliances, economy, financial, governments regulations and policies, market related, operational, products and technology, intellectual property etc.

8. ENVIRONMENT, OCCUPATIONAL HEALTH & SAFETY

Your Company is committed to conducting its operations with due regard to the environment and providing a safe and healthy work place for employees. The collective endeavor of your company's employees at all levels is directed towards sustaining and continuously improving standards of environment, occupational health and safety in a bid to attain and exceed international benchmarks.

ANKA INDIA LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors are submitting their 16th Annual Report alongwith Audited Statement of Accounts for the period ended on 30th September, 2010.

1. FINANCIAL HIGHLIGHTS

	(Rs.)	
	(Current Year)	(Previous Year)
NET SALES (Net of Returns)	182000.00	16344380.08
PROFIT/(LOSS) FOR THE YEAR (BEFORE DEPRECIATION & INTEREST)	(351586.27)	(13313477.27)
PRIOR PERIOD ADJUSTMENT	(129240.35)	(96361.40)
INTEREST	37077.86	439454.39
DEPRECIATION	4117944.67	8368169.13
Impairment Loss	NIL	2881304.95
NET PROFIT / (LOSS) FOR THE YEAR (Includes prior period provisions of Liquidated damages & penal interest of IDBI)	(4635849.15)	25798955.38

2. OPERATIONS

Due to continues acute liquidity crisis being faced by the Company in the last few Financial years the Company could not deliver the goods at its best. The Company has incurred a net Loss of Rs. 46.50 Lacs as against the net loss of Rs. 256 lacs in the previous year. It was attributed to the number of factors like lack of working capital, the fierce competition with the unorganized sector, the slump in demand and recessional depressive economic conditions prevailing in the Market which have continued to bring the profit margin under pressure. Inspite of the continuing recessionary conditions the Company is quite hopeful of making a turn around in a time to come.

3. INSURANCE

All the Properties of the Company including its buildings, Plant & Machinery and stocks are adequately insured

4. BOARD OF DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles Of Association of the Company Mrs.Pramjit Sethi, Director who will be retiring by rotation, being eligible offers himself for re-appointment.

Brief resume of the Director seeking re-appointment at this Annual Genearal Meeting, Nature of his expertise and other details as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges are given in the Annexure to the Notice Convening the 16th Annual General Meeting.

5. Audit Committee

The Audit Committee has been Functioning since January 2000 and the scope of the committee meets the requirements of the Cause 49 of the Listing Agreement with the Stock Exchange and Section 292A of the Compnaies Act 1956.

6. CORPORATE GOVERNANCE REPORT

Your Company has implemented the Corporate Governance Practice set out by the Securities Board of India (SEBI) and as set out in Clause 49 of the Listing Agreement entered into with the Stock Exchanges alongwith the Auditors Certificate (Practising Company Secretary) on its Compliance by the Company is included in this Annual Report.

7. DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

On the basis of the compliance certificate received from the concerned executive of the Company, subject to the disclosures in the Annual Accounts and also on the basis of the discussions with the Statutory Auditors of the Company from time to time Your directors hereby confirm:

- i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had 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 or loss of the company for that period.

that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- iii) That the directors had prepared the annual accounts on a going concern basis.

9. FIXED DEPOSITS:

During the year under review the Company has not accepted/renewed, any Fixed Deposits with in the meaning of Section 58 A of the Companies Act, 1956.

10. LISTING ON STOCK EXCHANGE

The Companies shares are listed on Mumbai Stock Exchange .

11. INTERNAL CONTROL SYSTEMS

The Company has an effective system of accounting and administrative controls which ensure that all asstes of the company are safe guarded and protected against loss from unauthorized use or disposition. The Company has a well defined organizational structure with clear functional authority limits for the approval of all the transactions.

The company has a strong reporting system , which evaluates and forewarns the management on issues related to compliance . The performance is regularly reviewd by the Board of Directors o ensure that it is in keeping with the overall corporate policy and in line with the Companies objectives.

12. AUDITORS

M/s V.K. Dhingra & Co., Chartered Accountants, the Auditors of the Company hold office until the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The necessary certificate as required u/s 224 (2B) of the Companies Act, 1956 has been received from the above named auditors.

14. AUDITORS' REPORT AND NOTES ON ACCOUNTS

Comments on the Auditors' Observations:

a. Reply to point no. 3 f (i) of the Auditors Report

The Company obtains the confirmations in ordinary course of business from time to time and no major variations are found.

b. Reply to point no. 3 f (ii) of the Auditors Report

The Company manufacture Shoe Soles and styles and forms of the soles depends upon the style of the Shoes and styles of the shoes changes from time to time due to the change in fashion. In this respect some sloes become out of fashion, which leads to the non use of certain moulds. It has also happened in past that some moulds were re used again. Now sometimes it becomes very difficult to assess or value the impairment loss of the Moulds on regular basis. As the Auditors have pointed out the company is making all the efforts to calculate on regular basis the impairment loss.

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15. PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956.

During the year under review, no employee whether employed for the whole year or part of the year, was drawing remuneration exceeding the limits as laid down under section 217(2A) of the Companies Act, 1956. Therefore, the information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not required to be given.

16. PERSONNEL

The industrial relations scenario continued to be stable during the year under review. The Company has been taking various initiatives for the HR development and this continue in this ensuing year as well.

17. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT-GO.

The information pertaining to the captioned areas are briefed in the ANNEXURE to this report.

18. CEO/CFO Certificate

As required by the Clause 49 of the Listing Agreement, the CEO/CFO certificate on the accounts is attached and forms part of the Annual Reoprt.

19. APPRECIATION

Your Directors wish to place on record their appreciation for the valued Co-operation and assistance extended by various Government Agencies, Bankers of the Company, IDBI, loyal & dynamic executive staff and other workers of the Company. The Board also takes this opportunity to express its deep gratitude for the continuous support received from the shareholders of the Company.

For and on behalf of the Board

Place : New Delhi
Date : 2ND December, 2010.

(HARPREET SINGH SETHI)
Chairman & Whole Time Director

ANKA INDIA LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Particulars as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report for the period ended 30th September, 2010

1. CONSERVATION OF ENERGY

The Company emphasizes optimization of energy consumption in every possible area in its units. Various avenues are explored at periodic intervals and after careful analysis, planning, measures are initiated to minimize the consumption of energy through the optimal utilization of energy consuming equipments. During the year under review not much manufacturing activities were conducted by the Company, hence there is nothing much to report about that :

- i) Preventive maintenance for machines to reduce frictional losses and thereby improving efficiency
- ii) Creating awareness amongst all workers/ staff members to make maximum use of natural light and sensible use electrical appliances like fans, airconditioners etc.
- iii) Reviewing on a periodic basis all the measures initiated/adopted for conservation of energy.
- iv) Reducing wastages of water by using better methods of distribution and use.
- v) Frequent cleaning of all lighting equipment's like bulbs, tubes etc.
- vi) Reducing wastage/spillage of fuel like diesel.

(b) Future proposal for energy conservation

The Company will take all necessary measures as may be required from time to time for conservation of energy.

(c) Impact of measures (a) & (b) above for reduction of energy consumption

The above measures will result in energy saving and consequent decrease in cost of production.

2. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

a) Research & Development

It has been the endeavor of the Company to respond to the needs of its customers in the market with concurrent commitment to improve quality and productivity. During the period under review, the company had undertaken the repairs of old mould and machinery.

b) Technology Absorption

Efforts

- a) Efforts are being made continuously to adapt advanced technology and technical know-how for improving the quality of the product.
- b) New systems were implemented for developing high quality soles.

Benefits

- a) Development of sophisticated products and new materials.
- b) Exposure to new techniques for production.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs.) Lacs

Particulars	Current Year	Previous Year
Foreign Exchange Earning	NIL	NIL
Foreign Exchange Outgo	NIL	1.21

For and on behalf of the Board

Place : New Delhi
Date : 2ND December, 2010.

(HARPREET SINGH SETHI)
Chairman & Whole Time Director