

**DIRECTOR'S REPORT TO THE SHAREHOLDERS**

Your Directors hereby present the 22nd Annual Report and Audited financial statement for the year ended 31st March 2017.

**FINANCIAL PERFORMANCE**

The Company's financial performance for the year ended 31st march, 2017 is summarized below:

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Sales / Other Income	<b>3835551</b>	4966092
Profit before Taxation	<b>(2104356)</b>	(2905211)
Tax Expenses : (Deferred Tax)	<b>(150337)</b>	(219017)
Profit / (Loss) for the year	<b>(1954019)</b>	(2686194)
Add : Brought forward from previous year	<b>609359</b>	3295553
Profit / (Loss) carried to Balance Sheet	<b>(1344660)</b>	609359

**Financial Performance**

During the financial year under review, total sales and other income decreased from Rs.49,66,092 to Rs.38,35,551. The net loss for the financial year stood at Rs.19,54,019 as compared to net loss of Rs.26,86,194 in the previous financial year.

**Dividend**

In view of the acute financial crisis faced by the Company, the Board of Directors does not recommend any dividend for the financial year under report.

**Change in the nature of business, if any**

There is no change in the nature of the business of the Company.

**Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future**

There were no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report**

There were no material changes and commitments affecting the financial position of the Company occurring between March 31, 2017 and the date of this Report of the Directors.

**Subsidiary / Joint Ventures / Associates**

Your Company has two foreign subsidiaries as follows:

- i. Kanika Infotech (Singapore) Pte. Limited
- ii. Kanika Infotech (U.K.) Limited

Pursuant to first provisions of section 129 (3) read with the Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries is attached to this report as Annexure-2.

**Internal Financial Control**

The Company has in place an established internal control system designed to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances.

**Share Capital**

The paid up Equity Share Capital as on March 31, 2017 was Rs.135,339,000.00. During the year under review the company has not issued any shares or any convertible instruments.

**Risk Management**

The Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the company.

**Board of Directors**

There has been no change in the Board of Directors of your Company during the financial year under review.

**Key Managerial Personnel**

Mr. S. K. Mall is the Managing Director of the Company. The Company is in process of appointment of other Key Managerial Personnel.

**Meetings of Board**

The details of number and dates of meetings held by the Board and attendance of Directors is given separately in the Corporate Governance Report attached to this Report as Annexure - 1.

**Board Evaluation**

The Nomination & Remuneration Committee laid down the policy and process of evaluation of Board of Directors. Under this policy a set of parameters to be used in the evaluation process has been determined for:

- i. Self evaluation of the Board Members.
- ii. Evaluation of Non- Independent Directors' performance by Independent Directors.
- iii. Evaluation of Chairman's performance by Independent Directors.
- iv. Assessment of quantity, quality and timeliness of information to the Board.

Using the parameters mentioned above the evaluation of the Board Members was carried out.

A separate meeting of Independent Directors was held on 22.12.2016 to evaluate performance of the Chairman of the Board of the Directors and the Board as a whole.

**Remuneration Policy**

Nomination and Remuneration Committee has formulated the Nomination, Remuneration and Evaluation Policy for Directors, Key Managerial Personnel (KMPs) and other employees in terms of the provisions of Section 178(3) of the Companies Act, 2013 and the listing agreement. The said policy which has been approved by the Board outlines the appointment criteria and qualifications, the term / tenure of the Directors on the Board of Company and the matters related to remuneration of the Directors.

**Audit Committee**

The composition of the Audit Committee is given separately in the Corporate Governance Report attached to this Report as Annexure - 1.

**Vigil Mechanism**

The Company has in place a vigil mechanism details of which are available on the Company's website [www.kanika.com](http://www.kanika.com)

**Contracts and Arrangements with Related Party**

The Company does not have any related party transactions during the financial year.

**Loans, guarantees and investments**

The Company has not given any guarantee for loans taken by others from banks or financial institutions. The particulars of loans and advances given and investments made in securities under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 has been provided in the financial statements of the Company.

**Disclosure under Section 197 (12) and Rule 5(1) and 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as amended**

The requisite details relating to ratio of remuneration, percentage increase in remuneration etc as stipulated under the above rules are annexed as Annexure - 3 to this report.

**Particulars of Employees**

During the year there was no employee drawing remuneration beyond the limit prescribed in Section 197 of

the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended.

**Extract of the Annual Return**

The extract of the Annual Return in Form No. MGT - 9 is enclosed as Annexure - 4 and forms part of this Report.

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

The Company does not have any activities related to Conservation of Energy and Technology Absorption. The Company does not have any Foreign Exchange Earnings and Outgo during the financial year.

**Directors' Responsibility Statement**

Pursuant to Section 134(3) (c) read with Section 134(5) of the Companies Act, 2013 the Directors of your Company confirm that -:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) the Directors 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 of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) There is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**Deposits**

The Company has not accepted any deposits from the public, and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

**Corporate Social Responsibility (CSR)**

The provisions of Sections 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable to the Company.

**Listing**

The Equity Shares of the Company continues to be listed with Bombay Stock Exchange and the annual listing fees has been paid up to date.

**Corporate Governance**

The Corporate Governance Report giving the details as required in terms of Regulation 34(3) read with clause C of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is given separately as Annexure - 1 and forms part of this Report of the Directors. The Managing Director and Auditor's Certificate confirming compliance with the conditions of Corporate Governance as required under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, are attached with this report.

**Auditors and Auditors Qualifications**

The appointment of M/s. Raj Kumar Kothari & Co., Chartered Accountants, (Firm Registration No - 320166E) as the Statutory Auditors of the Company for a term of 5 years is proposed for confirmation by the shareholders at the ensuing Annual General Meeting of the Company.

The observations made in the Auditor's Report, have been suitably explained in the Notes on Financial Statement which are self-explanatory.

**Secretarial Audit**

In terms of Section 204 of the Act and Rules made there under, Ms. Rinku Gupta, Practicing Company Secretary, (FCS - 9237, C.P. No. 9248) have been appointed as Secretarial Auditor of the Company for the financial year under review. The report of the Secretarial Auditor is enclosed as Annexure - 5 to this report.

**Internal Audit & Controls**

The Company is in the process of appointment of Internal Auditor.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has constituted an Internal Complaints Committees in accordance with the requirements under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which ensures implementation and compliance with the Law as well as the policy at every unit. There were no cases/ complaints reported in this regard during the year 2016-17.

**Acknowledgement**

Your Directors wish to place on record their appreciation of assistance and co-operation received from bankers, lenders, suppliers, customers, Government authorities, employees & other stake holders.

On behalf of the Board of Directors

**Bimal Das**

Chairman

DIN: 03098080

Place: Kolkata

Date: 30.05.2017