



# **ACKNIT INDUSTRIES LIMITED**

**Annual Report And Accounts  
2015-16**

# ACKNIT INDUSTRIES LIMITED

CIN : L01113WB1990PLC050020

## Annual Report 2015-16

### BOARD OF DIRECTORS

Mr. Shri Krishan Saraf

*Managing Director*

Mr. Deo Kishan Saraf

*Whole-time Director & CFO*

Mr. Samir Kumar Ghosh

*Independent Director*

Mrs. Trishna Patodia Pereira

*Independent Director*

Mrs. Kusum Saraf

*Non-Executive-Non-Independent Director*

*(till 21.09.2015)*

Mr. Mukul Banerjee

*Independent Director*

*(w.e.f. 30.05.16)*

### COMPANY SECRETARY

Ms. Shruti Poddar

*(February, 2016 onwards)*

Ms. Deepa Singh

*(till 31.05.2015)*

Mr. Mithun Paul

*(June-Aug 2015)*

### AUDITORS

R. K. Bajaj & Co.

*Chartered Accountants*

40/5, Strand Road,

Kolkata- 700 001

### BANKERS

State Bank of India

Bank of Baroda

HDFC Bank Ltd.

### REGISTERED OFFICE

817, Krishna,

224, A.J.C Bose Road,

Kolkata- 700 017

Ph : (033) 2287-8293

E-mail : [calcutta@acknitindia.com](mailto:calcutta@acknitindia.com)

Website : [www.acknitindia.com](http://www.acknitindia.com)

### CORPORATE OFFICE

"Ecostation", Block - BP, Plot No. 7, Sector - V

5th Floor, Suit No. 504, Saltlake, Kolkata - 700 091

Ph : (033) 2367-5555

E-mail : [cs@acknitindia.com](mailto:cs@acknitindia.com)

### REGISTRAR & SHARE TRANSFER AGENT

S. K. Infosolutions Pvt. Ltd.

34/1A, Sudhir Chatterjee Street

Kolkata- 700 006

Ph: (033) 2219 4815 / 6797

E-mail: [contact@skcinfo.com](mailto:contact@skcinfo.com)



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**NOTICE OF THE 26TH ANNUAL GENERAL MEETING**

Notice is hereby given that the 26th Annual General Meeting of the Members of ACKNIT INDUSTRIES LIMITED will be held on Monday, the 26th day of September, 2016, at 11.00 AM at "Gyan Manch", 11, Pretoria Street, Kolkata-700071, to transact the following business:-

**ORDINARY BUSINESS :****Item No. 1****Adoption of Audited Financial Statements.**

To receive, consider and adopt the Audited Financial Statements for the year ended on 31st March 2016 together with the Reports of the Directors and the Auditors thereon.

**Item No. 2****Declaration of dividend.**

To declare dividend for the financial year ended on 31st March, 2016.

**Item No. 3****Appointment of Auditors.**

To ratify the appointment of auditors of the Company, and to fix their remuneration and in this connection to pass, with or without modification(s), the following resolution as an Ordinary Resolution-

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, and pursuant to the recommendation of the Audit Committee of the Board of Directors of the Company and pursuant to the resolution passed by the members at the 24th AGM held on September 9, 2014, the appointment of R.K. Bajaj & Co., Chartered Accountants (Firm Regn. No. 314140E) as the auditors of the Company, to hold office from the conclusion of that AGM to the conclusion of the AGM to be held in the calendar year 2017 be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017 as may be recommended by the audit committee in consultation with the auditors."

**SPECIAL BUSINESS :****Item No. 4****Appointment of Mr. Mukul Banerjee as an Independent Director;**

To consider and, if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 149, 150, & 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and applicable provisions of SEBI (LODR) Regulations 2015, Mr. Mukul Banerjee (DIN: 07527632) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 30th May, 2016 pursuant to provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and whose period of office expires on the date of this Annual General Meeting and the Company having received a notice in writing along with requisite security deposit from a Member pursuant to Section 160 of the Act, proposing his candidature for the office of an Independent Director, be and is hereby appointed as a Non-Executive Independent Director of the Company, to hold office for a term of 5 (Five) consecutive years upto the conclusion of Annual General Meeting (AGM) to be held in the calendar year 2021, and he will not be subject to retirement by rotation."

"RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things which are necessary to give effect to the above said resolution."

**Item No. 5****Appointment of Mrs. Rashi Saraf as a Non Executive Director**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152, and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Rashi Saraf, in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director be and is hereby appointed as a Non Executive Director of the Company, whose period in office shall be subject to retirement by rotation."

**Item No. 6****Re-appointment of Whole Time Director Pursuant to section 196 of the Companies Act, 2013**

To consider and, if thought fit, to pass, with or without modification (s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and all other applicable provisions under the Companies Act, 2013 and Rules made thereunder (including any statutory modification (s) or re-enactment thereof, for the time being in force) read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and pursuant to recommendation of the Nomination & Remuneration Committee of the Board of Directors and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to re-appointment of Mr. Deo Kishan Saraf (DIN 00128804) as the Whole Time Executive Director and CFO of the Company for a period of 3 (three) years w. e. f. April 1, 2016 upon the terms and condition including Remuneration as set out in the draft Agreement placed before the Meeting of the Board of Directors held on 30th May, 2016 and details whereof are given in the Explanatory Statement annexed to the notice convening this Meeting and THAT the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and condition including remuneration of the said Mr. Deo Kishan Saraf in such manner as may be agreed by the Board and Mr. Deo Kishan Saraf."

"RESOLVED FURTHER THAT the remuneration payable to Mr. Deo Kishan Saraf, shall not exceed the overall ceiling of the total managerial remuneration as provided under Schedule V of the Companies Act, 2013 or such other limits as may be prescribed from time to time."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

By Order of the Board  
For Acknit Industries Limited

Place: Kolkata  
Date: 30th May, 2016

Shruti Poddar  
Company Secretary & Compliance Officer

**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. 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.**

A person can act as proxy on behalf of members not exceeding (50) fifty and holding in the aggregate not more than ten percent of the total share capital of the Company.

2. Members are requested to bring their attendance slip in the meeting. Corporate members are requested to send to the Company's registered office, a duly certified copy of board resolution authorizing their representative to attend and vote at the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 23rd September, 2016 to Monday, 26th September, 2016 (both days inclusive) for payment of dividend on equity shares for the financial year ended on 31st March, 2016.
4. The dividend for the financial year ended on 31st March 2016, as recommended by the Board of Directors, if declared at the ensuing Annual General meeting, will be paid within 30 days from the date of declaration to those members whose names appear in the register of members / statement of beneficial ownership furnished by the depositories at the close of business hours on 22nd September, 2016.
5. Members desiring any information on the Accounts for the financial year ended on 31st March, 2016 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.
6. In order to avoid risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, shareholders holding shares in demat form are requested to register their latest bank details with their respective Depository Participant and those holding share in physical form are requested to provide their latest bank details to the Company's Registrar and Share Transfer Agent, M/s. S. K. Info Solutions (P) Ltd.
7. Information under the applicable provisions of SEBI (LODR) Regulation, 2015 in respect of directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The directors have furnished the requisite declarations for their appointment/re-appointment.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Accounts Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.

9. Those members who have so far not en-cashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the "Investor Education and Protection Fund" of the Central Government pursuant to section 125 of the Companies Act, 2013 (or section 205C of the Companies Act, 1956) on the respective dates mentioned there against. Kindly note that after such transfer, the members will not be entitled to claim such dividend.

Financial Year Ended	Last date of claiming unpaid dividend
31.03.2009	29.10.2016
31.03.2010	24.10.2017
31.03.2011	23.10.2018
31.03.2012	29.10.2019
31.03.2013	24.10.2020
31.03.2014	15.10.2021
31.03.2015	28.10.2022

10. The Company has implemented the "GREEN INITIATIVE" as per circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) by allowing paperless compliances by the Companies for service of documents to their members through electronic mode, which will be in compliance with section 20 of the Companies Act, 2013. Henceforth, the e-mail addresses indicated in your respective depository participant accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered e-mail address for serving notices/documents etc. In view of the above, the company has already dispatched the written communication to its members on April 21, 2014 requesting them to register their designated e-mail ID. However, members who wish to receive physical copy of the Notices, Annual Reports and other documents may forward their written requests to the Company for the same.
11. Electronic copy of the Annual Report for F.Y. 2015-16 along with the notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the Company/Depository Participants for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Annual Report for 2015-16 is being sent in the permitted mode.
12. The Notice of Annual General Meeting and the copies of audited financial statements, directors' report, auditors' report etc, will also be displayed on the website [www.acknitindia.com](http://www.acknitindia.com) of the company and may be accessed by the members.
13. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013, which sets out details relating to special business at the meeting, is annexed hereto.
14. Documents referred to in the Notice and the Explanatory Statement attached hereto are available for inspection by the members at the registered office of the Company during business hours on any working day up to the date of Annual General Meeting of the Company, with prior appointment.



15. The members who will cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The remote e-voting period commences on 23rd September, 2016 (9:00 a.m.) and ends on 25th September, 2016 (5:00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th September, 2016 may cast their vote by remote e-voting. The remote e-voting module shall be

disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

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

Place: Kolkata  
Date: 30th May, 2016

Shruti Poddar  
Company Secretary & Compliance Officer

#### Details of director seeking re-appointment in the ensuing Annual General Meeting.

##### (Pursuant to the SEBI (LODR) Regulations, 2015)

- Mr. Mukul Banerjee, is a MA, LLB from the University of Calcutta and is presently engaged in the profession of Advocate. He was previously employed in a Nationalized Bank as a Senior Executive holding the position of AGM. He has a vast exposure in the matter of Finance over a period of 3 decades and he is not holding any Directorship in any other Company, nor he is holding any share in the capital of Acknit Industries Limited.
- Mrs. Rashmi Saraf wife of Mr. Abhishek Saraf aged about 37 years a commerce graduate and being a descendent from a business family and growing up in such environment has acquired an extensive knowledge and experience in corporate dealings and transactions. Her active participation as a non-executive Director will immensely help in the Company's operations. She is not having any Directorship in any other Company, nor she is holding any share in the capital of Acknit Industries Limited.
- Mr. Deo Kishan Saraf, seeks re-appointment as whole time Director pursuant to the provision of the Companies Act, 2013.

##### Brief resume and nature of expertise

Mr. Deo Kishan Saraf, aged about 50 years, is a Commerce graduate from Calcutta University. He is an industrialist with diversified business experience. He is presently whole-time director of the Company. He is also the CFO of the Company. He is on the Board of your Company from the inception of the Company.

Apart from Acknit Industries Ltd. Mr. Deo Kishan Saraf holds Directorship and Committee membership of the following Companies:

Sl. No.	Name of the Company	Designation	Name of the Committee	Designation
1.	Saraf Capital Markets Ltd.	Director	NA	NA
2.	Ramnagar Properties Pvt. Ltd.	Director	NA	NA
3.	Century Safetywears Pvt. Ltd.	Director	NA	NA

He is the members of Audit Committee and Stakeholders Relationship Committee of Acknit Industries Ltd.

He is holding 3,64,832 equity shares of Rs.10/- each of the Company.

#### Explanatory Statement pursuant to section 102 of the Companies Act, 2013

##### Item No. 4

##### Appointment of Mr. Mukul Banerjee as an Independent Director.

Mr. Mukul Banerjee was appointed as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013 and his term expires at the conclusion of the ensuing Annual General Meeting.

The company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000/- proposing Mr. Mukul Banerjee to be appointed as an Independent Director under the provisions of Section 149 of the Companies Act, 2013. Meanwhile, the Company has received from Mr. Mukul Banerjee (i) his Consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-Section (2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the Criteria of Independence as provided in Sub-Section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Mukul Banerjee fulfils the conditions specified in the Companies Act, 2013 and the Rules made there under for his appointment as an Independent Directors of the Company.

Your Director feel that presence of Mr. Mukul Banerjee on the Board is desirable and would be of immense benefit to the Company and hence the Board recommends the resolution in relation to appointment of Mr. Mukul Banerjee as an Independent Director, as set out at item No: 4 of the notice be adopted in the interest of the Company.

None of the Directors, Key Managerial Personnel and their relatives except Mr. Mukul Banerjee, to whom the resolution relates, is interested or concerned, in this resolution.

Copy of the draft letter for appointment of Mr. Mukul Banerjee as an Independent Directors setting out the Terms and Conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working days up to the date of Annual General Meeting with prior appointment.



**Item No. 5****Appointment of Mrs. Rashi Saraf as a Non Executive Director**

Mrs. Rashi Saraf is a young Commerce Graduate and having necessary commercial background will be of immense benefit to the Company as a Non-Executive women Director of the Company and the Company has received a notice u/s 160 of the Companies Act 2013 proposing her appointment from a member with a requisite security deposit. While Mrs. Rashi Saraf has already submitted to the Company her consent in DIR-2 and other declarations in DIR-8 as are required under the provision of the Companies Act, 2013, your Directors recommended the resolutions as set out in Item No. 5 of the notice be adopted in the interest of the Company. The Managing Director of the Company Mr. Shri Krishan Saraf being the father in law of Mrs. Rashi Saraf is considered to be interested in this resolution. Save and except the same none of the Directors are concerned to be interested or concerned in this resolution.

**Item No. 6****Re-appointment of Whole Time Director pursuant to the section 196 of the Companies Act, 2013**

Mr. Deo Kishan Saraf has been associated with the Company since incorporation and having vast experience of the business of the Company. His continued association with the Company as a whole time Director would be beneficial to the Company and his active participation is required for further growth and development of the business of the Company.

Since the condition laid down in Section II of Part II of Schedule V appended to the Companies Act, 2013 have been fulfilled, approval of the shareholders of the Company is required for his re-appointment. An agreement with Mr. Deo Kishan Saraf will be entered to record the term and conditions of appointment after getting the approval of shareholders. A copy of the draft agreement is available for inspection at Registered office of the Company during the business hours with prior appointment upto the date of AGM.

The terms and condition of re-appointment are enumerated below:-

**1. Period of Appointment**

The appointment will be for a period of 3(three) years with effect from 1st April, 2016.

**2. Remuneration**

In terms of Schedule V to the Companies Act, 2013 read with Sec 196, & 197 of the Act and subject to approval of the Company in General Meeting by a Special Resolution the whole time Director shall be paid the following remuneration:

- I) Salary : ₹ 2,00,000/- (Rupees two lacs only) per month.
- II) In addition to the Salary as above the Whole Time Director shall be entitled to the following benefits which shall not be included in the computation of his Remuneration package in terms of Section IV of Part II of the Schedule V to the Act.
  - a) Contribution to provident fund and Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 payable as per Rules of Company.
  - b) Gratuity payable at the rate of half month salary drawn last per year of service put in; and
  - c) Earned leave on full pay as per the Rules of the Company and Encashment of accumulated un-utilized leave at the end of the term.

Not-with-standing anything contained herein in the event of any loss, absence, or in adequacy of Profit in any financial year, during the term of office of the Whole Time Director, the remuneration by way of salary and other payment as specified herein above shall be considered as the minimum remuneration as prescribed under Section II of Part II of Schedule V to the Act.

None of the other Directors and KMP except Mr. Shri Krishan Saraf, the Managing Director, are concerned or otherwise interested in this resolution as they are related to each other.

The draft Agreement to be entered will remain open for inspection by members at the registered office of the Company during 12 noon to 1.00 pm on all working days until the date of the ensuing AGM with prior appointment.

**BOARDS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the 26th Annual Report of the Company, along with Audited Accounts for the Financial Year ended 31st March, 2016.

**FINANCIAL RESULTS**

The summarized results of your Company are given in the table below:

	( ₹ in Lacs)	
	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Gross Revenue	16077	14872
Other Income	20	383
<b>Total Revenue</b>	<b>16097</b>	<b>15255</b>
Less: Total Expenditure	15021	14349
<b>Gross Profit</b> (before Depreciation & Finance Cost)	<b>1076</b>	<b>906</b>
Less: Depreciation	185	145
: Finance Cost	401	321
<b>Profit Before Extraordinary Item</b>	<b>490</b>	<b>440</b>
Less: Extraordinary item	—	—
<b>Profit Before Tax (PBT)</b>	<b>490</b>	<b>440</b>
Less: Provision for Income Tax	140	141
: Deferred Tax	47	(2)
<b>Profit After Tax (PAT)</b>	<b>303</b>	<b>301</b>
Balance B/F	181	136
Balance available for appropriation	484	437
Less: Dividend & Dividend Tax	46	46
Less: Transfer to General Reserve	240	200
Less: Adjustment relating to fixed Assets	0	10
Balance transfer to Balance Sheet	198	181

**SUMMARY OF OPERATIONS**

During the year under review, the gross revenue from operation had a substantial increase over that of the last year (from ₹ 148.72 Crores to ₹ 160.77 Crores). Gross profit for the F.Y 2015-16 ₹ 10.76 Crores as against ₹ 9.06 Crores in the F.Y.2014-15. For the Financial year 2015-16, PAT stood at ₹ 3.03 Crores vis-à-vis ₹ 3.01 Crores in the previous year.

*Segment-wise performance:-*

**Industrial Safety Handgloves:**

The Company's main segment of operation is production of Industrial safety hand gloves for the export market. This segment accounted for 78% of the Company's total turnover. There was significant increase in the generation of revenue in comparison the previous year. Though the demand for industrial safety hand gloves in the international market remained restricted due to persistent depressionary climate engulfing the global economy for the last couple of years, your company had met its target by exploring new avenues.

As against the same, the safety regulations for industrial operations across the world are being enforced more and more rigidly resulting in increase of demands for the company's products in the international market. It is more so, when there is a positive indication for global economy endeavour into return back to its normal tracks.

**Windmills:**

During the F.Y 2015-16 the performance of windmills at Dhule in Maharashtra remained satisfactory and it generated 18 lacs kwh units of wind energy during the year as against 17 lacs kwh units in previous year. The revenue generated by the windmills for the F.Y 2015-16 was ₹ 86 Lacs as compared to ₹ 79 Lacs in

the previous year. It may also be noted that the Loan Liability for installation of the windmills having been liquidated in full during the F.Y2015-16 henceforth the entire revenue generated by the windmills will be added to the profit without affecting of any finance cost on capital investment.

**Garment Sector:**

Unlike the primary segment of Company's operation in the manufacture of Industrial Safety Hand Gloves which concentrates on export markets only, this segment is engaged exclusively for production of baby garments to cater the domestic market. This unit had recorded a significant progress in the revenue. The company have further undertaken a programme of widening its area of operation to enter into rapidly growing Fashion Industry of the upcoming Indian Market, the Company foresees a potential for multiplying its revenue generation in the near future.

**NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR**

During the financial year ended 31st March, 2016, no entity became or ceased to be the subsidiary, joint venture or associate of the Company.

**DIVIDEND**

Your Directors are pleased to recommend Dividend of ₹ 1.50 per equity share of ₹ 10 each for the Financial Year 2015-16. i.e. 15% on the paid up equity share capital of the company. The proposed dividend, subject to approval of Shareholders in the ensuing Annual General Meeting of the Company, would result in appropriation of ₹ 46 lacs (including Corporate Dividend Tax of ₹ 8 lacs) out of the net profits of the Company. The dividend would be payable to all Shareholders whose names appear in the Register of Members as on the Record Date i.e. from the close of business hours of 22nd September 2016. The Register of Members and Share Transfer books shall remain closed from 23rd September 2016 to 26th September 2016 (both days inclusive).

**RESERVES**

Your Company proposes to transfer a sum of ₹ 240 lacs to the General Reserve and carry forward a balance ₹ 198 lacs in the Profit and Loss Account.

**TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of Section 125 of the Companies Act, 2013, your Company has transferred ₹ 1,19,850/- during the year 2015-16 to the Investor Education and Protection Fund. This amount was lying unclaimed/ unpaid with the Company for a period of seven years after declaration of Dividend for the financial year 2007-08.

**MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this Report.

**CHANGE IN NATURE OF BUSINESS, IF ANY**

During the F.Y 2015-16, there has been no change in the nature of business of the Company.



**CAPITAL / FINANCE**

During the year, the Company did not issue/allot any Shares/Securities.

As on 31st March, 2016, the paid up share capital of your Company stood at ₹ 2,52,00,000, comprising 25,20,000 Equity shares of ₹ 10 each fully paid.

The company proposes to raise further capital to the tune of ₹ 12.50 crores (Rupees Twelve Crore Fifty lacs) by issue and allotment of further equity shares on Right basis during the current year with a view to augment its Working Capital needs and repayment of outstanding unsecured loans as well as financing the company's expansion projects .

**DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL INCLUDING THOSE WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR**

Mr. Shri Krishan Saraf (DIN: 00128999) was re-appointed as Managing Director of the Company for three years with effect from 1st April, 2015.

Mr. Deo Kishan Saraf (DIN: 00128804) the Whole Time Director and CFO is proposed to be appointed for a term of 3(three) years pursuant to section 196 of the Companies Act 2013 in terms of draft agreement approved by Board subject to approval of the members in the following Annual General Meeting.

Mrs. Trishna Patodia Pereira (DIN - 03501546) was appointed as a Non-Executive Independent Director with effect from 1st June, 2015.

Mr. Mukul Banerjee ( DIN- 07527632) has been appointed as Non- Executive Independent Director of the Company with effect from 30th May 2016 for a term of five years subject to approval of the Shareholders at the ensuing Annual General Meeting, by the Board of Directors of the Company at its meeting held on 30th May 2016.

The Company has received a notice under section 160(1) of the Companies Act 2013 along with a security deposit proposing candidature of Mrs. Rashi Saraf (DIN- 07152647) for appointment as a Non-Executive Non-Independent Rotational Director.

Mrs. Kusum Saraf (DIN-01503955) who was appointed as Non-Executive Non-Independent Additional Director ceased to be the Director of the Company with effect from 21st September 2015.

Miss Shruti Poddar was appointed as the Company Secretary and Compliance Officer of the Company with effect from 01.02.2016. Before that Mr. Mithun Paul had been appointed as the Company Secretary and Compliance Officer of the Company for a very short period from 01.06.2015 to 31.08.2015 after Miss. Deepa Singh having resigned with effect from 31.05.2015.

As per the disclosure received from the Directors, none of the Directors are disqualified from being appointed as Directors as specified in Section 164(2) of the Companies Act, 2013.

The Independent Directors have furnished required declaration as provided in Section 149(7) of the Companies Act, 2013 regarding their independence.

**KEY MANAGERIAL PERSONNEL**

In compliance with the provisions of Section 203 of the Companies Act, 2013, the Company formally appointed the following persons as Key Managerial Personnel of the Company:

1. Mr. Shri Krishan Saraf - Managing Director
2. Mr. Deo Kishan Saraf - Whole-time Director & CFO
3. Miss. Shruti Poddar - Company Secretary

**FORMAL ANNUAL EVALUATION**

As the ultimate responsibility for sound governance and prudential management of a company lies with its Board, it is imperative that the Board remains continually energized, proactive and effective. An important way to achieve this is through an objective stock taking by the Board of its own performance. In accordance with the framework approved by the Nomination and Remuneration Committee, the Board of Directors, in its Meeting held on 28th March, 2016, undertook the evaluation of its own performance, its Committees and all the individual Directors. The review concluded by affirming that the Board as a whole as well as all of its Members, individually of the Committees of the Board continued to display commitment to good governance, ensuring a constant improvement of processes and procedures. It was further acknowledged that every individual Member and Committee of the Board contribute his best in the overall growth of the organisation.

**NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the financial year 2015-2016, the Board of Directors of the Company, met 9 (Nine) times on 30th May, 2015, 15th July, 2015, 14th August 2015, 14th November, 2015, 8th December, 2015, 17th December, 2015, 27th January 2016, 11th February 2016 and 28th March, 2016. Further, a separate Meeting of the Independent Directors of the Company was also held on 28th March, 2016, where as the prescribed items enumerated under Schedule IV to the Companies Act, 2013 and clause 25 of the Listing Regulations were discussed.

**EXTRACT OF THE ANNUAL RETURN**

The extract of the Annual Return in Form No. MGT – 9 forms part of the Board's Report and is annexed herewith as **Annexure -I.**

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors to the best of their knowledge hereby state and confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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 of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the internal financial controls to be followed by the company were laid down and such internal financial controls were adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**AUDITORS****1. STATUTORY AUDITORS**

At the Annual General Meeting (AGM) held on 9th September, 2014, M/s. R. K. Bajaj & Co., Chartered Accountants (Firm Regn. No. 314140E) had been appointed as the Statutory Auditors of the Company for a period of Three (3) years. Ratification of the appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

Further, the report of the Statutory Auditors when read with Notes and Schedules as annexed are self-explanatory and therefore do not call for any further comments.

**2. COST AUDITORS**

In view of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the provisions of Cost Audit is not applicable on the products of the Company for the FY 2015-16.

**3. SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, M/s Rekha Goenka & Associates, Company Secretaries were appointed as the Secretarial Auditors of the Company to carry out the secretarial audit for the year ending 31st March, 2016.

**SECRETARIAL AUDIT REPORT**

A Secretarial Audit Report given by the Secretarial Auditors is annexed with this Report as **ANNEXURE- II**. There are no qualifications, reservations or adverse remarks made by Secretarial Auditors in their Report.

**PUBLIC DEPOSIT**

The Company has not accepted any deposits from the public during the year as defined under Section 73 of the Companies Act, 2013. Deposit outstanding as on 31st March 2016 including unclaimed deposit was Nil.

**DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

During the financial year ended 31st March 2016 no Loan or Guarantees u/s 186 of the Companies Act, 2013 was made or provided by the Company. The particulars of investments made by the Company under Section 186 forms part of the Notes to the financial statements provided in this Annual Report.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

Subject to any disclosure in the financial section thereof, the Company has not entered into any contract or arrangement

with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013.

**HUMAN RESOURCE**

The total number of employees of the Company as on 31st March 2016 was 165.

Your Company believes that employees are the most valuable assets of an organization and the optimum utilization of the skill, knowledge and attitude they possess are instrumental to the growth of the organization.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements under the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013. No complaint has been received during the year under review.

**AUDIT COMMITTEE**

The Audit Committee of the Board of Directors of the Company, comprises 3 (Three) Members, namely Mr. S. K. Ghosh, Mrs. Trishna Patodia Pereira and Mr. D. K. Saraf, majority of them being Independent Directors except Mr. D.K Saraf, who is a Non-Independent -Executive Director. Mr. S. K. Ghosh, an Independent Director, is the Chairperson of the Audit Committee. The Board accepted the recommendations of the Audit Committee whenever made by the Committee during the year.

**DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES**

The Company's Whistle Blower Policy encourages Directors and employees to bring to the Company's attention, instances of unethical behaviour, actual or suspected incidents of fraud or violation of the Acknit Code of Conduct that could adversely impact the Company's operations, business performance and / or reputation. The Policy provides that the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. It is the Company's Policy to ensure that no employee is victimised or harassed for bringing such incidents to the attention of the Company. The practice of the Whistle Blower Policy is overseen by the Audit Committee of the Board and no employee has been denied access to the Committee. The Whistleblower Policy is available on the Company's corporate website <http://www.acknitindia.com/corporate-policies/whistle-blower-policy-acknit.pdf>.

**NOMINATION AND REMUNERATION COMMITTEE**

The Nomination & Remuneration Committee comprises 3 (three) Non-Executive Independent Directors namely, Mr. S. K. Ghosh (Chairperson), Mrs. Trishna Patodia Pereira (Member) and Mr. Mukul Banerjee (Member).

Mr. Mukul Banerjee has been appointed as member of the Committee with effect from 30th May 2016.

The Company's Remuneration Policy is available on the Company's website <http://www.acknitindia.com/corporate-policies/nomination-and-remuneration-policy.pdf>.

The details of terms of reference of the Nomination and Remuneration Committee, number and dates of the meetings held, attendance of the Directors and remuneration paid to all the Directors during the year ended 31st March 2016, are given