



# 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 alround 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 (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 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 (I) (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'.

**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

**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

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
- Bombay Stock Exchange Ltd.- P.J Towers, Dalal Street, Fort, Mumbai-400001
  - 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
- National Securities Depository Ltd.  
Trade World, Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel, Mumbai-400013
  - 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>