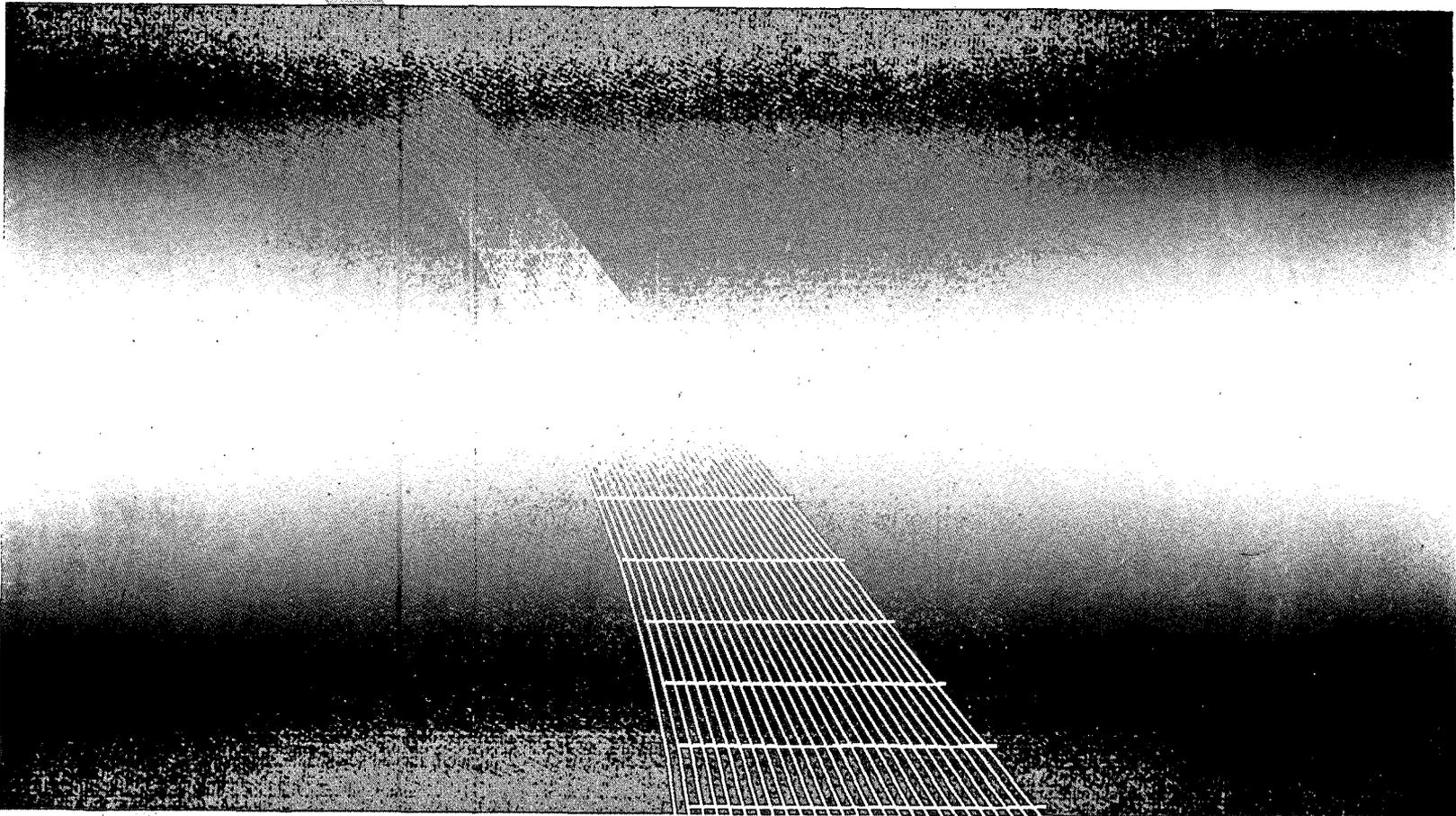




# ACKNIT INDUSTRIES LIMITED



Annual Report And Accounts  
**2008-09**

# **ACKNIT INDUSTRIES LIMITED**

(Formerly Acknit Knitting Limited)

## **Annual Report 2008-2009**

### **BOARD OF DIRECTORS**

Shri S. K. Saraf

*Chairman-cum-Managing Director*

Shri D. K. Saraf

*Executive Director*

Shri B. K. Kedia (Since resigned)

Shri S. K. Ghosh

Shri M. K. Nath

*Directors*

### **AUDITORS**

R. K. Bajaj & Co.

*Chartered Accountants*

40/5, Strand Road,

Kolkata - 700 001

### **SHARE TRANSFER AGENTS**

S. K. Computers

34/1A, Sudhir Chatterjee Street

Kolkata - 700 006

Phone : (033) 2219 4815

E-mail : skckolkata.invcom@gmail.com

### **BANKERS**

State Bank of India

HDFC Bank Ltd.

### **REGISTERED OFFICE**

817, KRISHNA

224, A. J. C. Bose Road,

Kolkata - 700 017

Phone : (033) 2287 8293

E-mail : acknit@vsnl.com



**NOTICE**

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

**ORDINARY BUSINESS**

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

**SPECIAL BUSINESS**

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED that Shri M. K. Nath, who has given his consent, be and is hereby appointed as a Director of the company whose period in office shall be subject to retirement by rotation."

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

Place : Kolkata  
Date : The 24<sup>th</sup> day of August, 2009

**D. K. Saraf**  
*Executive Director*

**Notes**

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



9. Members holding shares in physical form may avail the facility of nomination in respect of the shares held by them pursuant to amendments in the Companies Act 1956. The prescribed format (Form 2B) can be obtained from the RTA of the company, M/s. S. K. Computers, 34/1A Sudhir Chatterjee St. Kolkata - 700 006.
10. Investors and Shareholders may kindly note that if Physical documents viz Demat Request Form (DRF) and share certificates etc, are not received from their DPS by the Registrar within a period of 5 days from the date of generation of DRN for dematerialization, the DRN will be treated as rejected/ cancelled pursuant to the advice of National Securities Depository Limited (NSDL) so that no Demat Request remain pending beyond 21 days upon rejection of DRN as above. A fresh DRN has to be forwarded along with the Share Certificate by the DPS to the Registrar. This note is only to caution the Investors/Shareholders.
11. Dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2009, 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. 18.09.2009.
  - 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 No. Therefore, member holding shares in physical mode are requested to furnish their PAN number alongwith a photo copy of their PAN card.

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

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

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

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

**DIRECTORS' REPORT**

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

**FINANCIAL RESULTS***(Rs. in Lacs)*

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

**OPERATING PERFORMANCE**

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

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

**DIVIDEND**

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



## DIRECTORS

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

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

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

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

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

## AUDITORS

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

## INFORMATION U/S 217 OF THE COMPANIES ACT, 1956

a. Conservation of Energy, etc.

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

b. Particulars of Employees :-

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

c. Directors' Responsibility Statement

The Directors hereby confirm :-

- a) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures.
- b) That the directors have selected such accounting policies and adopted them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit of the company for the year.
- c) That the directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities.
- d) That the directors have prepared the Annual Accounts on a going concern basis.

**CORPORATE GOVERNANCE**

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

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

**PUBLIC DEPOSITS**

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

**COMPLIANCE CERTIFICATE**

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

**PERSONNEL AND INDUSTRIAL RELATION**

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

**CAUTIONARY STATEMENT**

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

**CONCLUSION**

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

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

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

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



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

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

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

*(b) Rational for Presence*

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

*(c) Range of Products and their contributions*

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

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

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



*(d) The environment*

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

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

*(e) Adequacy of Internal Control*

The Company has an adequate system of Internal control in place to ensure that all assets are safeguarded and protected and that transactions are duly authorized, reported and recorded correctly.

The Internal controls are constantly monitored by an extensive program of internal audit.

*(f) Risk and Concern*

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

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

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

*(g) Human Resource Development*

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

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

## **ANNEXURE - 'B'**

### **CORPORATE GOVERNANCE**

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

### **BOARD OF DIRECTORS**

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

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

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

### **MEETING OF THE BOARD**

During the year under review, there were 7 (seven) meetings of the Board of Directors held on 29.04.08, 26.05.08, 30.07.08, 28.08.08, 30.10.08, 01.12.08 & 30.01.09 with a maximum gap between two consecutive meetings of not more than 4 (four) months and the information as required were made available to the Board for discussion. The dates and venue of each meeting was decided well in advance and the Directors



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

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

#### 4. BOARD COMMITTEES

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

##### (I) AUDIT COMMITTEE

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

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



During the year, the Audit committee met 5 times on 29.04.08; 30.07.08; 28.08.08; 30.10.08 and 30.01.2009 .

*Audit Committee :*

SL NO	NAME OF MEMBER	STATUS	NO OF MEETINGS ATTENDED
1	Mr. S.K GHOSH	Independent Non- Executive Director	5
2	Mr. B.K.KEDIA	- Do -	3
3	Mr. D.K.SARAF	Wholetime Executive Director	4

Mr. M. K. Nath was inducted in place of B. K. Kedia after 31.03.2009.

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 COMMITTEE

The share Transfer committee of the Board was comprised of Mr. B.K Kedia, 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. With resignation of Mr. B. K. Kedia, Mr. M. K. Nath was inducted in his place.

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
1	Mr. B. K. Kedia	Independent Non Executive Director	3
2	Mr. S. K. Ghosh	- Do -	3
3	Mr. D. K. Saraf	Wholetime Executive Director	3

## (III) SHAREHOLDERS' GRIEVANCE COMMITTEE

The Committee was composed of the Independent / Non Executive directors , Mr. S. K. Ghosh and Mr. B.K Kedia. The committee holds periodical meetings for immediate redressal of Shareholders grievance. On resignation of Mr. B. K. Kedia, Mr. M. K. Nath was inducted in his place after 31.03.2009.

The committee met 3 (three) times during the year on 15.05.2008, 31.07.08 and 15.09.2008 to dispose of 7 Grievances received from shareholders.

## RISK MANAGEMENT

At 'ACKNIT' Risk Management Approach has been formalised by effective systems and processes. As a result the risks are adequately balanced by business decisions while ensuring that initiatives taken are duly rewarded by generation of revenue which is consistent with the risks taken. The corporate policy is so designed to provide Risk Standards and Corresponding guidelines for credit, marketing, liquidity, funding etc., while the Risk Management is facilitated through involvement of senior Management for necessary approvals, periodic reviews and other policy measures including mitigation of plans and factors. Thus the



end point responsibilities vest with the Senior Management who approves the initiatives and makes a continuous review.

#### EXECUTIVE DIRECTOR/CFO CERTIFICATION :

The Executive Director and the Chief Financial Officer (CFO) certify that (i) the financial statements and the cash flow statements for the year have been reviewed and to their belief those statements do not contain any untrue statement and it present a true and fair view of the Company's affairs; (ii) that there are no transaction entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct; (iii) that they accept responsibility for establishing and maintaining Internal Control and that they evaluated the effectiveness of the internal control system of the company; (iv) that they have indicated to the Statutory Auditor and the Audit Committee :

- (a) Significant changes in internal control during the year;
- (b) Significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the Financial Statements;
- (c) Instances of significant fraud, if any, of which they have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system.

#### SHAREHOLDERS INFORMATION

##### a. 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 form. The ISIN No. allotted to the company is INE 326 C1017.

##### b. Details of Shares Transfers during the Year :-

No. of valid Share Transfer Requests received -	6
No. of Share Transfer Requests processed and registered	6
No. of Share Transferred	3205
No. of Pending Share Transfer Requests as on 31.03.2009	NIL
No. of Shares Demated to NSDL (31.03.2009)	1695677
No. of Shares Demated to CDSL (31.03.2009)	496957
No. of Shares Remated	NIL
No. of Complaints remaining unresolved as on 01.04.2008	NIL
No. of complaints received during the year	7
No. of complaints resolved during the year	7
No. of complaints remaining unresolved as on 31.03.2009.	NIL

##### c. Address for Communication :

All communication regarding Share Transfer, change of Address, Nomination etc, should be addressed to the Registrar & Share Transfer Agents at the following Address :-

S.K. Computers  
34/1 A, Sudhir Chatterjee Street  
Kolkata- 700 006.  
Phone No.(033) 2219 4815  
Email: skckolkata.invcom@gmail.com



Complaints, if any, may also be addressed to the Compliance Officer at the registered office of the company at 817 Krishna, 224 A.J.C Bose Road, Kolkata- 700 017.

Shareholders are advised to correspond with the Registrars & Share Transfer Agents and the company via email to speed up response and to help us to expedite redressal of complaints. They are requested to mention clearly their Folio Nos./DP ID and Client ID and their respective addresses. However, in case of instructions for change of address and/or Transfer and Transmission of Shares their letter should be signed by the shareholders concerned, otherwise such requests can not be processed.

### COMPLIANCE OFFICER

**Mr. B. K. Kesan, General Manager** of the company has been designated as the Compliance Officer for the purpose of Listing Agreement. The Shareholders may send their complaints directly to "The Compliance Officer", Acknit Industries Ltd, 224, A.J.C Bose Road ,817 Krishna, Kolkata 700 017 or email to [acknit@vsnl.com](mailto:acknit@vsnl.com) or phone to (033) 2287 8293.

### MEANS OF COMMUNICATION

1. Quarterly Results are published in one of the prominent business dailies 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 Meetings are posted to every shareholder in due compliance of the provisions of the Companies Act, 1956.

### CODE OF CONDUCT

#### Annual Declaration by Chairman-Cum-Managing Director pursuant to clause 49(1) (D) (11) of the Stock Exchange Listing Agreement.

As Chairman-Cum-Managing Director of Acknit Industries Ltd. and as required by clause 49 (1) (D) (11) of the Listing Agreements, I do hereby declare that all the Board Members and Senior Management personnel of the company have affirmed due compliance with the Company's Code of Business conduct and Ethics during the financial year ending 31.03.2009.

**SD/- S. K. Saraf**

*Chairman-Cum-Managing Director*

Date : 24.08.2009

Place : Kolkata

### GENERAL BODY MEETINGS :-

The date, time and venue of the Last Three Annual General Meetings are given herein below :

Financial Year	Date	Venue	Time
2005-2006	27.09.2006	GYAN MUNCH 11, Pretoria Street Kolkata – 700 071	2. 30 p.m.
2006-2007	27.09.2007	- Do -	2.00 p.m.
2007-2008	26.09.2008	- Do -	3.30 p.m.

No Special Resolution through ballot was put at the last AGM.

**DIRECTORS REMUNERATION**

The details of remuneration paid to Directors during the year are given below:-

NAME OF DIRECTOR	SALARY	PERQUISITES	SITTING FEES	TOTAL
Mr. S. K. Saraf (CMD)	1,612,800	NIL	NIL	1,612,800
Mr. D. K. Saraf (Exe.Dir)	1,344,000	NIL	NIL	1,344,000
Mr. B. K. Kedia (Ind. Dir.)	NIL	NIL	9,750	9,750
Mr. S. K. Ghosh (Ind. Dir.)	NIL	NIL	15,250	15,250

**GENERAL SHAREHOLDERS INFORMATION :****1. ANNUAL GENERAL MEETINGS**

19<sup>th</sup> Annual General Meeting of the shareholders will be held at "Gyan Munch", 11, Pretoria Street, Kolkata – 700 071, on Thursday, the 24<sup>th</sup> September 2009 at 10.30 a.m.

**2. FINANCIAL CALAENDER**

The financial year of the company is April to March, every year. Un-audited Financial Results are drawn and published on a quarterly basis in the month following the end of the respective quarters.

**3. BOOK CLOSURE**

In terms of the provisions under Sec.154 of the Companies Act, 1956 the share transfer Books and the Register of Member shall remain closed from 19.09.2009 to 24.09.2009 (both days inclusive) to ascertain members entitled to dividend, if declared in the AGM.

**4. LISTING OF SHARES**

The shares of the Company continue to be listed on the Stock Exchanges at Mumbai and Calcutta. The Company is regular in payment of the Listing Fees to the Exchanges. The Security code of the Company's shares on those exchanges are : **BSE:530043, CSE:10011078.**

The shares of the Company are permitted to be traded only in dematerialied mode in NSDL & CDSL with effect from 24.11.2000 **ISIN No. is INE 326C01017.**

**DIVIDEND PAYMENT RECORD**

The Company always maintained a commendable dividend paying records since the commencement of its commercial production. The rates of Dividend paid during last 7 years are :-

Year	Rate of Dividend	Amount Disbursed
2001-2002	15%	Rs.37.20 Lacs
2002-2003	15%	Rs.37.20 Lacs
2003-2004	20%	Rs.50.40 Lacs
2004-2005	20%	Rs.50.40 Lacs
2005-2006	20%	Rs.50.40 Lacs
2006-2007	20%	Rs.50.40 Lacs
2007-2008	20%	Rs.50.40 Lacs

**DISTRIBUTION OF SHARE HOLDINGS AS ON 31.03.2009**

Range of Shares	No. of holders	%	No. of Shareholders	%
1 to 500	728	74.35	147032	5.83
501 to 1000	117	11.95	93608	3.71
1001 to 2000	61	6.23	89408	3.55
2001 to 3000	22	2.25	55008	2.18
3001 to 4000	9	0.92	32500	1.30
4001 to 5000	10	1.02	46043	1.83
5001 to 10,000	7	0.72	47819	1.90
10,001 to 50,000	10	1.02	245721	9.75
50,001 to 1,00,000	7	0.72	519986	20.63
1,00,001 to above	8	0.82	1242875	49.32
<b>Grand Total</b>	<b>979</b>	<b>100.00</b>	<b>2520000</b>	<b>100.00</b>

**STOCK MARKET DATA**

The shares of the Company are regularly traded on the BSE whereas trading on CSE is not regular. The Annual data for Trading on BSE are given below:-

Month	Month's High	Month's Low	Volume
April,08	47.85	32.10	75617
May,08	44.00	32.25	19470
June,08	41.45	26.05	37226
July,08	39.95	28.00	68093
August,08	53.05	35.00	82026
September,08	50.95	30.65	161209
October,08	39.25	18.75	76744
November,08	28.70	17.05	19539
December,08	26.20	17.10	19223
January,09	23.45	16.25	1609
February,09	22.45	18.05	7003
March,09	21.95	19.15	9111

**Shareholding Pattern as on 31.03.2009**

CATEGORY	NO. OF SHARES	PERCENTAGE OF TOTAL
<b>Promoter Group</b>		
Indian Promoters	743410	29.50
Persons Acting in concert	565074	22.43
Foreign Promoters	-	-
<b>Total : Promoter Group</b>	<b>1308,484</b>	<b>51.93</b>
<b>Non Promoter Group</b>		
NRI/OCB	36,931	1.46
Other Bodies Corporate	496,606	19.71
Resident Individual	677,979	26.90
Institutional Investors (Bank)	-	-
<b>Total : Non-Promoters Group</b>	<b>1211,516</b>	<b>48.07</b>
<b>Grand Total</b>	<b>25,20,000</b>	<b>100.00</b>

**DISCLOSURES**

- (a) Details of Transactions with any of the related parties as specified in Accounting Standard 18 (As-18) issued by the Institute of Chartered Accountants of India have been reported in the Schedule U of Statement of Accounts. There was no transaction of material nature with any of the related party which was in conflict with the interest of the company.
- (b) There was no non-compliance, penalties or strictures imposed on the company by any Stock Exchange, SEBI or other Statutory Authority on matters related to capital Market during the last three (3) years.
- (c) Management Discussion and Analysis Report forms part of Director's Report.
- (d) No representation was made to Institutional Investors and Analysts during the year.
- (e) The company does not have any subsidiary.
- (f) There had been no Public issue, Right issue or other public offerings during the last ten (10) years. The company has not issued any GDRs/ADRs or any convertible instrument.
- (g) Plant Locations of the company are given hereunder :
  - I. Faltal Special Economic Zone-Sector I, 24 Parganas (S) W.B.
  - II. Faltal Special Economic Zone-Sector II, 24 Parganas (S) W.B.
  - III. Ganganagar, 144 Old Jessore Road, Kolkata, W.B.

*Significant Information*

The demand for traditional Knitted items have reached a saturation point due to severe competition from other Low cost Asian Countries. However, by installation of most sophisticated Machineries & production processes, the company could reduce its cost of production which resulted in increasing its competitiveness. The company has shifted its attention to the alternate market for leather items which is still open for further expansions. The total Turnover of leather items have been increased by about 50% over last year whereas due to lesser margin available in leather items , gross profit for the year did not increase proportionately. Moreover, the Company's diversification project in Power Generation has commenced generation of revenue. But consequent to Interest outgo for the Loan drawn in connection with the Power Generation project effected the net profit of the Company substantially.

**Related Party Discloses as required under Accounting Standards 18 ( AS 18) issued by the institute of Chartered Accountants of India :-**

- I. *Associate Companies / Firms*
    - 1. Acme Safetywears Ltd.
    - 2. Saraf Capital Markets Ltd.
  - II. *Enterprises in which key Management personnel have significant influence :-*
    - 1. Acme Industrial Corporation.
    - 2. Rosinate India Company.
  - III. *Key Management Personnel :*
    - 1. Sri Shri Krishan Saraf – Chairman-cum-Managing Director
    - 2. Sri Deo Kishan Saraf – Whole time Executive Director
- Relatives of Key Management Personnel :
- 1. Sri Abhishek Saraf – Senior Executive



## ANNEXURE : C

**Statement pursuant to Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988****(i) Conservation of Energy :-**

The Company accords great importance to conservation of energy. The main focuses of the Company during the year were :-

- a. Close monitoring on consumption of electricity, diesel and water;
- b. Optimisation on electricity consumption by equipment modification and replacement and process modification;
- c. Achieving power factor standards nearing unity in all units;
- d. Total energy consumption and energy consumption per unit of productions - Form 'A' enclosed.

**(ii) Technology absorption : as per Form 'B'****A. Research and Development ( R & D)**

Separate account of R & D expenditure is not maintained. The expenses are merged into relevant heads of expenditure. The Company's Research & Development wing is fully geared to absorb and innovate & tie up Imported Technology on a continuing basis. The R & D wing has continually developed various customer friendly product ranges and has set up performance Testing mechanism to generate various parameters required by customers.

**(iii) FOREIGN EXCHANGE EARNINGS & OUTGO**

Promising Foreign Exchange Reserves of the Country, with a low inflation rate and encouraging GDP growth rates during the last couple of years, have presented a unique atmosphere of increased business activities. Your Company is well positioned to take advantage of opportunities and continued to maintain its pace of progression. As the company is engaged in 100% export oriented manufacturing activities, it is continuing its effort to increasing support to the country's forex Reserves by exploring, creating and developing new markets.

	2008-09	2007-08
Earning (on FOB Basis)	Rs. 5341.10 Lacs	Rs. 3677.48 Lacs
Outgo	Rs. 867.51 Lacs	Rs. 683.59 Lacs

**Form A**

(Form of disclosure of particulars with respect to Conservation of Energy)

**POWER & FUEL CONSUMPTION**

	2008-09	2007-08
<b>1) Electricity</b>		
a) Purchased Unit ( Kwh)	1040453	1018699
Total Amount ( Rs.)	4428801	4431324
Average Rate per unit Rs.	4.26	4.35
Through diesel generator units (lakh Kwh)	N. A.	N. A.
Unit per ltr. of Diesel oil( kwh) cost /unit( lakh kwh)	NIL	NIL
Through steam turbine / generator units (lakh kwh)	NIL	NIL
Unit per ltr. of LD oil ( kwh) cost/unit ( lakh kwh)	NIL	NIL

**CONSUMPTION PER UNIT OF PRODUCTION PER DOZ PAIRS**

	2008-09	2007-08
Electricity	0.81 kwh	0.81 kwh
Coal	NIL	NIL
Furnace Oil	NIL	NIL
Light Diesel Oil	NIL	NIL
Others	NIL	NIL

**Form - B**

( Form of disclosure of particulars with respect to Technology Absorption )

1. Specific areas in which R & D carried out by the Company	NIL	NIL
2. Benefit derived as a result of the above R & D	NIL	NIL
3. Future Plan of action	NIL	NIL
4. Expenditure on R & D		
Capital	NIL	NIL
Recurring	NIL	NIL
Total	NIL	NIL
Total R & D expenditure as % of total turnover	N.A.	N.A.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

- Mordernisation and expansion of Product range to meet the growing market needs
- Upgradation of existing products and process by adopting most appropriate options available.
- Keeping abreast with new emerging technologies with long term potential

Obtained certification under ISO 9001 : 2000

Benefits : Launching new products has improved the Company's positive position in the market.

Introduction of new designs and material has also yielded significant cost savings.

**ANNEXURE : D**  
**COMPLIANCE CERTIFICATE**  
**(u/s 383A of the Companies Act, 1956)**

To  
The Members of  
**ACKNIT INDUSTRIES LTD.**  
817, Krishna  
224, AJC Bose Road  
Kolkata-700 017

CIN: L01113WB1990PLC050020  
Paid-up capital : Rs. 2,52,00,000/-

I have examined the registers, records, books and papers of **Acknit Industries Ltd** as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2009**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify the following clauses as set out in Form specified under The Companies (Compliance Certificate) Rules, 2001 to the extent relevant to the said Company in respect of the aforesaid financial year :



01. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
02. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, which were required to be filed with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
03. The Company being a public limited company has the minimum prescribed paid up capital.
04. The Board of Directors duly met **7 (Seven)** times on **29.04.2008, 26.05.2008, 30.07.2008, 28.08.2008, 30.10.2008, 01.12.2008 and 30.01.2009** during the year **2008-2009** in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. Resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
05. The Company has closed its register of Members from **19.09.2008 to 26.09.2008** (both days inclusive) during the financial year under scrutiny.
06. The Annual General Meeting for the financial year ended on 31st March 2008 was held on **26th September, 2008** after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose;
07. No extra ordinary general meeting was held during the year.
08. No loan of the nature specified in section 295 of the Companies Act, 1956 was made; hence no comments are required on the compliance of the provisions of the said section.
09. The Company has duly complied with the provisions of section 297 of the Companies Act, 1956 in respect of the contracts specified in that section.
10. The Company has made necessary entries in the register maintained u/s 301 of the Act.
11. The Company was not required to obtain any approval of the Members (pursuant to section 314 of the Act).
12. No duplicate share certificates were issued by the Company during the year.
13. The Company has :
  - (i) received no cases for allotment/transfer/transmission of securities during the financial year
  - (ii) has deposited the amount of dividend declared Including interim dividend in separate bank account on 3rd October,2008 which is within 5 working days from the date of declaration of such dividend.
  - (iii) has paid/posted warrants for dividend to all the members within a period of 30 days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to unpaid dividend account of he Company with HDFC Bank on 26th February, 2009.
  - (iv) has transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remain unpaid/unclaimed for a period of 7 years to Investor Education and Protection Fund.
  - (v) duly complied with the requirements of section 217 of the Act;
14. The Board of Directors of the Company is duly constituted and the appointments of directors have been duly made. No new appointments of any nature have been made.
15. The Company has made appointment of Managing Director/ Whole- time Director/ Manager in compliance with the provisions of Section 269 read with Schedule XIII.
16. No appointment of sole-selling agents was made by the company.



17. The Company was not required to obtain any specific approval of the Central Government, Company Law Board, Regional Director, Registrar or any other authorities as may be prescribed under any of the provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under and necessary entries have been done in the register maintained for the purpose.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year ending 31st March 2009.
21. The Company does not have any issued preference shares or debentures in its capital structure.
22. The Company was not required to keep in abeyance any rights to dividend, rights shares and bonus shares (no bonus or right issue was made by the company during the year under consideration).
23. The Company has not accepted any deposits as contemplated u/s 58A and 58AA and as such was not required to comply with the provisions of said section read with Companies (Acceptance of -Deposit) Rules, 1975/the applicable directions issued by the Reserve Bank of India/any other authority in respect of deposits accepted including unsecured loans taken, or raised by a company.
24. The amount borrowed by the Company during the financial year ending 31st March, 2009 does not exceed the paid-up capital and free reserves of the Company and hence are within the borrowing limits of the directors as specified under the provisions of section 293(1)(d) of the Act.
25. The Company has maintained the register of loans and investments made, guarantees given or securities provided as required under section 372A of the Companies Act, 1956.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. As per information furnished and explanation given to me no prosecution was initiated against or show cause notice received by the company for any alleged offence under the Act and also no fines and/or penalties or any other punishment were imposed on the company in.
32. The Company has not received any amount as security from its employees during the year under certification requiring deposit as per provisions of section 417(1) of the Act;
33. The Company has deposited both employee's and employer's contribution to provident fund with prescribed authorities pursuant to section 418 of the Act.

Place: Kolkata

Date: The 24<sup>th</sup> day of August 2009

For P.S. & Associates

**SWATI BAJAJ**

Partner

C.P. No. 3502

**ANNEXURE 'A' of Compliance Certificate****Registers as maintained by the Company**

1. Register & Index of Members u/s 150/ 151.
2. Register of directors etc u/s 303.
3. Register of disclosure u/s 301(3) read with section 299.
4. Register of directors' shareholdings u/s 307.
5. Register of Application & Allotment
6. Minutes books for minutes of meetings of the Board & shareholders, separately.
7. Register of Contracts u/s 301.
8. Register of Charges u/s 143.
9. Books of Accounts u/s 209

**Annexure 'B' of Compliance Certificate****ANNEXURE 'B'**

Form and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2009.

S. No.	Form No. / Return	Filed under section	Purpose	Date of Filing	Whether filed within prescribed time	If delay in filing whether requisite additional fee paid (Yes / No)
1.	20B	159	For AGM held on 26.09.2008	11.12.2008	No	Yes
2.	23AC/ACA	220	For the Financial Year 2007-2008	04.11.2008	No	Yes

**Managing Director and Chief Financial Officer ( CFO) Certification**

We, S. K.Saraf, Chairman-Cum-Managing Director and A. Dhand, Chief Financial Officer of Acknit Industries Limited to the best of our knowledge and belief certify that :-

- i) We have reviewed the Balance Sheet of the Company as at 31st March, 2009, the Profit & Loss Accounts and all its Schedules and Notes on Accounts as well as the Cash Flow Statements and Directors Report for the year ended on that date;
- ii) Based on our knowledge and information, the financial statements and other financial information included in this report reflects in all material respects, a true and fair view of the Company's affairs, the financial conditions, results of operation and cash flows of the Company as on and for the periods



presented in this report and are in compliance with the existing Accounting Standards and / or applicable laws and regulations;

- iii) Based on our knowledge and information, these statements do not contains any statement that might be misleading;
- iv) To the best of our knowledge and belief, no transactions entered into by the company during the year, are fraudulent, illegal or violative of the company's code of conduct;
- v) We are responsible for establishing and maintaining disclosures, controls and procedures and internal controls over financial reporting for the Company and we have :-
  - a) evaluated the effectiveness of the Company's disclosures, controls and procedures over financial reporting; and
  - b) disclosed in this report any change in Company's internal control over financial reporting that occurred during the Company's most recent accounting period that may have materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting
- vi) We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Board of Directors :-
  - a) All deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to such deficiencies, if any;
  - b) Significant changes in internal control during the year covered by this report, if any;
  - c) All significant changes in the accounting policies during the year, if any and the same have been disclosed in the notes to the financial statement;
  - d) No instances of significant fraud of which we are aware involving managing or other employees who have significant role in the Company's internal control system.
- vii) We further declare that all board members and senior management personnel have affirmed compliance with the code of conduct ( since its adoption) during the year under review.

For **Acknit Industries Limited**

**S. K. Saraf**

*Chairman-Cum-Managing Director*

**Aniruddh Dhand**

*Chief Financial Officer*

Place : Kolkata

Date : The 24<sup>th</sup> day of August, 2009

**AUDITORS' REPORT****To The Members of M/s. ACKNIT INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of M/s. Acknit Industries Limited as at 31st March 2009, the Profit and Loss account and also the Cash Flow Statement for year ended on that date annexed thereto. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to sub-section (3C) of section 211 of the Companies Act, 1956; subject to notes given herein under.
  - e) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of Sub - section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our informations and according to the explanation given to us, the said accounts, read in conjunction with the significant accounting polices and notes on accounts along with other schedules, give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009 ;
    - b) In the case of the Profit and Loss account, of the profit for the year ended on that date; and
    - c) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

**R. K. Bajaj & Co.**  
*Chartered Accountants*

**R. K. Bajaj**  
*Proprietor*  
Membership No. 051715

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

**Annexure to the Auditors' Report to the Members of Acknit Industries Limited**

[Referred to in paragraph (3) thereof.]

- I. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical inventory were noticed.
- (c) During the year, in our opinion the company has not disposed of a substantial part of the fixed assets. According to the information and explanations given to us, we were of the opinion that the withdrawal of the fixed assets has not affected the going concern status of the company.
- II. (a) The inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the company and nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the company.
- III. (a) The company has granted unsecured loans to one Body Corporate covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year aggregate to Rs. 12,447,946/-.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been granted to the company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) According to information and explanations given to us, the loan as aforesaid was repayable on demand and Body Corporate is regular in payment of Principal amount and interest as and when demanded by the company.
- (d) According to information and explanations given to us, there is no overdue amount of loans and interest granted to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provision of clause (iii) (f) and (iii) (g) of the Company's (Auditors' Report) order 2003 are not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further on the basis of our examination, and according to the information and explanation given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.



- V. (a) In our opinion and according to the information and explanation given to us, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us and excluding certain transactions of purchases/sale of goods and materials of special nature for which alternate quotations are not available, in our opinions, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time.
- VI. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year covered by our audit report and therefore the provision of section 58A & 58AA or any other relevant provision of the Companies Act, 1956 and Rules there under are not applicable to the company.
- VII. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- VIII. To the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the products of the company.
- IX. (a) According to the information and explanation given to us, and according to the books and records as produced and examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including provident fund, Investors Education Protection Fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanation given to us and the records of the company examined by us the particulars of dues at income tax, sales tax, wealth tax, service tax, customs duty, excise duty and the Cess as at 31.03.2009 which have not been deposited on accounts of dispute are as follows :

Name of the Statute	Nature of the dues	Amount (in Rupees)	Period to which the amount relates	Forum where pending
West Bengal Sales Tax Act, 1994.	Sales Tax	13,200/-	Year 1996-1997	Assistant Commissioner, Commercial Taxes, Kolkata South Circle
West Bengal Sales Tax Act, 1994.	Sales Tax	406,863/-	Year 2003-2004	Assistant Commissioner, Commercial Taxes, Kolkata South Circle



- X. The company does not have accumulated losses as at 31<sup>st</sup> March 2009 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- XI. According to information and explanations given to us, the company has not defaulted in re-payment of dues to any financial institution, bank during the year.
- XII. According to information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
- XIII. The Provision of any special statute applicable to chit fund/ nidhi /mutual benefit fund/societies are not applicable to the company.
- XIV. In our opinion and according to the information and explanations given to us, the company has maintained proper records of transaction and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made there in. All shares, debentures & other investments have been held by the company in its own name.
- XV. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by other from banks and financial institution.
- XVI. In our opinion, the term loans have been applied for the purpose for which they were raised.
- XVII. According to the information and explanations given to us and on overall examinations of Balance Sheet of the company, in our opinion there are no funds raised on short-term basis which have been used for long-term investments.
- XVIII. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the Year.
- XIX. As the company has no debenture outstanding at any time during the year, paragraph (xix) of the Order is not applicable to the company.
- XX. The company has not raised any money by public issue during the year.
- XXI. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been notified or reported during the course of our audit.

**R. K. Bajaj & Co.**  
*Chartered Accountants*

**R. K. Bajaj**  
*Proprietor*

Membership No. 051715

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



## BALANCE SHEET AS AT 31.03.2009

	Schedule No.	As at 31.03.2009 (Rupees)	As at 31.03.2009 (Rupees)	As at 31.03.2008 (Rupees)
<b>SOURCES OF FUNDS :</b>				
<b>1) SHARE HOLDERS' FUNDS</b>				
Share Capital	A	27,577,000		27,577,000
Reserves and Surplus	B	162,671,040	190,248,040	153,601,625
<b>2) LOAN FUNDS</b>				
Secured Loan	C		125,218,647	163,347,976
<b>3) DEFERRED TAX (NET)</b>	D		25,079,300	23,787,100
<b>TOTAL</b>			<b>340,545,987</b>	<b>368,313,701</b>
<b>APPLICATION OF FUNDS :</b>				
<b>1) FIXED ASSETS</b>	E			
Gross Block			256,329,037	210,491,335
Less : Depreciation			84,051,774	69,338,241
Net Block			172,277,263	141,153,094
Capital Work in Progress			7,895,296	29,448,221
			180,172,559	170,601,315
<b>2) INVESTMENTS</b>	F		3,747,227	6,895,836
<b>3) CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>I) Current Assets</b>				
a) Inventories	G	88,471,746		95,005,860
b) Sundry Debtors	H	44,453,519		67,901,412
c) Cash & Bank Balances	I	6,912,278		7,403,291
d) Other Current Assets	J	6,091,948		2,558,451
<b>II) Loans &amp; Advances</b>				
a) Loans & Advances	K	60,820,900		72,860,935
		206,750,391		245,729,949
Less : Current Liabilities & Provisions	L	50,124,190		54,913,399
<b>Net Current Assets</b>			156,626,201	190,816,550
<b>TOTAL</b>			<b>340,545,987</b>	<b>368,313,701</b>
Significant Accounting Policies	S			
Segment Reporting	T			
Related Party Disclosures	U			
Notes on Accounts	V			

This is the Balance Sheet referred to in our Report  
In terms of our report of even date

For R. K. Bajaj & Co.  
Chartered Accountants

R. K. BAJAJ  
Proprietor

Membership No. 051715  
40/5, Strand Road, Kolkata - 700 001  
Dated : The 24th day of August 2009

A. DHAND  
Chief Financial Officer

For & on behalf of the Board  
S. K. SARAF  
Chairman cum Managing Director  
D. K. SARAF  
Executive Director  
S. K. GHOSH  
Director



## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

	Schedule No.	Current Year (Rupees)	Current Year Previous Year (Rupees)	Previous Year (Rupees)
<b>1) INCOME</b>				
Sales	M	617,214,609		435,240,555
Other Income	N	4,940,572		13,680,579
			<b>622,155,181</b>	<b>448,921,134</b>
<b>2) EXPENDITURE</b>				
Materials	O	444,632,813		310,471,313
Manufacturing & Other expenses	P	132,741,342		93,093,421
Interest to Bank & Financial Institution		14,550,830		9,076,447
Depreciation	E	14,981,912		12,102,476
			<b>606,906,897</b>	<b>424,743,657</b>
<b>3) PROFIT BEFORE EXTRA ORDINARY ITEMS &amp; TAX</b>			<b>15,248,284</b>	<b>24,177,477</b>
<b>Extraordinary Items</b>				
- Compensation Received		1,750,000		-
- Adjustment relating to previous year (net)	Q	(36,870)	1,713,130	14,434
<b>Taxes</b>			<b>16,961,414</b>	<b>24,191,911</b>
Income Tax	R	2,934,588		7,885,800
Fringe Benefit Tax		535,000	3,469,588	400,000
<b>4) PROFIT AFTER TAX</b>			<b>13,491,826</b>	<b>15,906,111</b>
Add : Previous year balance Brought forward			9,247,781	9,238,218
			<b>22,739,607</b>	<b>25,144,329</b>
<b>5) APPROPRIATIONS</b>				
Proposed Dividend			3,780,000	5,040,000
Tax on dividend			642,411	856,548
Transfer to General Reserve			9,000,000	10,000,000
Balance Carried to Balance Sheet			9,317,196	9,247,781
			<b>22,739,607</b>	<b>25,144,329</b>
Basic and diluted earning per equity shares of Rs. 10(each) (Refer Note No.9 of Schedule V)			5.35	6.31
<b>Significant Accounting Policies</b>	S			
<b>Segment Reporting</b>	T			
<b>Related Party Disclosures</b>	U			
<b>Notes on Accounts</b>	V			

This is the Profit & Loss referred to in our Report  
In terms of our report of even date

For **R. K. Bajaj & Co.**  
Chartered Accountants

**R. K. BAJAJ**  
Proprietor

Membership No. 051715  
40/5, Strand Road, Kolkata - 700 001  
Dated : The 24th day of August 2009

**A. DHAND**  
Chief Financial Officer

For & on behalf of the Board  
**S. K. SARAF**  
Chairman cum Managing Director  
**D. K. SARAF**  
Executive Director  
**S. K. GHOSH**  
Director



## CASH FLOW STATEMENT FOR THE YEAR 2008-09

	Current Year (Rupees)	Previous Year (Rupees)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before extra ordinary items & tax	15,248,284	24,177,477
Adjustment for :		
Depreciation	14,981,912	12,102,476
Loss / (Profit) on Sale/discard of fixed Assets	(48,192)	550,602
Interest Paid	14,550,830	9,076,447
Interest Received	(1,182,720)	(627,816)
Misc. (Income) / Loss	981,562	(3,955,452)
Operating Profit before working capital changes	44,531,676	41,323,734
Adjustment for :		
Trade & Other receivables	29,706,972	(32,524,758)
Inventories	6,534,114	(36,782,432)
Trade Payable	1,547,237	662,347
Cash Flow from operations	82,319,999	(27,321,109)
Income Tax paid (net of refunds )	(3,307,678)	(3,705,324)
Interest Paid	(14,550,830)	(9,076,447)
Cash Flow before extra ordinary item	64,461,491	(40,102,880)
(Debit)/Credit Adj. Relating to pv. Yr. (N)	(36,870)	14,434
Compensation Received	1,750,000	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>66,174,621</b>	<b>(40,088,446)</b>
<b>B. CASH FLOW USED IN INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(24,564,964)	(36,464,439)
Sale of Fixed Assets	60,000	480,000
Sale of Investment ( Net )	3,148,609	4,597,992
Intercompany Deposits	(3,237,251)	449,088
Payables for Capital Goods	1,752,691	6,969,991
Interest Received	1,182,720	627,816
Profit / (Loss) on sale of Investment & Dividend	(981,562)	3,955,452
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(22,639,757)</b>	<b>(19,384,100)</b>
<b>C. CASH FLOW USED IN FINANCING ACTIVITIES :</b>		
Repayment of short term Secured Loan	(37,934,339)	56,924,959
Repayment of Long Term Loan	(194,990)	(595,902)
Dividend & Dividend Tax Paid	(5,896,548)	(1,474,137)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(44,025,877)</b>	<b>54,854,920</b>
<b>NET DECREASE/INCREASE IN CASH &amp; CASH EQUIVALENTS (A +B + C)</b>	<b>(491,013)</b>	<b>(4,617,626)</b>
<b>CASH &amp; CASH EQUIVALENTS AS AT 01.04.2008 (OPENING BALANCE)</b>	<b>7,403,291</b>	<b>12,020,917</b>
<b>CASH &amp; CASH EQUIVALENTS AS AT 31.03.2009 (CLOSING BALANCE)</b>	<b>6,912,278</b>	<b>7,403,291</b>

This is the Cash Flow Statement referred to in our Report  
In terms of our report of even date

For R. K. Bajaj & Co.  
Chartered Accountants

A. DHAND  
Chief Financial Officer

For & on behalf of the Board  
S. K. SARAF  
Chairman cum Managing Director  
D. K. SARAF  
Executive Director  
S. K. GHOSH  
Director

R. K. BAJAJ  
Proprietor  
Membership No. 051715  
40/5, Strand Road, Kolkata - 700 001  
Dated : The 24th day of August 2009



## SCHEDULE FORMING PART OF BALANCE SHEET

	31.03.2009 ( Rupees )	31.03.2009 ( Rupees )	31.03.2008 ( Rupees )
<b>SCHEDULE 'A'</b>			
<b>Share Capital</b>			
<b>Authorised</b>			
12,000,000 Equity Share of Rs. 10/- each		<u>120,000,000</u>	<u>120,000,000</u>
<b>Issued &amp; Subscribed</b>			
3,000,000 Equity Shares of Rs.10/- each (out of which 200,000 Equity Shares of Rs.10/- each issued & allotted by way of Bonus shares)		<u>30,000,000</u>	<u>30,000,000</u>
<b>Paid Up</b>			
2,520,000 Equity Shares of Rs.10/- each (out of which 200,000 Equity Shares of Rs.10/- each Issued & allotted by way of Bonus shares)		25,200,000	25,200,000
<b>Add : Shares forfeited</b>		<u>2,377,000</u>	<u>2,377,000</u>
		<u>27,577,000</u>	<u>27,577,000</u>
<b>SCHEDULE 'B'</b>			
<b>Reserves &amp; Surplus</b>			
<b>General Reserve</b>			
At the commencement of the year	130,000,000		120,000,000
Add : Transfer from the Profit and Loss Account	<u>9,000,000</u>		<u>10,000,000</u>
At the end of the year	(a) 139,000,000	139,000,000	130,000,000
<b>Share Premium Account</b>			
At the commencement of the year	<u>12,288,500</u>		
At the end of the year	(b) 12,288,500	12,288,500	12,288,500
<b>Capital Reserve</b>			
At the commencement of the year	<u>2,065,344</u>		
At the end of the year	(c) 2,065,344	2,065,344	2,065,344
<b>Balance in Profit and Loss Account</b>			
At the end of the year	(d) 9,317,196	9,317,196	9,247,781
Total (a to d)		<u>162,671,040</u>	<u>153,601,625</u>
<b>SCHEDULE 'C'</b>			
<b>Secured Loan</b>			
<b>Term Loan (including interest to Bank)</b>			
(Secured by way of Equitable Mortgage of entire fixed assets including Building and personal guarantee of Directors, repayable within one year Rs. 10,487,436/-Previous Year Rs.3,991,909/- )		14,987,436	9,994,426
<b>Term Loan (From Financial Institution including interest)</b>			
(Secured by way of both immovable and moveable assets / properties, both existing & future pertaining to the Project, Personal guarantee of Directors, PDC for installments, incl interest & Trust and Retention A/C repayable within one year Rs. 5,188,000/-Previous Year Rs. 5,188,000/-)		29,827,000	35,015,000
<b>Packing Credit</b>			
(Secured by way of Entire Fixed Assets, Raw material, materials, stock in transit etc., guarantees, engagements, securities, investments and right etc. both present & future )		57,428,329	81,231,676
<b>Cash Credit (Bills)</b>			
(Secured by way of supply bills and Entire Fixed Assets, Raw material, materials, stock in transit etc., guarantees, engagements, securities, investments and right etc. both present & future )		22,975,882	37,106,874
		<u>125,218,647</u>	<u>163,347,976</u>



SCHEDULE 'D'		As at 31.03.2009 (Rupees)	As at 31.03.2008 (Rupees)
<b>Deferred Tax -Net</b>			
a) Deferred Tax Assets			
On Doubtful Assets		22,100	22,100
On Diminution in the Value of Investment		3,800	3,800
On Loans & Advances		1,325,600	1,325,600
On Other Disallowance		52,700	1,410,100
	(a)	1,404,200	2,761,600
b) Deferred Tax Liabilities			
On fiscal allowances on fixed assets		26,483,500	26,548,700
Deferred Tax-Net	(b - a)	25,079,300	23,787,100

**SCHEDULE 'E'**  
**Fixed Assets & Depreciation**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Addition during the year	Withdrawals during the Year	Total As at 31.03.2009	As at 01.04.2008	Withdrawals during the Year	For the year	Total As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
1. Office Premises	3,752,240	—	—	3,752,240	8,750	—	—	8,750	3,743,490	3,743,490
2. Land & Factory Building	22,264,643	25,698,889	—	47,963,532	2,079,927	—	1,164,657	3,244,584	44,718,948	20,184,716
3. Plant & Machinery	111,254,061	17,421,938	280,187	128,395,812	55,105,573	268,379	8,907,964	63,745,158	64,650,654	56,148,488
4. WindMill	59,645,616	—	—	59,645,616	5,953,450	—	3,149,289	9,102,739	50,542,877	53,692,166
5. Electric Installation	3,553,497	1,004,737	—	4,558,234	1,491,224	—	292,643	1,783,867	2,774,367	2,062,273
6. Fire Prevention & Equipment	123,144	—	—	123,144	37,061	—	5,590	42,651	80,493	86,083
7. Furniture & Fixtures	2,340,038	303,061	—	2,643,099	915,546	—	134,359	1,049,905	1,593,194	1,424,492
8. Air Conditioner	2,046,713	337,170	—	2,383,883	621,464	—	102,756	724,220	1,659,663	1,425,249
9. Office Equipment										
Computer	1,044,773	404,782	—	1,449,555	580,920	—	172,246	753,166	696,389	463,853
Other	582,023	8,745	—	590,768	424,510	—	38,189	462,699	128,069	157,513
10. Refrigerator	112,400	—	—	112,400	56,634	—	8,340	64,974	47,426	55,766
11. Vehicle	3,186,493	252,259	—	3,438,752	1,477,488	—	319,571	1,797,059	1,641,693	1,709,005
12. Clicking Dies	585,694	686,308	—	1,272,002	585,694	—	686,308	1,272,002	—	—
	210,491,335	46,117,889	280,187	256,329,037	69,338,241	268,379	14,981,912	84,051,774	172,277,263	141,153,094
<b>CAPITAL W I P</b>	29,448,221	7,895,296	29,448,221	7,895,296	—	—	—	—	7,895,296	29,448,221
<b>TOTAL</b>	239,939,556	54,013,185	29,728,408	264,224,333	69,338,241	268,379	14,981,912	84,051,774	180,172,559	170,601,315
Previous Year	210,757,795	49,154,014	19,972,253	239,939,556	63,487,840	6,252,075	12,102,476	69,338,241	170,601,315	147,269,955



## SCHEDULE 'F'

Long Term Investments Investments - At Cost Quoted	Face Value	No. of Shares	As at 31.03.2009 ( Rupees )	No. of Shares	As at 31.03.2008 ( Rupees )
<b>Equity Shares ( Fully Paid )</b>					
Areva T & D India Limited	2 (10)	8000	1,198,765	2000	1,498,456
Andhra Bank Limited	10	1000	55,701	-	-
B S E L Infrastructure Limited	10	-	-	21531	1,322,517
EIH Limited*	2	-	-	3750	-
G T C India Limited	10	-	-	5000	794,387
Henkel Spic India Limited	10	250	15,341	250	15,341
Ispat Industries Limited	10	100	796	100	796
I C S A Limited	10	-	-	2500	787,715
Mysore Cement Limited	10	25000	909,363	25000	909,363
Nagreeka Export Limited	5	15337	671,224	15337	671,224
Nagreeka Capital Limited**	5	16403	721,427	16403	721,427
Proto Infosys Limited	1	25000	115,805	25000	115,805
TV Eighteen (India) Limited***	5	242	69,982	242	69,982
			<u>3,758,404</u>		<u>6,907,013</u>
<b>Aggregate Amount of Investments Quoted</b>					
Cost			3,758,404		6,907,013
Less : Provision for Diminution in the value of Investment			11,177		11,177
			<u>3,747,227</u>		<u>6,895,836</u>
Market value of quoted investments			<u>2,599,738</u>		<u>9,568,332</u>

\* 3750 equity shares received by way of Bonus Shares.

\*\* Equity Shares received pursuant to acquiring of Investment business of M/S Nagreeka Exports Limited under scheme of arrangement as approved by High Court.

\*\*\* 121 Equity Shares received by way of Bonus Shares.



	As at 31.03.2009 ( Rupees )	As at 31.03.2008 ( Rupees )
<b>SCHEDULE 'G'</b>		
<b>Inventories</b> (taken valued & certified by the management)		
i) Raw Materials	38,723,066	55,221,692
ii) Finished Goods	40,719,706	24,782,972
iii) Semi finished Goods	6,665,792	13,436,954
iv) Stores & Spare parts	2,363,182	1,564,242
	<u>88,471,746</u>	<u>95,005,860</u>
<b>SCHEDULE 'H'</b>		
<b>Sundry Debtors</b>		
<b>Over 6 months old</b>		
Good & Unsecured	1,332,496	1,037,785
Doubtful & Unsecured	64,800	64,800
	<u>1,397,296</u>	<u>1,102,585</u>
<b>Other Debts</b>		
Good & Unsecured	43,121,023	66,863,627
	<u>44,518,319</u>	<u>67,966,212</u>
Less : Provision for doubtful debts	(64,800)	(64,800)
	<u>44,453,519</u>	<u>67,901,412</u>
<b>SCHEDULE 'I'</b>		
<b>Cash &amp; Bank Balances</b>		
Cash Balance	255,555	320,851
Cash Margin with Bank & Others	129,190	17,075
Cash at Bank (with scheduled bank in current accounts)	3,353,508	5,462,646
Fixed Deposits (Lying with the Bank for the facilities enjoyed, including interest accrued thereon)	3,174,025	1,602,719
	<u>6,912,278</u>	<u>7,403,291</u>
<b>SCHEDULE 'J'</b>		
<b>Other Current Assets</b>		
Prepaid Expenses	1,021,480	503,537
Security Deposit	5,070,468	2,054,914
	<u>6,091,948</u>	<u>2,558,451</u>
<b>SCHEDULE 'K'</b>		
<b>Loan &amp; Advances :</b>		
<b>a) Deposits</b> (Short term deposits with Bodies Corporate)		
Unsecured considered good	10,852,658	7,615,407
Unsecured considered doubtful	3,900,000	3,900,000
	<u>14,752,658</u>	<u>11,515,407</u>
Less : Provision for doubtful deposits	3,900,000	3,900,000
	<u>10,852,658</u>	<u>7,615,407</u>
<b>b) Advances</b> Advances recoverable in cash or in kind or for value to be received or any pending adjustments		
	49,968,242	65,245,528
	<u>60,820,900</u>	<u>72,860,935</u>



<b>SCHEDULE 'L'</b>		<b>As at</b>	<b>As at</b>
<b>Current Liabilities &amp; Provisions</b>		<b>31.03.2009</b>	<b>31.03.2008</b>
		<b>( Rupees )</b>	<b>( Rupees )</b>
<b>a) Current Liabilities</b>			
Creditors for Capital goods		10,013,402	8,260,711
Creditors for goods		13,758,633	15,639,287
Creditors for others		11,773,319	8,019,794
Advance from Debtors		472,222	879,706
Unclaimed / Unpaid dividend		649,203	567,353
	(A)	<u>36,666,779</u>	<u>33,366,851</u>
<b>b) Provisions</b>			
Proposed Dividend		3,780,000	5,040,000
Corporate Dividend Tax		642,411	856,548
Provision for Income Tax		7,800,000	14,500,000
Provision for FBT		1,235,000	1,150,000
	(B)	<u>13,457,411</u>	<u>21,546,548</u>
<b>Total</b>	(A + B)	<u><u>50,124,190</u></u>	<u><u>54,913,399</u></u>

**SCHEDULE FORMING PART OF  
PROFIT & LOSS ACCOUNT**

**SCHEDULE 'M'**

**Sales**

	<b>Current Year</b>	<b>Previous Year</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Finished goods (Net of returns)	564,221,789	395,748,968
Raw Materials	3,699,937	-
Energy (Wind Power)	6,941,796	6,465,802
	<u>574,863,522</u>	<u>402,214,770</u>
Export Incentive	44,353,081	33,877,785
	<u>619,216,603</u>	<u>436,092,555</u>
Less: Customs Duty	2,001,994	852,000
	<u>617,214,609</u>	<u>435,240,555</u>

**SCHEDULE 'N'**

**Other Income**

Interest received (Tax deducted at source Rs. 264,739/- Previous year Rs.142,149/-)	1,182,720	627,816
Dividend Received (Tax deducted at source Rs. Nil/- Previous year Rs.Nil/-)	57,701	145,171
Profit on sale of investments (Net)	-	3,810,281
Miscellaneous Income (Tax deducted at source Rs. 44,536/-, Previous year Rs. 49,758/-)	574,980	500,603
Exchange Gain (Net)	3,056,416	8,499,716
Sale of Scrap	68,755	96,992
	<u>4,940,572</u>	<u>13,680,579</u>



SCHEDULE 'O'		Current Year	Previous Year
MATERIALS		(Rupees)	(Rupees)
<b>A: RAW MATERIAL</b>			
Opening Stock		55,221,692	39,851,713
Add: Purchases		347,954,264	290,332,337
		<u>403,175,956</u>	<u>330,184,050</u>
Less: Closing Stock		38,723,066	55,221,692
	(A)	<u>364,452,890</u>	<u>274,962,358</u>
<b>B: STORES &amp; SPARES</b>			
Opening Stock		1,564,242	3,002,577
Add: Purchases		13,292,752	11,527,082
		<u>14,856,994</u>	<u>14,529,659</u>
Less: Closing Stock		2,363,182	1,564,242
	(B)	<u>12,493,812</u>	<u>12,965,417</u>
<b>C: PURCHASE OF FINISHED GOODS</b>	(C)	76,851,683	45,394,326
<b>D: DECREASE/(INCREASE) IN STOCK</b>			
<b>I) Finished Goods</b>			
Opening Stock		24,782,972	9,894,606
Less: Closing Stock		40,719,706	24,782,972
	(I)	<u>(15,936,734)</u>	<u>(14,888,366)</u>
<b>II) Semi Finished Goods</b>			
Opening Stock		13,436,954	5,474,532
Less: Closing Stock		6,665,792	13,436,954
	(II)	<u>6,771,162</u>	<u>(7,962,422)</u>
	(D)	<u>(9,165,572)</u>	<u>(22,850,788)</u>
Total: (A+B+C+D)		<u>444,632,813</u>	<u>310,471,313</u>

**SCHEDULE 'P'****Manufacturing & Other Expenses**

	Current Year (Rupees)	Current Year (Rupees)	Previous Year (Rupees)
Wages, Salaries, Bonus etc.		8,913,739	5,812,784
Contribution to PF & Other funds		909,092	707,559
Power & Fuel		5,837,296	4,608,693
Rent, Rates & Taxes etc.		2,300,550	1,227,908
Packing & Finishing Charges		1,678,318	1,599,467
Printing & Stationary		536,885	568,975
Processing Charges		53,092,757	43,329,094
Bank Charges		2,816,012	2,437,514
Travelling & Conveyance		4,455,244	2,949,360
Auditor's Remuneration			
Audit Fees	154,420		134,832
Tax Audit Fees	33,090		28,090
Other Matters	21,631	209,141	15,732
Insurance Charges		3,194,983	1,933,541
Postage, Telegram, Telephone & Telex		1,335,477	1,248,627
Motor Car Expenses		816,444	494,548
Repairs & Maintenance			
Repairs & Maintenance to Building	128,125		66,401
Repairs & Maintenance to P/Machine	940,223		669,491
Repairs & Maintenance to Others	3,063,943	4,132,291	2,017,192
Commission on Sales		2,430,301	2,497,209
Sales Promotion Expenses		809,481	1,162,229
Coolie, Cartage, Freight & Forwarding Charges		16,162,311	14,282,966
Directors Remuneration		2,640,000	2,097,500
Loss on Fixed Assets sales /discard (Net)		-	550,602
Loss on Sale of Investments		1,039,263	-
Quality Claim on Export		16,785,564	-
Misc. Expenses		2,646,193	2,653,107
		<u>132,741,342</u>	<u>93,093,421</u>

**SCHEDULE 'Q'**

Dr/Cr adjustment relating to previous year

A) Debit Adjustment			
Duty & Duty Drawback W/off		163,626	107,013
Vat / CST Receivable		100,219	91,417
Rent Rates and Taxes		177,523	32,500
Repairs & Maintenance to Others		13,030	-
Gratuity Expenses		-	1,552,491
Others		76,674	3,904
		<u>531,072</u>	<u>1,787,325</u>
B) Credit Adjustment			
Coolie, Cartage, Freight & Forwarding Charges		25,063	1,978
Rent Paid		81,000	-
Consultancy Charges		-	1,525
Telephone Charges		-	6,533
Membership Fees		-	1,120
Interest Rate Subvention Receivable		50,321	-
DFIA Claim W/Back		88,493	189,380
Export Incentives under Focus Product Scheme		236,759	1,552,258
Others		12,566	48,965
		<u>494,202</u>	<u>1,801,759</u>
TOTAL (B - A)		<u>(36,870)</u>	<u>14,434</u>

**SCHEDULE 'R'****Income Tax**

Income Tax for earlier year	242,388	-
<b>Provision for Income Tax</b>		
Current year	1,400,000	2,800,000
Deferred Tax	1,292,200	5,085,800
	<u>2,934,588</u>	<u>7,885,800</u>

**SCHEDULE "S"****SIGNIFICANT ACCOUNTING POLICIES****A) Statement of significant Accounting Policies****a) Basis of Presentation**

The financial statements have been generally prepared under the historical cost convention on an accrual basis except in case of assets for which provisions for impairment is made and revaluation is carried out. Wherever it is not possible to determine the quantum of accrual with reasonable certainty, e.g. insurance and other claims, etc. are accounted for on settlement basis. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

**b) Use of Estimates**

The preparation of the financial statements in conformity with the GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

**c) Revenue Recognition**

Revenue from business and other activities consist primarily of revenue earned on a "time and material" basis. The related revenue is recognized as and when the material supplied/services performed. Sales are recognized inclusive of duty if any but net of sales tax. Export Incentives are accounted on accrual basis and include estimated realizable value / benefits from Duty Free Import Authorization Scheme (DFIA) and Focus Product Scheme.

**d) Fixed Assets and Impairment Losses**

Fixed assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, inward freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/installation stage.

Gains/losses arising on Foreign exchange liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets.

The cost and the accumulated depreciation for fixed assets sold are removed from the stated value and the resulting gains and losses are included in the profit and loss account.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal /external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

A previously recognized impairment loss is increased or reversed depending on the changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging useful depreciation if there was no impairment.

**e) Depreciation**

To calculate depreciation on Fixed Assets in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives, where specified, or lives based on the rates specified in schedule XIV of the Companies Act, 1956, whichever is lower.

**f) Investments**

Investments are classified into long-term investments. Long-term investments are carried at cost less provision made to recognize any decline, other than temporary, in the value of such investments.

**g) Valuation of Inventories**

Inventories are valued as follows :

Raw materials, components, stores and spares and Packing material

Lower of cost and net realizable value. However materials and other items held for use in the production of Inventories are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on FIFO basis and includes cost incurred in bringing the material to its present location and condition.

Work-in-Progress & Finished goods

Lower of cost and net realizable value. Cost includes direct material and Labour and a proportion of manufacturing overheads based on normal operating capacity.

**h) Foreign currency Transaction**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognized in the profit & loss account, except in respect of fixed assets where exchange variance is adjusted in the carrying amount of respective fixed assets.

To account for Profit/Loss arising on cancellation or renewal of forward exchange contracts as income /expense for the period, except in case of forward exchange contracts relating to liabilities incurred for acquiring fixed assets, in which case such Profit/Loss are adjusted in the carrying amount of the respective fixed assets and liabilities at the year end.

**i) Sales & Export Incentives**

Sales are recognized, net of return, on despatch of goods to customers and are reflected in the accounts at gross realizable value net of taxes but inclusive of excise/ customs duties.

Export Incentives are accounted on accrual basis and include estimated realizable value / benefits from Duty Free Import Authorization Scheme (DFIA) and Focus Product Scheme.

**j) Other Income**

Income from interest accounted for on accrual basis.

**k) Duty on Finished Goods and other Products**

Duty on finished goods and stores in the factory premises are being accounted for as and when the clearance or transfers are made.

**l) Employees Benefit**

The Employee benefits are provided in accordance with revised AS -15 and are dealt with in the following manners:

a) Contribution to provident fund and other funds are accounted on accrual basis

b) Gratuity liability is determined by actuarial valuation done at the end of the year and current year charge is debited to the Profit & Loss Account.

**m) Taxes on Income**

To provide & determine current tax as the amount of tax payable in respect of taxable income for the period.

To provide and recognize deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.

Not to recognize deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

**n) Insurance Claims**

Insurance Claims in respect of loss of assets are accounted for on intimation to the insurer at the value persists on the date of fire. Policy deductibles, surplus or deficit, if any, shall be accounted for when the claim is finally settled by the insurer and such income / expenditure, if any, shall be the income / expenditure of the year in which such claim is settled by the insurer.

**o) Other Claims**

Other Claims including Quality Claim on Exports are accounted for on the basis of determination / admission of outflow of resources required to settle the obligations.

**p) Provisions, Contingent Liabilities and Contingent Assets**

A Provision is recognized when an estimate has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjust to reflect the current management estimates.

Contingent liabilities, if material, are disclosed by way of notes to accounts. Contingent assets are not recognized or disclosed in the financial statements.

**q) Segment Reporting policies**

The Company's operating business are generally organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the location of the units wherever required.

**r) Consistency**

Accounting policies followed by the company are consistent from one period to other.

**SCHEDULE "T"****SEGMENT REPORTING****PRIMARY SEGMENT INFORMATION (PRODUCTWISE SEGMENT)**

	2009			2008		
	External Sale	Intersegment Sale	Total	External Sale	Intersegment Sale	Total
<b>1. SEGMENT REVENUE</b>						
Cotton & Synthetic Gloves	102,537,088	-	102,537,088	82,067,626	-	82,067,626
Leather Gloves	472,856,467	48,770,005	521,626,472	315,419,872	18,351,821	333,771,693
Others & Traded items	36,881,252	1,399,847	38,281,099	32,139,255	6,947,630	39,086,885
Power Generation	6,941,796	-	6,941,796	6,465,802	-	6,465,802
Segment Total	<b>619,216,603</b>	<b>50,169,852</b>	<b>669,386,455</b>	<b>436,092,555</b>	<b>25,299,451</b>	<b>461,392,006</b>
Elimination			(50,169,852)			(25,299,451)
<b>Total Revenue</b>			<b>619,216,603</b>			<b>436,092,555</b>
<b>2. SEGMENTS RESULTS</b>						
Cotton & Synthetic Gloves			12,415,700			5,846,597
Leather Gloves			20,352,357			17,624,432
Others & Traded items			3,744,958			4,513,500
Power Generation			2,812,589			3,204,646
<b>Segment Total</b>			<b>39,325,604</b>			<b>31,189,175</b>
Unallocated Corporate Exp.			(14,435,177)			(11,601,396)
Unallocated Corporate Income.			5,439,097			13,052,763
<b>Profit before Interest etc.</b>						
<b>&amp; Taxation</b>			<b>30,329,524</b>			<b>32,640,542</b>
Interest Paid			(14,550,830)			(9,076,447)
Interest on Loan, Deposits, etc.			1,182,720			627,816
Provision for Taxation (Net)			(3,469,588)			(8,285,800)
<b>3. Profit after Taxation</b>			<b>13,491,826</b>			<b>15,906,111</b>



## 4. Other information

	2009			2008		
	Segment Assets	Segment Liabilities	Total	Segment Assets	Segment Liabilities	Total
Cotton & Synthetic Gloves	89,944,029	34,246,127		108,587,161	46,799,152	
Leather Gloves	135,844,936	66,500,600		163,088,154	94,891,445	
Other & Traded items	65,163,056	29,652,344		46,154,289	14,590,038	
Power Generation	56,162,878	29,843,855		58,903,657	35,498,187	
<b>Segment Total</b>	<b>347,114,899</b>	<b>160,242,926</b>		<b>376,733,261</b>	<b>191,778,822</b>	
Unallocated corporate Assets/Liab.	48,935,455	45,559,388		53,231,416	57,007,230	
<b>Total</b>	<b>396,050,354</b>	<b>205,802,314</b>		<b>429,964,677</b>	<b>248,786,052</b>	
	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation
Cotton & Synthetic Gloves	59,463	8,055,834	-	1,639,987	7,354,714	-
Leather Gloves	5,571,122	2,017,972	-	4,364,021	1,182,969	-
Others & Traded items	13,342,625	1,378,495	-	29,975,211	62,552	-
Power Generation	-	3,149,289	-	-	3,149,289	-
Unallocated Expenditure	5,591,754	380,322	-	485,220	352,952	-
<b>Segment Total</b>	<b>24,564,964</b>	<b>14,981,912</b>	<b>-</b>	<b>36,464,439</b>	<b>12,102,476</b>	<b>-</b>
<b>SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL BASIS)</b>						
<b>Segment Revenue</b>						
WITHIN SPECIAL ECONOMIC ZONE		178,611,415			135,493,532	
OUTSIDE SPECIAL ECONOMIC ZONE		440,605,188			300,599,023	
<b>Segment Assets</b>						
WITHIN SPECIAL ECONOMIC ZONE		144,381,841			146,621,026	
OUTSIDE SPECIAL ECONOMIC ZONE		251,668,513			283,343,651	
<b>Capital Expenditure</b>						
WITHIN SPECIAL ECONOMIC ZONE		11,403,986			29,014,266	
OUTSIDE SPECIAL ECONOMIC ZONE		13,160,978			7,450,173	

**Schedule - U : - Related Party Transactions**

The company has transactions with the following related parties :

Subsidiaries :	Nil
Associates :	a) Acme Industrial Corporation. b) Rosinate India Company. c) Acme Safety Wears Limited. d) Saraf Capital Markets Limited.

**Key Management**

Personnel	a) Mr. Shri Krishan Saraf :	Chairman-Cum-Managing Director
	b) Mr. Deo Kishan Saraf :	Executive Director
	c) Mr. Swapan Kumar Chakravarty :	Works Manager
	d) Mr. Bishnu Kumar Kesan :	General Manager
	e) Mr. Abhishek Saraf :	Senior Executive



(I) Summary of the transactions with the above related parties is as follows :-

<b>Nature of Transactions</b>	<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
Purchase of Materials	2,648,901	1,362,129
Purchase of Investment	1,944,371	10,039,943
Sales of Investment	4,053,717	18,319,688
Job charges paid	994,096	3,151,719
Sales of Materials	390,040	-
Rent Receivable	216,000	216,000
Interest Receivables on Intercorporate deposits	953,260	453,727
Intercorporate deposits placed during the year	5,000,000	4,300,000
Realisation of intercorporate deposits placed during the year	2,500,000	5,100,000
Outstanding on Intercorporate deposits receivables (Incl. Int.)	10,685,197	7,447,946
Payables	-	54,023
Receivables	-	5,503,721
Remuneration and other benefits payable to Directors	2,956,800	2,419,200
Remuneration and other benefits to Key Management Personnel	714,000	618,000

#### **SCHEDULE 'V'**

#### **NOTES ON ACCOUNTS**

- Contingent Liability in respect of :-
  - Bills discounted by the Bank amounting to Rs.22,975,882/- (Previous year Rs.37,106,874/-).
  - In respect of Letter of Credit Rs. 8,478,429/- approx (Previous year Rs. 5,546,182/- approx)
  - Counter Guarantee given to Bank Rs.1,868,229/- (Previous year Rs.1,356,726/-)
  - Tax liability demanded by the Kolkata Municipal Tax Authorities for the periods prior to acquisition of a property of Rs. 1,265,475/- (Previous year – Nil), for the period after acquisition of the property of Rs. 245,025/- (Previous year – Nil) and penalty and interest for the above amounting to Rs. 1,051,842/- (Previous year – Nil) is pending disposal before Hon'ble High Court at Kolkata against which the Company has deposited on account a sum of Rs. 700,000/- (Previous year Rs. Nil)
- Cyclic expenditure such as Professional Tax, Rates, Taxes, Bonus, Insurance, Telephone expenses are treated on cash basis.
- Valuation of inventories certified and decided by the management are according to normally accepted accounting principal.
- Balance under heading Sundry Debtors, Creditors and Loans & Advances are subject to confirmations.
- Depreciation had been provided at WDV up to the additions made on 31.03.95 and at SLM on the additions made on or after 31.03.95 as per Companies Act, 1956 (as amended). The Total depreciation provided Rs.36,076/- on WDV method on Gross Block of Rs. 3,707,017/- (previous year depreciation Rs. 41,651/- on Gross Block of Rs. 3,707,017/-) and Rs. 14,945,836/- on SLM on Gross Block of Rs. 252,622,020/- (previous year depreciation Rs. 12,060,825/- on Gross Block of Rs. 206,784,318/-)
- No provision was made in respect of Leave encashment in the accounts.
- 480,000 Equity shares of Rs.10/- each forfeited in terms of Board resolution during the year 1998-99.
- With reference to disclosure for amount due to SSI undertakings in Schedule 'L', to the extent of availability of information as to the identify of SSI undertaking, no amount was due to such in excess of Rs. 1.00 lacs and no outstanding was for more than 30 days as at Balance Sheet date.



## 9. Earning per Share Calculation of EPS

Sl. No.	Particulars	Equivalent No. of Shares.	
		Year ended 31 <sup>st</sup> March	
		2009	2008
1.	Opening No. of Shares	2520000	2520000
2.	Total shares Outstanding	2520000	2520000
3.	Profit after taxes	13,491,826	15,906,111
4.	EPS	5.35	6.31

## 10. Segment Reporting

The Company's operating business are organized and managed separately according to the nature of Products. The four identified reportable segments are (i) own manufactured cotton & synthetic gloves, (ii) Leather Gloves (iii) Other & traded items & (iv) Power Generation Segment. The secondary segment is the Geographical segment based on the location of manufacturing unit.

11. Schedule "A" to "U" and Annexure "A" for Company's General Business Profile, forms a part of Balance Sheet and Profit & Loss Account for the year ended on 31<sup>st</sup> March, 2009.
12. An asset is treated as impaired when cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the Year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.
13. The disclosures required under Accounting Standard-15 (Revised) on Employees Benefits notified in the Companies (Accounting Standard) Rules 2006 are given below.

	<u>2008-09</u>	<u>2007-08</u>
Employees contribution to Provident Fund	Rs. 7,35,651/-	Rs. 581,048/-

**Defined Benefit Plan**

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

**Under AS - 15 (Revised 2005) as on 31.03.2009 in respect of GGCA scheme of Acknit Industries Ltd.**

I. Actuarial Assumptions	As on 31.03.2009	As on 31.03.2008
Discount Rate (per annum)	8.00%	8.00%
Rate of escalation in salary (per annum)	3.37%	7.00%
<b>II. Table showing changes in present value of obligations</b>		
Present value of obligations as at beginning of year	Rs. 17,28,556/-	-
Interest cost	Rs. 1,38,284/-	-
Current Service Cost	Rs. 1,76,065/-	Rs. 1,76,065/-
Benefits Paid	-	-
Actuarial (gain)/Loss on obligations	(Rs. 1,76,437/-)	Rs. 15,52,491/-
Present value of obligations as at end of year	Rs. 18,66,468/-	Rs. 17,28,556/-



	As on 31.03.2009	As on 31.03.2008
<b>III. Table showing changes in the fair value of plan assets</b>		
Fair value of plan assets at beginning of year	Rs. 19,07,931/-	-
Expected return on plan assets	Rs. 1,71,883/-	-
Contributions	Rs. 1,71,771/-	Rs. 19,07,931/-
Benefits paid	-	-
Actuarial Gain/(Loss) on obligations	-	-
Fair value of plan assets at the end of year	Rs. 22,51,585/-	Rs. 19,07,931/-
<b>IV. Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of year	Rs. 19,07,931/-	-
Actual return on plan assets	Rs. 1,71,883/-	-
Contributions	Rs. 1,71,771/-	Rs. 19,07,931/-
Benefits Paid	-	-
Fair value of plan assets at the end of year	Rs. 22,51,585/-	Rs. 19,07,931/-
Funded status	Rs. 3,85,117/-	Rs. 1,79,375/-
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	-	-
<b>V. Actuarial Gain/Loss recognised</b>		
Actuarial gain/(Loss) for the year - obligation	Rs. 1,76,437/-	(Rs. 15,52,491/-)
Actuarial (gain)/Loss for the year - plan assets on	-	-
Total (gain)/Loss for the year	(Rs. 1,76,437/-)	Rs. 15,52,491/-
Actuarial (gain)/ Loss recognized in the year	(Rs. 1,76,437/-)	Rs. 15,52,491/-
<b>VI. The amounts to be recognized in the balance sheet and statements of profit and loss</b>		
Present value of obligations as at the end of year	Rs. 18,66,468/-	Rs. 17,28,556/-
Fair value of plan assets as at the end of the year	Rs. 22,51,585/-	Rs. 19,07,931/-
Funded status	Rs. 3,85,117/-	Rs. 1,79,375/-
Net Asset/(Liability) recognised in the Balance Sheet	Rs. 3,85,117/-	Rs. 1,79,375/-
<b>VII. Expenses Recognised in statement of Profit &amp; Loss</b>		
Current Service cost	Rs. 1,76,065/-	Rs. 1,76,065/-
Interest Cost	Rs. 1,38,284/-	-
Expected Return on Plan Assets	(Rs. 1,71,883/-)	-
Net Actuarial (Grain) / Loss recognised in the year	(Rs. 1,76,437/-)	Rs. 15,52,491/-
Expenses Recognised in the statement of Profit & Loss	(Rs. 33,971/-)	-
Expenses relating to previous year	-	Rs. 15,52,491/-

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

- The company had recognize the Income, for the shortfall in minimum generation of power for earlier year on actual realization basis.
- Previous year figures have been regrouped / rearranged wherever necessary to conform to current year figures.
- Figures have been rounded off to the nearest of rupee.



		Current Year (Rupees)	Previous Year (Rupees)	
<b>17. Additional Information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956 (as certified by the management)</b>				
<b>a) Expenditure in Foreign Currency</b> (Amount remitted in foreign currency by way of letter of Credit arrangement/others)				
I)	For Purchase of Capital goods of CIF Basis	8,827,146	11,633,455	
II)	For Purchase of Raw Materials, Stores & Spares & Finished goods	55,086,697	51,812,912	
III)	For Travelling Expenses	2,467,104	1,505,500	
IV)	On other accounts	20,370,453	3,406,773	
		<u>86,751,400</u>	<u>68,358,640</u>	
<b>b) Earnings in foreign currency on (FOB Basis)</b>				
	Export of Goods	533,872,740	367,492,769	
	Other Income	237,396	255,290	
		<u>534,110,136</u>	<u>367,748,059</u>	
<b>c) Materials Consumed</b>				
	Qty		Qty	
	Yarn (Kgs.)	477,274	463,275	46,568,904
	Rubber Thread (Kgs.)	7,579	12,972	1,814,972
	Fabric (Mt.)	539,934	515,814	18,784,053
	Fabric (Kgs.)	17,288	14,886	2145204
	Leather in Sq feet	14,215,021	11,331,017	194,394,088
	Plastisol (Kgs.)	21,691	21,348	3,794,845
	Chemicals (Kgs.)	155,631	94,603	7,460,292
	Others	LS	-	-
		<u>364,452,890</u>	<u>274,962,358</u>	
<b>d) Information for Purc. Capacity Production, Turnover, Stocks (diff. Type &amp; sizes)</b>				
I)	Licenced Capacity	N.A	N.A	
<b>II) Installed Capacity, certified</b>				
	Hand Gloves (Doz. Pair)	2,027,250	1,791,000	
	Garments (Pcs.)	600,000	600,000	
	Wind Power (KWH) / Hr.	1,250	1,250	
<b>III) Production</b>				
	Hand Gloves (Doz. Pair)	1,287,930	1,250,353	
	Garments (Pcs.)	145,084	94,869	
	Others (Pcs.)	38,996	9,412	
	Wind Power (KWH) - Net	1,850,362	1,793,733	
<b>IV) Purchase of Finished goods</b>				
	Hand Gloves (Doz. Pair)	187,379	92,364	38,255,697
	Garments (Pcs.)	30,477	38,440	6,572,199
	Others (Pcs.)	4,030	14,808	566,430
		<u>76,851,683</u>	<u>45,394,326</u>	



V) Opening Stock of Finished goods	Current Year		Previous Year	
	Qty	(Rupees)	Qty	(Rupees)
Hand Gloves (Doz Pair) (Finished)	129,826	21,521,031	68,534	9,493,314
Hand Gloves (Doz Pair) (Semi-Finished)	43,908	11,860,780	21,040	5,474,532
Garments (Pcs) (Finished)	46,121	3,191,886	4,059	365,310
Garments (Pcs) (Semi Finished)	1,600	1,547,374	-	-
Others (Pcs) (Finished)	2,431	70,055	1,771	35,982
Other (Pcs) (Semi Finished)	360	28,800	-	-
		<u>38,219,926</u>		<u>15,369,138</u>
<b>VI) Closing Stock of Finished goods</b>				
Hand Gloves (Doz Pair) (Finished)	236,387	37,596,736	129,826	21,521,031
Hand Gloves (Doz Pair) (Semi-Finished)	21,208	6,447,929	43,908	11,860,780
Garments (Pcs) (Finished)	17,452	2,928,272	46,121	3,191,886
Garments (Pcs) (Semi Finished)	3,923	217,863	1,600	1,547,374
Others ( Pcs ) (Finished)	6,067	194,698	2,431	70,055
Others ( Pcs ) (Semi Finished)	-	-	360	28,800
		<u>47,385,498</u>		<u>38,219,926</u>
<b>VII) Sales During the year</b>				
Hand Gloves (Doz. Pair)	1,391,448	533,039,846	1,258,557	376,126,921
Garments (Pcs.)	201,907	28,760,752	91,247	18,604,082
Raw Materials				
- Yarn (Kgs)	35,294	2,825,213	-	-
- Fabric (Mtrs.)	5,634	520,152	-	-
- Fabrics (Kgs)	2,837	354,572	-	-
Others (Pcs)	39,750	2,421,191	23,200	1,017,965
Wind Power (KWH)	1,850,362	6,941,796	1,793,733	6,465,802
		<u>574,863,522</u>		<u>402,214,770</u>
<b>VIII) Raw Materials, Stores,</b>				
<b>Raw Materials</b>				
Indegenous	86.69%	315,948,877	81.26%	223,431,251
Imported	13.31%	48,504,013	18.74%	51,531,107
	<u>100.00%</u>	<u>364,452,890</u>	<u>100.00%</u>	<u>274,962,358</u>
<b>Stores &amp; Spares</b>				
Indigenous	79.97%	9,990,889	75.14%	9,742,183
Imported	20.03%	2,502,923	24.86%	3,223,234
	<u>100.00%</u>	<u>12,493,812</u>	<u>100.00%</u>	<u>12,965,417</u>

In terms of our report of even date

For R. K. Bajaj & Co.  
Chartered Accountants

R. K. BAJAJ  
Proprietor

Membership No. 051715  
40/5, Strand Road, Kolkata - 700 001  
Dated : The 24th day of August 2009

A. DHAND  
Chief Financial Officer

For & on behalf of the Board  
S. K. SARAF  
Chairman cum Managing Director  
D. K. SARAF  
Executive Director  
S. K. GHOSH  
Director

**Annexure "A"****Balance Sheet Abstract and Company's General Business Profile  
as per part (IV) of Schedule VI of the Companies Act, 1956**

[ Rs. '000 ]

**(I) Registration Details :**

Registration No   
 Balance Sheet Date

State Code : **II. Capital Raised during the year:**

Public Issue   
 Bonus Issue

Right Issue Private placement **III. Position of Mobilisation and Deployment of Funds**Total Liabilities Total Assets **Sources of Funds**

Paid up Capital   
 Secured Loans   
 Deferred Tax

Reserves & Surplus Unsecured Loans **Application of Funds**

Net Fixed Assets   
 Net Current Assets   
 Accumulated Losses

Investments Misc. Expenditures **IV. Performance of Company :**

Turnover   
 Profit / (Loss) Before Tax   
 Earning per Share

Total Expenditure Profit/(Loss) After Tax Dividend Rate **V. Generic Names of three Principal Products/ Services of Company (As per Monetary Terms )**

Item Code No. (ITC Code)

Product Description

Gloves mittens and mitts,  
knitted or crocheted of CottonGloves mittens and mitts,  
knitted or crocheted of Synthetic fibres

Articles of Leather Gloves other than Sports

For R. K. Bajaj & Co.  
Chartered Accountants

A. DHAND  
Chief Financial Officer

S. K. SARAF  
Chairman cum Managing Director

R. K. BAJAJ  
Proprietor

Membership No. 051715  
40/5, Strand Road, Kolkata - 700 001  
Dated : The 24th day of August 2009

D. K. SARAF  
Executive Director

S. K. GHOSH  
Director



NOTES

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# ACKNIT INDUSTRIES LIMITED

817, KRISHNA, 224, A. J. C. BOSE ROAD  
KOLKATA - 700 017 (INDIA)

## ATTENDANCE SLIP

(TO BE SIGNED AND HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I / We hereby record my / our presence at the 19th Annual General Meeting of the above named Company to be held at Gyan Manch, 11, Pretoria Street, Kolkata - 700 071 on Thursday, the 24th September, 2009 at 10.30 A.M.

NAME (S) OF THE MEMBER (S) .....	Registered Folio No..... .....
-------------------------------------	-----------------------------------

Name of Proxy (in block letters)  
(to be filled in, if the proxy attends instead of the Member)

.....

.....

.....  
Member's / Proxy's Signature

# ACKNIT INDUSTRIES LIMITED

817, KRISHNA, 224, A. J. C. BOSE ROAD  
KOLKATA - 700 017 (INDIA)

## PROXY FORM

Registered Folio No. ....

I/We .....

of .....being a member / members of

the above name Company, hereby appoint.....

of .....

or failing him / her .....

as my/our proxy to attend and vote for me/us, and on my/our behalf, at the 19th ANNUAL GENERAL MEETING of the Company, to be held at 10.30 A.M. on Thursday, the 24th September, 2009

AS WITNESS my / our hand (s) This ..... day .....  
of 2009.



Signed .....

Notes: Proxies must reach the Company's Registered Office not less than 48 hours before the time of holding the meeting.

# **BOOK-POST**

*If undelivered please return to :*

**S. K. COMPUTERS**

34/1A, SUDHIR CHATTERJEE STREET  
KOLKATA - 700 006

Unit : **Acknit Industries Limited**