

# Corporate Governance

## I. Mandatory Requirements

Company's philosophy on Code of Governance:

The Management believes that corporate growth, goals, transparency and enhanced stakeholder value are to be achieved only through good Corporate Governance.

### CLAUSE 49

Clause 49 of the Listing Agreement entered between a Company and the Stock Exchanges is a benchmark for the compliance practices and rules required to be followed by all listed companies. Clause 49 is the baseline for good governance standards.

At Comfort, we not only adhere to the prescribed corporate governance standards and practices as given in Clause 49 but we constantly strive to adopt the emerging best practices. We believe that Corporate Governance is a journey towards sustainable value creation and is always an upward moving target.

We follow high standards of corporate governance practices which inter-alia include:

- ❖ The Board of the Company comprises majority of Non-Executive Directors representing around 67% of the total composition of the Board
- ❖ Out of the Three directors on the Board, two are independent directors which represents around 67% of the total composition of the Board.
- ❖ Consistent monitoring and improvement of the human and physical resources.
- ❖ Introducing regular checks and audits and continuous improvement in already well defined systems and procedures.
- ❖ Board/Committee meetings at regular intervals to keep the Board informed of the recent happenings.

## Board of Directors

### Composition

The Board consists of the qualified and able persons with vast experience in industry, finance management and law. The Company is in full compliance with the Clause 49(1) (A) of the Listing Agreement(s). The present strength of the Board is 3 Directors and complies with the requirements of clause (49) of Listing Agreement.

### ROLE OF INDEPENDENT DIRECTORS

Independent Directors play a key role in the decision-making process of the Board by participating in framing the overall strategy of the Company. The Independent Directors are committed to acting in what they believe to be in the best interest of the Company and its stakeholders.

### Board Procedure

The Board meets at least once a quarter to consider and approve the Financial Results, Compliance of stock exchanges and review the operations and Performance of the Company. All the Board meetings are properly scheduled. Notice and Agenda papers containing all the relevant information are circulated to the Directors well in advance of each Board Meeting. All the relevant and necessary information / documents are made available to the Board so as to enable the directors to take informed decisions. The Minutes of each Board / Committee meetings are circulated in draft to all the Directors for seeking their confirmation before the same is recorded in Minutes Book.

**Attendance, Directorship & Committee Membership**

Name of the Director	Category Of directorships @	No. of Board Meetings attended out of 06 held	Attendance at the last AGM held on 30.07.11	Number of Other Directorship#	Number of other Committee Memberships \$	
					Member	Chairman
Mr. Anand Agarwal	MD	06	Attended	--	1	3
Mr. Amit Khandelwal	NED(I).	06	Attended	---	3	1
Mr. A. B. Sharma	NED(I)	04	Attended	---	3	---
Mr. Anoop Mohiindra	NED (I)	02	N.A.	---	--	--

@ Category of Directorship:  
WD – Whole Time Director, NED (I) – Non Executive Director and Independent.  
# Includes Alternate Directorships, and Directorships in Private Companies.  
\$ As required by the existing Clause 49 of the Listing Agreements entered into with the Stock Exchanges, only Memberships/Chairmanships of the Audit Committee, Remuneration Committee, Investors Grievance Committee and STC of the public companies have been considered.  
No Director holds any shares in the company.

**Brief Profile of the Director**

As Director of the company:-

Mr. Anand Agarwal, aged 38 years is a B.Com graduate. His vast experience would be a great asset for the company. He is Managing director on the Board of the Company. He is a chairman of the Investor Grievances, Remuneration & Share Transfer Committee. He is not holding any directorship in the public companies as on March 31, 2012. He did not hold any equity shares in the Company as on March 31, 2012.

Mr. Amit Khandelwal, aged 40 years is a B.Com and holds a post graduate degree in M.D.S.E. He is a Software Engineer with areas of specialization in Windows N.T. 4.0, UNIX, Oracle 8, and MS SQL. He is designated as Non-Executive Independent Director on the Company's Board. His qualifications and experience would be a great asset for the company. He is a chairman of the Audit Committee. He is a member of the Investor Grievances, Remuneration & Share Transfer committees. He is not holding any directorship in the public companies as on March 31, 2012. He did not hold any equity shares in the Company as on March 31, 2012. . He is liable to retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. A.B. Sharma, aged 63 years is a Resident Indian and he has 26 years experience in office administrative. His qualification and experience would be a great asset for the company. He is not holding any directorship in the public companies as on March 31, 2012. He did not hold any equity shares in the Company as on March 31, 2012.

**Number of Board Meetings**

The Board met Six times during the financial year 2011-12 on 05<sup>th</sup> March, 2011, 06<sup>th</sup> June, 2011, 04<sup>th</sup> July, 2011, 08<sup>th</sup> September, 2011, 09<sup>th</sup> December, 2011 and 10<sup>th</sup> March, 2012

Date of the Board Meeting	Total No. of Directors	No. of Directors who attended
05.03.2011	3	3
06.06.2011	3	3
04.07.2011	3	3
08.09.2011	3	3
09.12.2011	3	3
10.03.2012	3	3

### Committees of the Board

#### Audit Committee of Directors

The functioning and terms of reference of the audit committee including the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of section 292A of the Companies Act, 1956 and the listing Agreement with the Bombay Stock Exchange Ltd.

The Company has a Internal Audit Team which submits its report directly to the Audit Committee on a quarterly basis. The Chairman of the Audit Committee attended the last Annual General Meeting held on 30<sup>th</sup> July, 2011 to answer shareholders queries.

The Audit Committee is responsible for:

- (i) Effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and compliance with established policies and procedures.
- (ii) Evaluating the adequacy of internal controls and its effectiveness.
- (iii) Reviewing the financial results of the Company for each quarter/ year before the same are placed at the Board meeting for approval.
- (iv) Providing an avenue for effective communication between the Internal Audit, the Statutory Auditors and the Board of Directors.

#### Composition and Attendance

Name	No. of Meetings Attended
Mr. Amit Khandelwal	6
Mr. Anand Agarwal	6
Mr. A. B. Sharma	4
Mr. Anoop Mohiindra	2

Mr. Amit Khandelwal, Chairman of the Audit Committee has financial and accounting background and knowledge.

The Chief Financial Officer, the Internal Auditor and the Statutory Auditors are permanent invitees to the audit committee meetings. It has been the practice of the Chairman of the Audit Committee to extend an invitation to the Managing Director and Executive Directors to attend all the meetings.

During the period ended March 31, 2012, Six meetings of the Audit Committee were held on the following dates:

(i) March 05, 2011 (ii) June 06,2011 (iii) July 04, 2011 (iv) September 08, 2011(v) December 09, 2011 and (vi) March 10, 2012.

The Minutes of the Audit committee meetings are noted by the Board of Directors at the Board meetings. The Chairman of the Audit Committee was present at the previous Annual General Meeting held on 30<sup>th</sup> July 2011.

#### Investor Grievances Committee

Terms of Reference of the Investors Grievance Committee are as per the guidelines set out in the listing agreement with the Bombay Stock Exchange Limited and the relevant clauses of the Articles of Association of the Company that inter alia include looking into the Investors complaints on transfer of shares, non receipt of Annual Accounts, non receipt of dividends declared etc. and the redressal thereof.

#### Composition and Attendance

Name	No. of Meetings Attended
Mr. Anand Agarwal	5
Mr. Amit Khandelwal	5
Mr. Manish Suryawanshi	5

Mr. Anand Agarwal, Chairman of the Investor Grievances Committee has vast experience and knowledge.

During the period ended March 31, 2012, Five meetings of the Investor Grievances Committee were held on the following dates:

(i) March 05, 2011 (ii) June 06,2011 (iii) September 08, 2011(iv) December 09, 2011 and (v) March 10, 2012.

The Company attends to the Investor's grievances / correspondence expeditiously except in the case that are constrained by dispute or legal impediments.

a.	No. of Shareholders complaints received during the period	8
b.	No. of complaints not resolved to the satisfaction of the shareholders.	NIL
c.	No. of pending share transfers as on March 31, 2012	NIL

Mr. Manish Suryawanshi is Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992 and the Listing Agreements with the BSE, PSE and ASE.

#### Remuneration Committee

Terms of Reference of the Directors Remuneration Committee are as per the guidelines set out in the listing agreement with the Bombay Stock Exchange Limited that inter alia include determination of the Company's policy on specific remuneration packages for Directors.

#### Composition and Attendance

Mr. Anand Agarwal is the Chairman of the Remuneration Committee. Other members of the Committee consist of Mr. Amit Khandelwal. During the period no meeting of Remuneration Committee was held.

### Remuneration Policy

The terms of reference / role of the Remuneration Committee is to determine the Company's policy on the remuneration package of its Executive Directors and to determine and approve the terms & conditions and remuneration package of its Executive Directors, including revision thereof from time to time, and to deliberate on and decide matters incidental thereto or consequential thereof. The details of remuneration paid to Executive Directors are given separately in the Report.

The Non-Executive Independent Directors are entitled for sitting fee as shown below for every meeting of the Board or committee thereof. They are also reimbursed all travelling and other expenses incurred by them in connection with attending meetings of the Board of Directors or of Committees thereof or which they may otherwise incur in the performance of their duties as Directors.

Annual Remuneration paid / payable to the Managing Director for the financial period ended March 31, 2012 is given as under:

Name of the Director	Salary (inclusive of perquisites) Rs. In Lakhs	Service Contract
Mr. Anand Agarwal Managing Director	1.30	Re-appointed as Managing Director, for a period of 5 years from 16.07.2009 to 15.07.2014

Remuneration includes salary, reimbursement of medical expenses & other perquisites.

Annual Remuneration paid/payable to the Non- Executive Directors for the financial period ended March 31, 2012 is given as under:

The Non-Executive directors were not paid any remuneration except sitting fees for attending the meetings of the board of directors and/ or committees thereof. The details of sitting fees paid to the non-executive director are as under:

Name of the Director	Sitting fees (Rs.)
Mr. Amit Khandelwal	11,500/-
Mr. A.B. Sharma	7,500/-
Mr. Anoop Mohindra	1,000/-

### Share Transfer Committee (STC)

Terms of Reference of the Share Transfer Committee are as per the guidelines set out in the listing agreement with the Bombay Stock Exchange Limited and pursuant to Article 132 of Articles of Association of the Company that inter alia include approval and registration of transfers and/ or transmissions of equity shares of the Company and do all other acts and deeds as may be necessary or incidental to the above.

### Composition and Attendance

Name	No. of Meetings Attended
Mr. Anand Agarwal	5
Mr. Amit Khandelwal	5
Mr. A.B. Sharma	5

Mr, Anand Agarwal is Chairman of the Committee and other one Director are Non Executive and Independent Directors.

The present composition of STC consists of Three Directors. The Minutes of the Meetings of the aforesaid Committees are noted by the Board of Directors at the Board Meetings.

#### CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT:

The Company's has adopted a Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practice (Insider Trading Code) and Ethics for Directors and Senior Management Team with an objective to ensure strict adherence to the Company's best practices and consistently improve upon them. The Code has been posted on the Company's website [www.hitkitglobal.com](http://www.hitkitglobal.com). The Code has been circulated to all the members of the Board and Senior Management Team and they have affirmed compliance of the same.

The declaration signed by the Managing Director is given below:-

I hereby confirm that the Company has obtained affirmation from all the members of the Board and Senior Management that they have complied with the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practice (Insider Trading Code) and Ethics for Directors and Senior Management in respect of the financial period 2011-12.

Anand Agarwal  
Managing Director

#### General Body Meetings:

Location and time of the last 3 Annual General Meetings and Special Resolutions passed by the Company are noted below:

Financial Year	Location	Day and Date	Time	Special Resolution
2008-09	Kamla Vihar Sports Club, Poisar Gym Khana Road, Kandivali(W), Mumbai 400 067	Monday 22 <sup>nd</sup> July, 2009	10.00 a.m.	One Special Resolution was passed.
2009-10	Privilege INN, Opp. Shakti Ford Showroom, Goregaon - Malad Link Road, Malad (W), Mumbai – 400 064	Friday, 30 <sup>th</sup> July, 2010	10.00 a.m.	No Special Resolution was passed.
2010-11	Privilege INN, Opp. Shakti Ford Showroom, Goregaon - Malad Link Road, Malad (W), Mumbai – 400 064	Saturday, 30 <sup>th</sup> July, 2011	10.00 a.m.	One Special Resolution was passed.

No postal ballot was used / invited at these meetings in respect of special resolutions. The above special resolution was passed with the requisite majority.

#### Subsidiaries:

The Company do not have any subsidiary.

#### Disclosures

### Related Party Transactions:

During the period under review company has not made any significant related party transactions with its Promoters, Directors or Managing Directors of the Management or relatives etc that may have potential conflict with the interests of the company at large.

### Non Compliance by the Company, Penalties, Strictures:

Company has complied with all the requirements of the listing Agreement(s) entered into with the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. There are no penalties or strictures imposed neither on the Company by Stock Exchanges or SEBI or any other statutory authorities relating to the above. SEBI had issued a show cause notice and company has submitted its reply to the same. The Adjudicating officer has passed an order and was pleased to dispose off the matter without penalty.

### Disclosure of Accounting Treatment

Disclosures of accounting treatment wherever applicable have been made in the Audited Financial Accounts for the period ended 31st March, 2012.

### Board Disclosures - Risk Management:

The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures and they are being reviewed periodically.

### Senior Management

Disclosures have also been received from the senior managerial personnel relating to the financial and commercial transactions in which they or their relatives may have personnel interest. However, none of this transaction have potential conflict with the interest of the company at a large.

### Mandatory requirements

The Company is in full compliance with all the mandatory requirements of Clause 49 of the Listing Agreement(s) entered into with the stock exchange(s).

### Non Mandatory Requirements

- a. The Company has adopted the non-mandatory requirements as regards the provisions relating to the Remuneration Committee.
- b. Since the financial results are published in leading newspapers as well as promptly displayed on the Company's website, the same are not sent to each household of the shareholders.
- c. The Company is in the regime of unqualified financial statements.
- d. The Company has not adopted Whistle Blower Policy.
- e. The Board of Directors comprises of highly qualified professionals possessing wide and varied knowledge and experience in their respective fields, which is considered adequate for enabling them to discharge their responsibilities as Directors. As such, there is no formal training programme for the Directors.

## Means of Communication

Quarterly Un-audited / Audited Financial Results were publishes during the Financial period as follows:

Financial Result	Un-Audited / Audited*	Newspapers
Last year Fourth Quarter Ended January	Un-Audited	Free Press Journal / Navshakti
First Quarter Ended April	Un-Audited	Free Press Journal / Navshakti
Full year Ended January	Audited	Free Press Journal / Navshakti
Second Quarter Ended July	Un-Audited	Free Press Journal / Navshakti
Third Quarter Ended October	Un-Audited	Free Press Journal / Navshakti
Fourth Quarter Ended January	Un-Audited	Free Press Journal / Navshakti
Fifth Quarter Ended March	Audited	Free Press Journal / Navshakti

\* The Board of Directors of the Company approved and took on record the Unaudited / Audited financial results within 45 days of quarter / half year and communicated these results to all Stock Exchanges where the shares of the Company are listed and published in newspapers as indicated above and also put on Company's website [www.hitkitglobal.com](http://www.hitkitglobal.com).

The Company also intimates the stock exchanges all price sensitive information or such other matters which in its opinion are material and of relevance to the investor / shareholders. The Financial Results are not being sent to each household of the Shareholders. The Management's Discussion and Analysis on financial and operational performance of the Company is provided in the Annual Report.



**Auditors' Certificate on Corporate Governance**

To the Members of  
Hit Kit Global Solutions Limited

We have examined the compliance of conditions of corporate governance by Hit Kit Global Solutions Ltd. ('the Company') for the period ended on 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.D. Chandak & Co.  
Chartered Accountants  
(Firm Registration No.101657W)

S D Chandak  
Proprietor  
(Membership No.: 32455 )

Place: Mumbai  
Date: 30.06.2012

Certificate under sub Clause V of Clause 49 of the Listing Agreement

I Anand Agarwal, Managing Director of the Company hereby confirm and certify that

- a) I have reviewed the financial statements and the cash flow statement for the period ended March 31, 2012 and that to the best of my knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing generally accepted accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the Auditors and the Audit Committee
- (i) that no significant changes in internal control over financial reporting during the period;
  - (ii) that no changes in accounting policies during the period and have been disclosed in the notes to the financial statements; and
  - (iii) that no instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Mumbai  
Date : 30.06.2012

Anand Agarwal  
Managing Director

# Directors Report

To The Members,

We have pleasure in presenting herewith our Twenty fourth Annual Report together with the Audited Account of your Company for the Period Ended March 31<sup>st</sup>, 2012.

## Financial Results

The salient features of the Company's financial results for the period under review are as follows:

Particulars	(Rs. In Lakhs)	
	31.01.2012	31.01.2011
Income from Operations	88.18	82.61
Other Income	NIL	NIL
<b>Total Income</b>	<b>88.18</b>	<b>82.61</b>
Operating Profit before interest, Depreciation and Tax	23.47	23.07
Interest	3.04	2.12
Depreciation	19.63	16.82
Profit before tax (PBT)	0.80	4.13
Provision for Taxation	1.99	1.00
Profit / (Loss) after tax (PAT)	(1.19)	3.13
Profit brought forward	305.95	302.82
Profit available for appropriation	304.44	305.95
<b>APPROPRIATIONS</b>		
General Reserves	NIL	0.31
Surplus carried to Balance Sheet	304.44	305.64

## Performance of the Company

During the period under the review, the Company has recorded gross revenue of Rs. 88.18 lakhs as against Rs. 82.61 lakhs in the previous year. After offsetting the expenses the company made a Loss of Rs.1.19 lakhs against Profit after tax of Rs. 3.13 lakhs in the previous year.

The Earning per Share (EPS) for the period was Rs. (0.01) as against Rs. 0.01 for previous year.

## Dividend

In order to conserve resources for future growth, your Directors do not recommend any dividend for the period.

## Transfer to Reserves

The Company proposes to transfer Rs. NIL (P.Y. 0.31 Lakhs) to the General Reserve out of the amount available for appropriations and an amount of Rs.304.44 Lakhs (P.Y. 305.64 Lakhs) is proposed to be retained in the Profit and Loss Account.

## Changes in Share Capital

During the period, Company has not made any allotment of Equity or preference Shares.

## Change in Financial Year

Board of Directors at their meeting held on 09th December, 2011 accorded their consent to change the financial year of the company from 31st January to 31st March and accordingly the current financial year will be from 1st February, 2011 to 31st March, 2012.

### **Retail Business**

During the period, your Company focused mainly its agri-business value chain. In this objective your company has carried out marketing of vegetables in the vegetable market, which the company has sourced directly from the farmers.

Your company provides its customers with good quality produce that has better shelf life and more consistent quality in keeping the best interest of the consumers. The vision of the company is to generate inclusive growth and prosperity for farmers, vendor partners, small shopkeepers and consumers.

### **Retail Software**

During the period, the company rendered E-Horoscope reports in regional languages to its customers through mobile counters. The company is on the verge of reducing the retailing of software.

### **Deposits and Loans / Advances**

Your company has not invited or renewed deposits from the public/shareholders in accordance with Section 58 A of the Companies Act, 1956.

### **Directors**

As per the Articles of Association of the company, Mr. Amit G Khandelwal retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Profiles of these Directors, as required by Clause 49 of the Listing Agreements are given in the Section on "Corporate Governance".

### **Auditors**

M/s. S. D. Chandak & Co., Chartered Accountants, Statutory Auditors of the Company retires at the conclusion of ensuing Annual General Meeting. The directors recommend their re-appointment as the statutory auditors for the financial period 2011-12.

M/s. S. D. Chandak & Co., Chartered Accountants have confirmed their eligibility and willingness to accept office, if appointed.

### **Auditors Report**

The observations made by the Auditors in their Report are Self Explanatory and need no further elaboration.

### **Directors' Responsibility Statement**

Pursuant to Section 217 (2AA) of the Companies Act 1956, the Board of Directors hereby states and confirms:

i) That in the preparation of the Annual accounts for the financial period, the applicable accounting standards have been followed along with the proper explanations relating to material departures;

ii) That the Company has selected accounting policies described in the notes to accounts, which has been consistently applied except where otherwise stated and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2012 and of the Loss of the company for the period;

iii) That they have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

iv) That the Annual Accounts have been prepared on the historical cost convention as a going concern basis and on accrual basis.

#### **Particulars of Employees**

During the period under review there was no employee employed in the financial period who was in receipt of remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956, read with companies (Particulars of Employee) Rules, 1975.

#### **Employee Relations**

The Board of Directors of the company places on record its sincere appreciation for the valuable and dedicated services rendered by all the employees of the company and acknowledges the contribution of all the employees to the Company's performance. During the period under review our employee relations continued to be cordial.

#### **Listing**

The Securities of your Company are listed with the Bombay Stock Exchange Limited, Pune stock exchange Limited and Ahmedabad Stock Exchange limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2012-13 have been paid. The company has also paid the annual custodian fees to NSDL & CDSL for the Securities of the Company held in dematerialized mode with them for the year 2012-13.

#### **Cash Flow Statement**

In conformity with the provisions of Clause 32 of the Listing Agreement and requirement of companies Act 1956, the Cash flow Statement for the period ended 31st March, 2012 is annexed hereto

#### **Fixed Deposits**

The company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

#### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo**

As your company is not engaged in manufacturing activities, the reporting requirement on these matters is not applicable and Foreign exchange earning & outgo during the period is NIL.

#### **Corporate Governance Report**

A Certificate from Statutory Auditors Regarding Compliance of the conditions of corporate Governance as per the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges is annexed to the report on Corporate Governance.

The Board of Directors support the concept of Corporate Governance and having regard to transparency, accountability and rationale behind the decisions have made proper disclosures separately under the heading "Corporate Governance".

#### **Management's Discussion and Analysis Statement**

The Management Discussion and Analysis for the period 2011-12, as required under Clause 49 of the Listing agreement executed with the Stock Exchanges, are given in separate section forming part of the Annual Report.

#### **Corporate Social Responsibility**

Company embraces responsibility for impact of its operations and actions on all stakeholders including society and community at large. Management's commitment, work ethics and business processes at company encourages all its employees and other participants to ensure a positive impact and its commitment towards corporate social responsibility.

Company's contribution to the community are in areas of health, education and free distribution of vegetables & fruits to the poor villagers.

#### Acknowledgements

The Directors thank the Company's employees, customers, vendors, farmer, suppliers, redistribution stockists, retailers, business partners, canteen stores department and others who are associated with the Company as its trading partners for their support to the Company. Your Company looks upon them as partners in its progress and shares with them the rewards of growth.

The Directors also thank to the Securities Exchange Board of India, Bombay Stock exchange Limited, Pune Stock Exchange Limited, Ahmedabad Stock Exchange Limited, NSDL, CDSL the Governments of India, State Governments in India and concerned Government Departments / Agencies for their co-operation and last but not the least the members of the Company.

On behalf of the Board  
For Hit Kit Global Solutions Limited

Place : Mumbai  
Date : 30.06.2012

Anand Agarwal  
Managing Director

## Annexure to the Directors' Report

### Management Discussion and Analysis

The management of Hit Kit Global Solutions Limited presents the analysis of the performance of the company for the period 2011-12 and its outlook for the future. This outlook is based on an assessment of the current business environment. It may vary due to future economy and other developments both in India and Abroad.

Although economy has been growing slowly including the retail sector, there were several complex challenges facing this sector. Despite of the challenges your company has remained resilient against adversities and has leveraged opportunities to deliver results.

### Outlook

#### Global Outlook

The global economy still emerging from the after match of the global financial crisis, consolidated its recovery in 2011. The signs are good that despite the shocks of the first quarter of 2011 – including instability in the Middle East and earthquake, tsunami and radiation disasters in Japan – Growth in the U.S., Europe and several significant emerging markets are supporting the global recovery. But significant risk continue to hamper global growth, Including rising oil and commodity prices and persistent global imbalances resulting from a slowdown in the Chinese economy and the fiscal challenges in the U.S., and Eurozone. These global development will have an impact in the coming year not only on international investors but also on the domestic Indian investment climate.

#### Indian Outlook

The Global Economy has entered into a very difficult phase characterized by significant downside risks and fragility. The financial mayhem generated by the deepening of the fiscal crisis in Europe has spread to both developing and high income countries and is generating significant headwinds.

Against a backdrop of an uncertain global environment, the Indian economy faced twin macroeconomic challenges of managing growth and containing inflation during the fiscal 2011-12. The factors which influenced the current macroeconomic climate in India and interrupted recovery were intensification of debt crises in Euro zone, political turmoil in Middle East, fluctuating global commodity prices, hardening of international prices of crude oil, stagnation in Japan, etc.. GDP is estimated to grow by 6.9 per cent in 2011-12, after having grown at 8.4 per cent in preceding two years. Slowdown in comparison to preceding two years is primarily due to deceleration in industrial growth. India however remained front runner in economic growth in any cross country comparison. India's GDP growth in 2012-13 is expected to be 7.6 per Cent.

#### Nature of Business

Growth in our organised retail business is reflective of the changing habits and increasing aspirations of millions of fellow Indians who seek modern conveniences without losing focus on value. Over many farmers benefit from their farm to fork consumer retail strategy and this number is growing exponentially day by day. In a short period and as a reflection of consumer preferences, Company now has good positions in business of agri-business value chain and has marketing fruits, vegetables and staples and Company has also retail of E-Horoscope generated out of the Astrology software 'Om Astrosoft' to its customers through counters spread across the retail outlets. The company is also engaged in marketing of PS-Excise software of Priti Software.

## Segment wise Performance

### Retail Business

During the period under review, your Company strategically increased its focus on retail vegetable business thereby sustaining its earnings from Retail of vegetables. The sales turnover has been broad based, competitive and profitable. Your Company has adopted unique retailing strategy of selling its products in retail market, without permanently hiring the retail counters, thereby cutting down the cost of markets.

### Software Business

During the period, the company rendered E-Horoscope reports in regional languages to its customers through mobile counters. The company is on the verge of reducing the retailing of software.

## Strengths, Risks and Concerns

### Strengths

Over last years in retail business, your Company has developed supply chain for retailing vegetables from farmer to whole seller to the consumers.

### Risk, Concerns and Risk Mitigation

Risk Management is a critical exercise for all organizations, particularly ones operating in many locations / countries. The main aim of risk management is to identify and analyse the risks through a structured Risk-Benefit Analysis and mitigate those risks which are not beneficial to the organisation.

## Financial Performance & Position

The Financials of the Company are prepared in accordance with the Generally Accepted Accounting Principles in India. During the period under review, revenue of your Company was Rs. 88.18 lakhs as against Rs. 82.61 Lakhs in the previous year and Loss for the period of Rs. 1.19 lakhs against Profit after tax of Rs. 3.19 lakhs in the previous year.

## Human Resources/ Industrial Relations

The Company believes that the success of an organization largely depends on the quality of the products it offers in the market and competitive price to the consumers. The company has developed good quality supply chain.

### Employee Relations

The Board of Directors take this opportunity to sincerely acknowledge the dedicated services and contribution of all the employees to the Company's satisfactory performance. Your company believes in retaining talents. To enhance the skills of the employees as well as to enable them to face the growing challenges the higher management regularly interacts with it employees. Our employee relations continue to be cordial.

## Internal Control Systems and Adequacy



The Company has adequate internal control systems in place commensurate with the size and nature of business which covers all significant areas of the company's operations and reported to the Audit Committee of the Company, for their review in its meetings.

#### Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, expectations and estimates are 'forward looking statements'. Actual results might differ from those anticipated because of changing ground realities.

## Auditors' Report

The Board of Directors  
Hit Kit Global Solutions Limited

1. We have audited the attached Balance Sheet of Hit Kit Global Solutions Ltd ('the Company') as at 31st March, 2012 and also the statement of Profit and Loss account and the Cash Flow statement for the period ended on that date annexed thereto. These financial statements are the 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 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' of India (the 'Act'), and on the basis of such checks of books and records and according to the information and explanations given to us, we give 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 in Paragraph '3' above;

(a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of the books.

(c) The Balance Sheet, statement of Profit and Loss Account and Cash flow statement dealt with by this report are in Agreement(s) with the books of accounts.

(d) In our opinion, the Balance Sheet, statement of Profit and Loss Account and Cash flow statement comply with the Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956.

(e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2012 and information given to us, none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

(f) In our opinion and to the best of our information and according to the explanations given to us the accounts together with the notes thereon give the information required by 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.

(i) in case of the Balance Sheet of the state of affairs of the company as at 31<sup>st</sup> March, 2012.

&

(ii) in case of the statement of Profit & Loss Account, of the loss for the period ended on that date.

&

(iii) in the case of the Cash flow Statement, of the cash flows for the period ended on that date.

For S.D. Chandak & Co.  
Chartered Accountants  
(Firm Registration No.101657W)

S D Chandak  
Proprietor  
(Membership No.: 32455 )  
Place : Mumbai  
Date : 30.05.2012

## Annexure to Auditors' Report

(Referred to in Paragraph 3 of our report on even date of Hit Kit Global Solutions Ltd. as at 31-03-2012)

- 1) In respect of Fixed Assets
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. We are informed that no material discrepancies were noticed by the management on such verification.
  - c) During the period, in our opinion, a substantial part of the fixed assets has not been disposed off by the Company.
- 2) In respect of its Inventory
  - a) According to the information and explanations given to us, the management conducted physical verification at reasonable intervals during the period under report.
  - b) In our opinion, and according to the information and explanation given to us, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) In our opinion, the company has maintained proper records of inventory during the period. Discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt within the books of accounts.
- 3) In respect of Loans Given / Taken

The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and accordingly clause (iii) (b) (c) and (d) of the order are not applicable.
- 4) In respect of Internal Control Procedure

In our opinion and according to the information and explanation given to us, there are adequate internal control procedures for the purchase of Inventory, Securities, Fixed Assets and with regards to the sale of Securities commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- 5) In respect of transactions covered u/s 301 of the Companies Act, 1956.

In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements that needed to be entered into the Register needed to be maintained u/s 301 of the Companies Act 1956.
- 6) The Company has not accepted any deposits from Public.
- 7) In our opinion, the Company's has an internal audit system is commensurate with the size and nature of its business.
- 8) The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- 9) In respect of Statutory Dues:
  - a) According to the records of the Company, the Company has been regular in depositing undisputed statutory dues including Income tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31-03-2012 for a period of more than six months from the date they became payable.
  - b) The Company does not have any disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
- 10) The Company does not have accumulated losses at the end of the period. The Company has not incurred cash losses during the financial period covered by our audit and the immediately preceding financial period.
- 11) Based on our audit procedures and according to the information and explanations given to us, the company has no dues to a financial institution or bank or debenture holders and hence this clause is not applicable.

- 12) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the Company is not a chit fund or a Nidhi /or mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (auditors report) Order 2003 is not applicable to the Company.
- 14) The Company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions clauses 4(xiv) of the Companies (Auditors Report) order, 2003 are not applicable to the Company.
- 15) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or other financial institutions.
- 16) In our opinion and according to the information and explanations given to us, the company has not taken any term loans. Therefore, clause is not applicable to the Company.
- 17) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that, prima facie, no funds raised on short-term basis have been used for long-term investment, and vice-versa.
- 18) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the period.
- 19) The Company has not issued any debentures during the period.
- 20) The Company has not raised any fund through Public Issue during the period.
- 21) In our opinion and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the period that causes the financial statements to be materially misstated.

As per our report on even date

For S D Chandak & Co.  
Chartered Accountants  
(Registration No.101657W)

S D Chandak  
Proprietor  
(Membership No.: 32455)

Place: Mumbai  
Date : 30.05.2012

<b>BALANCE SHEET AS AT 31ST MARCH, 2012</b>			
Particulars	Note No.	As At 31.03.2012 Rs.	As At 31.01.2011 Rs.
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE HOLDER'S FUNDS</b>			
Share Capital	3	74,000,000	74,000,000
Reserves & Surplus	4	57,188,548	57,307,894
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liabilities (Net)	5	159,896	-
<b>CURRENT LIABILITIES</b>			
Trade payables	6	9,161	85,137
Other current liabilities	7	61,864	94,103
Short-term provisions	8	233,236	233,236
<b>TOTAL</b>		<b>131,652,705</b>	<b>131,720,370</b>
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9		
Tangible assets		505,857	621,993
Intangible assets		407,520	2,254,216
Non-current investments	10	-	48,832,579
Long-term loans and advances	11	127,592,030	68,969,959
<b>CURRENT ASSETS</b>			
Trade Receivables	12	21,905	9,746,917
Cash and cash equivalents	13	2,604,509	728,376
Other current assets	14	520,884	566,330
<b>TOTAL</b>		<b>131,652,705</b>	<b>131,720,370</b>
Summary of Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			
"As per our Report of even date" For S D Chandak & Co., Firm Registration No. 101657W Chartered Accountants		For and on Behalf of the Board	
S D Chandak Proprietor Membership No. 32455		Anand Agarwal Managing Director	
PLACE : Mumbai DATED : 30.05.2012		A B Sharma Director	Amit Khandelwal Director

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2012			
Particulars	Note No.	Period Ended 31.03.2012 Rs.	Year Ended 31.01.2011 Rs.
<b>Income:</b>			
Revenue from operations	15	8,817,805	8,261,005
<b>Total Revenue</b>		<b>8,817,805</b>	<b>8,261,005</b>
<b>Expenses:</b>			
Purchase of Software & Development Cost		4,873,942	3,775,070
Purchase of traded goods / Cost of Produce		626,469	553,804
Employee benefits expense	16	312,227	517,943
Finance costs	17	304,205	211,931
Depreciation and amortization expense	9	1,962,833	1,682,428
Other expenses	18	657,579	1,106,964
<b>Total expenses</b>		<b>8,737,255</b>	<b>7,848,140</b>
Profit before tax		80,550	412,865
<b>Tax expense:</b>			
Current tax	19	40,000	100,000
Deferred tax		159,896	-
		<b>199,896</b>	<b>100,000</b>
Profit / (Loss) for the period from continuing operations		(119,346)	312,865
Profit / (Loss) from discontinuing operations		-	-
Tax expenses of discontinuing operations		-	-
Profit / (Loss) from discontinuing operations (after tax)		-	-
Profit / (Loss) for the period		<b>(119,346)</b>	<b>312,865</b>
<b>Earnings per equity share:</b>			
Equity share of par value of Rs. 2/- each	20		
- Basic		(0.01)	0.01
- Diluted		(0.01)	0.01
The accompanying notes are an integral part of the financial statements			
"As per our Report of even date"			
For S D Chandak & Co., Firm Registration No. 101657W Chartered Accountants		For and on Behalf of the Board	
S D Chandak Proprietor Membership No. 32455		Anand Agarwal Managing Director	
PLACE : Mumbai DATED : 30.05.2012		A B Sharma Director	Amit Khandelwal Director

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2012			
		Period Ended	Year Ended
		31.03.2012	31.01.2011
<b>A.</b>	<b>Cash Flow From Operating Activities</b>		
	Profit Before Tax	80,550	412,865
	Adjustment for:		
	Depreciation	1,962,833	1,682,428
	Preliminary Expenses	45,446	62,925
	Interest & Finance Charges	304,205	211,931
	<b>Operating Profit before Working Capital changes</b>	<b>2,393,034</b>	<b>2,370,149</b>
	Trade and Other receivables	9,707,326	498,561
	Trade Payables	(75,976)	155,986
	Loans & Advances	(58,576,625)	(3,570,650)
	Cash generated from operation	(48,945,275)	(2,916,103)
	Taxes Paid (Last year Provision)	(100,000)	(134,000)
	<b>Net Working Capital Changes</b>	<b>(49,045,275)</b>	<b>(3,050,103)</b>
	<b>Net Cash from Operating Changes</b>	<b>(46,652,241)</b>	<b>(679,954)</b>
<b>B.</b>	<b>Cash Flow from Investement Activities:</b>		
	(Purchase) / Sale of Investments	48,832,579	-
	<b>Net Cash used in Investing Activities</b>	<b>48,832,579</b>	<b>-</b>
<b>C.</b>	<b>Cash Flow From Financing Activities:</b>		
	Finance Charges	(304,205)	(211,931)
	<b>Net cash used in Financing activities</b>	<b>(304,205)</b>	<b>(211,931)</b>
<b>D.</b>	<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>1,876,133</b>	<b>(891,884)</b>
	<b>Net Increase / (decrease) in Cash &amp; Cash equivalent</b>		
	Opening Balance of Cash & Cash Equivalents	728,376	1,620,260
	Closing Balance of Cash & Cash Equivalents	2,604,509	728,376
	<b>Net Increase / (Decrease) as disclosed above</b>	<b>1,876,133</b>	<b>(891,884)</b>
<b>Notes:</b>			
1. Previous Years figures have been regrouped, recast wherever necessary.			
"As per our Report of even date"		For and on Behalf of the Board	
For S D Chandak & Co.,			
Firm Registration No. 101657W			
Chartered Accountants		Anand Agarwal	
		Managing Director	
S D Chandak			
Proprietor			
Membership No. 32455		A B Sharma	
		Director	
PLACE : Mumbai		Amit Khandelwal	
DATED : 30.05.2012		Director	

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2012

## Note : 1

## Company Overview

Hit Kit Global Solutions Limited ("the company") is engaged in retail software marketing. The Company is engaged in selling of farms and vegetable produce in the market.

## Note : 2

## Significant Accounting Policies

## Basis of Presentation

The financial statements have been prepared and presented under the historical cost convention using the accrual basis of accounting in accordance with the generally accepted accounting principles, applicable Accounting Standards as prescribed under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956.

## Use of Estimates

The preparation of financial statements in conformity with the GAAP (generally accepted accounting principles) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which

## Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises of material cost, freight, duties, taxes, interest and other incidental expenses related to acquisition and installation.

## Depreciation / Amortization

Depreciation has been provided for on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

## Impairment

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to their Profit and Loss Account in the period in which an asset is identified as Impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## Investments

Long term investments are stated at cost of acquisition.

## Inventories

Inventories are valued "at lower of cost and net realizable value".

## Revenue Recognition

The company generally follows mercantile system of accounting and recognises significant terms of income and expenditure on accrual basis.

Revenue from Software & Retail Business consists primarily on account of sale of goods and is recognised on delivery to the clients.

## Borrowing Cost

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalised as a part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged against revenue.

## Research and Development

Expenditure incurred on Research & Development is charged to revenue and fixed assets in the period it is incurred as per nature of expenses.

## Taxation

Tax liability is estimated considering the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable /virtual certainty that the asset will be realised in future.

## Cash Flow Statement

Cash Flow Statement has been prepared in accordance with indirect method prescribed in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

## Retirement Benefits

Liability for payment of Gratuity is accounted for on cash basis and future liability on accruing basis has, however, not been actuarially determined.

## Earning Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.



<b>Note : 3</b>		
<b>SHARE CAPITAL</b>		
Particulars	as at 31-03-2012	as at 31-01-2011
Authorised		
4,50,00,000 Equity Shares of Rs. 2/- (Prev. Yr. 4,50,00,000 Equity Shares of Rs.2/- each)	90,000,000	90,000,000
Issued, Subscribed and Fully Paid up	74,000,000	74,000,000
3,70,00,000 Equity Shares ( Previous year : 3,70,00,000 ) of Rs. 2/- each fully paid up	<u>74,000,000</u>	<u>74,000,000</u>
a. Terms/Rights attached to Equity shares		
The Company has one class of issued shares referred to as equity shares having a par value of Rs. 2/- each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors, if any, is subject to the approval of shareholders in Annual General Meeting. All shares rank equally with regards to the Company's residual assets.		
b. The reconciliation of the number of shares outstanding as at March 31, 2012 and January 31, 2011 is set out below:		
Particulars	As at 31.03.2012	As at 31.01.2011
Number of shares at the beginning of the year	37,000,000	37,000,000
Number of shares at the end of period	37,000,000	37,000,000
c. The details of shareholder holding more than 5% shares as at March 31, 2012 is set out below :		
i) Webnet Infoways Ltd	: 44,14,184 shares ; 11.93% (previous year : 44,14,684 shares ; 11.93% ) and	
ii) Glimmer Mercantile Pvt. Ltd	: 19,92,300 shares ; 5.38% (previous year : 19,92,300 shares ; 5.38% )	
<b>Note : 4</b>		
<b>RESERVES AND SURPLUS</b>		
Particulars	as at 31-03-2012	as at 31-01-2011
Securities Premium :		
As per last Account	5,976,900	5,976,900
Forfeiture Reserve Account :		
As per last Account	4,535,000	4,535,000
General reserve :		
Opening balance	16,232,641	16,201,354
Add: Transfer from Surplus	-	31,287
Closing Balance	<u>16,232,641</u>	<u>16,232,641</u>
Surplus		
Opening balance	30,563,353	30,281,775
Add: Net Profit / (Loss) after tax transferred from statement of P & L	(119,346)	312,865
Amount available from appropriation	<u>30,444,007</u>	<u>30,594,640</u>
Less: Amount transferred to General Reserves	-	31,287
Closing Balance	<u>30,444,007</u>	<u>30,563,353</u>
<b>TOTAL</b>	<u><b>57,188,548</b></u>	<u><b>57,307,894</b></u>
<b>Note : 5</b>		
<b>DEFERRED TAX LIABILITIES (NET)</b>		
Opening Balance	-	-
Difference between book and tax depreciation	159,896	-
<b>TOTAL</b>	<u><b>159,896</b></u>	<u><b>-</b></u>
The net increase during the period in the deferred tax liability Rs.1,59,896/- (previous year NIL) has been debited to the statement of Profit & Loss.		
<b>Note : 6</b>		
<b>TRADE PAYABLES:</b>		
Particulars	as at 31-03-2012	as at 31-01-2011
Trade Payables	9,161	85,137
<b>TOTAL</b>	<u><b>9,161</b></u>	<u><b>85,137</b></u>
There are no Micro, Small and Medium Enterprises in respect of whom the Company dues are outstanding for more than 45 days at the Balance Sheet date. The above information regarding Micro, Small and Medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.		
<b>Note : 7</b>		
<b>OTHER CURRENT LIABILITIES:</b>		
Provision for Expenses	40,000	30,000
Withholding and other Taxes payable	21,864	64,103
	<u>61,864</u>	<u>94,103</u>
<b>Note : 8</b>		
<b>SHORT TERM PROVISIONS:</b>		
Provision for Income Tax	233,236	233,236
	<u>233,236</u>	<u>233,236</u>

Schedule 9 : Fixed Assets and Depreciation										
(Rupees)										
Description of Assets	Gross Block				Depreciation/Impairment				Net Block	
	As at 31.01.11	Additions	Deletions	As on 31.03.12	As at 31.01.11	For the year	Deductions	As on 31.03.12	As on 31.03.12	As on 31.01.11
<b>a. Tangible Assets</b>										
Generator	95,000	-	-	95,000	79,749	7,012	-	86,761	8,239	15,253
Furniture & Fixture	434,468	-	-	434,468	213,697	32,082	-	245,779	188,689	220,773
Office Equipment	638,620	-	-	638,620	252,654	77,037	-	329,691	308,929	385,967
Sub Total (A)	1,168,088	-	-	1,168,088	546,100	116,131	-	662,231	505,857	621,993
<b>b. Intangible Assets</b>										
Computer Software	9,764,828	-	-	9,764,828	7,510,606	1,846,702	-	9,357,308	407,520	2,254,218
Sub Total (B)	9,764,828	-	-	9,764,828	7,510,606	1,846,702	-	9,357,308	407,520	2,254,216
<b>TOTAL ASSETS (A+B)</b>	<b>10,932,916</b>	<b>-</b>	<b>-</b>	<b>10,932,916</b>	<b>8,056,706</b>	<b>1,962,833</b>	<b>-</b>	<b>10,019,539</b>	<b>913,377</b>	<b>2,876,209</b>
Previous Year	10,932,916	-	-	211,650,236	6,374,277	1,682,428	-	8,056,705	2,876,209	
Capital work in progress, at cost (including capital advances)									-	36,697,655

<b>Note : 10</b>		
<b>NON CURRENT INVESTMENTS:</b>		
Long Term Investment- at cost		
Non Trade ( un-quoted)	-	-
Other Investments	-	48,832,579
	<u>-</u>	<u>48,832,579</u>
<b>Note : 11</b>		
<b>LONG TERM LOANS AND ADVANCES:</b>		
Unsecured, considered good		
Capital Advance	127,304,324	68,759,159
Other Deposits	10,450	8,730
Other Loans and advances:		
- Advance Income Taxes	277,256	202,070
	<u>127,592,030</u>	<u>68,969,959</u>
<b>Note : 12</b>		
<b>TRADE RECEIVABLE</b>		
Unsecured, considered good		
Outstanding for a period exceeding six months from due date	21,905	34,331
Other	-	9,712,586
	<u>21,905</u>	<u>9,746,917</u>
<b>Note : 13</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Balances with Bank		
In current Account	40,255	8,618
Cash on Hand	2,564,254	719,758
	<u>2,604,509</u>	<u>728,376</u>
<b>Note : 14</b>		
<b>OTHER CURRENT ASSETS :</b>		
Miscellaneous Expenses	566,330	629,255
Miscellaneous Expenses W/Off	(45,446)	(62,925)
	<u>520,884</u>	<u>566,330</u>
	Year Ended 31	Year Ended
	03-2012	31-03-2011
<b>Note : 15</b>		
<b>REVENUE FORM OPERATIONS:</b>		
Income from Operation		
Retail Business	7,166,240	6,334,112
Software Sales	1,651,565	1,926,893
	<u>8,817,805</u>	<u>8,261,005</u>
<b>Note : 16</b>		
<b>EMPLOYEE BENEFITS EXPENSE:</b>		
Salaries and Wages	178,483	252,600
Director Remuneration	129,700	260,000
Staff welfare expenses	4,044	5,343
	<u>312,227</u>	<u>517,943</u>
Details of Director Remuneration		
Shri. Anand Agarwal - Managing Director		
Salaries and Allowances	129,700	260,000
Total	<u>129,700</u>	<u>260,000</u>
i) As per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended. The number of employees employed for the whole year drawing salary of Rs. 60,00,000/- per annum or more is NIL and the number of employees employed for part of the year drawing salary of Rs. 5,00,000/- per month or more is also NIL.		
ii) Liability for payment of Gratuity is accounted for on cash basis and future liability on accruing basis has, however, not been actuarially determined.		
<b>Note : 17</b>		
<b>FINANCE COSTS:</b>		
Other finance charges	304,205	211,931
	<u>304,205</u>	<u>211,931</u>



Note : 26			
Segment Accounting in terms of AS 17 issued by the Institute of Chartered Accountants of India :			
The Company has two reportable business segment, namely "Software Solution" and "Retail Business". The Segmentwise bifurcation as per Clause 41 are under:			
(Rs. in Lacs)			
Sr. No.	Particulars	Figures for the current period ended 31.03.2012	Figures for the current year ended 31.03.2011
1	Segment Revenue (net sales/Income from each segment should be disclosed under		
	(a) Segment - Software	16.52	19.27
	(b) Segment - Retail Business	71.66	63.34
	<b>Total</b>	<b>88.18</b>	<b>82.61</b>
	Less: Inter segment revenue	-	-
	<b>Net Sales / Income from Operation</b>	<b>88.18</b>	<b>82.61</b>
2	Segment Result Profit / (Loss ) before tax and interest from each segment		
	(a) Segment - Software	(0.58)	3.09
	(b) Segment - Retail Business	15.20	10.99
	<b>Total</b>	<b>14.62</b>	<b>14.08</b>
	Less : (i) Interest	3.04	2.12
	(ii) Other Un-allocable expenditure net off un-allocable income.	10.78	7.83
	<b>Total Profit Before Tax</b>	<b>0.80</b>	<b>4.13</b>
3	Capital Employed (Segment assets - Segment liabilities )		
	(a) Segment - Software	336.62	524.02
	(b) Segment - Retail Business	578.58	458.11
	(c) Un-allocable & Corporate	396.69	330.95
	<b>Total</b>	<b>1,311.89</b>	<b>1,313.08</b>
Note : 27			
Quantitative Information :			
As per the legal opinion obtained by the management, the provisions of clause 3 (ii) of Schedule VI of Part II of Companies Act, 1956 are not applicable to the company and as such no quantitative details are given.			
Note : 28			
The Company has decided to close current financial year on 31st March, 2012 instead of 31st January, 2012 and hence current financial year comprises 14 months.			
Note : 29			
The company prepares and presents its financial statement as per Schedule VI to the Companies Act, 1956, as applicable to it from time to time. In view of the revision to the Schedule VI as per a notification issued during the year by the Central Government, the the financial statement for the financial year ended 31st March, 2012 have been prepared as per requirements of the Revised Schedule VI to the Companies Act, 1956. The previous year figures have been accordingly regrouped/reclassified and presented to conform to the current year's classification. Figures have been rounded off to nearest rupee wherever applicable.			
"As per our Report of even date"		For and on Behalf of the Board	
For S D Chandak & Co.,			
Firm Registration No. 101657W			
Chartered Accountants		Anand Agarwal Managing Director	
S D Chandak			
Proprietor			
Membership No. 32455		A B Sharma Director	
PLACE : Mumbai		Amit Khandelwal Director	
DATED : 30.05.2012			

## Shareholders' Information

AGM: Date, time and venue	Monday, 30 <sup>th</sup> July, 2012 at 10.00 a.m. at Privilege INN, Opp. Shakti Ford Showroom, Goregaon - Malad Link Road, Malad (W), Mumbai - 400 064		
Financial Period	01st February 2011 to 31st March 2012		
Date of Book Closure	25th July, 2012 to 30 <sup>th</sup> July, 2012 (both days inclusive)		
Dividend	In order to conserve resources for future growth, your Directors do not recommend any dividend for the period under consideration.		
Listing on Stock Exchanges	<ol style="list-style-type: none"> <li>1. Bombay Stock Exchange Ltd., P J Towers, Dalal Street, Mumbai - 400 001 Tel: 22721233 / 34</li> <li>2. Pune Stock Exchange Ltd., Shivleela Chambers, Kumthekar Road, 756, Sadashiv Peth, Pune - 411 030</li> <li>3. Ahmedabad Stock Exchange Ltd., 7, Kamdhenu Complex, Opp. Sahajanand College, Ahmedabad - 380 015</li> </ol>		
Payment of Annual Listing Fees to Stock Exchanges	The Company has paid the listing fees for the year 2012-13 to the Stock Exchanges where the Company's Shares are listed.		
Stock Code	The Company's Stock Code is 532359		
Bombay Stock Exchange Stock Market Price Data (in Rs./ per share)	Month	High (Rs.)	Low (Rs.)
* : The Company's scrip's are not traded at Pune and Ahmedabad Stock Exchange during the financial period. Therefore, no market data has been given of these exchange.	February, 2011	0.60	0.53
	March, 2011	0.61	0.48
	April, 2011	0.61	0.50
	May, 2011	0.70	0.40
	June, 2011	0.71	0.53
	July, 2011	0.66	0.53
	August, 2011	0.69	0.58
	September, 2011	0.70	0.57
	October, 2011	0.81	0.70
	November, 2011	0.86	0.62
	December, 2011	0.63	0.54
	January, 2012	0.69	0.52
	February, 2012	0.73	0.59
March, 2012	0.84	0.69	
Registrars and Share Transfer Agent	Adroit Corporate Service Pvt. Limited 19, Jafferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400 059 Time: 10:00 a.m. to 5:00 p.m. (Monday - Friday) Phone: 0091 22 28596060 Fax: 0091 22 28503748		
Share Transfer System	<p>99.96% of the equity shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with Adroit Corporate Services Pvt. Ltd. At the above mentioned address.</p> <p>Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects. The directors, Compliance officer and the Company Secretary are severally empowered to approve transfer.</p>		

Shareholding Pattern as on 31 <sup>st</sup> March, 2012	CATEGORY		No. of shares	% of Capital	
	Promoter's		44,14,184	11.93	
	Private Corporate Bodies		56,09,076	15.16	
	Public (In India)		2,64,98,824	71.62	
	NRIs/ OCBs		4,77,909	1.29	
	Clearing Member		7	0.00	
TOTAL		3,70,00,000	100.00		
Distribution of Shareholding as on 31 <sup>st</sup> March, 2012.	No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares holding
	Upto -- - 500	2,364	33.96	7,57,278	2.05
	501 – 1000	1,782	25.60	17,11,209	4.62
	1001 – 2000	1,021	14.67	18,33,999	4.96
	2001- 3000	425	6.10	11,81,036	3.19
	3001- 4000	200	2.87	7,56,970	2.05
	4001- 5000	394	5.66	19,38,925	5.24
	5001- 10000	406	5.83	33,38,664	9.02
	10001 and above	370	5.31	2,54,81,919	68.87
	TOTAL	6,962	100.00	3,70,00,000	100.00
Dematerialization of Shares and liquidity	<p>The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 99.96% of the Company's equity share capital are dematerialised as on March 31<sup>st</sup>, 2012.</p> <p>The Company's equity shares are regularly traded on the Bombay Stock Exchange Limited, in dematerialised form.</p> <p>Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE309B01023.</p>				

Secretarial Audit Report Regarding Reconciliation of Capital	As stipulated by SEBI, a qualified practising Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Listed Stock Exchanges. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and the total number of shares in physical form.
Compliance Certificate from Auditors	The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges. The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges and the same is annexed to the Corporate Governance. The Certificate from the Statutory Auditors will be sent to the Listed Stock Exchanges along with the Annual Return of the Company.
Outstanding GDRs / ADRs and their impact on Equity:	The Company has not issued any of these instruments.
Legal Proceedings	As at March 31, 2012, there was no litigation against the Corporation or any of its managing / whole-time directors, for any of the alleged offences under the enactments specified in Part I of Schedule XIII to the Companies Act, 1956.
Voting Rights	All the shares issued by the Corporation carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of 'One Member-One Vote'. If majority of members raise their hands in favour of a particular resolution, it is taken as passed, unless a poll is demanded. The fundamental voting principle in a company, in case voting takes place by a poll, is 'One Share-One Vote'. On a poll being taken, any decision arrived thereat is final, thus overruling any decision taken on a show of hands. No poll has been demanded at any general meeting of the members of the Corporation. No business has been transacted through postal ballot.
Control of the Corporation	The Corporation is neither owned nor controlled, directly or indirectly, by any person, entity or government and also does not owe allegiance to any promoter or promoter group. To the best of its knowledge and belief, the Corporation does not have any arrangement, the operation or consequence of which might directly or indirectly result in a change in its ownership, control or management. Further, during the period under review, the Corporation has not received any disclosure under Regulation 8 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
Folio Consolidation	Shareholders holding shares under more than one folio may write to the registrar to consolidate their folios. In case of joint holdings even if the order of names are different, shareholders can have them transposed without payment of stamp duty by sending a letter duly signed by all the shareholders. This will facilitate safekeeping and save cost at the time of dematerialisation. The above would be



	subject to verification of the signature(s) of the concerned shareholders.
Nomination Facility	<p>Every shareholder in a company may at any time, nominate in the prescribed manner, a person to whom his shares in the company shall vest in the event of his death. Individual shareholders holding shares either singly or jointly can make a nomination. If the shares are held jointly, all the shareholders may jointly nominate any individual person as their nominee. Nomination stands automatically rescinded on transfer / dematerialisation of the shares.</p> <p>Shareholders holding shares in single name are advised to nominate any individual by submitting the prescribed nomination form i.e. Form 2B, in duplicate, to the registrar. Shareholders holding shares in demat form are requested to contact their DP.</p>
Website	Information regarding the Corporation can also be accessed on its website, <a href="http://www.hitkitglobal.com">www.hitkitglobal.com</a> . The 'Investors' section on the website of the Corporation contains an array of information on investor services, financials, corporate profile, shareholding pattern, disclosures made to stock exchanges.
Address for Correspondence	<p>Hit Kit Global Solutions Ltd.  401/B, 4th Floor, Kemp Plaza, Mindspace, Link Road,  Malad (W), Mumbai – 400 064.  Tel no. 91-22- 6561 4984  Fax : 91-22- 6561 4984  E-mail address: <a href="mailto:hitkit.global@gmail.com">hitkit.global@gmail.com</a>  Designated e-mail address for investor services:  <a href="mailto:info@hitkitglobal.com">info@hitkitglobal.com</a>  Website: <a href="http://www.hitkitglobal.com">www.hitkitglobal.com</a></p>