



ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

Board of Directors :

Shyam Sundar Mall — Chairman
Sunil Kumar Mall — Managing Director
Kripa Sindhu Mallick
Bablu Ravi Das

Auditors :

Lahoti & Co.
Chartered Accountants
14, Ganesh Chandra Avenue
Kolkata - 700 013

Company Secretary :

Sandeep Mandhana

Bankers :

Bank of Baroda

Registered Office :

6th Floor, "Crescent Tower"
229, A. J. C. Bose Road, Kolkata - 700 020
Phone : 2280-6946/47/48,
Fax : 2280-5708

Registrar and Share Transfer Agents : Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, 2nd Floor
Kolkata - 700 001
Tel : 2243-5809/5029, Fax : 2248-4787
E-mail : mdpl@cal.vsnl.net.in

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**NOTICE
OF THE 17th ANNUAL GENERAL MEETING**

Notice is hereby given that the 17th Annual General Meeting of the members of **M/S. KANIKA INFRASTRUCTURE & POWER LIMITED** will be held at Rabindra Okakura Bhawan (Paschimbanga Bangla Academy), 27/A/1, Bidhan Nagar, DD Block, Kolkata – 700 064 on Saturday, the 29th September, 2012 at 11.00 A.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, the Profit & Loss Account for the year ended as on that date and reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. Shyam Sundar Mall who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and pass, if thought fit, with or without modification, the following resolution as Ordinary Resolution.
"RESOLVED THAT Mr. Kripa Sindhu Mallick be is hereby appointed as Director of the Company liable to retire by rotation".
5. To consider and pass, if thought fit, with or without modification, the following resolution as Ordinary Resolution.
"RESOLVED THAT Mr. Bablu Ravi Das be is hereby appointed as Director of the Company liable to retire by rotation".

Registered Office :
6th Floor, "Crescent Tower"
229, A.J.C. Bose Road
Kolkata – 700 020
Dated : The 21st day of August, 2012

By Order of the Board of Directors
For **KANIKA INFRASTRUCTURE & POWER LIMITED**

SUNIL KUMAR MALL
Managing Director

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The proxy form should be lodged with the company at its Registered Office at least 48 hours before the time of the meeting.

2. Members are informed that Share Transfer and related activities are being carried out by Registrar of the Company at the following address :

MAHESHWARI DATAMATICS PVT. LTD.
6, Mangoe Lane, 2nd Floor, Kolkata – 700 001
Tel: 2243-5809/5029, 2248-2248; Fax : (033) 2248-4787
E-mail : mdpl@cal.vsnl.net.in

All future correspondence relating to Share Transfer and related activities be sent to the above address only.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 22.09.2012 to 29.09.2012 both days inclusive.
4. Members are requested to notify immediately any change in their address (with PIN code) to the Registrar.
5. Members/Proxies are requested to produce at the entrance, the attached Attendance Slip duly completed and signed, for admission to the meeting hall.
6. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to address their questions in writing to the Company Secretary at least 10 days before the date of the meeting, so that the information required may be made available at the Meeting.
7. Copies of Memorandum & Articles of Association of the Company and all other material documents referred to herein above will be available for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days except Saturdays, Sundays and other holidays and will also be available at the meeting.
8. Members are requested to bring copies of Annual Report to the Meeting.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 :

Item No. 4

Mr. Kripa Sindhu Mallick

Mr. Kripa Sindhu Mallick was appointed as Additional Director vide the meeting of the Board of Directors of the Company held on 15-11-2011 and his tenure ceases at the forthcoming Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his name for the directorship of the Company. Mr. Mallick has also expressed his willingness to continue as director of the Company. The Directors propose the resolution for your approval.

Item No. 5

Mr. Bablu Ravi Das

Mr. Bablu Ravi Das was appointed as Additional Director vide the meeting of the Board of Directors of the Company held on 15-11-2011 and his tenure ceases at the forthcoming Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his name for the directorship of the Company. Mr. Das has also expressed his willingness to continue as director of the Company. The Directors propose the resolution for your approval.

Mr. Sunil Kumar Mall and Mr. Shyam Sundar Mall, Directors of the Company are deemed to be interested in the proposed resolution.

Registered Office :
6th Floor, "Crescent Tower"
229, A.J.C. Bose Road
Kolkata – 700 020
Dated : The 21st day of August, 2012

By Order of the Board of Directors
For **KANIKA INFRASTRUCTURE & POWER LIMITED**

SUNIL KUMAR MALL
Managing Director

DIRECTOR'S REPORT

Dear Members,

Your Directors have the pleasure in presenting before you this 17th Annual Report for the year ended 31st March, 2012 :

FINANCIAL RESULTS

| | 2011-2012 (Rs. in Lakhs) | 2010-2011 (Rs. in Lakhs) |
|---|---|-----------------------------|
| a) Profit Before Depreciation & Interest | 36.09 | 31.79 |
| b) Less : Depreciation | 31.34 | 27.61 |
| c) Earnings before interest & tax (EBIT) | 4.75 | 4.18 |
| d) Profit Before Tax & Adjustments | 4.75 | 4.18 |
| e) Profit Before Tax (PBT) | 4.75 | 4.18 |
| f) Provision for Income Tax | 1.26 | 0.75 |
| Deferred Tax Assets / (Liability) | 0.20 | (0.60) |
| g) Profit After Tax (PAT) | 3.28 | 2.82 |
| h) Less : Paid for I. Tax for earlier year | 0.45 | — |
| i) Profit/(Loss) brought forward from Previous year | 89.16 | 86.34 |
| j) Balance Profit carried forward | <u>91.99</u> | <u>89.16</u> |

FINANCIAL HIGHLIGHTS

The year under review recorded a moderate growth in sales and an earnings was marginally high comparison with that of last year. The Company during the year-ended under review has posted profit of Rs. 3.28 lacs as against profit of Rs. 2.82 lacs of last year.

DIVIDEND

The Company has not declared dividend for the current year, in wake of insufficient profit.

INDUSTRY STRUCTURE & DEVELOPMENT/OPERATIONS

The Company has minimized its Software Development Division, as the Company has not received any Export order for the year under review.

The Company is mainly emphasizing on its infrastructural activities as the Govt. of India continue to give thrust on infrastructure sector and expected to grow much faster.

LISTING

The Company's shares are listed at Bombay Stock Exchange only. The listing fee has been paid to the Bombay Stock Exchange Ltd. till 2012-13.

RESPONSIBILITY STATEMENT

The Directors' confirm :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the company for that period;
- that to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of 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
- that the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with Auditor's certificate on its compliance is attached to this report.

DIRECTORS

Mr. Shyam Sundar Mall retire by rotation and being eligible offer himself for re-appointment. Your Directors place on record valuable services rendered by him during his tenure as Director. Mr.Kripa Sindhu Mallick and Mr.Bablu Ravi Das who were appointed as additional directors and whose tenure ceases at the forthcoming Annual General Meeting of the Company have expressed their willingness to continue as directors of the Company. The Company has also received notices under Section 257 of the Companies Act, 1956 from the members proposing their names for the directorship of the Company. The directors propose their appointment for your approval.

PARTICULARS OF EMPLOYEES

There are no employees falling under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, who are in receipt of remuneration for the year aggregating more than Rs. 5,00,000/- per month of Rs. 60,00,000/- per annum.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING & OUTGO

Information pursuant to Clause (a) of Sub-Section (1) of Section 217 of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 is appended to and forms part of this report.

AUDITORS

M/s. Lahoti & Co., Chartered Accountants, retires at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

APPRECIATION

The Directors sincerely appreciate the high degree of professionalism, enthusiasm and hard work displayed by all employees during the year. The Directors also place on record their gratitude to the Members for their continued support.

Place : Kolkata

Dated : The 6th day of August, 2012

On behalf of the Board
SHYAM SUNDAR MALL
Chairman

ANNEXURE TO DIRECTORS' REPORT

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF THE DIRECTOR'S REPORT IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 AND RULES MADE THEREUNDER.

CONSERVATION OF ENERGY

The range of activities of your Company requires minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastages and conserve energy as far as possible.

TECHNOLOGY ABSORPTION

Your Company has entered into tie-ups with companies in the industry, to consistently upgrade itself on the technological front and deploy/absorb technology wherever feasible, relevant and appropriate. At the same time, your Company has also attached tremendous significance to indigenous development and up-gradation of technology through its development operations.

FOREIGN EXCHANGE EARNING & OUTGO

Your directors have to state that there has been no foreign exchange earning and outgo during the year.

Registered Office :

"Crescent Tower", 6th Floor

229, A.J.C. Bose Road

Kolkata – 700 020

Dated : The 6th day of August, 2012

On behalf of the Board

SHYAM SUNDAR MALL
Chairman

**ANNEXURE TO DIRECTORS' REPORT
REPORT ON CORPORATE GOVERNANCE**

CORPORATE GOVERNANCE

1. Company's philosophy on code of Governance :

Your Company has always believed in the concept of good corporate governance involving transparency, empowerment, accountability and integrity with a view to increase stakeholders' value in all respects. The objective of your company is not only to meet the statutory requirements of the code but to go well beyond it by instituting such system and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

2. Board of Directors :

(a) **Composition and Category of Directors :**

The Board is headed by a non-executive Chairman. There are total Four Directors comprising of a Managing Director in executive capacity and all other Three Directors are non-executive Directors. There are three independent Directors in the Board. The independent Directors do not have any pecuniary relationship or transaction with the Company, Promoters and Management, which may affect their judgment in any manner. The Directors are eminently qualified and experienced professional in business, law, finance, public enterprises and corporate management. Mr. S. S. Mall & Mr. S. K. Mall being relatives are related with each other. All the directors are above 21 years of age.

| <u>Name of Director</u> | <u>Category</u> |
|----------------------------|-------------------|
| 1. S. S. Mall | Chairman |
| 2. S. K. Mall | Managing Director |
| 3. Mithilesh Mishra* | Director |
| 4. Samir Kanti Biswas*! | Director |
| 5. Kripa Sindhu Mallick*!! | Director |
| 6. Bablu Ravi Das*!! | Director |

* Independent Directors, ! Resigned from the Board on 16.11.2011, !! Inducted in the Board on 15.11.2011

(b) **Attendance of each Director at the Board meeting and the last Annual General Meeting**

| Name of Director | No. of Board Meetings held | No. of Board Meetings Attended | Attendance at the last AGM |
|---------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
| 1. S. S. Mall | 15 | 15 | No |
| 2. S. K. Mall | 15 | 15 | Yes |
| 3. Mithilesh Mishra* | 15 | 6 | No |
| 4. Samir Kanti Biswas* | 15 | 10 | Yes |
| 5. Kripa Sindhu Mallick** | 15 | 5 | No |
| 6. Bablu Ravi Das** | 15 | 3 | No |

* resigned on 16-11-2011

** inducted on 15-11-2011

(c) **Number of other Directorship and Chairmanship/Membership of Committee of each Director :**

| Name of Director | No. of Directorship In Other Boards | No. of Chairmanship/ Membership of Other Board Committee |
|-------------------------|--|---|
| 1. S. S. Mall | 5 | — |
| 2. S. K. Mall | 5 | — |
| 3. Kripa Sindhu Mallick | 3 | — |
| 4. Bablu Ravi Das | 1 | — |

Note: * Number of Directorship / membership held in other companies exclude Directorship/membership in private limited company, foreign companies, membership of various committees of various chambers/ bodies and alternate Directorship and directorships held under section 25 of the Companies Act, 1956, whereas the membership or chairmanship of any committee includes Audit Committee and Shareholders'/ Investors' Grievance Committees only.

(d) **Details of Board Meeting held during the year :**

| D a t e | Board Strength | No. of Directors Present |
|----------------|-----------------------|---------------------------------|
| 29-04-2011 | 4 | 4 |
| 11-05-2011 | 4 | 4 |
| 28-06-2011 | 4 | 3 |
| 12-07-2011 | 4 | 3 |
| 30-07-2011 | 4 | 4 |
| 10-08-2011 | 4 | 4 |
| 30-08-2011 | 4 | 3 |
| 29-09-2011 | 4 | 3 |
| 31-10-2011 | 4 | 4 |
| 11-11-2011 | 4 | 4 |
| 30-11-2011 | 4 | 3 |
| 27-12-2011 | 4 | 3 |
| 30-01-2012 | 4 | 4 |
| 14-02-2012 | 4 | 4 |
| 29-03-2012 | 4 | 4 |

3. Committees of the Board :**(a) Audit Committee :**

The Audit Committee has been re-constituted and it consists of the following non-executive independent Directors and two third of the same are independent as on 31-03-2012

1. Mr. Kripa Sindhu Mallick – Chairman
2. Mr. S. S. Mall
3. Mr. Mithilesh Mishra

Mr. Sandeep Mandana acts as Secretary of the Committee.

During the year the Committee met five times on 04-05-2011, 29-07-2011, 31-10-2011, 03-02-2012 and 30-03-2012. Meeting held upto 31-10-2011 was chaired by Mr. Samir Kanti Biswas and attended by Mr.S.S.Mall and Mr. Mithilesh Mishra and on and after 31-10-2011 meeting was chaired by Mr. Kripa Sindhu Mallick and attended by Mr.S.S.Mall and Mr. Bablu Ravi Das.

The terms of reference of the Audit Committee are in line with Clause 49 II (C) and (D) of the Stock Exchange listing agreement and section 292A of the Companies Act, 1956. The Committee acts as a link between the management, auditors and the Board of Directors of the Company and has full access to financial information.

*** Function of the Committee.**

1. Review with the management and/or Internal Audit Department and/or Statutory Auditors :
 - i) Company's financial statements and reports;
 - ii) Disclosure of company's financial information to ensure the same are correct, sufficient and credible;
 - iii) Changes/Improvements in Financial/Accounting practices;
 - iv) Adequacy of Internal Audit Function and Systems; and
 - v) Charter of Audit Committee.
2. Hold discussion with :
 - i) Statutory Auditors, before and after audit on the scope and area of Concern;
 - ii) Internal Audit Department on its significant findings and also failure of Internal control systems, if any; and
 - iii) Management before submission of financial statements to the Board.
 - iv) Compliance with Accounting Standards, Legal requirements and Ethical Code.

(b) Remuneration Committee :

The remuneration committee comprises of the following non-executive Directors :

1. Mr. Kripa Sindhu Mallick — Chairman
2. Mr. S. S. Mall
3. Mr. Bablu Ravi Das

Mr. Sandeep Mandana acts as Secretary of the Committee.

No Committee Meeting was held during the year.

Shares / Convertible Instruments held by the Non-Executing Directors as on 31-03-2012

| Name of the Non-Executive Directors | No. of Shares of the Company held by the Directors | Convertible Instruments |
|-------------------------------------|--|-------------------------|
| Mr. S. S. MALL | NIL | N.A. |
| MR. KRIPA SINDHU MALLICK | NIL | N.A. |
| MR. BABLU RAVI DAS | NIL | N.A. |

The Company does not have any stock option / convertible instruments.

*** Functions of the Committee**

The Policy Dossier prescribes for payment of Compensation to Executive Directors by way of salary and other perquisites.

*** Remuneration Policy**

The remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

The aggregate value of salary and perquisites paid to Mr. S.K.Mall, Managing Director of the Company for the year ended 31st March, 2012 was Rs.3,60,000/-. No sitting fee was paid to any Director for attending any meeting of the Board of Directors or Committee thereof as the same was waived by the Directors present in the meeting.

(c) Shareholders' / Investors' Grievance Committee :

The Shareholders' & Investor's Grievance committee consist of the following non-executive Directors :

1. Mr. S. S. Mall – Chairman
2. Mr. Kripa Sindhu Mallick
3. Mr. Bablu Ravi Das

Compliance Officer : Mr. Sandeep Mandana, Company Secretary is the Compliance Officer

Address : 229, A.J.C. Bose Road, "Crescent Tower", 6th Floor, Kolkata – 700 020

Phone No. 2280-6946/6947 **Fax No.** 2280-5708 **E-mail :** kanika@kanika.com

Pursuant to new clause 47(f) of the listing agreement the company's email id for grievance redressal purpose is kanika@kanika.com where complaints can be lodged by the investors.

The committee meet 2 times during the year on 15-06-2011 and 15-07-2011 Meeting was chaired by Mr.S.S.Mall and attended by Mr. Samir Kanti Biswas and Mr. Mithilesh Mishra.

*** Functions of the activities :**

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfer. The Committee also looks into redressal of shareholders'/Investors' complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of dividends etc. During the year under review the Company has processed all the applications within time. During the year the Company has received 2 Nos. complaints from the shareholder and the Company disposed the above complaints during the year.

***Share Transfer System :**

The company's shares are traded in the Mumbai Stock Exchange compulsorily in demat mode, shares in physical mode which are lodged for transfer are processed and returned to the shareholders within the specified time.

During the year 3 shares transfer deed comprising of 2025 shares were received for Physical Transfer. During the year 4 no. request received for dematerialization comprising of 8000 shares. During the year not received any request for shares transmission.

4. **Code of Conduct :** The Company has formulated and implemented a Code of Conduct for all Board Members and Senior Management of the Company in Compliance with clause 49 of the Listing Agreement. All board members and Senior Management personnel has affirmed compliance with the code on annual basis. A declaration to this effect duly signed by Managing Director of the Company is annexed with this report.

5. **General Body Meetings :**

The last three Annual General Meetings of the Company were held as under :

| Y e a r | Location | D a t e | T i m e |
|-----------|--|------------|------------|
| 2008-2009 | Eastern Zonal Cultural Centre IA 290, Sector-III, Salt Lake City, Kolkata-700091 | 16-09-2009 | 4.30 P.M. |
| 2009-2010 | Eastern Zonal Cultural Centre IA 290, Sector-III, Salt Lake City, Kolkata-700091 | 30-09-2010 | 5.00 P.M. |
| 2010-2011 | Rabindra Okakura Bhawan (Paschimbanga Bangla Academy) DD-27/A/1, Bidhan Nagar, Kolkata-700064 | 24-09-2011 | 11.00 A.M. |

Note : There were no special resolutions required to be passed through postal ballot at any of the above General Meetings. None of the resolutions proposed in the ensuing Annual General Meeting need to be passed by postal ballot.

6. **Disclosures :**

- a) Disclosures on materially significant related party transactions, i.e., transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large :
None of the transactions with any of the related parties were in conflict with the interests of the Company. Further the same is already placed in the Notes of the accounts forming part of the statement of accounts.
- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority or any matter related to Capital Markets, during the last three year :
There were no such significant instances of non-compliances of any matter related to the capital markets during the last year.
- c) **Risk Management :** The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures, which are periodically reviewed.
- d) The Company has complied with all the mandatory and non-mandatory requirements of the revised Clause 49 of the Listing Agreement. The extent of compliance of the following non-mandatory requirements are given below :
- 1) With regard to training of Board Members, the directors of the company are continuously trained in the business model of the Company and the risk profile of business parameters through various presentations at Board/Committee Meetings.
 - 2) With regard to whistle Blower Policy, the Company is examining the formulation and implemenation of the same, after which the same would be submitted to the Board.

7. **Particulars of appointment/re-appointment of new Director :**

| | |
|---|-----------------------|
| Name of Director | Mr. Shyam Sundar Mall |
| Date of Birth | 11-11-1945 |
| Date of Appointment | 08-02-1995 |
| Qualification | B. Com. |
| Experience | 30 Years |
| Directorship in other Companies | 5 |
| Chairman / Membership of any Board / Committees | NIL |

8. Means of Communication :

The Company has published its quarterly results generally in The Financial Express (English Language) and News Bangla (Bengali Language), where as printed annual report alongwith statement of accounts and notices convening the AGM are mailed to the shareholders.

9. Management Discussion & Analysis Report Industry Structure & Development

As informed the Company has currently decided to maximize the infrastructural activities as the Infrastructure Sector in India as a whole is doing very well.

ECONOMIC SCENARIO : Along with the significant acceleration in the growth rate of economy, India's per capita income has increased at rapid pace. In this century of opportunities for India, your Company being an infrastructure conglomerate, is present in sectors, essential to maintain the momentum of growth, thereby, has been able to transform opportunities to its advantage for accelerated growth for all its stakeholders.

FUTURE OUTLOOK : The Company is mainly emphasizing on infrastructure sector and expect to grow much faster in near future.

INTERNAL CONTROL SYSTEM : The Company maintains an efficient internal control system and the management is constantly reviewing for achieving improved operational efficiency.

CAUTIONARY STATEMENT : Details given in above relating to various activities and future plans may be 'forward looking statements' within the meaning of applicable laws and regulations. The actual performance may differ from those expressed or implied.

10. General Shareholder Information :**(a) Annual General Meeting :**

Date & Time : Saturday, the 29th day of September, 2012, at 11.00 am.

Venue : Rabindra Okakura Bhawan (Paschimbanga Bangla Academy), 27/A/1, Bidhan Nagar, DD-Block, Kol-64

(b) Book Closure date : 22.09.2012 to 29.09.2012 (both days inclusive)**(c) Financial Calendar 2012-2013 (tentative)**

Annual General Meeting (next year) September, 2013

Results for the quarter ending June 30, 2012 2nd week of August, 2012

Results for the quarter ending Sept 30, 2012 2nd week of November, 2012

Results for the quarter ending Dec 31, 2012 2nd Week of February, 2013

Results for the quarter ending March 31, 2013 2nd Week of May, 2013

(d) Listing : Shares' are listed at :

| Name of Exchange | Address | Scrip Name | Scrip Code |
|----------------------------|--|--------------|------------|
| Bombay Stock Exchange Ltd. | 1st Floor, New Trading Ring Rotanda Building, P.J.Towers, Dalal Street, Mumbai – 400 001 | KANIKA INFOT | 532367 |

Demat ISIN No. : for Partly paid-up shares – IN9173B01021

for Fully paid-up shares – INE173B01023

The Company's shares are currently listed at Bombay Stock Exchange only. The listing fee has been paid to the Bombay Stock Exchange Ltd. The company's equity shares, fully paid up shares shall continue to be listed at Bombay Stock Exchange Ltd., which has largest base all over India.

(e) Stock Market Rate : (Rs. 2/- each)

| Year & Month | Mumbai Stock Exchange | |
|--------------|-----------------------|-------------|
| | Month's High | Month's Low |
| 2011 | | |
| April | 0.38 | 0.31 |
| May | 0.38 | 0.29 |
| June | 0.39 | 0.28 |
| July | 0.35 | 0.27 |
| August | 0.32 | 0.20 |
| September | 0.30 | 0.22 |
| October | 0.28 | 0.21 |
| November | 0.27 | 0.20 |
| December | 0.25 | 0.16 |
| 2012 | | |
| January | 0.26 | 0.17 |
| February | 0.25 | 0.21 |
| March | 0.24 | 0.20 |

(f) Registrar & Share Transfer Agents :

MAHESHWARI DATAMATICS (P) LTD.

6, Mangoe Lane, 2nd Floor, Kolkata – 700 001

Phone : 2243-5809/5029, 2248-2248, Fax : (033) 2248-4787, E-mail : mdpl@cal.vsnl.net.in

(g) Distribution of Share holding (as on 31.03.2012) :

| Category Code | Category of Shareholder | No. of Shareholders | Total No. of Shares of (A+B) ¹ | No. of Shares held in Demat Form of (A+B+C) | Total shareholding as a percentage of total number of shares | | Share Pledged or otherwise emcumbered | |
|---------------|--|---------------------|---|---|--|----------------------------|---------------------------------------|-----------------|
| | | | | | As a percentage of (A+B) | As a percentage of (A+B+C) | Number of Shares | As a percentage |
| A. | Shareholding of Promoter and Promoter Group² | | | | | | | |
| | 1 INDIAN | | | | | | | |
| | (a) Individuals/ Hindu Undivided Family | 3 | 2870031 | 2870031 | 4.24 | 4.24 | — | — |
| | (b) Central Government/ State Government(s) | — | — | — | — | — | — | — |
| | (c) Bodies Corporate | — | — | — | — | — | — | — |
| | (d) Financial Institutions/ Banks | — | — | — | — | — | — | — |
| | (e) Any Others(Specify) | — | — | — | — | — | — | — |
| | Sub Total(A)(1) | 3 | 2870031 | 2870031 | 4.24 | 4.24 | — | — |
| | 2 FOREIGN | | | | | | | |
| | a Individuals (Non-Residents Individuals/Foreign Individuals) | — | — | — | — | — | — | — |
| | b Bodies Corporate | — | — | — | — | — | — | — |
| | c Institutions | — | — | — | — | — | — | — |
| | d Any Others(Specify) | — | — | — | — | — | — | — |
| | Sub Total(A)(2) | — | — | — | — | — | — | — |
| | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 3 | 2870031 | 2870031 | 4.24 | 4.24 | — | — |
| (B) | Public shareholding | | | | | | | |
| 1 | Institutions | | | | | | | |
| | (a) Mutual Funds/ UTI | — | — | — | — | — | — | — |
| | (b) Financial Institutions / Banks | — | — | — | — | — | — | — |
| | (c) Central Government/ State Government(s) | — | — | — | — | — | — | — |
| | (d) Venture Capital Funds | — | — | — | — | — | — | — |
| | (e) Insurance Companies | — | — | — | — | — | — | — |
| | (f) Foreign Institutional Investors | — | — | — | — | — | — | — |
| | (g) Foreign Venture Capital Investors | — | — | — | — | — | — | — |
| | (h) Any Other (specify) | — | — | — | — | — | — | — |
| | Sub-Total (B)(1) | — | — | — | — | — | — | — |
| B 2 | Non-institutions | | | | | | | |
| | (a) Bodies Corporate | 248 | 7055764 | 6972264 | 10.43 | 10.43 | — | — |
| | (b) Individuals | | | | | | | |
| I | Individuals-i. Individual shareholders holding nominal share capital up to Rs 1 lakh | 12397 | 42788146 | 39931277 | 63.23 | 63.23 | — | — |
| II | Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 112 | 14707224 | 14707224 | 21.73 | 21.73 | — | — |
| | (c) Any Other (specify) | | | | | | | |
| | (c-i) Non Resident Individual | 18 | 171030 | 171030 | 0.25 | 0.25 | — | — |
| | (c-ii) Trusts | 1 | 500 | 500 | 0.00 | 0.00 | — | — |
| | (c-iii) Clearing Member | 8 | 76805 | 76805 | 0.11 | 0.11 | — | — |
| | Sub-Total (B)(2) | 12784 | 64799469 | 61859100 | 95.76 | 95.76 | — | — |
| (B) | Total Public Shareholding (B)= (B)(1)+(B)(2) | 12784 | 64799469 | 61859100 | 95.76 | 95.76 | — | — |
| | TOTAL (A)+(B) | 12787 | 67669500 | 64729131 | 100.00 | 100.00 | — | — |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | — | — | — | — | — | — | — |
| | GRAND TOTAL (A)+(B)+(C) | 12787 | 67669500 | 64729131 | 100.00 | 100.00 | — | — |

ii. Distribution Schedule

| Share Holding | No. of Share Holder | % of Shareholders | Amount Rs. | % of Shares |
|--------------------|---------------------|-------------------|---------------------|-----------------|
| Upto 5000 | 8517 | 66.5963 | 1,88,31,940 | 13.9146 |
| 5,001 to 10,000 | 2288 | 17.8904 | 1,89,23,898 | 13.9826 |
| 10,001 to 20,000 | 1070 | 8.3666 | 1,79,92,382 | 13.2943 |
| 20,001 to 30,000 | 269 | 2.1034 | 70,59,842 | 5.2164 |
| 30,001 to 40,000 | 173 | 1.3527 | 64,60,522 | 4.7736 |
| 40,001 to 50,000 | 120 | 0.9383 | 57,08,730 | 4.2181 |
| 50,001 to 1,00,000 | 210 | 1.6420 | 1,55,06,074 | 11.4572 |
| 1,00,001 and Above | 140 | 1.1103 | 4,48,55,612 | 33.1432 |
| Total : | 12787 | 100.0000 | 13,53,39,000 | 100.0000 |

The Company has agreements with NSDL and CDSL whereby shareholders have an option to dematerialize the share with either of the depositories.

As on 31-03-2012 95.65% of the Company's Equity Shares consisting fully paid-up and partly paid-up representing 6,47,29,131 Equity Shares were held in dematerialized mode and the balance 4.35% consisting fully paid-up and partly paid-up representing 29,40,369 equity shares were held in physical mode. Company's partly paid shares are not traded in Bombay Stock Exchange Ltd.

(h) Address for :

a. Correspondence :

"CRESCENT TOWERS", 229, A.J.C. Bose Road, 6th Floor, Kolkata – 700 020
Phone : 2280-6946/6947/6948, Fax : (033) 2280-5708
E-mail : kanika@kanika.com

b. Any query on Annual Report :

"CRESCENT TOWERS", 229, A.J.C. Bose Road, 6th Floor, Kolkata – 700 020
Phone : 2280-6946/6947/6948, Fax : (033) 2280-5708
E-mail : kanika@kanika.com

c. Investors' Correspondence :

MAHESHWARI DATAMATICS (P) LTD.
6, Mangoe Lane, 2nd Floor, Kolkata – 700 001.
Phone : 2243-5809/5029, 2248-2248, Fax : (033) 2248-4787, E-mail : mdpl@cal.vsnl.net.in

11. Sectetarial Audit :

A quillified practicing Company Secretary has carried out quarterly sectetarial audit to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held in NSDL and CDSL.

12. Compliance Certificate from the Company Secretary :

The Company has obtained a Certificate from the auditors regarding compliance of Corporate Governance as stipulated in Clause 49 of the listing agreement and the same is annexed.

All material requirements with respect to Corporate Governance as stipulated in the Listing Agreement have been complied with.

On behalf of the Board

Place : Kolkata

Dated : The 6th day of August, 2012

SHYAM SUNDAR MALL
Chairman

DECLARATAION BY THE MANAGING DIRECTOR ON THE CODE OF CONDUCT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Sunil Kumar Mall, Managing Director of Kanika Infrastructure & Power Limited, declare that all the Board Members and Senior Executives of the company have affirmed their compliance with the Code of Conduct of the company during the financial year 2011-12.

On behalf of the Board

Place : Kolkata

Dated : The 6th day of August, 2012

SUNIL KUMAR MALL
Managing Director

CEO/CFO Certification

The Board of Director
Kanika Infrastructure & Power Ltd.
Kolkata.

Re : Financial Statements for the financial year 2011-12 – Certification by MD

I, Sunil Kumar Mall, Managing Director of Kanika Infrastructure & Power Limited, on the basis of the review of the financial statements and the cash flow statement for the 12 months period ended 31st March, 2012 and to the best of my knowledge and belief, hereby certify that :-

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of my knowledge and belief, no transactions entered into by the company during the 12 months period ended 31st March, 2012 which is fraudulent, illegal or violative of the Company's Code of Conduct.
4. I accept responsibility for establishing and maintaining internal controls for financial reporting, 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 those deficiencies in the design or operation of such internal controls of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
5. I have indicated to the Auditors & the Audit Committee :-
 - (a) There have been no significant changes in internal control over financial reporting during this period.
 - (b) There have been no significant changes in accounting policies during this period.
 - (c) There have been no instances of significant fraud of which I have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Place : Kolkata
Dated : The 6th day of August, 2012

SUNIL KUMAR MALL
Managing Director

AUDITORS' REPORT ON CORPORATE GOVERNANCE – MARCH 31, 2012

To
The Board of Directors of
KANIKA INFRASTRUCTURE & POWER LIMITED

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Kanika Infrastructure & Power Ltd. ("the Company"), for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was conducted in the manner described in the "Guidance Note on Certification of Corporate governance" issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an 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 on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **LAHOTI & CO.**
Chartered Accountants
Firm Registraion No. 306045E

Place : 14, Ganesh Chandra Avenue
Kolkata – 700 013
Dated : The 6th day of August, 2012

(P. S. LAHOTI)
Partner
Membership No. : 17042

AUDITORS' REPORT

TO THE MEMBERS OF KANIKA INFRASTRUCTURE & POWER LIMITED :

We have audited the attached Balance Sheet of **KANIKA INFRASTRUCTURE & POWER LIMITED**, as at 31st March 2012 and the Profit and Loss Account and also the Cash Flow statement of the Company for the year 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.

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 including 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 [as amended by the Companies (Auditor's Report) (Amendment) Order, 2004] issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
 - c) The Balance Sheet, the Profit & Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account and the CFS dealt with by this report 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 of the Company, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 2012 from being appointed as a directors 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 said accounts, read together with significant accounting policies and notes thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
 - ii) In the case of the Profit & Loss Account, of the 'Profit' of the Company for the year ended on that date; and
 - iii) In the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

For **LAHOTI & CO.**
Chartered Accountants
Firm Registraion No. 306045E

Place : 14, Ganesh Chandra Avenue
Kolkata – 700 013
Dated : The 6th day of August, 2012

(P. S. LAHOTI)
Partner
Membership No. : 17042

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our Report of even date)

1. In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such physical verification.
 - c) In our opinion, the Company has not disposed of a substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories :
 - a) According to the information and explanations given to us, inventories have been physically verified by the management at the close of the year. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. As explained to us, no material discrepancies were noticed on physical verification between physical stocks and book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
 - a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - b) The Company has not taken any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - c) In view of our comment in Paragraph 3(a) & 3(b) above, the provisions clauses III(b) to III(g) of Para.4 of the aforesaid Order are not applicable to the Company.
4. In our Opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 :
 - a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lac or more in respect of each party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits during the year from the public. Hence the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 and any other relevant provisions of the Act, with regard to the deposits accepted from the public are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the Company.

9. In respect of statutory dues :
- a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable, except Employee State Insurance Rs. 1,13,110/-.
 - b. According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses at the end of the year. The latter part of the question relating to net worth is thus not applicable to the Company. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, banks or debenture holders.
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 similar securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the aforesaid Order are not applicable to the Company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the aforesaid Order are not applicable to the Company.
15. The Company has given corporate guarantee for the loans taken by others from banks or financial institutions during the year.
16. The Company has not taken any term loans during the year. Therefore, the provisions of clause 4(xvi) of the aforesaid Order are not applicable to the Company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short terms basis have been used for long term investments.
18. During the year, the Company has not made any preferential allotment of shares to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices, we have neither come across any instance of fraud on or by the Company nor have we have been informed of such case by the management.

For **LAHOTI & CO.**
Chartered Accountants
Firm Registration No. 306045E

Place : 14, Ganesh Chandra Avenue
Kolkata – 700 013
Dated : The 6th day of August, 2012

(P. S. LAHOTI)
Partner
Membership No. : 17042

BALANCE SHEET AS AT 31ST MARCH, 2012

| PARTICULARS | Notes No. | Figures at the end | Figures at the end |
|---|--------------|--------------------|--------------------|
| | | 31-03-2012 Rs. | 31-03-2011 Rs. |
| I. EQUITY AND LIABILITIES | | | |
| 1. SHAREHOLDERS' FUNDS : | | | |
| (a) Share Capital | 1 | 133,611,257 | 133,611,257 |
| (b) Reserves & Surplus | 2 | 9,198,891 | 8,916,231 |
| 2. CURRENT LIABILITIES : | | | |
| (a) Trade Payables | 3 | 72,587,469 | 12,688,528 |
| (b) Other Current Liabilities | 4 | 947,939 | 183,774 |
| (c) Short Term Provision for Taxation | 5 | 126,390 | 75,184 |
| (d) Short Term Provision for Deferred Tax | 6 | 2,123,646 | 2,103,411 |
| TOTAL EQUITY & LIABILITIES | | 218,595,592 | 157,578,385 |
| II. ASSETS | | | |
| 1. NON CURRENT ASSETS | | | |
| (a) Fixed Assets | 7 | | |
| (i) Gross Block | | 78,399,861 | 75,165,685 |
| (ii) Depreciation | | 70,307,305 | 67,173,081 |
| (iii) Net Block | | 8,092,556 | 7,992,604 |
| (b) Non-Current Investment | 8 | 4,542,526 | 4,542,526 |
| (c) Long Term Loans and Advances | 9 | 784,757 | 789,968 |
| 2. CURRENT ASSETS | | | |
| (a) Inventories | 10 | 4,512,387 | 17,770,712 |
| (b) Trade Receivables | 11 | 186,172,593 | 112,531,909 |
| (c) Cash and Cash Equivalents | 12 | 1,289,358 | 1,963,085 |
| (d) Short-Term Loans and Advances | 13 | 13,201,414 | 11,987,579 |
| TOTAL ASSETS | | 218,595,592 | 157,578,385 |

Significant Accounting Policies and Notes on Financial Statements
This is the Balance Sheet referred to in our Report of even date.

For & On behalf of the Board
Kanika Infrastructure & Power Ltd.

Mr. S. K. Mall
Managing Director

Mr. S. S. Mall
Chairman

Mr. Sandeep Mandana
Company Secretary

For **LAHOTI & CO.**
Chartered Accountants
Firm Registration No. 306045E

(CA. P. S. LAHOTI)
Partner
Membership No. 17042

Place : Kolkata
Dated : 6th day of August, 2012

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

| PARTICULARS | Notes No. | Figures at the end | Figures at the end |
|---|--------------|--------------------|--------------------|
| | | 31-03-2012 Rs. | 31-03-2011 Rs. |
| 1. INCOME : | | | |
| Revenue from Operations | 14 | 322,501,131 | 315,703,276 |
| TOTAL REVENUE | | 322,501,131 | 315,703,276 |
| 2. EXPENSES : | | | |
| Cost of Purchase | 15 | 303,566,644 | 322,642,502 |
| Changes in inventories | 16 | 13,258,325 | (12,480,587) |
| Employee Benefit Expenses | 17 | 545,524 | 668,322 |
| Financial Cost | 18 | 9,956 | 4,405 |
| Depreciation and Amortization Expenses | 19 | 3,134,224 | 2,761,158 |
| Other Administrative Expenses | 20 | 1,511,948 | 1,689,790 |
| TOTAL EXPENSES | | 322,026,621 | 315,285,590 |
| 3. Profit before tax | | 474,510 | 417,686 |
| 4. Tax expense: | | | |
| (1) Current tax | | 126,390 | 75,184 |
| (2) Deferred tax | | 20,235 | (60,305) |
| 5. Profit(Loss) from the period from continuing operations | | 327,885 | 282,197 |
| 6. Profit/(Loss) for the period | | 327,885 | 282,197 |
| 7. Earning per equity share : | | | |
| (1) Basic | | 0.005 | 0 004 |
| (2) Diluted | | 0.005 | 0 004 |

Significant Accounting Policies and Notes on Financial Statements
This is the Balance Sheet referred to in our Report of even date.

For LAHOTI & CO.
Chartered Accountants
Firm Registraion No. 306045E

(CA. P. S. LAHOTI)

Partner

Membership No. 17042

Place : Kolkata

Dated : 6th day of August, 2012

For & On behalf of the Board
Kanika Infrastructure & Power Ltd.

Mr. S. K. Mall

Managing Director

Mr. S. S. Mall

Chairman

Mr. Sandeep Mandana

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| | 31-03-2012 Rs. | 31-03-2011 Rs. |
|--|--------------------|-------------------|
| A. Cash Flow from Operating Activities : | | |
| Net Profit before Tax and Extraordinary Items | 474,510 | 417,686 |
| Adjustments for : | | |
| Add : Depreciation | 3,134,224 | 2,761,158 |
| Operating Profit before Working Capital Changes | 3,608,734 | 3,178,844 |
| Adjustment for : | | |
| Add : Decrease / (Increase) in Sundry Debtors | (73,640,684) | 6,228,124 |
| Add : (Increase) / Decrease in Loans & Advances | (1,208,624) | 14,999,536 |
| Add : (Increase) / Decrease in Inventory | 13,258,325 | (12,480,587) |
| Add : Increase / (Decrease) in Current Liabilities | 60,663,107 | (7,035,136) |
| Cash Generated from Operations | 2,680,857 | 4,890,780 |
| Less : Income Tax Paid | 75,184 | 93,247 |
| Cash Flow before Extraordinary Items | 2,605,673 | 4,797,533 |
| Less : Tax on Regular Assessment Paid | 45,225 | — |
| Net Cash used in Operating Activities | 2,560,448 | 4,797,533 |
| B. Cash Flow From Investing Activities : | | |
| Purchase of Fixed Assets | (3,234,176) | (3,224,000) |
| Net Cash used in investing Activities | (3,234,176) | (3,224,000) |
| Net increase in cash and cash equivalents : (A+B) | (673,727) | 1,573,533 |
| Cash and Cash Equivalents as on opening date | 1,963,085 | 389,552 |
| Cash and Cash Equivalents as on closing date | 1,289,358 | 1,963,085 |

AUDITORS CERTIFICATE

The above Cash Flow Statement has been compiled from and is based on the audited accounts of **KANIKA INFRASTRUCTURE & POWER LTD.** for the year ended 31st March, 2012 reported upon by us on 5th day of August, 2012. According to the information and explanations given, the attached cash flow statement has been prepared pursuant to clause 32 of the listing agreement with stock exchange and the reallocations required for the purpose as are made by the Company.

Significant Accounting Policies and Notes on Financial Statements
This is the Balance Sheet referred to in our Report of even date.

For & On behalf of the Board
Kanika Infrastructure & Power Ltd.

Mr. S. K. Mall
Managing Director

Mr. S. S. Mall
Chairman

Mr. Sandeep Mandana
Company Secretary

For **LAHOTI & CO.**
Chartered Accountants
Firm Registraion No. 306045E

(CA. P. S. LAHOTI)
Partner
Membership No. 17042

Place : Kolkata
Dated : 6th day of August, 2012

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

| PARTICULARS | Figures at the end 31-03-2012 Rs. | Figures at the end 31-03-2011 Rs. |
|---|---|---|
| NOTES : 1. SHARE CAPITAL | | |
| 1. AUTHORIZED CAPITAL | 230,000,000 | 230,000,000 |
| 11,50,00,000 Equity Shares of Rs. 2/- each | 230,000,000 | 230,000,000 |
| 2. ISSUED, SUBSCRIBED & PAID UP CAPITAL | 135,339,000 | 135,339,000 |
| 6,76,69,500 Equity Shares of Rs. 2/- each, Fully paid up in cash | 1,727,743 | 1,727,743 |
| (6,76,69,500 Equity Shares of Rs. 2/- each, Fully paid up in cash Less: Share Application & Allotment Money | 133,611,257 | 133,611,257 |
| TOTAL IN | 31.03.2012 | 31.03.2011 |
| 3. The details of Share Holders holding more than 5% Shares : | NIL | NIL |

NOTES : 2 RESERVE & SURPLUS

PARTICULARS

1 Surplus (Profit & Loss Account)
Balance brought forward from previous year
Less: Tax on Regular Assessment Paid
Add: Profit for the period

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|--|----------------------------------|----------------------------------|
| 1 Surplus (Profit & Loss Account) | 9,198,891 | 8,916,231 |
| Balance brought forward from previous year | 8,916,231 | 8,916,231 |
| Less: Tax on Regular Assessment Paid | 45,225 | 282,197 |
| Add: Profit for the period | 327,885 | 282,197 |
| TOTAL IN | 9,198,891 | 8,916,231 |

NOTES : 3 TRADES PAYABLE

PARTICULARS

Sundry Creditors for Materiel/Supplies:
Others

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|---|----------------------------------|----------------------------------|
| Sundry Creditors for Materiel/Supplies: | 72,587,469 | 12,688,528 |
| Others | 72,587,469 | 12,688,528 |
| TOTAL IN | 72,587,469 | 12,688,528 |

NOTES : 4 OTHER CURRENT LIABILITIES

PARTICULARS

Professional Tax Payable
TDS Payable
Others

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|--------------------------|----------------------------------|----------------------------------|
| Professional Tax Payable | 18,948 | 18,948 |
| TDS Payable | 18,637 | 615 |
| Others | 910,354 | 164,211 |
| TOTAL IN | 947,939 | 183,774 |

NOTES : 5 SHORT TERM PROVISIONS FOR TAXATION

PARTICULARS

Provision for Taxation

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|------------------------|----------------------------------|----------------------------------|
| Provision for Taxation | 126,390 | 75,184 |
| TOTAL IN | 126,390 | 75,184 |

NOTES : 6 SHORT TERM PROVISIONS FOR DEFERRED TAX

PARTICULARS

Provision for Deferred Tax

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|----------------------------|----------------------------------|----------------------------------|
| Provision for Deferred Tax | 2,123,646 | 2,103,411 |
| TOTAL IN | 2,123,646 | 2,103,411 |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 (Contd...)
NOTES : 7 FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | NET BLOCK | | |
|---------------------------------|-------------|------------------------|------------------|----------|-------------------|------------------------|------------------------------|-------------------|----------------------|----------------------|
| | Rate | Value at the Beginning | Addition | Disposal | Value at the End | Value at the Beginning | Depreciation during the year | Value at the End | WDV as on 31-03-2012 | WDV as on 31-03-2011 |
| I. TANGIBLE ASSETS : | | | | | | | | | | |
| Air Conditioners | 13.91% | 758,053 | — | — | 758,053 | 622,074 | 18,915 | 640,989 | 117,064 | 135,979 |
| Furnitures & Fixtures | 18.10% | 9,660,699 | — | — | 9,660,699 | 9,356,124 | 55,128 | 9,411,252 | 249,447 | 304,575 |
| Motor Car | 25.89% | 236,626 | — | — | 236,626 | 234,185 | 632 | 234,817 | 1,809 | 2,441 |
| Office Equipments | 40.00% | 2,475,216 | — | — | 2,475,216 | 1,995,777 | 66,690 | 2,062,467 | 412,749 | 479,439 |
| Computer | 40.00% | 29,026,170 | 2,063,768 | — | 31,089,938 | 28,718,699 | 227,025 | 28,945,724 | 2,144,213 | 307,471 |
| Peipherals | 40.00% | 9,109,717 | — | — | 9,109,717 | 9,063,480 | 18,494 | 9,081,974 | 27,743 | 46,237 |
| SUB TOTAL (A) | | 51,266,481 | 2,063,768 | — | 53,330,249 | 49,990,339 | 386,885 | 50,377,224 | 2,953,025 | 1,276,142 |
| II. INTANGIBLE ASSETS : | | | | | | | | | | |
| Softwares | 40.00% | 23,899,204 | 1,170,408 | — | 25,069,612 | 17,182,742 | 2,747,339 | 19,930,081 | 5,139,531 | 6,716,462 |
| SUB TOTAL (B) | | 23,899,204 | 1,170,408 | — | 25,069,612 | 17,182,742 | 2,747,339 | 19,930,081 | 5,139,531 | 6,716,462 |
| TOTAL (A+B) Current Year | | 75,165,685 | 3,234,176 | — | 78,399,861 | 67,173,081 | 3,134,224 | 70,307,305 | 8,092,556 | 7,992,604 |
| (Previous Year) | | 71,941,685 | 3,224,000 | — | 75,165,685 | 64,411,923 | 2,761,158 | 67,173,081 | 7,992,604 | 7,529,762 |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 (Contd...)

NOTES : 8 NON-CURRENT INVESTMENT

PARTICULARS

Investment in Equity (Wholly Owned Subsidiaries)
 Kanika Infotech (Singapore) Pte. Ltd.
 1,48,840 Equity Shares of SGD 1 each fully paid-up
 Kanika Infotech (UK) Ltd.
 9,763 Equity Shares of UKP1 each fully paid-up

| Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|----------------------------------|----------------------------------|
| 3,863,337 | 3,863,337 |
| 679,189 | 679,189 |
| 4,542,526 | 4,542,526 |

TOTAL IN

NOTES : 9 LONG TERM LOANS & ADVANCES

PARTICULARS

Security Deposit
 a) Secured, Considered Good :
 Other Deposit

| Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|----------------------------------|----------------------------------|
| 784,757 | 789,968 |
| 784,757 | 789,968 |

TOTAL IN

NOTES : 10 INVENTORIES

PARTICULARS

Trading Goods (Valued at Cost)

| Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|----------------------------------|----------------------------------|
| 4,512,387 | 17,770,712 |
| 4,512,387 | 17,770,712 |

TOTAL IN

NOTES : 11 TRADE RECEIVABLES

PARTICULARS

**Outstanding for more than six months
 Overseas**

a) Unsecured, Considered Good :
 b) Unsecured, Considered, Doubtful

Domestic

a) Unsecured, Considered Good :
 b) Doubtful

Outstanding for less than six months

Domestic

Unsecured, Considered Good :

TOTAL IN

| Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|----------------------------------|----------------------------------|
| 13,374,178 | 13,374,178 |
| 25,317,325 | 25,317,325 |
| — | 2,445,551 |
| 14,548,373 | — |
| 132,932,717 | 71,394,855 |
| 186,172,593 | 112,531,909 |

NOTES : 12 CASH & CASH EQUIVALENT

PARTICULARS

Cash-in-Hand

Cash Balance

Cash Certified by the Management Sub Total (A)

Bank Balance

With Bank of Baroda-Chakraberia, Kolkata

Sub Total (B)

Cheques in Hand (Sub Total C)

Total [A + B + C]

| Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|----------------------------------|----------------------------------|
| 197,393 | 50,966 |
| 197,393 | 50,966 |
| 91,965 | 141,601 |
| 91,965 | 141,601 |
| 1,000,000 | 1,770,517 |
| 1,289,358 | 1,963,085 |

NOTES : 13 SHORT TERM LOANS AND ADVANCES

PARTICULARS

Loans & Advances

Others

**Advance Recoverable in cash or in kind or
 for value to be considered good**

Advance Income Tax/Refund Due

Duties & Taxes

TOTAL IN

| Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|----------------------------------|----------------------------------|
| 12,805,211 | 11,470,404 |
| 47,048 | 47,048 |
| 349,155 | 470,127 |
| 13,201,414 | 11,987,579 |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 (Contd...)**NOTES : 14 REVENUE FROM OPERATIONS**

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|-----------------|----------------------------------|----------------------------------|
| Trading Sales | 322,501,131 | 315,703,276 |
| TOTAL IN | 322,501,131 | 315,703,276 |

NOTES : 15 COST OF PURCHASE

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|------------------|----------------------------------|----------------------------------|
| Trading Purchase | 303,566,644 | 322,642,502 |
| TOTAL IN | 303,566,644 | 322,642,502 |

NOTES : 16 CHANGE IN INVENTORIES

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|-----------------|----------------------------------|----------------------------------|
| Opening Stock | 17,770,712 | 5,290,125 |
| Closing Stock | 4,512,387 | 17,770,712 |
| TOTAL IN | 13,258,325 | (12,480,587) |

NOTES : 17 EMPLOYEE BENEFIT EXPENSES

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|------------------------|----------------------------------|----------------------------------|
| Salaries & Wages | 185,524 | 308,322 |
| Directors Remuneration | 360,000 | 360,000 |
| TOTAL IN | 545,524 | 668,322 |

NOTES : 18 FINANCIAL COST

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|-----------------|----------------------------------|----------------------------------|
| Interest on TDS | 6,300 | — |
| Bank Charges | 3,656 | 4,405 |
| TOTAL IN | 9,956 | 4,405 |

NOTES : 19 DEPRECIATION & AMORTISED EXPENSES

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|-----------------|----------------------------------|----------------------------------|
| Depreciation | 3,134,224 | 2,761,158 |
| TOTAL IN | 3,134,224 | 2,761,158 |

NOTES : 20 OTHER ADMINISTRATIVE EXPENSES

| PARTICULARS | Figures at the end 31-03-2012 | Figures at the end 31-03-2011 |
|----------------------------------|----------------------------------|----------------------------------|
| Advertisement & Publicity | 45,550 | 61,476 |
| Auditors Remuneration | 22,472 | 11,030 |
| General Expenses | 120,416 | 139,909 |
| Listing Fees | 44,722 | 33,090 |
| Membership & Subscription | 1,500 | 2,000 |
| Postage & Telegram | 130,935 | 129,650 |
| Professional Charges | 32,865 | 42,446 |
| ROC Expenses | 3,000 | 3,560 |
| Share Servicing Expenses | 148,727 | 170,418 |
| Stationery Expenses | 199,572 | 197,780 |
| Telephone Expenses | 3,110 | 2,805 |
| Transportation Charges | 655,669 | 785,230 |
| Travelling & Conveyance Expenses | 103,410 | 110,396 |
| TOTAL IN | 1,511,948 | 1,689,790 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1) CORPORATE INFORMATION

Kanika Infrastructure & Power Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") provide a wide range of information Infrastructure business process outsourcing. The group's full service for portfolio consists of Application, Development and Maintenance, Business Intelligence, Enterprise Solutions, Assurance, Engineering and Industrial Services and Infrastructure Activities.

2) SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These Financial Statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain financial instruments which are major at fair value. The financial statements have been prepared to comply in the material aspects with the accounting standard notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006 as amended] and other relevant provisions of the Companies Act, 1956.

b. Principals of Consolidation

These Financial Statements of the subsidiaries companies used in the consolidation are drawn upto the same reporting date as of the Company.

The Consolidated Financial Statements have been prepared on the following basis:-

i. The Financial Statements of the Company as its subsidiaries Companies have been combined on line-by-line basis by adding together like item of assets, liabilities, income & expenses. Inter-Company balances and transactions and unrealized profits or losses have been fully eliminated.

c. Use of Estimates

The preparation of Financial Statements requires the management of the group to make estimates and assumptions that affect the reported balance of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the Financial Statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee benefits, provisions for income taxes, accounting for contracts costs expected to be incurred, the useful lives of depreciable fixed assets and provisions for impairment.

d. Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation/amortization. Costs include all expenses incurred to bring the assets to its present location and conditions.

e. Investments

Long-term investments and current maturities on long term investments are stated at cost, less provisions for other than temporary diminution in value. Current Investments, except for current maturities of long term investments, are stated at the lower of cost and fair value.

f. Employee Benefits

1. Contributions to defined contribution scheme such as provident fund and family pension fund are charged to the profit and loss account as incurred.
2. Leave encashment are accounted for at the time of encashment.
3. As per payment of Bonus Act, Bonus is not payable for the Financial Year 2011-2012.
4. The Company has completed Eight years of operations but none of employees is in duty of the company for above 5 years hence provision for Gratuity Act not required.

g. Taxation

Current Income tax expense comprises taxes on income from operation in India and in foreign jurisdiction. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expenses relating to overseas operation is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives ride to future economic benefits in the form of adjustment of future Income tax liability, is considered an asset if there is convincing evidence that the Group will pay normal Income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Group and the asset can be measured reliably.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

h. Foreign currency transactions

The Company is accounting in foreign exchange transactions at the exchange rate prevailing on the date of transaction the gain/loss resulting out of foreign currency transaction are accounted for as and when actual remittance is made/ received. At the year end outstanding in foreign currency are computed and any loss arise out of that is provided for in the book as per AS-11.

i. Inventories

Raw materials, sub-assemblies and components are carried at the lower of cost and net realizable value. Cost is determined on a purchase basis. Purchased goods-in-transit are carried at cost. Finished goods produced or purchase by the Group is carried at the Purchase value. Cost includes direct material and labour cost and a portion of manufacturing overheads.

j. Provisions, Contingent liabilities and Contingent assets

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

k. Purchase

The Company accounts for purchase of goods and materials on the date of finalization of purchase contract and on receipt of goods.

l. Sale

Revenue from sale of goods is recognized upon passing of title, which generally coincides with delivery.

m. Depreciation

Depreciation on fixed assets is on "Written Down Value Basis" at the rates specified in Schedule XIV to the Companies Act, 1956 from the date the same is put to use.

n. Deferred Tax Liability/Assets

Deferred Taxation liability/asset has been provided in the books up to the period 31-03-2012.

B) NOTES ON ACCOUNTS**1) Additional information pursuant to provision of Schedule VI to the Companies Act, 1956 :**

| | Current year | | Previous year |
|---|---------------------|---------------|----------------------|
| I. Remuneration to Auditors : | | | |
| For Statutory Audit | Rs. | 15,000 | (8,000) |
| For Tax Audit | Rs. | 5,000 | (2,000) |
| For Consolidated Balance Sheet | Rs. | Nil | (Nil) |
| For Reimbursement of Expenses | Rs. | Nil | (Nil) |
| II. Earnings in Foreign Exchange | | | |
| —on accrual basis (FOB Value) | Rs. | Nil | (Nil) |
| III. Out flow of Foreign Exchange | | | |
| —in respect of expenditure incurred | | | |
| overseas for business trips | Rs. | Nil | (Nil) |
| for acquisition of shares in foreign body corporate | Rs. | Nil | (Nil) |
| IV. Contracts pending to be executed on Capital Account | Rs. | Nil | (Nil) |
| V. Contingent Liabilities in respect of | | | |
| Bank Guarantee from Bank of Baroda | Rs. | Nil | (Nil) |
| VI. Deferred Tax Liability | | | |
| Particulars | Opening | For the | Closing |
| a. For difference in WDF of | Balance | Year | Balance |
| Fixed Assets as per Income Tax | 21,03,411 | 20,235 | 21,23,646 |
| return and Balance Sheet | | | |
| b. For brought forward unabsorbed depreciation | — | — | — |
| | 21,03,411 | 20,235 | 21,23,646 |

2) Managerial Remuneration u/s 198 of Companies Act, 1956

Rs. 3,60,000 (Rs.3,60,000)

3) As no commission is payable to Managing Director or any Director, the computation of profits under Section 349 of the Companies Act, 1956 has not been made.**4) Details of Opening Stock, Purchases, Sales & Closing Stock of Goods traded in during the year :-**

| Particulars | INFRASTRUCTURE & TRADING ACTIVITIES | | | |
|--------------------|--|--------------|---------------------|----------------|
| | Qty. (MT) | | Amount (Rs.) | |
| Opening Stock | 519.166 | (127.354) | 1,77,70,712 | (52,90,125) |
| Purchase | 7,743.864 | (9,686.257) | 30,35,66,644 | (32,26,42,502) |
| Sale | 8,123.875 | (9,294.445) | 32,25,01,131 | (31,57,03,276) |
| Closing Stock | 139.155 | 519.166 | 45,12,387 | (1,77,70,712) |

5) In respect of products sold by the company during the period and where it is an obligation on the part of the company to provide after sales services, the company is accounting the same on the basis of as and when incurred .The estimated liability in respect of the same cannot be quantified at this stage and as such no provision has been made for such liability.**6) SEGMENT REPORTING NO. OF SEGMENT : 2**

1. Software Development
2. Infrastructure & Trading Activity

| | Software | Infrastructure & Trading Activities | Total Revenue |
|--------------------------------|-----------------|--|----------------------|
| Revenue from | — | 5,676,163 | 5,676,163 |
| | (Nil) | (5,541,361) | (5,541,361) |
| Segment Revenue | — | 5,676,163 | 5,676,163 |
| Less : Administration Expenses | | 2,067,429 | |
| | | (2,362,517) | |
| Depreciation | | 3,134,224 | |
| | | (2,761,158) | 5,201,653 |
| Profit before Tax : | | | 474,510 |
| | | | (417,686) |

Other Information

| | | | |
|------------------------------|--------------|--------------|--------------------|
| Segment Assets | | | |
| Sundry Debtors | 38,691,503 | 147,481,090 | 186,172,593 |
| | (38,691,503) | (73,840,406) | (112,531,909) |
| Unallocable Corporate Assets | | | 19,787,916 |
| | | | (32,511,344) |
| Total Assets : | | | 205,960,509 |
| Segment Liabilities | | | |
| Creditors | — | 72,587,469 | 72,587,469 |
| | (Nil) | (12,688,528) | (12,688,528) |
| Unallocable Liabilities | | | 3,197,975 |
| | | | (2,827,787) |
| | | | 75,785,445 |

7) RELATED PARTY DISCLOSURE AS PER ACCOUNTING STANDARD – 18

(A) Subsidiaries :

| Name of Subsidiaries | Sale Rs. | Share Capital Rs. | Share Application Rs. | Sundry Debtors Rs. |
|--|----------|--------------------------|-----------------------|------------------------------|
| (1) Kanika Infotech (Singapore) Pte Ltd. | — (—) | 38,63,337 (38,63,337) | — (—) | 1,33,74,178 (1,33,74,178) |
| (2) Kanika Infotech (U.K.) Ltd. | — (—) | 6,79,189 (6,79,189) | — (—) | — (—) |

(B) Disclosure of Director's Interest in Other Concerns (Directorship) :

| Name of Director | Interest in Other Concern | Nature of Interest |
|----------------------|---|--|
| SUNIL KR.MALL | SUNIL AGRO EXPORTS LTD. SUNIL ALLOYS & STEELS LTD. SUNIL ENERGY LTD. VINAYAK EXTRUSIONS LTD. | DIRECTORSHIP DIRECTORSHIP DIRECTORSHIP DIRECTORSHIP |
| SHYAM SUNDAR MALL | SUNIL AGRO EXPORTS LTD. SUNIL ALLOYS & STEELS LTD. SUNIL ENERGY LTD. VINAYAK EXTRUSIONS LTD. | DIRECTORSHIP DIRECTORSHIP DIRECTORSHIP DIRECTORSHIP |
| KRIPA SINDHU MALLICK | SUNIL AGRO EXPORTS LTD. SUNIL ENERGY LTD. KANIKA AGRITECH LTD. | DIRECTORSHIP DIRECTORSHIP DIRECTORSHIP |
| BABLU RAVI DAS | VINAYAK EXTRUSIONS LTD. | DIRECTORSHIP |

(C) Transactions with Related Parties: Nil

- 8) Since the company does not have any Convertible Debenture etc. so the disclosure regarding diluted Earning per Share as per Accounting Standard-20 is not required.
- 9) That company has sundry debtors of Rs.18,54,72,593/- at the end of the year out of which amount equivalent to Rs.3,86,91,503/- is relates to export and out of export debtors amount equivalent to Rs.2,53,17,325/- is doubtful in nature and no provisions has been made according to accounting standards as the same is related to the RBI permission. However, the company has written to RBI about the matter with the fact and requested to grant permission for the write off of the same as the export proceeds were with held by the foreign entities earlier years due to defective software, software not meeting their requirement. The RBI has put the name of the company in precaution list due to non realization of the same. Out of the above doubtful export proceeds Rs.1,33,74,178/-is receivable from a wholly owned subsidiary of the company at Singapore. The Singapore subsidiary of the company has not able to sale software equivalent to Rs.52,80,000/- due to defective and the same is lying with the subsidiary in the stock.
- 10) CONTINGENT LIABILITIES: -**
- (a) Claims against the company not acknowledged as Debt — **NIL**
- (b) Provision for bills discounted — **NIL**
- 11) The Balance of Sundry Debtors, Sundry Creditors, Advances given and received are subject to confirmation by the parties.
- 12) Comparative figures of the previous year, wherever necessary, have been regrouped and reclassified to confirm in bracket, with those of the current year.

Significant Accounting Policies and Notes on Financial Statements

As per our annexed report of even date
For **LAHOTI & CO.**
Chartered Accountants
Firm Registraion No. 306045E

Mr. S. K. Mall
Managing Director

Mr. S. S. Mall
Chairman

(CA. P. S. LAHOTI)

Partner
Membership No. 17042

Mr. Sandeep Mandana
Company Secretary

Place : Kolkata

Dated : 6th day of August, 2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| NAME OF THE SUBSIDIARY COMPANY | KANJIKA INFOTECH (SINGAPORE) PTE. LTD. | KANJIKA INFOTECH (U.K.) LTD. |
|---|---|---|
| Financial Year of subsidiaries No. of Equity Shares held by the company on the closing date Extent of Holding The net aggregate of Profit/(Losses) of the subsidiary so far as they concern the members of the company and which are not dealt with the accounts of the company for the year ended of the respective subsidiaries : (I) For the financial year of the subsidiary (II) For the previous financial years | 01-04-2011 to 31-03-2012 1,48,840 Equity Shares of SGD 1 each, fully paid-up 100% | 01-04-2011 to 31-03-2012 9,763 Equity Shares of UKP 1 each, fully paid-up. 100% |
| | (230,868) | (—) |
| | (263,995) | (—) |

REPORT OF THE DIRECTORS

The directors are pleased to present their report to the members together with the audited financial statements of Kanika Infotech (Singapore) Pte Ltd (the "Company") for the financial year ended 31st March 2012.

1. DIRECTORS

The directors of the company in office at the date of this report are :

Sunil Kumar Mall
Cheong Chow Seng

2. ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisitions of shares or debentures of the company or any other body corporate.

3. DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, an interest in shares of the company as stated below :

| Holding Company Kanika Infrastructure & Power Ltd. (India) <u>Name of the Managing Director</u> Sunil Kumar Mall | Ordinary shares of \$1/- each | |
|---|-----------------------------------|-----------------------------|
| | At beginning of Financial year | At end of Financial year |
| | 1,02,305 | 86,029 |

Except as disclosed above, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the company, or of related corporations, either at the beginning or at the end of the financial year.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, except as disclosed in the financial statements, no director of the company has received or become entitle to receive a benefit by reason of a contract made by the company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

5. AUDITORS

V.P.Kumaran & Co. have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors
Sunil Kumar Mall
Director
Cheong Chow Seng
Director

Singapore,
The 6th day of August, 2012

STATEMENT BY DIRECTORS KANJIKA INFOTECH (SINGAPORE) PTE LTD.

In our opinion

- the accompanying statement of financial position, statement of comprehensive income and statement of changes in equity and cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2012 and of the results, changes in equity and cash flows of the company for the year then ended, and
- at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors
Sunil Kumar Mall
Director
Cheong Chow Seng
Director

Singapore,
The 6th day of August, 2012

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KANJIKA INFOTECH (SINGAPORE) PTE LTD.**

REPORT OF THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the company, which comprise the balance sheet as at 31st March, 2012, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. The responsibilities includes :

- a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transaction are properly authorized and that they are recorded as necessary to permit the preparation of true and fair income statement, balance sheet and to maintain accountability of assets ;
- b) selecting and applying appropriate accounting policies ; and
- c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are unable to ascertain the existence of fixed assets in NIL, inventories amounting to \$120,000 and trade receivables amounting to \$ 406,895.

We have not received confirmations of the trade receivables and trade and other payables.

Consequently, we are unable to obtain all the information and explanations considered necessary for the purpose of our audit.

Because of the significance of the matters referred to above, we do not express our opinion as to whether;

- (a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31st March, 2012 and the results, changes in equity and cash flow statement of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

V. P. KUMARAN & CO.
Public Accountants and
Certified Public Accountants

Singapore, The 6th day of August, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

| | <u>Note</u> | <u>31-03-2012</u> <u>S\$</u> | <u>31-03-2011</u> <u>S\$</u> |
|-------------------------------------|-------------|---------------------------------|---------------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Inventories | 3 | 120,000 | 120,000 |
| Trade receivables | 4 | 406,895 | 412,460 |
| Cash and Cash equivalents | 5 | 529 | 211 |
| | | <u>527,424</u> | <u>532,671</u> |
| TOTAL ASSETS | | <u>527,424</u> | <u>532,671</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 518,648 | 518,648 |
| TOTAL LIABILITIES | | <u>518,648</u> | <u>518,648</u> |
| NET ASSETS | | <u>8,776</u> | <u>14,023</u> |
| EQUITY | | | |
| Share Capital | 11 | 148,840 | 148,840 |
| Accumulated (losses) | | <u>(140,064)</u> | <u>(134,817)</u> |
| | | <u>8,776</u> | <u>14,023</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>527,424</u> | <u>532,671</u> |

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| | <u>Note</u> | <u>31-03-2012</u> <u>S\$</u> | <u>31-03-2011</u> <u>S\$</u> |
|----------------------------------|-------------|---------------------------------|---------------------------------|
| Revenue | | — | — |
| LESS : OPERATING EXPENSES | | | |
| Staff Cost | 7 | 500 | 500 |
| Depreciation | | — | 2,000 |
| Other Operating Expenses | | 4,747 | 4,635 |
| Total costs and expenses | | <u>5,247</u> | <u>7,135</u> |
| (Loss) before tax | | <u>(5,247)</u> | <u>(7,135)</u> |
| Tax expenses | 9 | — | — |
| Net (loss) for the year | | <u>(5,247)</u> | <u>(7,135)</u> |

The accompanying notes form an integral part of these accounts.

V. P. KUMARAN & CO.
Certified Public Accountants

Sunil Kumar Mall
Director
Cheong Chow Seng
Director

Place : Singapore,
The 6th day of August, 2012

V. P. Kumaran

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

| | Note | 31-03-2012 S\$ | 31-03-2011 S\$ |
|--|------|-------------------|-------------------|
| SHARE CAPITAL | | | |
| Balance at beginning of financial year | | 148,840 | 148,840 |
| Issuance of ordinary shares | | — | — |
| Balance at end of financial year | 11 | 148,840 | 148,840 |
| Accumulated (Losses) | | | |
| Balance at beginning of financial year | | (1,34,817) | (127,682) |
| Net (loss) for the year | | (5,247) | (7,135) |
| Balance at end of financial year | | (1,40,064) | (134,817) |
| Total Equity | | 8,776 | 14,023 |

The accompanying notes form an integral part of these Financial Statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| | 31-03-2012 S\$ | 31-03-2011 S\$ |
|---|-------------------|-------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net (loss) before tax | (5,247) | (7,135) |
| Adjustment for : | | |
| Depreciation | — | 2,000 |
| Operating (loss) / profit before working capital changes | (5,247) | (5,135) |
| Changes in Working Capital : | | |
| Decrease / (increase) in trade receivables | 5,565 | — |
| (Decrease) / increase in trade and other payables | — | 4,450 |
| Net cash flow (used in) / from operating activities | 318 | (685) |
| Net (decrease) / increase in Cash in hand and at Bank | 318 | (685) |
| Cash in hand and at Bank at beginning of the year | 211 | 896 |
| Cash in hand and at Bank at end of the year | 529 | 211 |

The accompanying notes form an integral part of these financial statements.

V. P. KUMARAN & CO.
Certified Public Accountants

Sunil Kumar Mall
Director
Cheong Chow Seng
Director

Place : Singapore,
The 6th day of August, 2012

V. P. Kumaran

NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2012

These notes form an integral part of the financial statement.

The financial statements were authorized for issue by the Board of Directors on 6th August, 2012.

1) DOMICILE AND ACTIVITIES

KANIKA INFOTECH (SINGAPORE) PTE LTD is incorporated in the Republic of Singapore and has its registered office at 10, Anson Road, #31-10, International Plaza, Singapore - 079983

The principal activities of the company are those relating to software and multimedia work development. There have been no significant changes in the nature of these activities during the financial year.

The immediate and ultimate holding company during the financial year is Kanika Infrastructure & Power Limited (India).

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which are measured at fair value: certain plant and equipment, certain financial assets and financial liabilities. Non-current assets and disposal groups held for sale are measured at the lower of the carrying amount and fair value.

The financial statements are presented in Singapore Dollars which is the Company's functional currency.

The preparation of financial statements in conformity with FRS requires managements to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

a) Adoption of new and revised standards

On 1 January 2007, the Company adopted the new or revised FRS and interpretations of FRS (INT FRS) that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the new and amended FRS and INT FRS that are relevant to the Company :

Amendment to *Presentation of Financial Statements - Capital Disclosures Financial Instruments : Disclosures*
FRS 1FRS 107

The adoption of the above FRS and INT FRS did not result in any substantial changes to the Company's accounting policies nor any significant impact on these financial statements. FRS 107 and the complementary amended FRS 1 introduce new disclosures relating to financial instruments and capital respectively.

b) New FRS and INT FRS yet to be adopted

At the date of authorization of these financial statements, the following FRS and INT FRS were issued but not yet effective:

| | |
|-------------|---|
| FRS 108 | <i>Operating Segments (effective 1 January 2009)</i> |
| INT FRS 29 | <i>Amendments to Disclosure-Service Concession Agreement (effective 1 January 2008)</i> |
| INT FRS 101 | <i>Amendments to Changes in Existing Decommissioning, Restoration and Similar Liabilities (effective 1 January 2009)</i> |
| INT FRS 104 | <i>Amendments to Determining whether an Arrangement contains a Lease (effective 1 January 2008)</i> |
| INT FRS 111 | <i>Group and Treasury Shares Transactions (effective 1 March 2007)</i> |
| INT FRS 112 | <i>Service Concession Arrangements (effective 1 January 2008) Amendments to Service Concession Arrangements (effect 1 January 2009)</i> |

The management expect that the adoption of these FRS and INT FRS in the initial period of application will have no material impact on the financial statements.

2.2 Plant and equipment

2.2 Financial Instruments

Non-derivative instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as describes below.

A financial statement is recognized if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Financial assets are fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management and investment strategies. Upon initial recognition, attributable transaction costs are recognized in the income statement when incurred. Financial instruments are fair value through profit or loss is measured at fair value, and changes therein are recognized in the income statement.

Held-to-maturity investments

If the Company has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Company's investments in certain equity securities and debt securities are classified as available-for-sale financial assets if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to the income statement.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more event have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial asset are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristic.

All impairment losses are recognized in the income statement. Any cumulative loss in respect of available-for-sale financial assets recognized previously in equity is transferred to the income statement.

Impairment losses in respect of financial assets measured at amortised cost and available-for-sale debt securities are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognized.

Impairment losses once recognized in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognized directly in equity.

Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

When share capital recognized as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, net of any tax effects, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognized as a change in equity. No gain or loss is recognized in the income statement.

2.4 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment properties, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Registration No. 200002396N

2.5 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.6 Income tax expenses

Income tax expenses comprise current and deferred tax. Current tax and deferred tax are recognized in statement of comprehensive income except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

| | | | |
|-----------|--------------------------------|--------------------|--------------------|
| 3) | INVENTORIES | 2012 S (\$) | 2011 S (\$) |
| | Software products and packages | 120,000 | 120,000 |

| | | | |
|-----------|--------------------------|---------|---------|
| 4) | TRADE RECEIVABLES | | |
| | Trade Receivables | 406,895 | 412,460 |

Trade receivables are non - interest bearing. They are recognized at their original invoice amounts which represents their fair value on initial recognition.

Receivable beyond credit period are considered past due and are analysed to determine whether allowance for doubtful debts or write off will be made based on past default experience and financial ability of the debtor.

Receivables amounting to \$406,895 (2011 : \$412,460) are past due as at 31 March 2012. Management considers these amounts recoverable.

The carrying amount of trade receivables approximates their fair value.

| | | | |
|-----------|---------------------------------|--------------------|--------------------|
| 5) | CASH ON HAND AND AT BANK | 2012 S (\$) | 2011 S (\$) |
| | Cash on hand | 10 | 7 |
| | Cash at bank | 519 | 204 |
| | | <u>529</u> | <u>211</u> |

The carrying amounts of cash and cash equivalents approximate their fair value.

| | | | |
|-----------|-----------------------------------|--------------------|--------------------|
| 6) | TRADE & OTHER PAYABLES | 2012 S (\$) | 2011 S (\$) |
| | Amount due Holding Company | 504,000 | 504,000 |
| | Amount due to director | 500 | 1,500 |
| | Others Payable | 4,000 | 4,000 |
| | Accrued charges | 10,148 | 9,148 |
| | | <u>518,648</u> | <u>518,648</u> |

The amount due to holding Company and directors are interest free, unsecured and has no fixed terms of repayment.

The carrying amount of trade and other payables approximates their fair value.

| | | | |
|-----------|-----------------------|--------------------|--------------------|
| 7) | DIRECTOR'S FEE | 2012 S (\$) | 2011 S (\$) |
| | Director's fees | 500 | 500 |

| | | | |
|-----------|---|--|--|
| 8) | (LOSS) BEFORE TAX | | |
| | The following items have been included in arriving at loss before tax : | | |

| | | | |
|--|-----------------|--------------------|--------------------|
| | | 2012 S (\$) | 2011 S (\$) |
| | Director's fees | 500 | 500 |

| | | | |
|-----------|--|--|--|
| 9) | INCOME TAX | | |
| | No provision for income tax has been made in the financial statements as the Company has no chargeable income during the period ended. | | |

| | | | |
|------------|----------------------------------|--|--|
| 10) | RELATED PARTY DISCLOSURES | | |
| | Related party | | |

An entity or individual is considered a related party of the Company if, it possesses the ability, directly or indirectly, to control or exercise significant influence over the operating and financial decisions of the Company or vice versa, or it is subject to

common control or common significant influence.

During the year, in addition to the information disclosed elsewhere in the financial statements, there were the following related party transactions between the Company and related parties carried out on terms agreed between the parties in the normal course of business.

Compensation of key management personnel

| | 2012 S (\$) | 2011 S (\$) |
|-----------------|-------------|-------------|
| Director's fees | 500 | 500 |

All transactions with these related parties are carried on an arm's length basis.

11) SHARE CAPITAL

| | 2012 S (\$) | 2011 S (\$) |
|--|----------------|----------------|
| Issued and fully paid : | | |
| At beginning and end of the financial year | 148,840 | 148,840 |
| | <u>148,840</u> | <u>148,840</u> |

The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restriction.

12) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board reviews and agrees policies for managing interest rate risk, credit risk, foreign currency risk, market risk and fair values of the assets and liabilities of the company. Each of these risks are summarized below :

Interest rate risk

The Company has no significant exposure to market risk for changes in interest rates because it has no major borrowings from external source.

Credit risk

Credit risk refers to risk that counterparty will default on their obligations to repay amounts owing to the company resulting in a loss to the Company.

The carrying amounts of cash and receivables represent the Company's maximum exposure to credit risk in relation to financial assets. As at the balance sheet date, there was no concentration of other credit risk.

Foreign currency risk

The Company has no significant exposure to foreign currency risk.

Market risk

The Company has no significant exposure to market risk.

Fair Values

The carrying amounts of financial assets and liabilities recorded at balance sheet date are approximate to their fair values as these are the amounts receivable and payable under the normal trade credit terms or on demand.

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

| | 31-03-2012 S\$ | 31-03-2011 S\$ |
|---|-------------------|-------------------|
| SALES | — | — |
| COST OF SALE | | |
| Opening Stock | 120,000 | 120,000 |
| Closing Stock | (120,000) | (120,000) |
| GROSS PROFIT | — | — |
| OPERATING EXPENSES | (5,247) | (7,135) |
| (LOSS) BEFORE INCOME TAX | (5,247) | (7,135) |
| TAX EXPENSE | — | — |
| (LOSS) FOR THE FINANCIAL YEAR | (5,247) | (7,135) |
| ACCUMULATED (LOSSES) BROUGHT FORWARD | (134,817) | (127,682) |
| ACCUMULATED (LOSSES) CARRIED FORWARD | (140,064) | (134,817) |

This statement does not form part of the audited financial statements of the company.

OPERATING EXPENSES FOR THE YEAR ENDED 31ST MARCH 2012

| | 31-03-2012 S\$ | 31-03-2011 S\$ |
|-------------------------|-------------------|-------------------|
| Auditors' remuneration | 1,250 | 1,250 |
| Bank charges | 180 | 180 |
| Depreciation | — | 2,000 |
| Directors' remuneration | 500 | 500 |
| Filing fees | 300 | 300 |
| Miscellaneous Expenses | 148 | 20 |
| Postage and courier | 92 | 85 |
| Printing and stationery | 77 | 100 |
| Sub-Contract | 2,000 | 2,000 |
| Secretarial fees | 700 | 700 |
| | 5,247 | 7,135 |

This statement does not form part of the audited financial statements of the company.

DIRECTORS' REPORT

To the members of Kanika Infotech (UK) Ltd.

The directors present their report and financial statements for the year ended 31st March, 2012.

Principal activities and review of the business

The principal activity of the company continued to be that of software solutions and multimedia.

Results

The results for the year are set out on following pages.

The Company does not charge any depreciation and preliminary expenses not written off proportionately as the company has not yet commenced the business.

By order of the Board
Kanika Infotech (UK) Ltd.

Place : Hayes
Dated : 6th August, 2012

S. K. Mall
Director

BALANCE SHEET AS AT 31ST MARCH, 2012

| | 31-03-2012 UKP | 31-03-2011 UKP |
|-----------------------------------|-------------------|-------------------|
| ASSETS LESS LIABILITIES | | |
| NON-CURRENT ASSETS | | |
| Software | 6,403 | 6,403 |
| CURRENT ASSETS | | |
| Cash and Bank Balance | — | — |
| LESS : CURRENT LIABILITIES | | |
| Trade Creditors | — | — |
| NET CURRENT ASSETS | | |
| Preliminary Expenses | 1,763 | 1,763 |
| NET ASSETS | 8,165 | 8,165 |
| EQUITY | | |
| Share Capital | 9,763 | 9,763 |
| Accumulated Loss | (1,598) | (1,598) |
| | 8,165 | 8,165 |

INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| | 31-03-2012 UKP | 31-03-2011 UKP |
|--|-------------------|-------------------|
| REVENUES | | |
| Miscellaneous Income | — | — |
| TOTAL REVENUES | — | — |
| COST AND EXPENSES | | |
| Financial Expenses | — | — |
| Professional Fees | — | — |
| Miscellaneous Expenses | — | — |
| LOSS FROM OPERATING ACTIVITIES | | |
| Balance brought forward from last year | (1,598) | (1,598) |
| NET LOSS | (1,598) | (1,598) |

By order of the Board
Kanika Infotech (UK) Ltd.

Place : Hayes
Dated : 6th August, 2012

S. K. Mall
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012**

These notes form an integral part and should be read in conjunction with the accompanying financial statements.

SIGNIFICANT ACCOUNTING POLICIES**a) Basis of preparation**

The financial statements of the company have been prepared as per normal acceptable accounting principles.

b) All the Expenses are charged on cash basis of accounting except professional fee payable.

c) Fixed Assets

All assets are stated at cost and no depreciation has been charged as the business of the company has not been started till the date.

d) Depreciation

Depreciation has not been charged on Fixed Assets as the assets we are not put to use during the period under review and there is no market value of the Fixed Assets.

e) Preliminary expenses

During the period under review no preliminary expenses has been written off due to non commencement of business.

PROVISION FOR TAXATION

Provision for taxation has not been made due to non commencement of Business.

Non current Assets i.e., licenced Software acquired for the use of the Company had not been put to use till the date of the Balance Sheet and the same does not bear any resale value.

By order of the Board
Kanika Infotech (UK) Ltd.

Place : Hayes
Dated : 6th August, 2012

S. K. Mall
Director

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF THE **KANIKA INFRASTRUCTURE & POWER LIMITED** ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE KANIKA INFRASTRUCTURE & POWER LIMITED AND ITS SUBSIDIARIES.

1. We have examined the attached Consolidated Balance Sheet of the Kanika Infrastructure & Power Limited and its subsidiaries as at 31st March, 2012 and the Consolidated Profit and Loss Account for the period 1st April, 2011 to 31st March, 2012.
2. These consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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 includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of any subsidiary. The financial statements of Subsidiary M/s. Kanika Infotech (Singapore) Pte. Ltd. have been audited by another auditor, whose reports have been furnished to us and our opinion, insofar as it relates to the amount included in respect of these subsidiaries, are based solely on the report of the other auditors. In respect of financial statements of other subsidiaries namely M/s. Kanika Infotech (U.K.) Ltd. have not been audited and their reports have been furnished to us by management and the same in our opinion, insofar as it relates to the amount included in respect of these subsidiaries are based solely on the report of the management of these subsidiaries.
4. These financial statement reflect :
 - (a) Total Assets of Rs. (59,67,648/-) as at 31st March, 2012, which have been audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amount included in respect of these subsidiaries, is based solely on the report of the other auditor and management of these Companies.
 - (b) Total Revenues of Rs. (62,95,449/-) for the period 1st April, 2011 to 31st March, 2012, which were redrawn by the management of the company to make them comparable with the period of accounts of the Holding Company. The same has been considered for the purpose of consolidation and accepted as correct by us.
5. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard AS-21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Kanika Infrastructure & Power Limited and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us, and on the consideration of the separate audit reports on individual audited financial statements of Kanika Infrastructure & Power Limited and its aforesaid subsidiaries, we are of the opinion that :

- (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Kanika Infrastructure & Power Limited and its subsidiaries as at 31st March, 2012 and
- (b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Kanika Infrastructure & Power Limited and its subsidiaries for the period 1st April, 2011 to 31st March, 2012.

For **LAHOTI & CO.**
Chartered Accountants
Firm Registraion No. 306045E
(P. S. LAHOTI)
Partner

Place : 14, Ganesh Chandra Avenue
Kolkata – 700 013

Dated : 6th day of August, 2012

Membership No. : 17042

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

| | AS ON 31-03-2012 Rs. | AS ON 31-03-2011 Rs. |
|---|----------------------------|----------------------------|
| I. EQUITY AND LIABILITIES : | | |
| 1. SHARE HOLDERS' FUNDS : | | |
| a) Share Capital | 133,611,257 | 133,611,257 |
| b) Reserve & Surplus | 2,903,442 | 3,812,947 |
| c) Exchange Revaluation Reserve | 12,263,097 | 7,483,288 |
| 2. CURRENT LIABILITIES | | |
| a) Sundry Creditors | 72,587,469 | 12,749,629 |
| b) Other Current Liabilities | 947,939 | 122,673 |
| c) Short Term Provisions for Taxation | 126,390 | 75,184 |
| d) Short Term Provisions for Deferred Tax | 2,123,646 | 2,103,411 |
| TOTAL EQUITY & LIABILITIES : | 224,563,240 | 159,958,389 |
| II. ASSETS : | | |
| 1. NON-CURRENT ASSETS : | | |
| A. FIXED ASSETS | | |
| i) Gross Block | 78,931,269 | 79,400,665 |
| ii) Depreciation | 70,307,305 | 70,947,081 |
| iii) NET BLOCK | 8,623,964 | 8,453,584 |
| B. Long Term Loans and Advances | 784,757 | 789,968 |
| C. Other Non-Current Assets | 146,286 | 126,900 |
| 2. CURRENT ASSETS : | | |
| a) Inventories | 9,792,387 | 22,210,712 |
| b) Sundry Debtors | 190,701,795 | 114,418,751 |
| c) Cash & Cash equivalents | 1,312,636 | 1,970,894 |
| d) Short-term Loans & Advances | 13,201,416 | 11,987,579 |
| TOTAL ASSETS | 224,563,240 | 159,958,389 |

As per our annexed report of even date

For LAHOTI & CO.
Chartered Accountants
Firm Registraion No. 306045E

(CA. P. S. LAHOTI)
Partner
Membership No. 17042

Place : Kolkata
Dated : 6th day of August, 2012

For & On behalf of the Board
Kanika Infrastructure & Power Ltd.

Mr. S. K. Mall
Managing Director

Mr. S. S. Mall
Chairman

Mr. Sandeep Mandana
Company Secretary

**CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2012**

| | YEAR ENDED 31-03-2012 Rs. | YEAR ENDED 31-03-2011 Rs. |
|--|--|--|
| INCOME | | |
| Sales | 322,501,131 | 315,703,276 |
| | 322,501,131 | 315,703,276 |
| EXPENDITURE | | |
| Purchases | 303,566,644 | 322,642,502 |
| Change in Inventories | 13,258,325 | (12,480,587) |
| Salary & Other Employee Benefits | 545,524 | 668,322 |
| Administrative Expenses | 1,742,816 | 1,879,785 |
| Financing Expenses | 9,956 | 4,405 |
| Depreciation | 3,134,224 | 2,835,158 |
| | 322,257,489 | 315,549,585 |
| Profit / Loss for the year | 243,642 | 153,691 |
| Profit before Tax | 243,642 | 153,691 |
| Provision for Income Tax | 126,390 | 75,184 |
| Provision for Deferred Tax Asset / (Liability) | 20,235 | (60,305) |
| Profit after Tax | 97,017 | 18,202 |
| Less : Tax on regular Assessment paid | 45,225 | — |
| Add : Balance brought forward from last year | 2,851,650 | 3,794,745 |
| Balance Carried to Balance Sheet | 2,903,442 | 3,812,947 |

As per our annexed report of even date

For **LAHOTI & CO.**
Chartered Accountants
Firm Registraion No. 306045E

(CA. P. S. LAHOTI)
Partner
Membership No. 17042

Place : Kolkata
Dated : 6th day of August, 2012

For & On behalf of the Board
Kanika Infrastructure & Power Ltd.

Mr. S. K. Mall
Managing Director

Mr. S. S. Mall
Chairman

Mr. Sandeep Mandana
Company Secretary

Kanika Infrastructure & Power Limited

Regd. Office : 6th Floor, "Crescent Tower", 229, A.J.C. Bose Road, Kolkata – 700 020

ATTENDANCE SLIP

17TH ANNUAL GENERAL MEETING — SATURDAY, 29TH SEPTEMBER, 2012

Venue : Rabindra Okakura Bhawan (Paschimbanga Bangla Academy), 27/A/1, Bidhan Nagar, DD-Block, Kolkata-700064, Time : 11 AM.

Folio No. / Clien ID No. of Shares held

Name of Member(s) Proxy :

Please tick whether Member [] Joint Holder [] Proxy []

Member's or Proxy's Signature :

Notes :

1. Members / Proxies must bring the admission slip duly completed and signed and hand over the same at the entrance.
2. Admission restricted strictly for member and valid proxies only. Please bring your copy of the enclosed Annual Report.
3. Shareholders intending to require information about accounts, to be explained at the meeting, are requested to inform the Company atleast a week in advance of their intention to do so, so that the papers relating there to may be made available, if the Chairman permits such information to be furnished.

Kanika Infrastructure & Power Limited

Regd. Office : 6th Floor, "Crescent Tower", 229, A.J.C. Bose Road, Kolkata – 700 020

PROXY FORM

17TH ANNUAL GENERAL MEETING — SATURDAY, 29TH SEPTEMBER, 2012

Venue : Rabindra Okakura Bhawan (Paschimbanga Bangla Academy), 27/A/1, Bidhan Nagar, DD-Block, Kolkata-700064, Time : 11 AM.

Folio No. / Clien ID No. of Shares held

I/We.....of

.....in the district of being a

member/s of the above named Company, hereby appoint

ofin the district of.....or falling him.....of.....

in the district of..... as my/our proxy to vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held on Saturday, 29th September, 2012 at 11.00 A.M. at Rabindra Okakura Bhawan (Paschimbanga Bangla Academy), 27/A/1, Bidhan Nagar, DD-Block, Kolkata-700064.

Signed this day of September, 2012

Signature (s)

Affix
1 Re.
Revenue
Stamp

NOTES :

1. THE PROXY FORM MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE AFORESAID MEETING.
2. THE FORM SHOULD BE SIGNED ACROSS THE STAMP AS PER SPECIMEN SIGNATURE REGISTERED WITH THE COMPANY.
3. A PROXY NEED NOT BE A MEMBER.

For Office use only Proxy No. Date of Receipt :