

ANNUAL REPORT 2008-09

Hit Kit

Hit Kit Global Solutions Limited

HIT KIT GLOBAL SOLUTIONS LTD.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Anand Agarwal	Whole Time Director
Mr. Amit Khandelwal	Director
Mr. Anoop Mohindra	Director
Mr. Anupam Nandwana	Director (Ceased w.e.f 26.02.2009)

COMPANY SECRETARY

Mrs. Sanam Balani

COMPLIANCE OFFICER

Mr. Bhushan Palande

AUDITORS

Kapil Doshi & Associates
Chartered Accountants

BANKERS

IDBI Bank, Mumbai

REGISTRAR & SHARE TRANSFER AGENTS

Adroit Corporate Service Pvt. Limited
19, Jaferbhoy Industrial Estate,
Makwana Road, Marol Naka,
Andheri (E), Mumbai - 400 059.

REGISTERED OFFICE

401/B, 4th Floor,
Kemp Plaza, Mind Space,
Link Road, Malad (West),
Mumbai - 400 064.

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Hit Kit Global Solutions Ltd.

Directors Report

To

The Members,

The Directors have pleasure in presenting the Annual Report and the Audited Account for the Year ended 31st January, 2009.

Financial Results

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

(Rs.In Lakhs)

Particulars	YEAR ENDED	
	31.01.2009	31.01.2008
Net Sales / Income from Operations	535.66	815.43
Other Income	3.16	NIL
Total Income	538.82	815.43
Operating Profit (before interest, depreciation and tax)	96.62	300.15
Less: Interest and Finance Charges	13.01	16.15
Profit before depreciation and tax	83.61	283.99
Less: Depreciation and amortization	32.24	40.88
Profit before tax	51.37	243.12
Less: Provision for Taxation	10.95	12.07
Profit for the year	40.42	231.05
Profit brought forward	286.20	86.95
Profit available for appropriation	326.62	318.00
APPROPRIATIONS		
General Reserves	32.66	31.80
Balance carried to Balance Sheet	293.96	286.20

Business Performance

During the year under review, company earned lower Gross Income of Rs. 538.82 lakhs as against Rs. 815.43 lakhs in the previous year. After meeting the expenses the company posted Profit Before Tax of Rs. 51.37 lakhs against Rs. 243.12 lakhs in the previous year.

Dividend

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

Review of Performance

Kindly refer to Management Discussion & Analysis which forms part of this report.

Retail Software

The Company is engaged in Retail Software development by implementing a comprehensive quality policy to deliver results on time and within budget. We focus on conceptualising and developing Retail Software that are easy to use and easy to operate. Due to the recessionary trend faced by the company, the sales and performance for the last two quarters was on decline, resulting in lower sales and profitability.

Retail Business

During the Year, the company earned revenue from "Retail Business" which is out of selling of cultivation of herbal agricultural produce on Contract farming basis. Due to the recessionary trend faced globally, the sales and performance of your company for the last two quarters was affected resulting in lower sales and profitability. In the circumstance, your company has not renewed the contract farming for the next year.

Deposits and Loans / Advances

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

Directors

As per the Articles of Association of the company, Mr. Anoop Mohindra retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

The term of Mr Anand Agarwal as whole time director comes to an end on 15-7-2009. The resolution for his Re-Appointment as the Managing Director of the company for five years from 16-7-2009 to 15-7-2014 is placed before the members for approval.

Due to pre-occupancy, Mr Anupam Nandwana ceased to be director of the company w.e.f 26-2-2009 and the directors place on record the appreciation to the services rendered by him to the company.

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

Auditors

M/s. Kapil Doshi & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of ensuing Annual General Meeting as statutory auditors for the financial year 2008-09. The Directors recommend passing of the resolution.

M/s. Kapil Doshi & Associates, Chartered Accountants have confirmed their eligibility and willingness to accept office, if appointed.

Auditors Report

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

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act 1956, it is hereby confirmed:

- i) That in the preparation of the Annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii) That the selected accounting policies were applied consistently and the Directors 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 as at 31st January, 2009 and of the profit of the company for the year ended on that day;
- iii) That proper and sufficient care has been taken for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and/or preventing and detecting fraud and other irregularities; and
- iv) That the Annual accounts have been prepared on a going concern basis.

Particulars of Employees

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

Employee Relations

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

Secretarial Compliance Report

As a reflection of your Company's commitment to transparency, the Board is pleased to enclose the Secretarial Compliance Report for the financial year 2008-09 as a part of this Director's Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & 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, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given as Annexure I to this report.

Hit Kit Global Solutions Ltd.

Management's Discussion and Analysis

A detailed review of the operations, performance and future outlook of the company and its businesses is given in the Management's Discussion and Analysis is attached as Annexure II

Corporate Governance and General Shareholder Information

As required by the Clause 49 of the Listing Agreement(s) entered into with the Stock Exchanges, a detailed report on Corporate Governance is attached as Annexure III. The company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors certificate on compliance with corporate governance requirements by the company is attached to the report on corporate governance. General Shareholder Information is attached as Annexure IV.

Acknowledgements

Your directors take this opportunity to sincerely thank the clients, vendors, shareholders, and bankers for their continued support to the company's growth. The Board appreciates every associate of Hit Kit Global Solutions Limited for their continued trust and confidence in the management of the company. Your directors would also like to thank the Government of India, particularly the Ministry of Law & Justice, The Regional Director, DCA, Registrar of Companies, Maharashtra and the State Government and other Government agencies for their continued support extended to the company.

Your Directors also places on record their sincere appreciation of its customers and bankers for their continued Patronage to your Company's growth.

By order of the Board
For Hit Kit Global Solutions Limited

Place : Mumbai
Date : 19.06.2009

Anand Agarwal
Whole time Director

Annexure 'I' to the Directors' Report

Conservation of Energy, etc. u/s 217(1)(e)

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---------------------|---|-----------------|-----------|---|--------------------|-------|---|------------------|-----------|---|----------------|------------------|---|--------------------|---------------------|---|--------------|----------|---|--------------------|--|---|---------------------|--|---|--|
| <p>A. Details of Conservation of Energy</p> | <p>Not applicable to the Company.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>B. Technology Absorption</p> | <p>The details are given below.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>(a) Research & Development</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>1. Specific area in which R&D work has been done by the Company</p> | <p>Research & Development is being carried out in backing to create innovative health care products & retail software for retail market.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>2. Benefits expected from the R&D work</p> | <p>A state-of-the-art R&D forms the driving force in delivering high quality products to meet consumer demand across the country. The challenge is to be able to identify this requirement and direct efforts and investments cutting edge research and development.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>3. Future plan of action</p> | <p>To improve its core competencies in health care products and also software engineering, automation, productivity and other related areas.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>4. Expenditure on R&D</p> | <table border="0"> <tr> <td>Capital</td> <td>)</td> <td>The development</td> </tr> <tr> <td>Recurring</td> <td>)</td> <td>work is undertaken</td> </tr> <tr> <td>Total</td> <td>)</td> <td>by the concerned</td> </tr> <tr> <td>Total R&D</td> <td>)</td> <td>department. No</td> </tr> <tr> <td>expenditure as a</td> <td>)</td> <td>separate record of</td> </tr> <tr> <td>percentage of total</td> <td>)</td> <td>expenditures</td> </tr> <tr> <td>turnover</td> <td>)</td> <td>incurred on R&D as</td> </tr> <tr> <td></td> <td>)</td> <td>such is maintained.</td> </tr> <tr> <td></td> <td>)</td> <td></td> </tr> </table> | Capital |) | The development | Recurring |) | work is undertaken | Total |) | by the concerned | Total R&D |) | department. No | expenditure as a |) | separate record of | percentage of total |) | expenditures | turnover |) | incurred on R&D as | |) | such is maintained. | |) | |
| Capital |) | The development | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Recurring |) | work is undertaken | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total |) | by the concerned | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total R&D |) | department. No | | | | | | | | | | | | | | | | | | | | | | | | | | |
| expenditure as a |) | separate record of | | | | | | | | | | | | | | | | | | | | | | | | | | |
| percentage of total |) | expenditures | | | | | | | | | | | | | | | | | | | | | | | | | | |
| turnover |) | incurred on R&D as | | | | | | | | | | | | | | | | | | | | | | | | | | |
| |) | such is maintained. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| |) | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Hit Kit Global Solutions Ltd.

(b) **Technology Absorption, Adaptation and Innovation**

1. Efforts made towards technology : Benefits derived as a result of the efforts
absorption, adaptation and e.g. product improvement, cost reductions,
innovation product development, import substitution
etc.

2. Benefits derived as a result of the : The models under development will enable
above efforts the company to offer state-of-the-art retail
software.
A state-of-the-art R&D forms the driving
force in delivering high quality products to
meet consumer demand across the country.
The challenge is to be able to identify this
requirement and direct efforts and
investments cutting edge research and
development

3. Information about imported : Nil
technology

C. Foreign Exchange Earnings and Outgo

1. Initiatives like increasing exports, : The company has not done any exports this
development of new export year.
markets, etc. to increase foreign
exchange

By order of the Board
For Hit Kit Global Solutions Limited

Place: Mumbai
Date : 19.06.2009

Anand Agarwal
Whole time Director

Annexure 'II to the Directors' Report Management's Discussion and Analysis

The management of Hit Kit Global Solutions Limited presents the analysis of the performance of the company for the year 2008-09 and its outlook for the future. This outlook is based on an assessment of the current business environment. It may vary due to future economy and other developments both in India and Abroad.

Financial year 2008-09 proved to be a challenging one for the corporate world. As a result of the grave impact from the global economic slowdown in world, your company has reported a lower profits during the financial year. Due to the recessionary trend faced globally, the sales and performance of your company also got affected resulting in lower sales and profitability.

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

Software Business

Changing Economic and business conditions, rapid technological innovations are driving corporate all across the globe to render high quality products and services at lower prices. Corporate all over the world are now focusing on their core competencies. Despite of relatively tough market environment, the software industry has survived due to its intrinsic strength. Slow and steady demand for the Software in the domestic market will provide retail opportunities for the Software industry.

Retail Business

Company has entered into the organized retail Market in India which includes Contract farming and selling of speciality Ayurvedic herbal produce. Unfortunately there has been decline in the sales and profit margins. In the circumstances, company has scaled down the operation in this field and wisely decided not to renew the contract farming for the next year. The management has ensured that inventories are also sold out in bulk and the costs have been recovered.

Opportunities

During the year company has entered into retailing of Horoscope and forecast by installing Computer unit which can deliver the horoscope on a click of a button across the counter. This facility is made available over the retail store counter to the prospective customer directly on cash counters. As a business strategy the company has tied up with PRITI SOFTWARES, and has started marketing of new retail software namely PS - Excise Software.

Threats

As regarding threats, the company foresees volatility in dollar-rupee price movement as one of the critical factors for the sustainability of the industry. The other threats being availability of skilled workforce at competitive cost and increase in interest rates can act as hurdle to the growth of industry. To mitigate this risk company tries to outsource freelance software professionals on hourly basis.

Internal Control Systems and Adequacy

The Company has adequate internal control procedure commensurate with the size and nature of its business. During the year under review company has introduced framework for internal controls and adequacy of internal audit. Under this framework various risks facing the company are identified and assessed routinely across all levels and functions these business control procedures ensure efficient use and protection of resources and compliance with policies, guidelines, authorizations and approval procedures. The Board has also constituted an Audit Committee, which meets periodically to review the financial performance and the accuracy of the financial records.

Hit Kit Global Solutions Ltd.

Employee Relations

The Board of Directors takes this opportunity to sincerely acknowledge the dedicated services and contribution of all the employees to the Company's satisfactory performance. Your company encourages innovative thinking and provides excellent career development opportunities. To enhance the skills of the employees as well as to enable them to face the growing challenges, company organizes various types of training and development programmes. Our employee relations continue to be cordial.

Human Resources/ Industrial Relations

The Company believes that the success of an organization largely depends on the quality of its work force and hence has always recognized people and its key work force. Employee relations have remained cordial and peaceful throughout the year.

Cautionary Statement

Statements in the Management Discussion and Analysis, describing the Company's objectives, projections and estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon rise in input costs, exchange rate fluctuations, and significant changes in political and economic environment in India, environment standards, tax law, litigation, labour relations and other incidental/related factors.

By order of the Board
For Hit Kit Global Solutions Limited

Place: Mumbai
Date: 19.06.2009

Anand Agarwal
Whole time Director

Annexure 'III' to the Directors' Report Report on Corporate Governance

I.Mandatory Requirements

Company's philosophy on Code of Governance:

Corporate Governance refers to various voluntary practises adopted by the management to ensure timely compliance of various laws and regulations and effective control and management. Good Corporate Governance practises enhance value of the shareholders in the long term and enable them to be partners in the company's growth and prosperity.

The Detailed report of implementation of the Corporate Governance Code as embodied in the Clause 49 of the Listing Agreement is as set out under:

Board of Directors

Composition

The Board consists of the qualified and able persons with vast experience in industry, finance management and law. The Company is in full compliance with the Clause 49(I) (A) of the Listing Agreement(s).

The present strength of the Board is 3 Directors and complies with the requirements of clause (49) of Listing Agreement.

Attendance, Directorship & Committee Membership

Name of the Director	Category Of directorships @	No.of Board Meetings attended out of 11 held	Attendance at the last AGM held on 21.07.08	Number of Other Directorship #	Number of other Committee Memberships \$	
					Member	Chairman
Mr. Anand Agarwal	WD.	11	Attended	1	1	3
Mr. Amit Khandelwal	NED (I).	11	Attended	--	3	1
Mr. Anupam Nandwana	NED (I)	NIL Ceased w.e.f. 26-2-2009	Not Attended	--	-	-
Mr. Anoop Mohindra	NED.(I)	5	Attended	-	4	--
@ Category of Directorship: WD – Whole Time Director, NED (I) – Non Executive Director and Independent. # Includes Alternate Directorships, and Directorships in Private Companies. \$ As required by the existing Clause 49 of the Listing Agreements entered into with the Stock Exchanges, only Memberships/Chairmanships of the Audit Committee, Remuneration Committee, Investors Grievance Committee and STC of the public companies have been considered. No Director hold any shares in the company.						

ROLE OF INDEPENDENT DIRECTORS

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