

**INDEPENDENT AUDITORS' REPORT ON AUDIT OF ANNUAL FINANCIAL RESULTS
AND REVIEW OF QUARTERLY FINANCIAL RESULTS**

TO THE BOARD OF DIRECTORS OF ACKNIT INDUSTRIES LIMITED

Opinion and Conclusion

We have audited the accompanying standalone quarterly financial results of ACKNIT INDUSTRIES LIMITED (the Company) for the quarter ended 31st March, 2020 and the year to date results for the period from 1st April, 2019 to 31st March, 2020, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

a) Opinion on Annual Financial Results

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results for the year ended March 31, 2020:

- i) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the quarter ended 31st March, 2020 as well as the year to date results for the period from 1st April, 2019 to 31st March, 2020.

b) Conclusion on Unaudited Financial Results for the quarter ended March 31, 2020.

With respect to the Financial Results for the quarter ended March 31, 2020, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, nothing has come to our attention that causes us to believe that the Financial Results for the quarter ended March 31, 2020, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standards (Ind AS) and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



Basis for Opinion on the Audited Financial Results for the year ended March 31, 2020

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter:

We draw attention to the financial results with related to COVID-19 that has caused significant disruptions in the business operations of companies across India and has caused significant accounting and auditing challenges. One such challenge being inability for the Company to verify inventories physically since Government imposed restrictions during the lockdown on account of health, travel and safety concerns.

The extent to which the COVID-19 pandemic will impact the Company's assets and future results will depend on the future developments, which are highly uncertain. Hence the impact of the pandemic may be different from that estimated as at the date of approval of these financial results.

Management's Responsibilities for the Standalone Financial Results

These quarterly financial results as well as the year to date standalone financial results have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the standalone financial results, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities

(a) Audit of the Financial Results for the year ended March 31, 2020

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual Financial Results of the Company to express an opinion on the Annual Financial Results.

Materiality is the magnitude of misstatements in the Annual Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Annual Financial Results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(b) Review of the Financial Results for the quarter ended March 31, 2020

We conducted our review of the Financial Results for the quarter ended March 31, 2020 in accordance with the Standard on Review Engagements ("SRE") 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the ICAI. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with SAs specified under Section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**For SRB & Associates
Chartered Accountants
Firm Regd No. 310009E**



**Biswanath Paul
Partner**

**Membership Number: 068186
UDIN:20068186AAAALA3561**

**Place: Kolkata
Date: 29.06.2020**

ACKNIT INDUSTRIES LIMITED

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Audited Financial Results for the quarter and year ended 31st March, 2020



(₹ in lakhs)

Particulars	Quarter Ended			Year Ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Audited	Unaudited	Audited	Audited	Audited
1 Income from operations					
(a) Income from operations (Gross)	4,224.69	3,894.26	5,001.73	16,342.74	16,448.52
(b) Other operating income	171.58	207.71	290.37	803.26	930.09
Revenue from Operations	4,396.27	4,101.97	5,292.10	17,146.00	17,378.61
(c) Other Income/ (Loss)	(65.23)	48.00	129.13	143.01	508.08
Total Revenue	4,331.04	4,149.97	5,421.23	17,289.01	17,886.69
2 Expenses					
(a) Cost of materials consumed	2,305.49	2,505.70	3,168.17	9,908.23	10,623.50
(b) Purchase of stock-in-trade	25.33	115.45	71.00	219.44	146.30
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	138.27	(325.28)	120.18	(537.18)	(3.39)
(d) Customs Duty Expenses	39.27	22.93	58.03	153.53	177.26
(e) Employee benefits expense	120.72	141.07	164.75	571.35	595.07
(f) Finance Cost	102.73	106.87	126.22	459.01	498.32
(g) Depreciation and amortisation expense	67.49	66.27	62.05	248.03	226.91
(h) Other expenses					
- Processing charges	973.50	993.41	880.43	3,945.97	3,244.99
- Other	421.95	364.70	557.61	1,760.23	1,787.47
Total expenses	4,194.75	3,991.12	5,208.44	16,728.61	17,296.43
3 Profit before tax (1-2)	136.29	158.85	212.79	560.40	590.26
4 Tax expense					
- Current Tax	40.16	26.92	9.76	141.93	128.64
- Deferred Tax	(1.86)	12.92	44.14	(18.29)	(6.64)
5 Net profit for the period (3-4)	97.99	119.01	158.89	436.76	468.26
6 Other Comprehensive Income net of tax	(13.97)	-	(41.86)	(13.97)	(42.79)
7 Total comprehensive income (5+6)	84.02	119.01	117.03	422.79	425.47
8 Paid up equity share capital (Face value of Rs. 10/- each)	304.00	304.00	304.00	304.00	304.00
9 Other Equity				4,566.54	4,198.71
10 Earnings per Share (of Rs 10 / each) (not annualised)					
(a) Basic	3.22	3.91	5.23	14.37	15.40
(b) Diluted	3.22	3.91	5.23	14.37	15.40



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Segment wise Revenue, Results and Capital employed for the quarter and year ended 31st March,2020

(₹ in lakhs)

Particulars	Quarter Ended			Year Ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Audited	Unaudited	Audited	Audited	Audited
Segment Revenue					
Hand Gloves	2,719.85	2,487.81	3,771.34	10,456.70	11,817.86
Garment	1,647.26	1,577.67	1,506.20	6,542.87	5,441.54
Power generation	7.37	3.85	14.56	57.72	119.21
Others & traded items	21.79	32.64	-	88.71	-
Total	4,396.27	4,101.97	5,292.10	17,146.00	17,378.61
Less : Inter segmental revenue	-	-	-	-	-
Net sales / income from operations	4,396.27	4,101.97	5,292.10	17,146.00	17,378.61
Segment Results					
Hand Gloves	274.41	301.22	339.75	1,268.89	1,163.02
Garment	34.29	50.60	23.81	181.83	163.91
Power generation	(2.96)	(8.13)	4.33	15.51	74.67
Others & traded items	(12.63)	1.87	-	(10.36)	-
Total	293.11	345.56	367.89	1,455.87	1,401.60
Add/(less) : Finance costs net	(87.74)	(106.60)	(117.95)	(443.31)	(487.81)
Unallocable expenditure net of unallocable income	(69.08)	(80.11)	(37.15)	(452.16)	(323.53)
Total profit before tax	136.29	158.85	212.79	560.40	590.26
Segment Assets					
Hand Gloves	6,709.06	7,391.06	8,024.81	6,709.06	8,024.81
Garment	4,001.20	4,159.42	3,484.95	4,001.20	3,484.95
Power generation	253.07	300.89	327.00	253.07	327.00
Others & traded items	412.38	290.32	-	412.38	-
Unallocated corporate assets	548.74	543.24	591.90	548.74	591.90
Total	11,924.45	12,684.93	12,428.66	11,924.45	12,428.66
Segment Liabilities					
Hand Gloves	3,778.02	4,661.37	5,216.31	3,778.02	5,216.31
Garment	2,665.86	2,868.09	2,385.08	2,665.86	2,385.08
Power generation	0.32	15.80	0.32	0.32	0.32
Others & traded items	106.20	54.13	-	106.20	-
Unallocated corporate liabilities	503.51	299.03	324.24	503.51	324.24
Total	7,053.91	7,898.42	7,925.95	7,053.91	7,925.95
Capital employed					
(Segment assets - segment liabilities)					
Hand Gloves	2,931.04	2,729.69	2,808.50	2,931.04	2,808.50
Garment	1,335.34	1,291.33	1,099.87	1,335.34	1,099.87
Power generation	252.75	285.09	326.68	252.75	326.68
Others & traded items	306.18	236.19	-	306.18	-
Unallocated corporate assets/(liabilities)	45.23	244.21	267.66	45.23	267.66
Total	4,870.54	4,786.51	4,502.71	4,870.54	4,502.71



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Audited Financial Results for the quarter and year ended 31st March, 2020



(₹ in lakhs)

Statement of Assets & Liabilities

Particulars	As At	As At
	31.03.2020	31.03.2019
	Audited	Audited
A ASSETS		
1 Non Current Assets		
(a) Property, Plant and Equipment	3,187.41	2,684.05
(b) Capital Work-in-Progress	148.02	66.38
(c) Intangible Assets	0.50	2.30
(d) Financial Assets		
(i) Investments	0.81	0.81
(ii) Loans	4.50	5.52
(iii) Other Financial Assets	178.38	155.05
(e) Other Non Current Assets	51.91	47.66
Total - Non Current Assets	3,571.53	2,961.77
2 Current Assets		
(a) Inventories	5,017.42	4,303.40
(b) Financial Assets		
(i) Trade Receivables	2,169.80	3,052.32
(ii) Cash and Cash Equivalent	74.98	89.12
(iii) Other Bank Balance	27.32	48.35
(iv) Loans	8.17	9.95
(v) Other Financial Assets	5.62	3.37
(c) Current Tax Assets (Net)	26.76	26.13
(d) Other Current Assets	1,022.85	1,934.25
Total - Current Assets	8,352.92	9,466.89
TOTAL - ASSETS	11,924.45	12,428.66
B EQUITY AND LIABILITY		
1 Equity		
(a) Equity Share Capital	304.00	304.00
(b) Other Equity	4,566.54	4,198.71
Total - Equity	4,870.54	4,502.71
2 Liabilities		
Non Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	725.86	863.20
(b) Provision	4.19	-
(c) Deferred tax Liabilities (Net)	204.97	223.26
(d) Other Non current liabilities	12.71	14.10
Total - Non Current Liabilities	947.73	1,100.56
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	3,771.64	4,852.67
(ii) Trade Payables	1,314.41	1,311.08
(iii) Other Financial Liabilities	364.44	242.63
(b) Other Current Liabilities	655.69	419.01
Total - Current Liabilities	6,106.18	6,825.39
TOTAL - EQUITY AND LIABILITY	11,924.45	12,428.66



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Audited Cash Flow Statement for the year ended 31st March, 2020



Cash Flow Statement

(₹ in lakhs)

Particulars	Year Ended	
	31.03.2020	31.03.2019
A Cash Flow from Operating Activities		
1 Profit for the year	422.80	425.48
2 Adjustments for :		
Income tax expenses recognised in profit or loss	123.64	121.99
Depreciation of property, plant and equipment	246.24	224.58
Amortisation of intangible assets	1.79	2.34
Loss/(gain) on disposal of property, plant and equipments (net)	0.90	2.47
Net (gain)/loss arising on Investments mandatorily measured at fair value through profit and loss	-	0.06
Interest income	(15.70)	(10.51)
Subsidy Received	-	(1.40)
Finance costs	459.01	498.32
Provision for Bad and Doubtful Debts		
3 Operating Profit before Working Capital Changes (1+2)	1,238.68	1,263.33
4 Change in Working Capital:		
Trade receivables, loans and advances and other assets	1,816.74	(493.55)
Non current Financial Assets, loans & advances & other non current assets	(26.56)	(38.31)
Inventories	(714.02)	(56.92)
Trade payables other liabilities and provisions	244.21	(188.88)
Change in Working Capital	1,320.37	-777.66
5 Cash Generated From Operations (3+4)	2,559.05	485.67
6 Less : Taxes paid	(142.56)	(138.67)
7 Net Cash Flow from Operating Activities (A) (5-6)	2,416.49	347.00
B Cash Flow from Investing Activities:		
Purchase of fixed assets	(833.93)	(283.38)
Sale of fixed assets	0.39	31.17
Payables for capital goods	(20.95)	61.47
Interest received	13.45	11.34
Net Cash Generated/(Used) in Investing Activities (B):	(841.04)	(179.38)
C Net Cash Flow From Financing Activities:		
Short term secured loan	(1,081.03)	586.03
Proceeds from/(repayment) of long term unsecured loan	(52.50)	(54.08)
Repayment of Secured long term loan	6.01	(141.20)
Interest and financing charges	(406.70)	(498.33)
Dividend & dividend tax paid	(55.37)	(56.17)
Net Cash Used in Financing Activities (C):	(1,589.59)	(163.75)
D Net Change in Cash & cash equivalents (A+B+C)	(14.14)	3.87
E - 1 Cash & cash equivalents as at end of the year	74.98	89.12
E - 2 Cash & cash equivalents as at the beginning of year	89.12	85.25



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Notes to financial results :

- 1.The Audited Financial Results and Segment Results were reviewed by the Audit Committee and approved at the meeting of Board of Directors of the Company held on 29th June, 2020. The company confirms that its statutory auditors, M/s SRB & Associates issued unmodified opinion on the financial results.
- 2.The figure for the 3 months ended 31.03.2020 and corresponding 3 months ended 31.03.2019 are the balancing figures between the audited figures in respect of the full financial year and the year to date figures upto the third quarter of the respective financial years.
3. The Board of Directors has recommended dividend of Rs 1.50/- per equity share of Rs 10 each for the financial year ended 31st March, 2020.
- 4.The Company does not have any exceptional item to report for the above periods.
- 5.Other Income for the quarter ended March 2020 includes foreign exchange Fluctuation gain/(loss) (Net) of Rs (81.78) Lakhs in comparison to Rs 127.21 Lakhs in corresponding quarter in previous year.
- 6.Figure for the previous periods have been re-grouped & re-arranged so as to confirm to those of current period.
7. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories and other assets, etc. For this purpose, the company has used internal and external sources of information upto the date of approval of these financial statements including economic forecasts and consensus estimates. The company does not expect any significant impact on such carrying values. The final impact of COVID-19 on the Company's financial statement may differ from that estimates as at the date of approval of Financial Statements.

Date : 29.06.2020

Place : Kolkata



Sri Krishna Saraf
Managing Director (DIN: 00128999)