



ACKNIT INDUSTRIES LIMITED

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Annual Report And Accounts
2008-09

ACKNIT INDUSTRIES LIMITED

(Formerly Acknit Knitting Limited)

Annual Report 2008-2009

BOARD OF DIRECTORS

Shri S. K. Saraf

Chairman-cum-Managing Director

Shri D. K. Saraf

Executive Director

Shri B. K. Kedia (Since resigned)

Shri S. K. Ghosh

Shri M. K. Nath

Directors

AUDITORS

R. K. Bajaj & Co.

Chartered Accountants

40/5, Strand Road,

Kolkata - 700 001

SHARE TRANSFER AGENTS

S. K. Computers

34/1A, Sudhir Chatterjee Street

Kolkata - 700 006

Phone : (033) 2219 4815

E-mail : skckolkata.invcom@gmail.com

BANKERS

State Bank of India

HDFC Bank Ltd.

REGISTERED OFFICE

817, KRISHNA

224, A. J. C. Bose Road,

Kolkata - 700 017

Phone : (033) 2287 8293

E-mail : acknit@vsnl.com

**NOTICE**

Notice is hereby given that the 19th Annual General Meeting of the Members of **ACKNIT INDUSTRIES LIMITED**, will be held at '**Gyan Manch**' at 11, Pretoria Street, Kolkata - 700 071 on Thursday, the 24th September, 2009 at 10.30 a.m. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account of the company for the year ended 31st March 2009 and the Balance Sheet as on that date and the reports of the Directors and auditors there on.
2. To declare Dividend.
3. To appoint a Director in place of Mr. S. K. Ghosh, who retires by rotation at this meeting and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED that Shri M. K. Nath, who has given his consent, be and is hereby appointed as a Director of the company whose period in office shall be subject to retirement by rotation."

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

Place : Kolkata

Date : The 24th day of August, 2009

D. K. Saraf
Executive Director

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF/ HERSELF AND THAT A PROXY NEED NOT BE A MEMBER.
2. An instrument appointing the proxy should reach the Registered Office of the Company not less than 48 hours before the meeting.
3. The Register of Members and the Share Transfer Books of the company shall remain closed from the 19th September, 2009 to 24th September, 2009, both days inclusive.
4. An Explanatory Statement pursuant to sec 173(2) of the Companies Act, 1956, is annexed.
5. Members are requested to notify any change in their mailing address to the Registrar & Share Transfer Agents of the Company quoting their folio number.
6. Members holding Shares in identical order of names in more than one folio are requested to write to the Registrar and Share Transfer Agents for consolidation of the folios into one.
7. Member desiring to have any information/clarification on the published Accounts may write to the company at least 7 days before the meeting specifying the required information/clarification, so that, the information could be made ready in hand.
8. Pursuant to Sec. 205C of the Companies Act 1956, unpaid/unclaimed dividend remaining unpaid for 7 (Seven) years is to be transferred to the **Investor Education & Protection Fund** of the Central Govt. and once the amount is so transferred, no claim shall lie in respect thereof. Hence the shareholders, who have not encashed dividend warrants for the F.Y. 2001-02 and thereafter are requested to forward the same to the company for revalidation immediately.



9. Members holding shares in physical form may avail the facility of nomination in respect of the shares held by them pursuant to amendments in the Companies Act 1956. The prescribed format (Form 2B) can be obtained from the RTA of the company, M/s. S. K. Computers, 34/1A Sudhir Chatterjee St. Kolkata - 700 006.
10. Investors and Shareholders may kindly note that if Physical documents viz Demat Request Form (DRF) and share certificates etc, are not received from their DPS by the Registrar within a period of 5 days from the date of generation of DRN for dematerialization, the DRN will be treated as rejected/ cancelled pursuant to the advice of National Securities Depository Limited (NSDL) so that no Demat Request remain pending beyond 21 days upon rejection of DRN as above. A fresh DRN has to be forwarded along with the Share Certificate by the DPS to the Registrar. This note is only to caution the Investors/Shareholders.
11. Dividend on Equity Shares for the year ended 31st March, 2009, if declared at the meeting, will be paid:
- To those members whose names appear in the Register of Members of the company as on the date of the meeting ;
 - In respect of shares held in electronic forms, to those deemed members whose names appear on the statement of Beneficial ownership furnished by NSDL/CDSL at the end of the business hour on the date preceeding book closure i.e. 18.09.2009.
 - SEBI has made it mandatory for all to use bank details furnished by the investors for distributing dividends or other cash benefits, on payment instrument to the Investors.
 - SEBI vide its circular dated 27.04.2007 and 25.06.2007 has made it effective from 02.07.2007 for every participants in the securities/capital market to furnish PAN No. Therefore, member holding shares in physical mode are requested to furnish their PAN number alongwith a photo copy of their PAN card.

EXPLANATORY STATEMENT PURSUANT TO SEC 173(2) OF COMPANIES ACT, 1956

ITEM 5 : Mr. M. K. Nath was appointed as an Additional Director of the Company during the year and his period in office expires at the conclusion of this meeting. Whereas the company has received a notice u/s 257 of the Act, from a member of the company desiring to propose this resolution as set out under item no. 5 of the Notice. The Board of Directors recommends that resolution be adopted for the interest of the company. None of the Directors is personally interested or concerned in this resolution in any manner.

PARTICULARS OF THE DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT.

NAME	S. K. GHOSH	M. K. NATH
DESIGNATION	NON-EXECUTIVE INDEPENDENT DIRECTOR	NON-EXECUTIVE INDEPENDENT DIRECTOR
DATE OF BIRTH	07.09.1938	20.10.1939
DATE OF APPOINTMENT	30.04.2005	29.04.2009
QUALIFICATION	M.COM, ACIS, ACS	B.COM. (HONS.) LLB, MBA, DIPLOMA IN PUBLIC SPEAKING FROM IIM.
EXPERIENCE	BEING A QUALIFIED COMPANY SECRETARY AND COST ACCOUNTANT HAVING MORE THAN 40 YEAR OF CORPORATE EXPOSURE IN FINANCE & COMPANY LAW IS ASSOCIATED WITH THE COMPANY FROM THE DAYS OF IPO IN 1995	BEING A QUALIFIED HRD EXECUTIVE HAVING MORE THAN 40 YEARS OF CORPORATE EXPOSURE IN HRD & ADMINISTRATION

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 19th Annual Reports of your company alongwith the operating and financial results for the year ended 31st March, 2009.

FINANCIAL RESULTS*(Rs. in Lacs)*

	Year Ended 31 st March, 2009	Year Ended 31 st March, 2008
Gross Sales (Including Customs Duty)	6192.17	4360.92
Other Income (Including Extra Ordinary items)	66.90	136.80
Less : Total Expenditure	5794.13	4044.02
Gross Profit (before Depreciation & Interest)	464.94	453.70
Less : Depreciation	149.82	121.02
: Interest	145.51	90.76
Net Profit before Taxation (PBT)	169.61	241.92
Less : Provision for Income Tax & FBT	21.77	32.00
: Deferred Tax	12.92	50.86
Profit after Tax (PAT)	134.92	159.06
Balance B/F	92.47	92.38
Less : Dividend & Dividend Tax	44.22	58.97
Less : Transfer to General Reserve	90.00	100.00
Balance C/F to Balance Sheet	93.17	92.47

OPERATING PERFORMANCE

All round increase in Company's performance during the year under review was neutralised by the unprecedented global recession affecting business activities all over the world. The company's growth plan and re-structuring initiative of the company which had started yielding results was hard hit due to austerity measures adopted by the overseas buyers. The company's order book has not only been squeezed but at the same time the company was forced to offer more and more discounts on its products to maintain the bare break even. Bad times do not come alone. There had been a technical dispute in realization of Insurance claim in connection with a transit damage caused to a consignment resulting in a major loss of revenue during the year. The company is vigorously pursuing the matter to recover the situation. The company was successful in recovering a substantial amount from M/s. Suzlon, the maintenance agents for the company's wind power units as compensation for under performance of the units. The compensation together with resultant exchange gains on fluctuation of Indian Rupees vis-a-vis US Dollar and Euros, have marginally compensated the effects of Global recessions.

Your company has achieved a gross turnover/receipt of Rs. 6192.17 Lacs as against Rs. 4360.92 Lacs in the last year whereas the gross profit for the year was Rs. 464.94 Lacs as compared to Rs. 453.70 Lacs in last year and Net Profit before tax was Rs. 169.61 Lacs as compared to Rs. 241.92 Lacs in the last year leaving a distributable surplus of Rs. 134.92 Lacs which works out to an EPS of Rs. 5.35.

DIVIDEND

Your Directors have recommended a dividend of 15% on equity shares which together with dividend tax is expected to absorb Rs. 44.22 Lacs.



DIRECTORS

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

During the year under review Shri B. K. Kedia, Non Executive Independent Director of the company resigned from the office of Director because of his other engagements. The Board of Directors put on records its appreciation of the valuable services and guidance extended by Shri Kedia during the tenure of his office.

In the vacancy caused by the resignation of Shri Kedia, Shri M. K. Nath a senior HRD Expert had been inducted in the Board as an Additional Director whose period in office is due to expire at the ensuing Annual General Meeting. Meantime, the company has received a notice u/s 257 of the Companies Act, 1956 from a member proposing to move a resolution for appointment of Shri M. K. Nath as a Director of the company.

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

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

AUDITORS

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

INFORMATION U/S 217 OF THE COMPANIES ACT, 1956

a. Conservation of Energy, etc.

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

b. Particulars of Employees :-

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

c. Directors' Responsibility Statement

The Directors hereby confirm :-

- a) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures.
- b) That the directors have selected such accounting policies and adopted 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 the year.
- c) That the directors have 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 preventing and detecting fraud and other irregularities.
- d) That the directors have prepared the Annual Accounts on a going concern basis.

**CORPORATE GOVERNANCE**

The company believes that Corporate Governance is a way of business life than a legal compulsion. Though the provisions of 292 A of the Companies Act, 1956 and/or clause 49 of the Listing Agreement corresponding to the Legal obligation for Corporate Governance, are not applicable to this Company, your Directors are committed to the application of best management Practices, Compliance with Law and adherence to ethical standard while discharging social responsibilities. A report on Corporate Governance is annexed hereto separately as part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

A Separate Report on management Discussion and Analysis is annexed hereto.

PUBLIC DEPOSITS

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

COMPLIANCE CERTIFICATE

The provisions u/s 383A of the Companies Act, 1956 regarding obtaining compliance certificate from practising Company Secretary, have since been extended to companies having a paid-up capital upto Rs. 5.00 Crores. Accordingly, your company has since obtained such Compliance Certificate for the year ended 31.03.2009 from Ms. Swati Bajaj, a Company Secretary in practice, a copy thereof is annexed hereto as part of the Director's Report and marked as Annexure 'D'.

PERSONNEL AND INDUSTRIAL RELATION

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

CAUTIONARY STATEMENT

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

CONCLUSION

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

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

Place : Kolkata
Date : The 24th day of August, 2009

S. K. Saraf
Chairman-Cum-Managing Director
S. K. Ghosh
Director

**ANNEXURE - 'A'****MANAGEMENT DISCUSSION & ANALYSIS***(a) Overview*

The year 2008-09 has witnessed an un-precedented Global Recession affecting the Developed as well as Developing Economics of the World. In face of such Recession, the Indian Economy because of its uniqueness has maintained its progress in every direction and remains one of the fastest growing economies of the present day world. Yet International Trade Connections and Economic interactions would not allow the Indian Economy to be Quarantined against the recessionary effects of world economy. Moreover, the Indian Economy heavily depend on Imports of fuel at the most fluctuating OPEC prices for maintaining its Industrial activities.

Inspite of all such restraints the demands for Industrial Safety can not be compromised at any cost. International Demands for safety wears will continue directly in proportion to continued activities in Industrial re-structuring efforts. Your Company being engaged exclusively in manufacture and supply of Industrial gears its activities are directly affected by the International Industrial activities.

(b) Rational for Presence

Industrial safety measures is mandatory all over the world. As part of such safety measures, the demands for different varieties of Industrial gloves and safety gears have increased manifold with the increase of Industrialisation. With the advent of the policy of 'Job out sourcing' practiced by the overseas dealers and suppliers of Industrial gloves and safety gears, the demand of good quality products from the low-cost Asian Countries have increased. In this arena 'Acknit' enjoys a comparatively privileged position as being the pioneer of Asian producers and in particular for its maintenance of strict quality and time schedules. The Quality Management system of the Company continues to be certified to conform to International Quality Management System Standard ISO-9001:2000.

(c) Range of Products and their contributions

The company commenced its business as a manufacturer and supplier of High Quality Knitted Gloves which had an exclusive demands in the Industrialised countries of the west. The company maintaining a high quality standard at a most competitive rate, its products were readily accepted in European Market. The company was flooded with multiple Trade enquiries and increasing supply orders. But very soon, attracted by the huge Market potentials, new competitors from South Asian countries started to pour in and consequently the competition became more and more intense resulting in reduction of business share and margin. The changed situation led the company turn its attention to more sophisticated variants of different coated and rubberized safety items as also different varieties of Leather Safety wears and gloves. Leather being abundantly available at the most competitive rates in the Indian Market, Leather items of the company enjoy comparative advantage in price as against its rivals in the International Market. And the company being all through quality conscious and being certified to confirm to International Quality Management Standard ISO. 9001:2000, its products are in unlimited demand in the European Market.

Meantime, the company has turned its attention to the potential International Market for Garments both Industrial and also Kid wears. This sector is absolutely a new addition to the company's business profile and the management is hopeful of extensive demands in the near future.

The company has embarked in the new activities of Non-Conventional Power Generation by installation of a wind turbine of 1.25 MW and is planning to add a few more of such units.



(d) The environment

The Company has established an efficient pollution control system to ensure current environment friendly business practices and the Company has not received any public complaint for environment pollution during the year under review.

Ambient air quality recorded by statutory authorities was found to be well within the permissible limits.

(e) Adequacy of Internal Control

The Company has an adequate system of Internal control in place to ensure that all assets are safeguarded and protected and that transactions are duly authorized, reported and recorded correctly. The Internal controls are constantly monitored by an extensive program of internal audit.

(f) Risk and Concern

Immediate risk of Shrinkage in the demands for the company's products in the International Market is not unforeseen, besides the signing of GATT, formation of WTO and finally the propagation against outsourcing by the European Union may cause concern in the future.

The profitability is generally dependent on the Government policy decisions and finally the degree of intensity of price-war imported by the low cost Asian Countries.

The Company is hopeful that necessary thrust on hitherto untapped market and the new range of products will enable the company to successfully withstand the challenge.

(g) Human Resource Development

The Company is built around people. The spirit of Trust, Transparency and Teamwork has enabled the company to build a tradition of Partnership and harmonious Industrial relation.

The company has a system of annual appraisal of its employee resources and systems of succession planning has commenced and is expected to ensure that performances have a fast career growth path.

ANNEXURE - 'B'

CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

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

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

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

MEETING OF THE BOARD

During the year under review, there were 7 (seven) meetings of the Board of Directors held on 29.04.08, 26.05.08, 30.07.08, 28.08.08, 30.10.08, 01.12.08 & 30.01.09 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 for discussion. The dates and venue of each meeting was decided well in advance and the Directors



were duly communicated of the same alongwith the supporting papers and notes on the agenda of the meeting enabling them to deliberate in the meetings with full knowledge of the issues under discussion. The Name and Categories of the directors, their membership in committee and attendance in the meeting during the year are given in the table below.

Name of Director	Catagory	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	–	–	6	Yes
D. K. Saraf	Promoter / Executive Wholetime Director	One	One	6	No
B. K. Kedia (Since resigned)	Non Executive Independent Director	–	Three	3	No
S. K. Ghosh	Non Executive Independent Director	One	Three	7	Yes
M. K. Nath (Addl. Director)	Non Executive Independent Director	–	–	–	–

4. BOARD COMMITTEES

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

(I) AUDIT COMMITTEE

The Board has formed an Audit committee in due compliance of the Provisions of section 292A of the Companies Act, 1956 and the clause 49 of the Listing Agreements, comprising of 3 (three) directors with Mr. S. K. Ghosh an Independent non Executive Director as its Chairman. Mr. Ghosh is a qualified Cost Accountant with an extensive exposures in financial Management over a period of 40 years is assisted by Mr. B. K. Kedia, 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. On resignation of Mr. B. K. Kedia from the office of Director, the committee re-constituted with the induction of Mr. M. K. Nath in place of Mr. Kedia.

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 generally accepted Accounting Standards. It provides the management the necessary guidance for preparation of periodic and Annual Financial statements before they are submitted before the Board for its review and approval. It, at the same time, liaisons between the Internal Auditor and the statutory Auditor. The functions of the Committee includes reviewing the adequacy of Internal Audit system, its structures and discussion with Internal Auditor 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.