

# **KANUNGO FINANCIERS LIMITED.**

**1, Gibson Lane, Room No.102, Kolkata-700069**

## **NOTICE**

Notice is hereby given that the Annual General Meeting of Kanungo Financiers Limited will be held at its registered office at 1, Gibson Lane, Room No. 102, Kolkata - 700 069, on 28<sup>th</sup> day of September 2012 to transact the following business.

## **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Statement of Profit and Loss for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to fix their remuneration.

Place : Kolkata

Date : 01/09/2012

For and on behalf of the Board  
For Kanungo Financiers Ltd.

  
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 proxy need not be a member of the Company.
2. Instruments of proxies in order to be effective must be deposited at the Company's registered office not less than 48 hours before the meeting.

# **KANUNGO FINANCIERS LIMITED.**

**1, Gibson Lane, Room No.102, Kolkata-700069**

## **Directors' Report**

**Dear Members**

Your directors have pleasure in presenting the **Annual Report** of your Company, along with the audited statement of accounts for the year ended **31<sup>st</sup> March, 2012.**

### **1. Financial Results**

The company has made a net profit of ₹ 13,774.03/- during the year. Your directors shall put in their sincere efforts to make better results next year.

### **2. Dividend**

Your directors have not recommended any dividend on equity shares for the year under review.

### **3. Conservation of energy, technology absorption, foreign exchange earnings and outgo**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 is given below :

|  |     |
|--|-----|
| a) Conservation of Energy              | Nil |
| b) Technology Absorption               | Nil |
| c) Foreign Exchange earnings and outgo | Nil |

### **4. Particulars of Employees**

Particulars of employees u/s. 217 (2A) of the Companies Act, 1956 read with companies (particular of employees) Rules, 1975 has not been given as the Company has no such employees on its roll during the period under review.

### **5. Directors Responsibility Statement**

Pursuant to the provisions of section 217 (2AA) of the companies Act, 1956, the  
• director state: -

- a) **Applicability of Accounting Standards** : The Annual accounts of the company have been prepared in conformity with the applicable Accounting Standards along with relevant explanations relating thereto.
- b) **Adherence to the Relevant Accounting Policies** : The accounting policies have been strictly adhered to while preparing the annual accounts of the company so as to give a true and fair view of the state of affairs of the company at the end of the financial year.
- c) **Exercising of the due care & skill** : The directors 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 detecting and preventing fraud and other irregularities.
- d) **Going Concern Basis** : That the annual accounts have been prepared on a going concern basis

#### 6. Auditors

M/s. SDP & Associates, Chartered Accountants, the statutory auditors of the company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

#### 7. Acknowledgement

Your director place on record their grateful thanks for the co-operation received from the employees and all the concerned of the company during the period.

**For and on behalf of the Board**  
For Kanungo Financiers Ltd

Director 

Director 

Place: Kolkata

Date : 07/09/2012



# SDP & ASSOCIATES

Chartered Accountants

46C Chowringhee Road, Flat No. 14G

Everest House, Kolkata - 700 071

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## AUDITORS REPORT

TO  
THE MEMBERS OF  
M/S. KANUNGO FINANCIERS LIMITED

We have audited the attached Balance Sheet of M/s. Kanungo Financiers Limited, as at 31st March 2012 and also the Statement of Profit & Loss 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the annexure referred to above, we report that:

1. 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.
2. 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.
3. The Balance Sheet and Statement of Profit & Loss dealt with by this report are in agreement with the books of account.
4. In our opinion, the Balance Sheet and Statement of Profit & Loss dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of the written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



BANGALORE OFFICE : No T-4 189/44, 3rd Floor, Shalimar Arcade, Opp. 10th Cross, Bus Stop, Wilson Garden, Bangalore-560027

MUMBAI OFFICE : Corporate Avenue, Office No. 924, Sonawala Road, Goregaon(E), Mumbai-400063

DELHI NCR OFFICE : Basement No. 61, Sector 16A, Opp. Post Office, Faridabad-121002 (NCR)



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6. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with "Significant Accounting Policies & Notes to Financial Statements" 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

ii) In the case of the Statement of Profit & Loss of the Profit for the year ended on that date.

46C, Chowringhee Road,  
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Kolkata - 700 071.

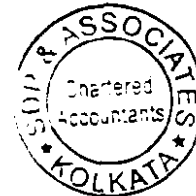
For SDP & ASSOCIATES  
Chartered Accountants  
Firm Registration No-322176E

  
(CA. Sandeep Moosaddee)

Partner

M. No. 54318

Dated: The 18<sup>th</sup> day of September 2012  
Place:





# SDP & ASSOCIATES

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**RE.: M/S. KANUNGO FINANCIERS LIMITED**

**Annexure Refer to in Paragraph 3 of Our Report of Even Date**

- I) a) In our opinion, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the year regularly, which in our opinion is reasonable having regard to the size of the company and the nature of fixed assets. As informed, no material discrepancies were noticed on such verification.
- c) As per the information and explanations given to us on our enquiries, the disposal of the assets during the year were not substantial and would not have an impact on the operations of the Company.
- II) a) As explained, the inventory has been verified during the year by the management. In our opinion the frequency of verification is reasonable.
- b) The procedure of verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion, the company is maintaining proper records of inventory and no material discrepancies were noticed during verification.
- III) a) In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of the clause 4(iii) (a to d) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 are not applicable to the Company.
- b) The company had taken unsecured loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum during the year was ₹ 9,05,000/- and the year end balance was ₹ 5,60,000/-





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- c) In our opinion and according to the information and explanation given to us, the loan is interest free. However, the terms and condition of such loan taken by the Company are not prima facie prejudicial to the interest of the Company.
- d) In our opinion and according to the information and explanation given to us, the Company does not have any agreement regarding the repayment schedule of principal as well as interest and the same is accrued on an annual basis.
- IV) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for purchases of inventory and fixed assets and for sale of goods & services.  
During the course of our audit we have not noticed any continuing failure to correct major weaknesses in internal control system.
- V) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under the section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices that are reasonable having regard to the prevailing market prices at the relevant time.
- VI) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits in contravention of the provisions of section 58 and 58AA or any other relevant provisions of the Act and the rules framed there under.
- VII) As the paid up capital and reserves of the Company does not exceed ₹ 50 lakhs as at the commencement of the F.Y. and as its average annual turnover does not exceed ₹ 5 crores for a period of three consecutive F.Y. immediately preceding the F.Y. concerned, we are not required to comment on the said clause.





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Chartered Accountants

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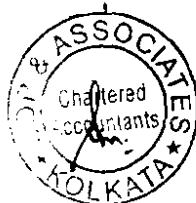
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- VIII) The maintenance of cost records are not prescribed under section 209 (i) (d) of the Companies Act, 1956 for any products of the Company and as such we are not required to comment on the same.
- IX) a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Wealth Tax, cess and other material statutory cases, dues applicable to it. However there has been a slight delay in a few cases. No undisputed amount payable in respect of the aforesaid statutory dues were outstanding as at last day of the financial year for a period of more than six months from the date they became payable.
- b) In our opinion and according to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Wealth Tax, Cess that have not been deposited on account of any dispute.
- X) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit but has incurred loss in the immediately preceding financial year amounting to ₹ 113183.42/-
- XI) In our opinion and according to the information & explanations given to us, the Company does not owe any dues to a financial institution, banks or debenture holders, so we are unable to comment on the Clause 4(xi) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors Report) (Amendment) Order, 2004.
- XII) According to the information and explanations given to us and records produced before us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII) In our opinion, the company is not a chit fund or a nidhi / mutual benefit society / fund. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors Report) (Amendment) Order, 2004 are not applicable to the Company.
- XIV) In respect of dealing/trading in shares, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been







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made therein. As per the Management, the shares and other securities have been held by the company in its own name.

- XV) According to the information & explanations given to us the Company has not given guarantee for loans taken by others from banks or financial institutions.
- XVI) The company has not taken any term loans during the year, so the provisions of the clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XVII) 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 term basis have been used for long term investment by the Company.
- XVIII) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to any of the parties covered in the register maintained under section 301 of the Companies Act, 1956.
- XIX) According to the information and explanations given to us, the company did not issue any debentures during the year.
- XX) According to the information and explanations given to us, the Company has not raised any public issues during the year.
- XXI) Based on the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

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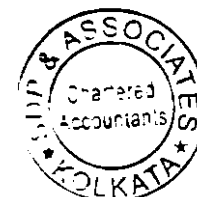
For SDP & ASSOCIATES  
Chartered Accountants  
Firm Registration No-322176E

  
(CA. Sandeep Moosaddee)

Partner

M. No.54318.

Dated : The 1<sup>st</sup> day of September 2012.



**M/s. KANUNGO FINANCIERS LTD.**

1, Gibson Lane, Room No.102

Kolkata - 700 069

**Balance Sheet as at 31st March, 2012**

| Particulars                        | Notes | (Amount in ₹)       |                     |
|------------------------------------|-------|---------------------|---------------------|
|                                    |       | As on 31.03.2012    | As on 31.03.2011    |
| <b>I. Equity &amp; Liabilities</b> |       |                     |                     |
| A. <u>Shareholder's Fund:</u>      |       |                     |                     |
| Share Capital                      | 2     | 2,400,000.00        | 2,400,000.00        |
| Reserves & Surplus                 | 3     | (2,732,406.64)      | (2,743,560.67)      |
| B. <u>Current Liabilities:</u>     |       |                     |                     |
| Short Term Borrowings              | 4     | 753,000.00          | 1,093,000.00        |
| Trade payables                     | 5     | 639,303.20          | 605,104.15          |
| Other Current Liabilities          | 6     | 3,135.00            | 966.00              |
| <b>TOTAL</b>                       |       | <b>1,063,031.56</b> | <b>1,355,509.48</b> |
| <b>II. Asset</b>                   |       |                     |                     |
| A. <u>Non- Current Assets:</u>     |       |                     |                     |
| <u>Fixed Assets</u>                |       |                     |                     |
| Tangible Assets                    | 7     | 232.51              | 232.51              |
| Less: Impairment                   |       | 232.51              | -                   |
| Long-term loans and advances       | 8     | 2,780.00            | 2,780.00            |
| B. <u>Current Assets:</u>          |       |                     |                     |
| Inventories                        | 9     | 502,030.00          | 503,950.00          |
| Trade receivables                  | 10    | 451,103.32          | 725,801.32          |
| Cash and Bank Balances             | 11    | 71,464.24           | 53,061.65           |
| Short-term loans and advances      | 12    | 35,654.00           | 69,684.00           |
| <b>TOTAL</b>                       |       | <b>1,063,031.56</b> | <b>1,355,509.48</b> |
| Significant Accounting Policies    | 1     |                     |                     |
| Notes to Financial Statements      | 2-30  |                     |                     |

The accompanying notes are an integral part of these financial statements

Signed in Terms of our  
attached report of even date

For SDP & Associates

Chartered Accountants

Firm Registration No.322176E

*Sandeep Moosadde*

(C.A. Sandeep Moosadde)

Partner

M.No. 54318

Date: 1.9.2012

Place: Kolkata



For and on Behalf of the Board

For Kanungo Financiers Ltd.

*[Signature]*  
Director

Director

For Kanungo Financiers Ltd.

*[Signature]*  
Director

Director

**M/s. KANUNGO FINANCIERS LTD.**  
**1, Gibson Lane, Room No.102**  
**Kolkata - 700 069**

**Statement of Profit & Loss for the year ended 31st March, 2012**

|      | Particulars   | Notes | (Amount in ₹)       |                     |
|------|---|-------|---------------------|---------------------|
|      |   |       | As on 31.03.2012    | As on 31.03.2011    |
| I.   | Revenue from operation  | 13    | 1,170,670.00        | 576,874.45          |
| II.  | Other Income  | 14    | 270,115.00          | 660,366.00          |
| III. | Loss from Derivative Dealings   |       | -                   | (201,181.98)        |
| IV.  | <b>TOTAL ( I+II+III )</b>   |       | <b>1,440,785.00</b> | <b>1,036,058.47</b> |
| V.   | <b>Expenses</b>   |       |                     |                     |
|      | Purchases of Stock-in-Trade   | 15    | 862,621.00          | 567,168.48          |
|      | Changes in inventories of Stock-in-Trade                                  | 16    | 1,920.00            | (3,150.00)          |
|      | Employee benefit expenses   | 17    | 210,000.00          | 210,000.00          |
|      | Depreciation  |       | -                   | 40.98               |
|      | Other Expenses  | 18    | 352,469.97          | 375,231.41          |
|      | <b>TOTAL EXPENSES</b>   |       | <b>1,427,010.97</b> | <b>1,149,290.87</b> |
|      | <b>Profit before exceptional and extraordinary items and tax (III-IV)</b> |       | <b>13,774.03</b>    | <b>(113,232.40)</b> |
|      | Less: Exceptional Items   |       | -                   | -                   |
|      | <b>Profit before extraordinary items and tax</b>                          |       | <b>13,774.03</b>    | <b>(113,232.40)</b> |
|      | Less: Extraordinary Items   |       | -                   | -                   |
|      | <b>Profit Before Taxation</b>   |       | <b>13,774.03</b>    | <b>(113,232.40)</b> |
|      | Less: Tax Expenses  |       |                     |                     |
|      | Current Tax   |       | 2,620.00            |                     |
|      | Short Provision for earlier years   |       | -                   | 4.00                |
|      | Deferred tax  |       | -                   | -                   |
|      | <b>Profit After Taxation</b>  |       | <b>11,154.03</b>    | <b>(113,228.40)</b> |
|      | <b>Earning Per Share ( Basic)</b>   | 19    | 0.05                | (0.47)              |
|      | <b>Earning Per Share ( Diluted)</b>                                       |       | 0.05                | (0.47)              |
|      | <b>Significant Accounting Policies</b>                                    | 1     |                     |                     |
|      | <b>Notes to Financial Statements</b>                                      | 2-30  |                     |                     |

The accompanying notes are an integral part of these financial statements

Signed in Terms of our  
attached report of even date

**For SDP & Associates**  
Chartered Accountants  
Firm Registration No.322176E

*Sandeep Moosaddee*

(C.A. Sandeep Moosaddee)

Partner

M.No. 54318

Date : 1.9.2012

Place: Kolkata



For and on Behalf of the Board

**For Kanungo Financiers Ltd.**

*[Signature]*  
Director

Director

**For Kanungo Financiers Ltd.**

*[Signature]*  
Director

Director

**M/s. KANUNGO FINANCIERS LTD.**  
**1, Gibson Lane, Room No.102**  
**Kolkata - 700 069**  
**Cash Flow Statement for the year ended 31 March, 2012**

(Amount in ₹)

| Particulars  | As on 31.03.2012    | As on 31.03.2011    |
|--|---------------------|---------------------|
| <b>I. Net Profit Before Tax and Extraordinary items</b>        | <b>13,774.03</b>    | <b>-113,232.40</b>  |
| <u>Adjustments for non-cash and non-operating items:</u>       |                     |                     |
| Depreciation   | -                   | 40.98               |
| Sundry balance written off                                     | 232.51              | -                   |
|  | 232.51              | 40.98               |
| <b>Operating Profit/(Loss) Before Working Capital Changes:</b> | <b>14,006.54</b>    | <b>(113,191.42)</b> |
| <u>Adjustments for working capital changes:</u>                |                     |                     |
| (Increase)/Decrease in Inventory                               | 1,920.00            | (3,150.00)          |
| Increase/(Decrease) in Trade payables                          | 34,199.05           | (129,935.85)        |
| Increase/(Decrease) in Other Current Liabilities               | 2,169.00            | 966.00              |
| (Increase)/Decrease in Trade receivables                       | 274,698.00          | 74,673.00           |
|  | 312,986.05          | (57,446.85)         |
| <b>Cash Flow from Operating activities before tax:</b>         | <b>326,992.59</b>   | <b>(170,638.27)</b> |
| Less: Income Tax paid  | (31,410.00)         | 60,699.00           |
| <b>Cash Flow from Operating Activities: (A)</b>                | <b>358,402.59</b>   | <b>(231,337.27)</b> |
| <b>II. Cash Flow from Investing Activities:</b>                | <b>-</b>            | <b>-</b>            |
| <b>Net Cash Flow from Investing activities (B)</b>             | <b>-</b>            | <b>-</b>            |
| <b>III. Cash Flow from Financing Activities:</b>               |                     |                     |
| Increase/(Decrease) in Loans Taken                             | (340,000.00)        | 245,000.00          |
| <b>Net Cash Flow from Financing Activities (C)</b>             | <b>(340,000.00)</b> | <b>245,000.00</b>   |
| <b>Net Cash Flow during the year (A+B+C)</b>                   | <b>18,402.59</b>    | <b>13,662.73</b>    |
| <b>Opening Cash and Cash equivalents</b>                       | <b>53,061.65</b>    | <b>39,398.92</b>    |
| <b>Closing Cash and Cash Equivalents</b>                       | <b>71,464.24</b>    | <b>53,061.65</b>    |

Signed in Term Of our  
Attached report of even date  
For SDP & Associates  
Chartered Accountants  
Firm Registration No.322176E

For and on Behalf of the Board of Directors

*Sandeep Moosaddee*

(C.A. Sandeep Moosaddee)  
Partner  
M.No. 54318  
Date : 1.9.2012  
Place: Kolkata



For Kanungo Financiers Ltd.

*[Signature]*  
Director

Director

For Kanungo Financiers Ltd.

*[Signature]*  
Director

Director

**Note 1**

**SIGNIFICANT ACCOUNTING POLICIES :**

**a. System of Accounting**

The accompanying financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the *Companies (Accounting Standards) Rules, 2006*, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under historical convention as a going concern. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

**b. Presentation and disclosure of financial statements**

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

**c. Use of estimates:**

The presentation of financial statement in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.

- i. Sales are accounted for on basis of actual despatch of goods to the customers.
- ii. Items of Income/Expenditure are recognised on accrual basis and on mercantile basis. Provisions are made for all known losses and liabilities.
- iii. Income from picture shall be recognised when the right to receive the same is established as per the terms of agreement entered into by the parties.

**e. Fixed Assets - Tangible and Intangible**

**Tangible Fixed Assets**

Tangible Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring assets to their location and working condition inclusive of incidental expenses and financing cost till commencement of production and are net of cenvat/vat credit.

In case of revaluation of fixed asset, any revenue surplus is credited to revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of Profit and loss account. A revaluation deficit is recognised in the statement of Profit and Loss except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

**f. Depreciation on Tangible Fixed Assets**

Depreciation on Fixed Assets have been provided on Straight Line method (SLM)/Written down value (WDV) basis at the rates and in the manner laid down in Schedule (XIV) of the Companies Act, 1956 on ~~prorate~~ **prorate** basis for the period of use of the assets. No depreciation is provided on credit of taxes and duties availed on purchase of capital goods.

**g. Impairment of Tangible and Intangible Assets**

An asset is considered as impaired in accordance with Accounting Standard (AS)-28 on "Impairment of Assets", when at balance sheet date there are indications that the recoverable amount of fixed assets is lower than its carrying amount. In such cases a provision is made for the impairment losses i.e. carrying amount is reduced to the recoverable amount and is recognised in Statement of Profit & Loss. Post impairment depreciation is provided on the revised carrying value of the asset over its useful remaining life.



**h. Borrowing Costs:**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing Costs that are directly attributable to the acquisition or construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use are capitalised as part of the cost of such assets for the period prior to the commencement of commercial production or installation. All other costs are charged to revenue.

**i. Inventories**

Stock of shares, cassettes and magnetic films are valued at cost or market price whichever is lower. Stock of stationery, publicity material, print and materials purchased for sets are not considered for inventory purpose and expenses of those accounts are charged as revenue.

**i. Investments**

Investments are valued at cost of acquisition.

**k. Employee Benefits**

Liability in respect of employee benefits is provided and/or funded and charged to the Statement of Profit and Loss as follows:

Short Term Employee Benefits

Short -Term employee benefits are recognized in the Statement of Profit and Loss of the year in which the related services is rendered.

Long Term Employee Benefits

Gratuity:

Gratuity is accounted for on cash basis.

Leave Encashment.

Leave encashment is accounted for on cash basis.

Defined Contribution Plan

Provident Fund/Family Pension

Contributions towards Provident Fund, Family Pension Scheme and superannuation are defined contribution schemes and the contributions are charged to Statement of Profit and Loss in the year when the contribution to the respective funds are deposited with the Government Authorities.

**l. Tax Provision**

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. Minimum Alternate Tax (MAT) paid in a year is charged to the statement of Profit and Loss as current tax.

Tax on distributed profits payable in accordance with the provisions of section 115O of the Income Tax Act, 1961 is in accordance with the Guidance Note on "Accounting for corporate dividend tax" regarded as a tax on distribution of profits and is not considered in determination of profits for the year.

The deferred tax for timing difference between the book and tax profits for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet date in accordance with Accounting Standard AS-22 on "Accounting for taxes on income". Deferred Tax Asset arising mainly on account of brought forward losses and unabsorbed depreciation is recognised, only if there is a virtual certainty of its realisation, as per management's estimate of future taxable income. Deferred tax asset on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each balance sheet date, carrying amount of deferred asset/liability shall be reviewed and the necessary adjustment to asset or liability shall be made.

**m. Earnings per Share**

The Company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard AS-20 on 'Earnings per Share'. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

**n. Cash Flow Statement**

The Cash Flow Statement is prepared by the "Indirect Method" set out in Accounting Standard (AS)-3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.



**o. Miscellaneous**

Miscellaneous Expenditure is written off to the Statement of Profit & Loss in the year in which it is incurred in accordance with Accounting Standard "AS-26" on "Accounting for Intangible Assets"

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

A Provision is recognised when the Company has a present obligation as a result of a past event, it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. A contingent liability is a possible obligation that arises from the past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Company.

The company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent Assets are neither recognised nor disclosed.

**q. Other Accounting Policies**

These are consistent with generally accepted accounting principles.



## Notes to the Balance Sheet

### Note - 2

#### Share Capital

##### A. Authorised Capital

240,000 (P.Y. 240000) Equity Shares of ₹ 10/- each

(Amount in ₹)

| <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
|-------------------------|-------------------------|
| 2,400,000.00            | 2,400,000.00            |
| <b>2,400,000.00</b>     | <b>2,400,000.00</b>     |

##### B. Issued, Subscribed & Paid up Capital

240,000 (P.Y. 240000) Equity Share of ₹ 10/- each fully paid

| <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
|-------------------------|-------------------------|
| 240,000                 | 240,000.00              |
| -                       | -                       |
| 240,000                 | 240,000.00              |
| -                       | -                       |
| <b>240,000</b>          | <b>240,000.00</b>       |

##### C. Statement of Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

Outstanding at the beginning of the year

Add: Issued during the year:

Less: Bought Back During the year

| <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
|-------------------------|-------------------------|
| 240,000                 | 240,000.00              |
| -                       | -                       |
| 240,000                 | 240,000.00              |
| -                       | -                       |
| <b>240,000</b>          | <b>240,000.00</b>       |

##### D. Rights, preferences and Restrictions attached to Equity Shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

##### E. List of Share holders holding more than 5% shares in the company

| Sl No | Name Of Shareholder | <u>As on 31.03.2012</u>   |              | <u>As on 31.03.2011</u>   |              |
|-------|---------------------|---------------------------|--------------|---------------------------|--------------|
|       |                     | <u>No. Of Shares Held</u> | <u>% age</u> | <u>No. Of Shares Held</u> | <u>%age</u>  |
| 1     | Savita Rani Mangala | 47100                     | 19.63        | 47100                     | 19.63        |
| 2     | Tapati Sen          | 15010                     | 6.25         | 15010                     | 6.25         |
|       | <b>Total</b>        | <b>62,110.00</b>          | <b>25.88</b> | <b>62,110.00</b>          | <b>25.88</b> |

### Note - 3

#### Reserves & Surplus

##### Surplus in Statement of Profit & Loss

As per last Balance Sheet

Add: Profit during the year

Closing Balance

(Amount in ₹)

| <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
|-------------------------|-------------------------|
| (2,743,560.67)          | (2,630,332.27)          |
| 11,154.03               | (113,228.40)            |
| (2,732,406.64)          | (2,743,560.67)          |
| <b>(2,732,406.64)</b>   | <b>(2,743,560.67)</b>   |





|   | (Amount in ₹)           |                         |
|---|-------------------------|-------------------------|
|   | <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
|   | <b>Note - 4</b>         |                         |
| <b><u>Short Term Borrowings</u></b>                     |                         |                         |
| Unsecured   |                         |                         |
| Loans and Advances from Related parties (Refer Note 21) | 560,000.00              | 900,000.00              |
| Other loans and advances                                | 193,000.00              | 193,000.00              |
|   | <b>753,000.00</b>       | <b>1,093,000.00</b>     |

4.1 The company does not have any continuing default in repayment of loans and interest on the balance sheet date.

|                              | (Amount in ₹)           |                         |
|------------------------------|-------------------------|-------------------------|
|                              | <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
|                              | <b>Note - 5</b>         |                         |
| <b><u>Trade payables</u></b> |                         |                         |
| Micro and Small enterprises  |                         |                         |
| Goods and Services           | -                       | -                       |
|                              | 639,303.20              | 605,104.15              |
|                              | <b>639,303.20</b>       | <b>605,104.15</b>       |

**5.1 Disclosures under the Micro, Small & Medium Enterprise Development Act, 2006**

Micro and Small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the company. There are no over dues to parties on account of principal amount and/ or interest and accordingly no additional disclosures have been made.

|   | (Amount in ₹)           |                         |
|---|-------------------------|-------------------------|
|   | <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
|   | <b>Note - 6</b>         |                         |
| <b><u>Other Current Liabilities</u></b> |                         |                         |
| Advance From Customers                  |                         |                         |
| Statutory Dues Payable                  | 3,135.00                | -                       |
|   | -                       | 966.00                  |
|   | <b>3,135.00</b>         | <b>966.00</b>           |

|  | (Amount in ₹)           |                         |
|--|-------------------------|-------------------------|
|  | <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
|  | <b>Note - 8</b>         |                         |
| <b><u>Long-term loans and advances</u></b> |                         |                         |
| Unsecured, considered good                 |                         |                         |
| Security Deposit                           | 2,780.00                | 2,780.00                |
|  | <b>2,780.00</b>         | <b>2,780.00</b>         |

|                                       | (Amount in ₹)           |                         |
|---------------------------------------|-------------------------|-------------------------|
|                                       | <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
|                                       | <b>Note - 9</b>         |                         |
| <b><u>Inventories</u></b>             |                         |                         |
| (For mode of valuation refer Note 1i) |                         |                         |
| Stock of Shares                       | 502,030.00              | 503,950.00              |
|                                       | <b>502,030.00</b>       | <b>503,950.00</b>       |



**Note - 7**

**Tangible Assets**

| Particulars          | Rate   | GROSS BLOCK (At Cost) |                 |              |                  | DEPRECIATION     |              | Total            | Impairment Loss | NET BLOCK     |               |
|----------------------|--------|-----------------------|-----------------|--------------|------------------|------------------|--------------|------------------|-----------------|---------------|---------------|
|                      |        | As at                 | Addition during | Sales During | Total            | As at 01.04.2011 | Depreciation |                  |                 | W.D.V. as on  | W.D.V. as on  |
|                      |        | 01.04.2011            | the year        | the Year     |                  |                  | for the year |                  |                 | 31.03.2012    | 31.03.2011    |
| Air Conditioner      | 13.91% | 16,835.25             | -               | -            | 16,835.25        | 16,660.25        | -            | 16,660.25        | 175.00          | -             | 175.00        |
| Furniture & Fixture  | 18.10% | 5,945.44              | -               | -            | 5,945.44         | 5,887.93         | -            | 5,887.93         | 57.51           | -             | 57.51         |
| <b>Total</b>         |        | <b>22,780.69</b>      | <b>-</b>        | <b>-</b>     | <b>22,780.69</b> | <b>22,548.18</b> | <b>-</b>     | <b>22,548.18</b> | <b>232.51</b>   | <b>-</b>      | <b>232.51</b> |
| <b>Previous Year</b> |        | <b>22,780.69</b>      | <b>-</b>        | <b>-</b>     | <b>22,780.69</b> | <b>22,507.20</b> | <b>40.98</b> | <b>22,548.18</b> | <b>-</b>        | <b>232.51</b> | <b>273.49</b> |



|                                   | (Amount in ₹)           |                         |
|-----------------------------------|-------------------------|-------------------------|
|                                   | <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
| <b>Note - 10</b>                  |                         |                         |
| <b><u>Trade receivables</u></b>   |                         |                         |
| For a period exceeding six months |                         |                         |
| Unsecured, considered good        | 117,300.32              | 185,325.00              |
| Other Debts                       |                         |                         |
| Unsecured, considered good        | 333,803.00              | 540,476.32              |
|                                   | <b>451,103.32</b>       | <b>725,801.32</b>       |

|                                      | (Amount in ₹)           |                         |
|--------------------------------------|-------------------------|-------------------------|
|                                      | <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
| <b>Note - 11</b>                     |                         |                         |
| <b><u>Cash and Bank Balances</u></b> |                         |                         |
| Cash & Cash Equivalents              |                         |                         |
| Cash on hand                         | 661.86                  | 11,787.86               |
| Balance with Bank Accounts           |                         |                         |
| In Current A/c                       |                         |                         |
| Andhra Bank                          | 55,469.74               | 9,848.36                |
| Andhra Bank - KFL                    | 15,332.64               | 31,425.43               |
|                                      | <b>71,464.24</b>        | <b>53,061.65</b>        |

|  | (Amount in ₹)           |                         |
|--|-------------------------|-------------------------|
|  | <u>As on 31.03.2012</u> | <u>As on 31.03.2011</u> |
| <b>Note - 12</b>                               |                         |                         |
| <b><u>Short-term loans and advances</u></b>    |                         |                         |
| (Unsecured & Considered good)                  |                         |                         |
| Other loans and advances                       |                         |                         |
| Advance income tax (Net of provision of taxes) | 35,654.00               | 69,684.00               |
|  | <b>35,654.00</b>        | <b>69,684.00</b>        |

### Notes to Statement of Profit & Loss

|   | (Amount in ₹)       |                   |
|---|---------------------|-------------------|
|   | <u>2011-2012</u>    | <u>2010-2011</u>  |
| <b>Note - 13</b>  |                     |                   |
| <b><u>Revenue from operation</u></b>                    |                     |                   |
| Sale of Product   | 1,170,670.00        | -                 |
| Sale of Shares  | -                   | 565,169.45        |
| Sale of Services  |                     |                   |
| Income from pictures (Gross) (TDS ₹ Nil, P.Y. ₹ 4313/-) | -                   | 11,705.00         |
|   | <b>1,170,670.00</b> | <b>576,874.45</b> |
| Details of Products Sold                                |                     |                   |
| Cassettes   | 1,170,670.00        | -                 |
|   | <b>1,170,670.00</b> | <b>-</b>          |



|   | (Amount in ₹)     |                   |
|---|-------------------|-------------------|
|   | 2011-2012         | 2010-2011         |
| <b>Note - 14</b>                                      |                   |                   |
| <b>Other Income</b>                                   |                   |                   |
| Commission received<br>(TDS ₹ 27012/- P.Y. ₹ 56386/-) | 270,115.00        | 563,862.00        |
| Interest Income                                       | -                 | 20,504.00         |
| Rent Received   | -                 | 76,000.00         |
|   | <b>270,115.00</b> | <b>660,366.00</b> |

|                                    | (Amount in ₹)     |                   |
|------------------------------------|-------------------|-------------------|
|                                    | 2011-2012         | 2010-2011         |
| <b>Note - 15</b>                   |                   |                   |
| <b>Purchases of Stock-in-Trade</b> |                   |                   |
| Purchase of Cassettes              | 862,621.00        | -                 |
| Purchase of Shares                 | -                 | 567,168.48        |
|                                    | <b>862,621.00</b> | <b>567,168.48</b> |

|   | (Amount in ₹)   |                   |
|---|-----------------|-------------------|
|   | 2011-2012       | 2010-2011         |
| <b>Note - 16</b>                                |                 |                   |
| <b>Changes in inventories of Stock-in-Trade</b> |                 |                   |
| Opening Stock                                   |                 |                   |
| Shares  | 503,950.00      | 500,800.00        |
| Less: Closing Stock                             |                 |                   |
| Shares  | 502,030.00      | 503,950.00        |
|   | <b>1,920.00</b> | <b>(3,150.00)</b> |

|                                  | (Amount in ₹)     |                   |
|----------------------------------|-------------------|-------------------|
|                                  | 2011-2012         | 2010-2011         |
| <b>Note - 17</b>                 |                   |                   |
| <b>Employee benefit expenses</b> |                   |                   |
| Salaries and Wages               | 210,000.00        | 210,000.00        |
|                                  | <b>210,000.00</b> | <b>210,000.00</b> |

|                                   | (Amount in ₹) |           |
|-----------------------------------|---------------|-----------|
|                                   | 2011-2012     | 2010-2011 |
| <b>Note - 18</b>                  |               |           |
| <b>Other Expenses</b>             |               |           |
| a. <u>Selling Expenses</u>        |               |           |
| Advertisement & Publicity         | 1,320.00      | 1,090.00  |
|                                   | (a) 1,320.00  | 1,090.00  |
| b. <u>Administrative Expenses</u> |               |           |
| Auditors Remuneration             | 7,865.20      | 7,721.00  |
| Bank Charges                      | 793.72        | 478.00    |
| Delivery Charges                  | 1,520.00      | -         |
| Demat Charges                     | 500.00        | 300.00    |
| Entertainment Expense             | 1,965.00      | -         |
| Filing Fees                       | 11,355.00     | 3,036.00  |
| Impairment Loss                   | 232.51        | -         |



|                                |                  |            |
|--------------------------------|------------------|------------|
| Legal & Professional Charges   | 94,735.90        | 267,941.35 |
| Membership & Subscription Fees | 3,336.00         | 3,336.00   |
| General Charges                | 201.00           | 2,635.00   |
| Office Rent                    | -                | 21,520.00  |
| Postage, Stamp & Telegram      | -                | 72.00      |
| Representative charges         | 2,200.00         | 2,200.00   |
| Printing & Stationery          | -                | 415.00     |
| Rates & Taxes                  | 5,250.00         | 9,630.06   |
| Service Charges                | 16,500.00        | -          |
| Sundry Balance written off     | 104,900.00       | -          |
| Telephone & Internet           | 7,691.64         | 4,428.00   |
| Travelling Expenses            | 92,104.00        | 50,429.00  |
|                                | (b) 351,149.97   | 374,141.41 |
|                                | (a+b) 352,469.97 | 375,231.41 |

9 Calculation Of Basic & Diluted Earning Per Share:

| Particulars   | 2011-12    | 2010-11      |
|---|------------|--------------|
| Profit available to equity shareholders (₹)                       | 11,154.03  | (113,228.40) |
| No of weighted average share outstanding (Nos.)                   | 240,000.00 | 240,000.00   |
| No of Potential weighted average Equity Shares outstanding (Nos.) | 240,000.00 | 240,000.00   |
| Basic EPS (in ₹)  | 0.05       | (0.47)       |
| Diluted EPS (in ₹)  | 0.05       | (0.47)       |

Note to Other Expenses

| Payment to Auditors  | (Amount in ₹) |          |
|----------------------|---------------|----------|
|                      | 2011-12       | 2010-11  |
| Statutory Audit Fees | 7,865.20      | 7,721.00 |
| Certification/Others | -             | -        |
|                      | 7,865.20      | 7,721.00 |

Related Party Disclosure

List of related parties where control exists-None

Name of the related parties with whom the transactions were carried out during the year.

| Name of the Related Party          | Relationship  |
|------------------------------------|---|
| Krishan Kumar Mangala              | Key Managerial Personnel  |
| Savita Rani Mangala                | Key Managerial Personnel  |
| Jitendra Kumar Garg                | Key Managerial Personnel  |
| Ashoka Industrial Ampoules Mfg Co. | Enterprises Owned or significantly Influenced by KMP or their relatives |
| Ashoka Mfg Co. & Agencies          | Enterprises Owned or significantly Influenced by KMP or their relatives |

Transaction during the year with related parties

| Nature of Transaction | Enterprises Owned or significantly Influenced by KMP or their relatives | KMP | Relative of KMP | Total     |
|-----------------------|---|-----|-----------------|-----------|
| Purchases             | 53,920.00   | -   | -               | 53,920.00 |
| Previous Year         | 5,720.00  | -   | -               | 5,720.00  |
| Sales                 | 82,250.00   | -   | -               | 82,250.00 |
| Previous Year         | -   | -   | -               | -         |



|                     |            |            |   |            |
|---------------------|------------|------------|---|------------|
| Remuneration        | -          | 210,000.00 | - | 210,000.00 |
| Previous Year       | -          | 210,000.00 | - | 210,000.00 |
| Loans Taken         | 300,000.00 | -          | - | 300,000.00 |
| Previous Year       | 610,000.00 | -          | - | 610,000.00 |
| Loans Repaid        | 640,000.00 | -          | - | 640,000.00 |
| Previous Year       | 365,000.00 | -          | - | 365,000.00 |
| Commission Received | 250,615.00 | -          | - | 250,615.00 |
| Previous Year       | 243,138.00 | -          | - | 243,138.00 |

**Year end balances with related parties:**

| Name  | Balance as at 31st March, 2012 | Nature | Balance as at 31st March, 2011 | Nature |
|---|--------------------------------|--------|--------------------------------|--------|
| Ashoka Industrial Ampoules Mfg Co. - Loan       | 375,000.00                     | Cr.    | 450,000.00                     | Cr.    |
| Ashoka Mfg Co. & Agencies - Loan                | 185,000.00                     | Cr.    | 450,000.00                     | Cr.    |
| Ashoka Industrial Ampoules Mfg Co. - Commission | 225,553.00                     | Dr.    | 126,225.00                     | Dr.    |

**Contingent Liabilities and Commitments:**

| Particulars  | (Amount in ₹ Lacs) |                 |
|--|--------------------|-----------------|
|  | 31st March 2012    | 31st March 2011 |
| Claims not acknowledged as debts in respect of Court case pending. | 12.00              | 12.00           |

There is a case going on between the Company and Zee News Ltd regarding the rights of two films "Matir Manush" and "Santan". The other party had paid ₹ 12 lacs out of the total consideration of ₹ 48 lacs in earlier years and has disputed the balance amount due to technical reasons. The other party has also raised a counter claim for advance already paid. Pending, settlement of the case, the booking of income and/or reversal of income has been postponed.

The Balance of Sundry Debtors, Advances Recoverable & Sundry Creditors are subject to their confirmation.

The Company is the proprietor of "BBM Group of Production" under which the films are produced and distributed.

No provision for payment of gratuity has been made since none of the employees has rendered continuous service for five years or more.

Due to the unavailability of the market price in respect of following listed shares, the valuation of stock of shares have been taken at cost.

Trimurti Fertilizer Ltd.  
MFL Housing Finance Ltd

In the opinion of Management and to the best of their knowledge and belief the value of realisation of Loans, Advances and Current Assets in ordinary course of Business will not be less than the amount for which they are stated in the Balance Sheet.

There are no present obligations requiring provision in accordance with the guiding principles as enunciated in Accounting Standard "Provisions, Contingent Liabilities and Contingent Assets" (AS-29), as it is not probable that the outflow of resources embodying economic benefits will be required.



The previous financial year's figures have been reworked, regrouped and reclassified to the extent possible, wherever necessary.

Other information ..... N.A.

Signed in Term Of our  
Attached report of even date  
For SDP & Associates  
Chartered Accountants  
Firm's Registration No.322176E

( C.A. Sandeep Moosaddee)

Partner  
Date : 19.2.2012



For and on Behalf of the Board of Directors

For Kanungo Financiers Ltd.

Director

For Kanungo Financiers Ltd.

Director