

ACKNIT INDUSTRIES LIMITED

Annual Report 2011-12

BOARD OF DIRECTORS

Shri S. K. Saraf

Chairman-cum-Managing Director

Shri D. K. Saraf

Executive Director

Shri S. K. Ghosh

Shri M. K. Nath

Directors

AUDITORS

R. K. Bajaj & Co.

Chartered Accountants

40/5, Strand Road,

Kolkata - 700 001

SHARE TRANSFER AGENTS

S. K. Infosolutions (P) Ltd.

34/1A, Sudhir Chatterjee Street

Kolkata - 700 006

Phone : (033) 2219 4815

E-mail : skckolkata.invcom@gmail.com

BANKERS

State Bank of India

HDFC Bank Ltd.

REGISTERED OFFICE

817, KRISHNA

224, A. J. C. Bose Road,

Kolkata - 700 017

Phone : (033) 2287 8293

E-mail : acknit@vsnl.com

calcutta@acknitindia.com



NOTICE

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

ORDINARY BUSINESS

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

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

Place : Kolkata

Date : The 22nd day of Aug, 2012

D. K. Saraf
Executive Director

Notes

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



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

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

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

**DIRECTORS' REPORT**

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

FINANCIAL RESULTS

(` in Lacs)

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

OPERATING PERFORMANCE

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

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

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

**DIVIDEND**

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

DIRECTORS

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

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

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

AUDITORS

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

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

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

b. Particulars of Employees :-

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

c. Directors' Responsibility Statement

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

- a) Followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;
- b) Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the company for that year;
- c) Taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- d) Prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE

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



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

MANAGEMENT DISCUSSION AND ANALYSIS

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

PUBLIC DEPOSITS

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

COMPLIANCE CERTIFICATE

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

PERSONNEL AND INDUSTRIAL RELATION

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

CAUTIONARY STATEMENT

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

CONCLUSION

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

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

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

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



ANNEXURE - 'A'

MANAGEMENT DISCUSSION AND ANALYSIS

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

INDUSTRY STRUCTURE AND DEVELOPMENT

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

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

COMPANY'S PERFORMANCE & OUTLOOK

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

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

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



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

SWOT ANALYSIS

1. Strengths

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

2. Weakness

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

3. Opportunities

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

4. Threats

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

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

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

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

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECTS TO OPERATIONAL PERFORMANCE.

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

HUMAN RESOURCE DEVELOPMENT

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

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

ANNEXURE - 'B'**CORPORATE GOVERNANCE**

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

BOARD OF DIRECTORS

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

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

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

MEETING OF THE BOARD

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



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

Name of Director	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	–	–	5	Yes
D. K. Saraf	Promoter / Executive Wholetime Director	One	Two	6	Yes
S. K. Ghosh	Non Executive Independent Director	One	Three	6	Yes
M. K. Nath (Addl. Director)	Non Executive Independent Director	–	Three	6	Yes

4. BOARD COMMITTEES

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

(I) AUDIT COMMITTEE

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

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

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