

# 37<sup>th</sup> Annual Report

## **KANANI INDUSTRIES LIMITED**



2019

---

2020



**Content**

|   |    |
|---|----|
| <b>COMPARATIVE ANALYSIS OF LAST 3 YEARS RESULTS</b> ..... | 2  |
| <b>GENERAL INFORMATION</b> .....                          | 3  |
| <b>NOTICE</b> .....                                       | 4  |
| <b>DIRECTORS' REPORT</b> .....                            | 11 |
| <b>MANAGEMENT DISCUSSION AND ANALYSIS</b> .....           | 18 |
| <b>CORPORATE GOVERNANCE REPORT</b> .....                  | 36 |
| <b>STANDALONE AUDITORS' REPORT</b> .....                  | 48 |
| <b>STANDALONE BALANCE SHEET</b> .....                     | 52 |
| <b>STANDALONE PROFIT &amp; LOSS</b> .....                 | 53 |
| <b>STANDALONE CASH FLOW STATEMENT</b> .....               | 54 |
| <b>STANDALONE SCHEDULES</b> .....                         | 55 |
| <b>CONSOLIDATED AUDITORS' REPORT</b> .....                | 69 |
| <b>CONSOLIDATED BALANCE SHEET</b> .....                   | 72 |
| <b>CONSOLIDATED PROFIT &amp; LOSS</b> .....               | 73 |
| <b>CONSOLIDATED CASH FLOW STATEMENT</b> .....             | 74 |
| <b>CONSOLIDATED SCHEDULES</b> .....                       | 75 |

## ○ Comparative Analysis of last 3 years Results

(₹ in Lakhs)

| Particular                      | For the year ended on 31.03.2020 | For the year ended on 31.03.2019 | For the year ended on 31.03.2018 |
|---------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Net Sales                       | 8563.56                          | 8312.78                          | 7924.02                          |
| Other Income                    | 65.69                            | 1.27                             | 141.47                           |
| Total Income                    | 8629.24                          | 8314.06                          | 8065.49                          |
| Expenditure                     | 8472.49                          | 8142.27                          | 7906.67                          |
| PBIT                            | 156.75                           | 171.79                           | 158.82                           |
| Interest                        | 70.43                            | 75.00                            | 100.50                           |
| Depreciation                    | 13.83                            | 26.04                            | 8.53                             |
| PBT                             | 72.49                            | 70.74                            | 49.79                            |
| Tax                             | 15.87                            | 14.00                            | 9.50                             |
| PAT                             | 56.62                            | 56.74                            | 40.29                            |
| Net Profit                      | 56.62                            | 56.74                            | 40.29                            |
| Basic & Diluted EPS (₹)         | 0.06                             | 0.06                             | 0.04                             |
| Dividend Paid / Proposed (In %) | –                                | –                                | –                                |
| Equity Capital                  | 989.34                           | 989.34                           | 989.34                           |
| Reserves & Surplus              | 3279.86                          | 3223.23                          | 3166.49                          |
| Net worth                       | 4269.20                          | 4212.57                          | 4155.83                          |
| Book Value per share (₹)        | 4.32                             | 4.26                             | 4.20                             |
| Operating Profit Margin (%)     | 1.83%                            | 2.07%                            | 2.00%                            |
| Net Profit Margin (%)           | 0.66%                            | 0.68%                            | 0.51%                            |
| Basic & Diluted Cash EPS (₹)    | 0.06                             | 0.06                             | 0.04                             |

## ○ General Information

|  |  |   |
|--|--|---|
| <b>BOARD OF DIRECTORS:</b>                         | PREMJIBHAI D. KANANI<br>HARSHIL P. KANANI<br>AMI D. JARIWALA<br>TEJAS M. CHOKSI<br>KAUTILBHAI P. PATEL<br><br>RAHUL JAVERI   | CHAIRMAN, WHOLE-TIME DIRECTOR<br>MANAGING DIRECTOR<br>INDEPENDENT DIRECTOR<br>INDEPENDENT DIRECTOR<br>INDEPENDENT DIRECTOR<br>(RESIGNED W.E.F. 16.03.2020)<br>INDEPENDENT DIRECTOR<br>(APPOINTED W.E.F. 18.03.2020) |
| <b>COMPANY SECRETARY &amp; COMPLIANCE OFFICER:</b> | MEHUL S. KUNDARIYA   |   |
| <b>CHIEF FINANCIAL OFFICER:</b>                    | DARSHAK A. PANDYA  |   |
| <b>STATUTORY AUDITORS:</b>                         | DEEPAK MEHTA & ASSOCIATES<br>CHARTERED ACCOUNTANT<br>A/202-203, MAHENDRA APARTMENT, KULUPWADI ROAD,<br>BORILVALI (E), MUMBAI – 400066, MAHARASHTRA, INDIA<br>TEL.: +91-22-40069903<br>E-Mail: brainunique@rediffmail.com   |   |
| <b>BANKERS:</b>                                    | DENA BANK - NOW BANK OF BARODA<br>STATE BANK OF INDIA<br>STANDARD CHARTERED BANK<br>CANARA BANK  |   |
| <b>REGISTERED OFFICE:</b>                          | 915C, THE CAPITAL, G-BLOCK,<br>BANDRA KURLA COMPLEX,<br>BANDRA (EAST), MUMBAI - 400051, MAHARASHTRA, INDIA<br>TEL: +91-22-4005 0222<br>E-Mail: info@kananiindustries.com<br>Website: www.kananiindustries.com  |   |
| <b>FACTORY:</b>                                    | PLOT NO. 42, SURAT SPECIAL ECONOMIC ZONE,<br>NEAR SACHIN RLY. STN. SACHIN, DIST: - SURAT, GUJARAT, INDIA<br>TEL: +91-261-321 5152 , FAX: +91 22 3008 4000<br>E-Mail: info@kananiindustries.com   |   |
| <b>REGISTRAR AND SHARE TRANSFER AGENT:</b>         | M/S. SHAREX DYNAMIC (INDIA) PRIVATE LIMITED<br>C-101, 247 PARK, L.B.S. MARG, VIKHROLI (WEST),<br>MUMBAI - 400083, MAHARASHTRA, INDIA<br>TEL. : 022 – 28515606 / 5644 • FAX NO. 022 - 2851 2885<br>Email : <a href="mailto:support@sharexindia.com">support@sharexindia.com</a><br>Website : <a href="http://www.sharexindia.com">www.sharexindia.com</a> |   |

## ○ Notice

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting of the Members of Kanani Industries Limited will be held on Saturday, 26<sup>th</sup> September, 2020 at 10:00 A.M. (IST) through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

### **ORDINARY BUSINESS:**

#### **1. Adoption of Financial Statements:**

To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended March 31, 2020 together with the Reports of the Board of Directors and Auditor's thereon.

#### **2. Appointment of Mr. Premjibhai Kanani (DIN: 01567443) as director liable to retire by rotation:**

To appoint a Director in place of Mr. Premjibhai Kanani (DIN: 01567443), who retires by rotation and being eligible, offers himself for re-appointment.

**"RESOLVED THAT** pursuant to the provisions of Section 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the approval of the members of the Company be, and is hereby accorded to the re appointment of Mr. Premjibhai Kanani (DIN: 01567443) as a Director, to the extent that he is required to retire by rotation."

#### **3. Ratify the appointment of M/s. Deepak Mehta & Associates, Chartered Accountants (Firm Registration No. 102239W) as statutory auditors of the Company:**

To ratify the appointment of M/s. Deepak Mehta & Associates, Chartered Accountants (Firm Registration no.102239W) as statutory auditors of the Company and to fix their remuneration and to pass the following resolution as an ordinary resolution thereof:

**"RESOLVED THAT** pursuant to the provisions of Sections 139 and 142 of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the Audit Committee and pursuant to the resolution passed by the members at the 33<sup>rd</sup> AGM held on 26<sup>th</sup> September 2016, the appointment of M/s. Deepak Mehta & Associates, Chartered Accountants (Firm Registration no. 102239W) as the statutory auditors of the Company to hold office till the conclusion of the fifth consecutive AGM to be held in the financial year 2021, is hereby ratified on a remuneration of Rs. 1,25,000/- plus applicable taxes and reimbursement of out-of-pocket expenses incurred by them in connection with the audit of the accounts of the Company for the financial year 2020-21."

### **SPECIAL BUSINESS:**

#### **4. Re-appointment of Ms. Ami Dhaval Jariwala (DIN: 07143995) as an Independent Director for a second term:**

**To consider and, if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') (including any statutory modification(s) or re-enactment thereof for the time being in force), read with the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended to date and Schedule IV to the Act, and Regulation 16(1)(b) and 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended to date, Ms. Ami Dhaval Jariwala (DIN: 07143995), who was appointed as an Independent Director at the 32<sup>nd</sup> Annual General Meeting of the Company held on September 28, 2015 and who holds office upto March 31, 2020 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the Rules framed there under and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, be and is hereby re-appointed as an Independent Non-Executive Director on the Board of the Company, not liable to retire by rotation, with effect from April 1, 2020 to March 31, 2025."

#### **5. Appointment of Mr. Rahul Javeri (DIN:08721991) as an Independent Director**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Rahul Javeri (DIN:08721991), who was appointed by the Board of Directors as an Additional Director in the category of Independent Director of the Company with effect from 18<sup>th</sup> March, 2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("Act") and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company".

**"RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, Mr. Rahul Javeri, who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder, and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a consecutive term of five years commencing from 18<sup>th</sup> March, 2020 to 17<sup>th</sup> February, 2025."

**On Order of the Board  
For: Kanani Industries Limited**

**HARSHIL KANANI  
MANAGING DIRECTOR  
(DIN : 01568262)**

**Place: Mumbai  
Date: 24/08/2020**

### **Registered Office:**

915C, The Capital, G-Block,  
Bandra Kurla Complex,  
Bandra (East), Mumbai - 400051,  
Maharashtra, India

**NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio- Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Attendance Slip and Proxy Form are not annexed to this Notice.
3. The relative Explanatory Statement pursuant to Section 102 of the Act, setting out material facts concerning the business under Item Nos. 3 to 4 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this AGM are also annexed.
4. **Book Closure:**  
The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 19, 2020 to Saturday, September 26, 2020 (both days inclusive).
5. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrar and Transfer Agents - M/s. Sharex Dynamic (India) Private Limited for assistance in this regard.
6. To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/their Depository Participants, in respect of shares held in physical/electronic mode, respectively.
7. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participant in case the shares are held in electronic form and to M/s. Sharex Dynamic (India) Private Limited, in case the shares are held in physical form.
8. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
9. **Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):**  
Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Further, pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended to date, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.  
The Members/Claimants whose shares, unclaimed dividend, and debenture interest amount have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)). The Member/Claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules. Members are requested to contact the Company's Registrar and Share Transfer Agent to claim the unclaimed/ unpaid dividends at the following address: M/s. Sharex Dynamic (India) Private Limited.
10. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent.
11. **Updation of Members' Details:**  
The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act requires the Company/ Registrar and Share Transfer Agent to record additional details of Members, including their PAN details, email address, bank details for payment of dividend, etc. A form for capturing these additional details is appended at the end of this Annual Report. Members holding shares in physical form are requested to submit the filled-in form to the Company or to its Registrar and Share Transfer Agent. Members holding shares in electronic form are requested to submit the details to their respective Depository Participant.
12. **Nomination Facility:** As per the provisions of Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, as amended, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.
13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members by writing an e-mail to the Darshak Pandya (CFO) at [darshak@kananiindustries.com](mailto:darshak@kananiindustries.com).

## KANANI INDUSTRIES LIMITED

14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depository Participants. Members may note that the Notice and the Annual Report 2019-20 will also be available on the Company's website at [www.kananiindustries.com](http://www.kananiindustries.com), on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of Depository.
15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
16. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice

### INSTRUCTIONS FOR VOTING THROUGH ELECTRONICS MEANS:

In compliance with Regulation 44, SEBI Listing Obligation and Disclosure Requirements, 2015, provisions of Section 108 and other applicable provisions of the Companies Act, 2013, and read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 37<sup>th</sup> Annual General Meeting (AGM) by electronic means ("e-Voting") and the items of business as detailed in this Notice may be transacted through e-voting services provided by Link Intime India Private Limited through instavote.

The Members may cast their votes through instavote ("**Remote E-voting**").

The instructions for e-voting are as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>

Those who are first time users of LIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:

% Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details:-

**A. User ID:** Enter your User ID

- Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
- Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
- Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company

**B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

**C. DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

**D. Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

- Shareholders/ members holding shares in CDSL demat account shall provide either 'C' or 'D', above
  - Shareholders/ members holding shares in NSDL demat account shall provide 'D', above
  - Shareholders/ members holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above
- % Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).
- % Click "confirm" (Your password is now generated).

NOTE: If Shareholders/ members are holding shares in demat form and have registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login

2. Click on 'Login' under 'SHARE HOLDER' tab.
3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.
4. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.
5. E-voting page will appear.
6. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).
7. After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.
8. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.



If you have forgotten the password:

- § Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- § Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.
- In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice. During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event". Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case shareholders/ members have any queries regarding e-voting, they may refer the Frequently Asked Questions ('FAQs') and InstaVote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or send an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 -4918 6000.

#### GENERAL INSTRUCTIONS:

1. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member / beneficial owner as on the cut off date i.e. September 19, 2020.
2. The facility for e-voting shall also be available at the AGM. Members who have already cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote at the AGM. Only those Members who attend the AGM and have not cast their votes through remote e-voting and are otherwise not barred from doing so will be allowed to vote through the e-voting facility available at the AGM.
3. Any person, who acquires shares of the Company and becomes its Member after the sending of Notice of the AGM and holds shares as on the cut Notice of the AGM and holds shares as on the cutoff date for voting i.e. Saturday, September 19, 2020, may obtain the login ID and password by sending a request to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in). However, if he/she is already registered with LIPL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
4. Mr. Deep Shukla, Practising Company Secretary (FCS No. 5652 CP. No. 5364) has been appointed as the Scrutinizer to scrutinize the remote e-voting and ensure that the voting process at the AGM is conducted in a fair and transparent manner.
5. The Scrutinizer shall after the conclusion of voting at the AGM, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty eight hours of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour/against if any, to the Chairperson or a person authorized in writing, who shall countersign the same and **declare the result of the voting forthwith.**
6. The results declared along with the Scrutinizer's Report shall be placed on the website of the Company [www.kananiindustries.com](http://www.kananiindustries.com) and on the website of Linkintime at <https://instavote.linkintime.co.in> and shall also be communicated to BSE Limited and NSE Limited.

#### PROCESS AND MANNER FOR ATTENDING THE THIRTY-SEVEN AGM THROUGH INSTAMEET:

For a smooth experience of AGM proceedings, shareholders who are registered for the event are requested to download and install the Webex application in advance on the device that you would be using to attend the meeting by clicking on the link <https://www.webex.com/downloads.html/>. Shareholders also have an option to click on the URL provided to attend the meeting. Please read the instructions carefully and participate in the meeting. For any support, shareholders may also call the RTA on the dedicated number provided in the instructions.

1. Open the internet browser and launch the URL for InstaMeet <<<https://instameet.linkintime.co.in>>> and register with your following details: -
- A.** Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No
    - Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
    - Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
    - Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company
  - B.** PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
  - C.** Mobile No.: Enter your mobile number.
  - D.** Email ID: Enter your email id, as recorded with your DP/Company.

## KANANI INDUSTRIES LIMITED

2. Click "Go to Meeting"
3. Members can log in and join 30 minutes prior to the schedule time of the AGM and window for joining the meeting shall be kept open till the expiry of 15 minutes after the scheduled time. The Company shall provide VC/OAVM facility to Members to attend the AGM. The said facility will be available for 1000 Members on first come first served basis. This will not include large Members (i.e. Members with 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, chairpersons of the audit committee, nomination & remuneration committee and stakeholders' relationship committee, auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

### Instructions for Shareholders/Members to Speak during the AGM through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request mentioning their name, demat account number/folio number, email id, mobile number at [darshak@kananiindustries.com](mailto:darshak@kananiindustries.com), atleast 48 hours prior to the date of AGM i.e. on or before 11.00 a.m. (IST) on Thursday, September 24, 2020.
2. Speakers will only be allowed to express their views/ask questions on first come first served basis during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
3. Shareholders who would like to ask questions, may send the same in advance mentioning their name, demat account number/folio number, email id, mobile number at [darshak@kananiindustries.com](mailto:darshak@kananiindustries.com), atleast 48 hours prior to the date of AGM i.e. on or before 11.00 a.m. (IST) on Thursday, September 24, 2020. The same will be replied by the Company suitably.
4. Shareholders will get confirmation on first come first served basis depending upon the provision made by the Company.
5. Shareholders will receive 'speaking serial number' once they mark attendance for the meeting. Shareholders are requested to speak only when Moderator of the meeting will announce the name and serial number for speaking.
6. Please remember 'speaking serial number' and start your conversation with panelist by switching on audio of your device.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

### Instructions for Shareholders to Vote during the AGM through InstaMeet:

Once the electronic voting is activated by the Scrutinizer/Moderator during the meeting, shareholders who have not exercised their vote through the remote e-voting can cast the vote as under: -

1. On the shareholders VC page, click on the link for e-Voting 'Cast your vote'.
2. Enter Demat Account No./Folio No. and OTP (received on the registered mobile number/ registered Email ID) received during registration for InstaMeet and click on 'Submit'.
3. After successful login, you will see 'Resolution Description' and against the same the option 'Favour/Against' for voting.
4. Cast your vote by selecting appropriate option i.e. 'Favour/Against' as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. 'Favour/ Against' as desired and you have decided to vote, click on 'Save'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Confirm', else to change your vote, click on 'Back' and accordingly modify your vote.
6. Once you confirm your vote on the Resolution, you will not be allowed to modify or change your vote subsequently.

**Note:** Shareholders present at the AGM through InstaMeet facility and who have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting from 11.00 a.m. (IST) till the expiry of 15 minutes after the AGM is over. Shareholders who have voted through remote e-voting prior to the AGM will be eligible to attend/participate in the AGM through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders are encouraged to join the AGM through Tablets/Laptops connected through broadband for better experience.

Shareholders are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the currency of the AGM.

Please note that shareholders connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/ Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate such kind of glitches.

In case shareholders have any queries regarding e-voting, they can address them to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or call on +91 (022) 4918 6175.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013;****Notes 4 :-**

The Members of the Company at the 32<sup>nd</sup> Annual General Meeting held on September 28, 2015, had appointed Mrs. Ami Jariwala (DIN: 07143995) as Independent Director(s) to hold office for a term of five consecutive years upto March 31, 2020. As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a Special Resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on the recommendation of the Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150 and 152, read with Schedule IV and other applicable provisions, if any, of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"); Mrs. Ami Jariwala, being eligible for re-appointment as an Independent Director and offering herself for re-appointment, is proposed to be re-appointed as an Independent Director from April 01, 2020 to March 31, 2025.

A brief profile / expertise of the Independent Directors to be re-appointed is provided in the Annexure to the Notice. The Company has received declaration(s) from Mrs. Ami Jariwala that she meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the Listing Regulations. In the opinion of the Board, Mrs. Ami Jariwala fulfill the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended to date and Regulation 16(1)(b) of the Listing Regulations for their re-appointment as Independent Non-Executive Director(s) of the Company and are independent of the management.

Copies of the draft appointment letters of Mrs. Ami Jariwala as Independent Non-executive Director(s) setting out the terms and conditions of re-appointment would be available for inspection by the Members, by writing an email to the Company at [darshak@kananiindustries.com](mailto:darshak@kananiindustries.com).

The Company has immensely benefited during the tenures of Mrs. Ami Jariwala as Independent Director of the Company and the Board is satisfied with the integrity, expertise and experience (including the proficiency) of Mrs. Ami Jariwala, who are being re-appointed at this AGM.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mrs. Ami Jariwala and accordingly the Board recommends Special Resolution at Item No. 4 in relation to the re-appointment of Mrs. Ami Jariwala as Independent Director(s) of the Company for the respective periods stated above, for approval by the Members of the Company.

Mrs. Ami Jariwala, being appointee, is interested and concerned in the Resolution, mentioned at Item No. 4, of the Notice. None of the other Directors or Key Managerial Personnel of the Company and their respective relatives is concerned or interested, financially or otherwise, in the said Resolution accompanying the Notice.

**Notes 5:-**

The members are informed that Mr. Rahul Javeri (DIN: 08721991) was appointed as Independent additional director of the Company on March 18, 2020. In accordance with the provisions of the Companies Act, 2013 read with the Articles of Association of the Company, the office of the Additional Director viz., Mr. Rahul Javeri, was to end at the forthcoming Annual General Meeting and has offered himself for re-appointment. The members are further informed that regularization of appointment of Mr. Rahul Javeri, as director requires your approval in the general meeting and therefore, the board commends the above resolution for your approval.

None of the Manager, Key Managerial Personnel, director and their relatives is interested or concerned, financially or otherwise in the resolution except Mr. Rahul Javeri.

## ANNEXURE TO NOTICE

**Details of Directors seeking appointment / re-appointment at the Annual General Meeting****[In pursuance of Clause 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015]**

|   |  |  |  |
|---|--|--|--|
| Name of Director  | Mr. Premjibhai Kanani  | Ms. Ami Jariwala   | Mr. Rahul Javeri   |
| Date of Birth   | 12/10/1958   | 05/07/1983   | 09/06/1987   |
| Actual date of Appointment  | 17/05/2007   | 31/03/2015   | 18/03/2020   |
| A brief resume of the director  | Wide knowledge & experience in the diamond industry and has been associated with the Company for more than One decade. | Wide knowledge & experience in the field of diamonds & jewellery | Wide knowledge & experience in the field of diamonds & jewellery |
| Expertise in Specific Functional Area   | Diamond industry   | Jewellery designing  | Diamond Grader   |
| Directorships held in other listed companies (As on March 31, 2020)   | Nil  | Nil  | Nil  |
| Chairmanships/ Memberships of the Committees of the Board of Directors of other listed companies (As on March 31, 2020) | Nil  | Nil  | Nil  |
| Shareholding of Directors (As on March 31, 2020)  | 80,06,130  | Nil  | Nil  |
| Relationship between Directors inter-se   | Father of Managing Director  | NA   | NA   |

## ○ Directors' Report

To  
The Members  
**KANANI INDUSTRIES LIMITED**

Your Directors have pleasure in presenting their 37<sup>th</sup> Annual Report on the Standalone and Consolidated Audited Statement of Accounts of Kanani Industries Limited [*the Company*] for the Financial Year ended March 31, 2020.

### FINANCIAL RESULTS

The summarized financial performance of the Company for the FY 2019-20 and FY 2018-19 is given below:

(₹ in Lakhs)

| Particulars   | Standalone      |                 | Consolidated     |                  |
|---|-----------------|-----------------|------------------|------------------|
|   | 2019-2020       | 2018-2019       | 2019-2020        | 2018-2019        |
| Revenue from operations   | 8,563.56        | 8,312.78        | 37,656.28        | 34,413.84        |
| Other Income  | 65.69           | 1.27            | 65.69            | 1.28             |
| <b>Total Revenue</b>  | <b>8,629.24</b> | <b>8,314.05</b> | <b>37,721.97</b> | <b>34,415.12</b> |
| <b>Total Expenses</b>   | <b>8,556.75</b> | <b>8,243.31</b> | <b>37,447.47</b> | <b>34,181.07</b> |
| <b>Profit/(Loss) before exceptional and extraordinary items and tax</b>   | <b>72.49</b>    | <b>70.74</b>    | <b>274.49</b>    | <b>234.05</b>    |
| Exceptional Items   | –               | –               | –                | –                |
| Extraordinary Items   | –               | –               | –                | –                |
| <b>Net Profit Before Tax</b>  | <b>72.49</b>    | <b>70.74</b>    | <b>274.49</b>    | <b>234.05</b>    |
| Provision for Tax   |                 |                 |                  |                  |
| – Current Tax   | 11.50           | 14.00           | 13.92            | 16.12            |
| – Deferred Tax (Liability)/Assets   | –               | –               | –                | –                |
| – Excess/(short) provision for earlier years  | 4.37            | –               | 4.37             | –                |
| <b>Net Profit After Tax</b>   | <b>56.62</b>    | <b>56.24</b>    | <b>256.20</b>    | <b>217.92</b>    |
| Profit/(Loss) from Discontinued operations  | –               | –               | –                | –                |
| Tax Expense of Discontinued operations  | –               | –               | –                | –                |
| Profit/(Loss) from Discontinued operations (after tax)  | –               | –               | –                | –                |
| <b>Profit/(Loss) for the period</b>   | <b>56.62</b>    | <b>56.24</b>    | <b>256.20</b>    | <b>217.92</b>    |
| Other Comprehensive Income  | –               | –               | –                | –                |
| – Items that will not be reclassified to profit or loss   | –               | –               | –                | –                |
| – Income tax relating to items that will not be reclassified to profit or loss  | –               | –               | –                | –                |
| – Items that will be reclassified to profit or loss   | –               | –               | –                | –                |
| – Income tax relating to items that will be reclassified to profit or loss  | –               | –               | –                | –                |
| <b>Total Comprehensive income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b> | <b>56.62</b>    | <b>56.24</b>    | <b>256.20</b>    | <b>217.92</b>    |
| Earnings per equity share ( <i>for continuing operation</i> ):  |                 |                 |                  |                  |
| – Basic (In ₹)  | 0.06            | 0.06            | 0.26             | 0.22             |
| – Diluted (In ₹)  | 0.06            | 0.06            | 0.26             | 0.22             |

### Review of Operations

#### Standalone:

During the year under review, the Standalone total Income was ₹ **8,629.24 lacs** as against ₹ **8,314.05 lacs** for the corresponding previous year.

Total Comprehensive income for the period was ₹ **56.62 lacs** as against ₹ **56.24 lacs** in the corresponding previous year

## Consolidated:

During the year under review, the consolidated total Income was ₹ 37,721.97 lacs as against ₹ 34,415.12 lacs for the corresponding previous year.

Total Comprehensive consolidated income for the period was ₹ 256.20 lacs as against ₹ 217.92 lacs in the corresponding previous year

## State of Affairs and Future Outlook

The Jewelry business will continue its growth path through various initiatives, including launching of new collections & Designs, increasing share of studded jewelry and achieving design leadership. In coming year the Company would drive for strong and profitable growth in all its consumer businesses.

## COVID-19 and its impact

The Company's operations were disrupted by the prolonged lock down announced by the Government consequent to CoVID-19 crisis, partly in the month of March 2020, fully in the month of April 2020 and partly in the month of May 2020. The management has assessed the impact of the lockdown & consequent economic slowdown on business operations, revenues, cash flows and other financial parameters as on 31st March, 2020. It has evaluated and assessed that the current situation will not affect the recoverability of the company's assets, ongoing pertinence of its business, valuation & realisation of its inventory as also its ability to repay liabilities. While evaluating the impact, the management has considered the global economic conditions as well as information emanating from external and internal sources and is hopeful that future of Indian economy and the Diamond and Jewellery industry in particular, barring a short term slow down, will see a reasonable recovery.

## Dividend

In order to conserve the resources for the further growth of the Company, your Directors think fit not to recommend any dividend for the year under review.

## Transfer to Reserves

The Board of Directors has decided to retain the entire amount of profits in the profit and loss account.

## Management Discussion and Analysis

The Management Discussion and Analysis as required in terms of the Listing Regulations is annexed to the report as **Annexure I** and is incorporated herein by reference and forms an integral part of this report.

## Share Capital

The Paid-up Equity Share Capital of the Company as on 31<sup>st</sup> March, 2020 is ₹ 98,934,000/-, comprising of 98,93,400 shares of Re. 1/- each. During the year under review, the Company has not issued any securities.

## Directors and Key Managerial Personnel

### Ø Inductions / Appointment or Re-appointment of Director:

Pursuant to the provisions of Section 152 of the Act, Mr. Premjibhai Kanani (DIN: 01567443) retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment.

Based on the recommendation of the Nomination and Remuneration Committee and approval of the same by the Board at its meeting held on July 30, 2020, the Independent Directors viz., Mrs. Ami Dhaval Jariwala being eligible for re-appointment as Independent Directors for the second term of her office, having offered herself for re-appointment, is proposed to be re-appointed as Independent Directors for a second term. Resolution(s) in this behalf is set out at Item No 4 of the Notice of Annual General Meeting, for Members' approval.

At the meeting of Board of Directors held on March 18, 2020, your Board has appointed Mr. Rahul Javeri as an Additional Director (Non- executive, Independent) of the Company with effect from March 18, 2020. Pursuant to the provisions of Section 161 of the Act, Mr. Rahul Javeri holds office till the date of the ensuing Annual General Meeting and is eligible for appointment as Director of the Company. A Resolution in this behalf is set out at Item No. 5 of the Notice of Annual General Meeting, for Members' approval.

### Ø Cessation of Directorship:

During the year under review, Mr. Kautilbhai Patel resigned as Director of the Company, effective March 16, 2020. The Board places on record its appreciation for the invaluable contributions and guidance provided by him, during his stint with the Company as Directors.

All the directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

Further, Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are:

| Sr. No | Name of KMP           | Designation                              |
|--------|-----------------------|--|
| 1.     | Mr. Premjibhai Kanani | Whole-time Director & Chairman           |
| 2.     | Mr. Harshil Kanani    | Managing Director                        |
| 3.     | Mr. Darshak Pandya    | Chief Financial Officer                  |
| 4.     | Mr. Mehul Kundariya   | Company Secretary and Compliance Officer |

During the year, there has been no change in the Key Managerial Personnel.

#### Declaration by Independent Directors

The Independent Director(s) have submitted their disclosure to the Board that they fulfill all the requirements as to qualify for their appointment as Independent Director, under the provisions of section 149 of the Companies Act, 2013 as well as Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Board Meetings

Dates for Board Meetings are well decided in advance and communicated to the Board and the intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the Listing Agreement. The information as required under Regulation 17(7) read with Schedule II Part A of the LODR is made available to the Board. The agenda and explanatory notes are sent to the Board in advance. The Board periodically reviews compliance reports of all laws applicable to the Company. The Board meets at least once a quarter to review the quarterly financial results and other items on the agenda and also on the occasion of the Annual General Meeting ('AGM') of the Shareholders. Additional meetings are held, when necessary.

Further, Committees of the Board usually meet on the same day of formal Board Meeting, or whenever the need arises for transacting business. The recommendations of the Committees are placed before the Board for necessary approval and noting.

During the year **05 (Five) Board Meetings** were held during the year ended 31<sup>st</sup> March, 2020, the dates which are 30<sup>th</sup> May 2019, 14<sup>th</sup> August 2019, 14<sup>th</sup> November 2019, 13<sup>th</sup> February 2020 and 18<sup>th</sup> March, 2020. The gap between any two Board meetings during this period did not exceed one hundred and twenty days.

Attendance details of Directors for the year ended March 31, 2020 are given below:

| Name of the Directors            | Category                      | No. of Board Meetings attend |
|----------------------------------|-------------------------------|------------------------------|
| Mr. Premjibhai Kanani            | Chairman, Whole-time Director | 05                           |
| Mr. Harshil Kanani               | Managing Director             | 04                           |
| Mrs. Ami Dhaval Jariwala         | Independent Director          | 05                           |
| **Mr. Kautilbhai Popatbhai Patel | Independent Director          | 04                           |
| Mr. Tejas Murlidhar Choksi       | Independent Director          | 05                           |
| **Mr. Rahul Javeri               | Independent Director          | N.A.                         |

\* Resigned from directorship of the Company w.e.f. 16<sup>th</sup> March, 2020.

\*\*Appointed as on 18<sup>th</sup>March, 2020

#### Discussions with Independent Directors

The Board's policy is to regularly have separate meetings with Independent Directors, to update them on all business related issues, new initiatives and changes in the industry specific market scenario. At such meetings, the Executive Directors and other Members of the Management make presentations on relevant issues.

The policy for Familiarisation Programme for Independent Directors is available on our website [www.kananiindustries.com](http://www.kananiindustries.com).

#### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Agreement/ SEBI (LODR) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The Directors expressed satisfaction with the evaluation process.

#### Composition of Audit Committee

Your Company has formed an Audit Committee as per the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All members of the Audit Committee possess strong knowledge of accounting and financial management.

The primary objective of the Audit Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the



work carried out in the financial reporting process by the Management, the statutory auditor and notes the processes and safeguards employed by each of them.

The Committee met 5 (Five) times during the year, the details of which are given in the Corporate Governance Report along with composition of the Committee and their attendance.

## Composition of Nomination & Remuneration Committee

Your Company has formed a Nomination & Remuneration Committee to lay down norms for determination of remuneration of the executive as well as non-executive directors and executives at all levels of the Company. The Nomination & Remuneration committee has been assigned to approve and settle the remuneration package with optimum blending of monetary and non-monetary outlay.

The Committee met 5 (Five) times during the year, the details of which are given in the Corporate Governance Report along with composition of the Committee and their attendance.

## Nomination and Remuneration Policy

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors. This policy also lays down criteria for selection and appointment of Board Members. The Board of Directors is authorized to decide Remuneration to Executive Directors. The Remuneration structure comprises of Salary and Perquisites. Salary is paid to Executive Directors within the Salary grade approved by the Members. The Nomination & Remuneration committee has been assigned to approve and settle the remuneration package with optimum blending of monetary and non-monetary outlay.

In terms of requirements prescribed under Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Policy *inter-alia* providing the terms for appointment and payment of remuneration to Directors and Key Managerial Personnel.

During the year, there have been no changes to the Policy. The same is annexed to this report as **Annexure II** and is available on our website [www.kananiindustries.com](http://www.kananiindustries.com).

Details of remuneration paid to Directors and Key Managerial Personnel are given in the Corporate Governance Report along with shareholding in a Company.

## Composition of Stakeholders Relationship Committee

Your Board has constituted a Stakeholders Relationship Committee to specifically look into the mechanism of redressal of grievances of shareholders etc. The Committee reviews Shareholder's / Investor's complaints like non-receipt of Annual Report, physical transfer/ transmission/transposition, split/ consolidation of share certificates, issue of duplicate share certificates, etc. This Committee is also empowered to consider and resolve the grievance of other stakeholders of the Company including security holders.

The Committee met 05 (Five) times during the year, the details of which are given in the Corporate Governance Report along with composition of the Committee and their attendance.

## Directors' Responsibility Statement

Pursuant to Section 134(3)(c) & 134(5) of the Companies Act, 2013, the Board of Directors of the Company hereby confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) 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 and loss of the company for that period;
- (c) 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;
- (d) the directors have prepared the annual accounts on a going concern basis; and
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Particulars of Employees and Related Disclosures

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 in respect of employees of the Company, is enclosed as **Annexure III** and forms part of this Report.

Further, as per the provisions specified in Chapter XIII of Companies (Appointment & Remuneration of Managerial Personnel) Amendment Rules, 2016 none of the employees of the Company are in receipt of remuneration exceeding Rs. 1,02,00,000/- per annum, if employed for whole of the year or Rs. 8,50,000/- per month if employed for part of the year.



Further, the names of top ten employees in terms of remuneration drawn are disclosed in **Annexure IV** and forms part of this Report.

#### **Extract of Annual Return:**

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure V** and forms part of this Report.

#### **Details of Subsidiary/Joint Ventures/Associate Companies**

The Statement AOC-1 pursuant to the provisions of Section 129 (3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 regarding Subsidiary Company is enclosed as **Annexure VI** and forms part of this Report.

#### **Statutory Auditors' and Auditors' Report**

At the 33<sup>rd</sup> Annual General Meeting held on 26<sup>th</sup> September, 2016, M/s. Deepak Mehta & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in financial year 2021.

Further, members of the Company at the Annual General Meeting ('AGM') held on September 30, 2019, ratify the appointment of M/s. Deepak Mehta & Associates, Chartered Accountants, as the statutory auditors of the Company for financial year 2019-20.

In terms of the provisions relating to statutory auditors forming part of the Companies Amendment Act, 2017, notified on May 7, 2018, ratification of appointment of Statutory Auditors at every AGM is no more a legal requirement. However, pursuant to Ordinary Resolution passed at the 33<sup>rd</sup> AGM, appointment shall subject to ratification at every annual general meeting.

Hence, the Notice convening the ensuing 37<sup>th</sup> AGM contained a resolution on ratification of appointment of Statutory Auditors. Further, M/s. Deepak Mehta & Associates, Chartered Accountants, has confirmed that they are eligible to continue as Statutory Auditors of the Company to audit the books of accounts of the Company for the Financial Year ending March 31, 2021 and they will continue to be the Statutory Auditors of the Company for Financial Year ending March 31, 2021.

Auditors Report as issued by M/s. Deepak Mehta & Associates, Chartered Accountants, Auditors of the Company is self explanatory and need not call for any explanation by your Board.

#### **Secretarial Audit**

In terms of Section 204 of the Act and Rules made there under, M/s. Deep Shukla & Associates, Practising Company Secretaries, have been appointed Secretarial Auditors of the Company. The Secretarial Audit Report is enclosed as **Annexure VII** to this report.

#### **Internal Audit & Controls**

The Company has in place adequate internal financial controls with reference to the financial statement. The Audit Committee of the Board periodically reviews the internal control systems with the management, Internal Auditors and Statutory Auditors. Significant internal audit findings are discussed and follow-ups are taken thereon.

Further, M/s. Mehta Kothari & Co, Chartered Accountants, M.No.0120266 were appointed as Internal Auditors of the Company pursuant to section 138 of the Companies Act, 2013.

#### **Employees' Stock Option Plan**

The Company has not provided stock options to any employee.

#### **Vigil Mechanism**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.kananiindustries.com](http://www.kananiindustries.com). The employees of the Company are made aware of the said policy at the time of joining the Company.

#### **Risk Management Policy**

The Company has laid down the procedure to inform the Board about the risk assessment and minimization procedures. These procedures are reviewed by the Board annually to ensure that there is timely identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting.

The Company does not fall under the ambit of top 100 listed entities, determined on the basis of market capitalisation as at the end of the immediately preceding financial year. Hence, compliance under Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable.

#### **Corporate Governance Report**

We ensure that, we evolve and follow the corporate governance guidelines and best practices sincerely, not only to boost long-term shareholder value, but also to respect minority rights. We consider it as our inherent responsibility to disclose timely and accurate information regarding our operations and performance, as well as the leadership and governance of the Company.

Pursuant to the Listing Regulations, the Corporate Governance Report along with the Certificate from a Practising Chartered Accountants, regarding compliance of conditions of Corporate Governance, is annexed as **Annexure VIII** and forms part of this Report.

## Deposits

The Company has neither accepted nor renewed any fixed deposits during the year under review under Section 76 of the Companies Act, 2013. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2020.

However, during the financial year the Company has borrowed money(ies) from Directors of the Company in pursuant to Rule 2(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014, amended from time to time, and said amount is not being given out of funds acquired by him/them by borrowing or accepting loans or deposits from others.

## Loans & Guarantees

During the year under review, the Company has not provided any loan, guarantee, security or made any investment covered under the provisions of Section 186 of the Companies Act, 2013 to any person or other body corporate.

## Insurance

The properties/assets of the Company are adequately insured.

## Related Party Transactions

Related party transactions, if any, that were entered into during the period ended March 31, 2020, were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The details of the related party transactions as per Accounting Standard 18 are set out in Note No. 22(9) to the Significant Accounting policies part of this report.

## Conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

### (a) Conservation of Energy:

Even though its operations are not energy-intensive, significant measures are taken to reduce energy consumption by using energy-efficient equipment. The Company regularly reviews power consumption patterns across all locations and implement requisite improvements/changes in the process in order to optimize energy/ power consumption and thereby achieve cost savings. Energy costs comprise a very small part of the Company's total cost of operations. However, as a part of the Company's conservation of energy programme, the management has appealed to all the employees / workers to conserve energy.

### (b) Absorption of Technology:

#### I. The efforts made towards technology absorption:

The Company values innovation and applies it to every facet of its business. This drives development of distinctive new products, ever improving quality standards and more efficient processes.

The Company has augmented its revenues and per unit price realization by deploying innovative marketing strategies and offering exciting new products. The depth of designing capabilities was the core to our success over the years.

The Company uses the service of in-house designers as well as those of free-lancers in developing product designs as per the emerging market trends. The Company uses innovation in design as well as in technology to develop new products.

#### II. Benefits derived as a result of the above efforts:

As a result of the above, the following benefits have been achieved:

- a) Better efficiency in operations,
- b) Reduced dependence on external sources for technology for developing new products and upgrading existing products,
- c) Expansion of product range and cost reduction,
- d) Greater precision,
- e) Retention of existing customers and expansion of customer base,
- f) Lower inventory stocks resulting in low carrying costs.

#### III. The Company has not imported any technology during the year under review;

#### IV. The Company has not expended any expenditure towards Research and Development during the year under review.

### (c) Foreign Exchange Earnings and Outgo:

(Amount in ₹)

| Particulars             | FY 2019-2020 | FY 2018-2019 |
|-------------------------|--------------|--------------|
| C.I.F. Value of Imports | 8,35,084,796 | 8,58,785,864 |
| F.O.B. Value of Exports | 8,56,355,500 | 8,31,278,529 |

### Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of the Companies Act, 2013 read with The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividends, unclaimed for a consecutive period of seven years from the date of transfer to the Unpaid Dividend Account of the Company are liable to be transferred to IEPF. Further, the shares (excluding the disputed cases having specific orders of the Court, Tribunal or any Statutory Authority restraining such transfer) pertaining to which dividend remains unclaimed for a period of continuous seven years from the date of transfer of the dividend to the unpaid dividend account are also mandatorily required to be transferred to the IEPF established by the Central Government. Accordingly, the Company has transferred unclaimed dividend eligible to IEPF authority within statutory timelines.

Any person whose unclaimed dividend and shares pertaining thereto, matured deposits, matured debentures, application money due for refund, or interest thereon, sale proceeds of fractional shares, redemption proceeds of preference shares, amongst others has been transferred to the IEPF Fund can claim their due amount from the IEPF Authority by making an electronic application in e-form IEPF-5. Upon submitting a duly completed form, Shareholders are required to take a print of the same and send physical copy duly signed along with requisite documents as specified in the form to the attention of the Nodal Officer, at the Registered Office of the Company. The e-form can be downloaded from the website of Ministry of Corporate Affairs [www.iepf.gov.in](http://www.iepf.gov.in).

Shareholders are requested to get in touch with the RTA for encashing the unclaimed dividend/interest/principal amount, if any, standing to the credit of their account.

### Corporate Social Responsibility

The Company is committed to discharging its social responsibility as a good corporate citizen.

The Board of Directors has framed a policy which lays down a framework in relation to Corporate Social Responsibility of the Company. This policy also lays down to lay down guidelines for the company to make CSR a key business process for sustainable development for the Society. The details of this policy are explained by way of **Annexure IX**.

During the year under review, the Company has not expended any amount towards CSR activities as the same is not applicable to the Company pursuant to section 135 of the Companies Act, 2013.

### Cost Audit

As per the Cost Audit Orders and in terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, Cost Audit is not applicable to our Company.

### Obligation of Company Under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9<sup>th</sup> December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

The Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

### Secretarial Standards

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively.

### Significant and Material Orders passed by the Regulators or Courts or Tribunals

There are no significant and material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations.

### Material Changes and Commitments Affecting the Financial Position of the Company:

There have been no material changes and commitments, 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.

### Acknowledgement

The Directors would like to thank all shareholders, customers, bankers, suppliers and everybody else with whose help, cooperation and hard work the Company is able to achieve the results. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

For and On behalf of the Board of Directors

**PREMJIBHAI KANANI**  
**CHAIRMAN, WHOLE-TIME DIRECTOR**  
**(DIN 01567443)**

Place: Mumbai  
 Date: 24-08-2020

## Management Discussion and Analysis

### INTRODUCTION

The company is in the business of diamond studded jewellery.

Consistent supply of diamond studded jewellery of desired quality, at a competitive price is one of the critical success factors of the company's business. The company supplies the jewellery to wholesalers, jewellery manufacturers, traders and retailers based in overseas market.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labour. India is the world's largest cutting and polishing centre for diamonds, with the cutting and polishing industry being well supported by government policies. The Gems and Jewellery sector is witnessing changes in consumer preferences due to adoption of western lifestyle. Consumers are demanding new designs and varieties in jewellery, and branded jewellers are able to fulfill their changing demands better than the local unorganised players. Moreover, increase in per capita income has led to an increase in sales of jewellery, as jewellery is a status symbol in India.

### SEGMENT WISE PERFORMANCE OF THE COMPANY

The company has only one segments i.e. Diamond studded Jewellery.

### OUTLOOK

The Jewelry business will continue its growth path through various initiatives, including launching of new collections & Designs, increasing share of studded jewelry and achieving design leadership. In coming year the Company would drive for strong and profitable growth in all its consumer businesses.

### RISK AND CONCERNS

Looking at the scenario in India in case of gems and jewellery industry, Risks associated with operating in a particular industry and include risks arising from demand changes, changes in customers choice and industry changes. Gold price fluctuation risk could arise on account of frequent changes in gold prices either up or downside momentum. It could have adverse impact on earnings. Forex risks could arise from the company being exposed to foreign currency fluctuations which could impact its rupee earnings. Diamond prices usually are not very volatile over a long period of time.

### CAUTIONARY STATEMENT

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions are within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include changes in the government regulations, tax laws, statues and other incidental factors as applicable to the company.

For and On behalf of the Board of Directors

Place: Mumbai  
Date: 24-08-2020

PREMJIBHAI KANANI  
CHAIRMAN, WHOLE-TIME DIRECTOR  
DIN : 01567443

**NOMINATION AND REMUNERATION POLICY****CONSTITUTION OF COMMITTEE**

The Board of Directors of the Company (the Board) constituted the committee to be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half are independent directors. The Chairman of the Committee is an Independent Director. However, the chairperson of the company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee."

**OBJECTIVE**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees.

**The Key Objectives of the Committee would be:**

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- To formulation of criteria for evaluation of Independent Director and the Board.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To develop a succession plan for the Board and to regularly review the plan.
- To assist the Board in fulfilling responsibilities.
- To Implement and monitor policies and processes regarding principles of corporate governance.

**APPLICABILITY**

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

**DEFINITIONS:**

"**Act**" shall mean the Companies Act, 2013 and the Rules made thereunder, including the modifications, amendments, clarifications, circulars or re-enactment thereof.

"**Board**" means Board of Directors of the Company.

"**Committee**" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

"**Company**" means Kanani Industries Limited.

"**Directors**" mean Directors of the Company.

"**Independent Director**" means a Director referred to in Section 149 (6) of the Companies Act, 2013.

"**Key Managerial Personnel**" means key managerial personnel as defined under the Companies Act, 2013 and includes –

- Managing Director, or Executive Director or manager and in their absence, a whole- time director; (includes Executive Chairman)
- Company Secretary;
- Chief Financial Officer; and
- Such other officer as may be prescribed.

"**Policy**" or "**This policy**" means Nomination and Remuneration Policy.

# KANANI INDUSTRIES LIMITED

**"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

**"Senior Management"** Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

## **ROLE AND POWER OF THE COMMITTEE:-**

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee:

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

## **Policy for appointment and removal of Director, KMP and Senior Management**

### (i) Appointment criteria and qualifications

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### (ii) Term / Tenure

- a. Managing Director/Whole-time Director:
  - The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b. Independent Director:
  - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
  - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
  - At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.
- c. Evaluation
  - The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).
- d. Removal
  - Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

## e. Retirement

- The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel**

## (i) General:

- The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required;
- The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act;
- Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director;
- Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

## (ii) Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

## - Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

## - Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

## - Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

## (iii) Remuneration to Non- Executive / Independent Director:

## - Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

## - Sitting Fees

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

## - Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

## - Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

**MEMBERSHIP:-**

- The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.



## KANANI INDUSTRIES LIMITED

- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

### **CHAIRMAN:-**

- Chairman of the Committee shall be an Independent Director;
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee;
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman;
- Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

### **FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

### **COMMITTEE MEMBERS' INTERESTS**

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### **SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

### **VOTING**

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

### **MINUTES OF COMMITTEE MEETING**

- Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

### **IMPLEMENTATION**

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.

### **AMENDMENTS TO THE POLICY**

- The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

### **AMENDMENTS IN THE LAW**

- Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy.

**For and On behalf of the Board of Directors**

**PREMJIBHAI KANANI  
CHAIRMAN, WHOLE-TIME DIRECTOR  
DIN : 01567443**

**Place: Mumbai  
Date: 24-08-2020**



**PARTICULARS OF EMPLOYEE**

Information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

- i. **The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 and**
- ii. **The percentage Increase in remuneration of each Director, Managing Director, Chief Financial Officer and Company Secretary of the Company in the financial year 2019-20.**

| Name & Designation                | *Remuneration of each Director & KMP for Financial Year 2019-20 (₹) | % increase / decrease in remuneration in the Financial Year 2019-20 | Ratio of remuneration of each Directors to median remuneration of employees |
|-----------------------------------|---|---|---|
| <b>A. Independent Directors</b>   |   |   |   |
| *Kautilbhai Patel (ID)            | –   | –   | –   |
| Ami Jariwala (ID)                 | –   | –   | –   |
| **Rahul Javeri (ID)               | –   | –   | –   |
| Tejas Choksi (ID)                 | –   | –   | –   |
| <b>B. Executive Directors/KMP</b> |   |   |   |
| Premji D. Kanani (WTD)            | 4,99,200  | –   | 5:86:01   |
| Harshil P. Kanani (MD)            | 5,01,000  | –   | 5:88:01   |
| Darshak Pandya (CFO)              | 4,20,000  | –   | 4:93:01   |
| Mehul Kundariya (CS)              | 2,38,000  | 10.19%  | 2:79:01   |

MD - Managing Director, WTD – Whole-time Director, CFO – Chief Financial Officer; CS – Company Secretary.

\* Resigned w.e.f. 16<sup>th</sup> March, 2020

\*\* Appointed w.e.f. 18<sup>th</sup> March, 2020

Notes: 1. Median remuneration of all the employees of the Company for the financial year 2019-20 is ₹ 85,290/- p.a.

- iii. **The percentage Increase in the median remuneration of employees in the financial year 2019-20.**

| Particular                           | Financial Year 2019 - 20 (₹) | Financial Year 2018 - 19 (₹) | Increase (%) |
|--------------------------------------|------------------------------|------------------------------|--------------|
| Median remuneration of all employees | 85,290                       | 72,050                       | 18.38        |

Note: The calculation of % increase in the median remuneration has been done based on comparable employees.

- iv. **The number of permanent employees on the rolls of Company.**

There were 28 permanent employees on the rolls of Company as on March 31, 2020.

- v. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

Average percentile increase/decrease in the salaries of employee other than the MD in the Financial Year 2019-20 was 18.38% and there is no increase in the salary of the MD.

Average increase in remuneration of KMPs: Nil

- vi. **Affirmation that the remuneration is as per the Remuneration Policy of the Company**

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, KMPs, Senior Management and other employees of the Company is as per the Remuneration Policy of the Company.

For and On behalf of the Board of Directors

PREMJIBHAI KANANI  
CHAIRMAN, WHOLE-TIME DIRECTOR  
DIN : 01567443

Place: Mumbai  
Date: 24-08-2020

*Information required under Section 197 of the Companies Act, 2013 read with Rule 5(2)(a) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016*

| Name of employees    | Designation / Nature of Duties | Remuneration Received (₹) p.a. | Qualification     | Experience in years | Age in years | Date of commencement of employment | Last Employment held | % of share-holding |
|----------------------|--------------------------------|--------------------------------|-------------------|---------------------|--------------|------------------------------------|----------------------|--------------------|
| Harshil P. Kanani    | Managing Director              | 5,01,000                       | Under Graduate    | 18                  | 36           | 28.07.2007                         | –                    | 63.626%            |
| Premjibhai D. Kanani | Chairman                       | 4,99,200                       | Under Graduate    | 46                  | 61           | 17.05.2007                         | Kanani Exports       | 8.092%             |
| Nikhil Vadhariya     | Sale-Executive                 | 4,80,000                       | F.Y.Bcom          | 7                   | 27           | 01.04.2019                         | S.V. Gems            | –                  |
| Darshak Pandya       | CFO                            | 4,20,000                       | B.Com             | 15                  | 35           | 01.11.2007                         | Star Diam            | –                  |
| Hardik Gabani        | Admin Manager                  | 3,00,000                       | Under Graduate    | 16                  | 34           | 01.04.2018                         | Kesari Exports       | –                  |
| Mehul Kundariya      | CS                             | 2,38,000                       | Company Secretary | 04                  | 29           | 21.03.2016                         | –                    | –                  |
| Ketan Shah           | Accountant                     | 1,80,000                       | Under Graduate    | 33                  | 54           | 01.04.2018                         | Kanani Exports       | –                  |
| Shrutik Barot        | Accountant                     | 1,66,000                       | Graduate          | 2                   | 24           | 10.12.2018                         | –                    | –                  |
| Anil Patel           | Casting/Waxing                 | 1,32,000                       | Under Graduate    | 13                  | 33           | 01.04.2018                         | Sagar Diamond        | –                  |
| Harish Rathod        | Filling                        | 1,20,000                       | Under Graduate    | 5                   | 29           | 01.11.2018                         | Parvati Impex        | –                  |

The above employees are related to the Directors of the Company :

| Names of Employees   | Names of employees who are relatives of any Director |
|----------------------|--|
| Harshil P. Kanani    | Premjibhai Kanani (Father)                           |
| Premjibhai D. Kanani | Harshil Kanani (Son)                                 |
| Nikhil Vadariya      | No Relation with any Director                        |
| Darshak Pandya       | No Relation with any Director                        |
| Hardik Gabani        | No Relation with any Director                        |
| Mehul Kundariya      | No Relation with any Director                        |
| Ketan Shah           | No Relation with any Director                        |
| Shrutik Barot        | No Relation with any Director                        |
| Anil Patel           | No Relation with any Director                        |
| Harish Rathod        | No Relation with any Director                        |

For and On behalf of the Board of Directors

Place: Mumbai  
Date: 24-08-2020

**PREMJIBHAI KANANI**  
**CHAIRMAN, WHOLE-TIME DIRECTOR**  
**DIN : 01567443**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014

**I. REGISTRATION & OTHER DETAILS:**

|    |  |  |
|----|--|--|
| 1. | CIN  | L51900MH1983PLC029598  |
| 2. | Registration Date  | 22/03/1983   |
| 3. | Name of the Company  | <b>KANANI INDUSTRIES LIMITED</b>   |
| 4. | Category/Sub-category of the Company                                       | COMPANY LIMITED BY SHARES<br>Indian Non-Government Company   |
| 5. | Address of the Registered office & contact details                         | 915C, The Capital, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051, Maharashtra, India<br>Tel. : 022 4005 0222 • Fax No. : 022 3008 4000<br>Email : <a href="mailto:info@kananiindustries.com">info@kananiindustries.com</a><br>Website : <a href="http://www.kananiindustries.com">www.kananiindustries.com</a> |
| 6. | Whether listed company   | YES  |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | <b>Sharex Dynamic (India) Pvt. Ltd.</b><br>C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083, Maharashtra, India<br>Tel. : 022 – 28515606 / 5644<br>Email : <a href="mailto:support@sharexindia.com">support@sharexindia.com</a><br>Website : <a href="http://www.sharexindia.com">www.sharexindia.com</a>        |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the company are as under

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Manufacturing of Diamond Studded Jewellery       | 3211                              | 100%                               |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

| Sr. no. | Name and address of the company  | CIN / GLN | Holding / Subsidiary / Associate | % of shares held | applicable section |
|---------|--|-----------|----------------------------------|------------------|--------------------|
| 1.      | <b>KIL INTERNATIONAL LIMITED</b><br>Room # 1503, 15th Floor,<br>Rise Commercial Building,<br>No. 5-11 Granville Circuit,<br>T.S.T, Kowloon,<br>Hong Kong | 1625216   | Subsidiary                       | 100%             | 2 (87) (ii)        |

# KANANI INDUSTRIES LIMITED

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i. Category-wise Share Holding

| Category of shareholders  | No. of shares held at the beginning of the year<br>(As on 1st April, 2019) |              |                 |                   | No. of shares held at the end of the year<br>(As on 31st March, 2020) |              |                 |                   | % change during the year |
|---|--|--------------|-----------------|-------------------|---|--------------|-----------------|-------------------|--------------------------|
|   | Demat  | Physical     | Total           | % of Total shares | Demat   | Physical     | Total           | % of Total shares |                          |
| <b>A. Promoters</b>   |  |              |                 |                   |   |              |                 |                   |                          |
| <b>(1) Indian</b>   |  |              |                 |                   |   |              |                 |                   |                          |
| a) Individual/ HUF  | 74034840   | –            | 74034840        | 74.83             | 74034840  | –            | 74034840        | 74.83             | 0.00                     |
| b) Central Govt   | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| c) State Govt(s)  | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| d) Bodies Corp.   | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| e) Banks / FI   | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| f) Any other  | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| <b>Total shareholding of Promoter (A)</b>                                       | <b>74034840</b>  | <b>0</b>     | <b>74034840</b> | <b>74.83</b>      | <b>74034840</b>   | <b>0</b>     | <b>74034840</b> | <b>74.83</b>      | <b>0.00</b>              |
| <b>B. Public Shareholding</b>   |  |              |                 |                   |   |              |                 |                   |                          |
| <b>1. Institutions</b>  | –  | –            | –               | 0.00              | 1000  | –            | 1000            | 0.00              | 1.00                     |
| a) Mutual Funds   | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| b) Banks / FI   | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| c) Central Govt   | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| d) State Govt(s)  | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| e) Venture Capital Funds  | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| f) Insurance Companies  | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| g) FIs  | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| h) Foreign Venture Capital Funds  | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| i) Others (specify)   | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| <b>Sub-total (B)(1):-</b>   | <b>0</b>   | <b>0</b>     | <b>0</b>        | <b>0.00</b>       | <b>1000</b>   | <b>–</b>     | <b>1000</b>     | <b>0.00</b>       | <b>1.00</b>              |
| <b>2. Non-Institutions</b>  |  |              |                 |                   |   |              |                 |                   |                          |
| a) Bodies Corp.   |  |              |                 |                   |   |              |                 |                   |                          |
| i) Indian   | 625095   | –            | 625095          | 0.89              | 306406  | –            | 306406          | 0.31              | (0.26)                   |
| ii) Overseas  | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| b) Individuals  | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| i) Individual shareholders holding nominal share capital up to ₹ 2 lakh         | 3203057  | 46200        | 3249527         | 3.28              | 3618971   | 46200        | 3665171         | 3.70              | 0.06                     |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh | 20803420   | –            | 20803420        | 21.02             | 20546840  | –            | 20546840        | 20.77             | 0.00                     |
| c) Others (specify)   | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| Non Resident Indians  | 67638  | –            | 67638           | 0.07              | 97445   | –            | 97445           | 0.10              | –                        |
| Overseas Corporate Bodies   | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| Foreign Nationals   | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| Clearing Members  | 151691   | –            | 151691          | 0.153             | 153152  | –            | 153152          | 0.15              | 0.15                     |
| Trusts  | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| Foreign Bodies – D R  | –  | –            | –               | 0.00              | –   | –            | –               | 0.00              | 0.00                     |
| <b>Sub-total (B)(2):-</b>   | <b>24852960</b>  | <b>46200</b> | <b>24899160</b> | <b>25.17</b>      | <b>24852960</b>   | <b>46200</b> | <b>24899160</b> | <b>25.17</b>      | <b>–</b>                 |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>                             | <b>24852960</b>  | <b>46200</b> | <b>24899160</b> | <b>25.17</b>      | <b>24852960</b>   | <b>46200</b> | <b>24899160</b> | <b>25.17</b>      | <b>–</b>                 |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                          | –  | –            | –               | <b>0.00</b>       | –   | –            | –               | <b>0.00</b>       | <b>0.00</b>              |
| <b>Grand Total (A+B+C)</b>  | <b>98887800</b>  | <b>46200</b> | <b>98934000</b> | <b>100.00</b>     | <b>98887800</b>   | <b>46200</b> | <b>98934000</b> | <b>100.00</b>     | <b>–</b>                 |

## ii. Shareholding of Promoters

| Sr. No. | Shareholder's Name        | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % Change in share holding during the year |
|---------|---------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|         |                           | No. of Shares                             | % of total Shares of the Company | % of Shares Pledged/encumbered to total Shares | No. of Shares                       | % of total Shares of the Company | % of Shares Pledged/encumbered to total Shares |   |
| 1.      | Harshil Premjibhai Kanani | 6,29,47,500                               | 63.626                           | 0.00   | 6,29,47,500                         | 63.626                           | 0.00   | 0.00                                      |
| 2.      | Premjibhai D Kanani       | 80,06,130                                 | 8.092                            | 0.00   | 80,06,130                           | 8.092                            | 0.00   | 0.00                                      |
| 3.      | Alpesh Vinubhai Kanani    | 30,81,210                                 | 3.114                            | 0.00   | 30,81,210                           | 3.114                            | 0.00   | 0.00                                      |

## iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | Particulars                          | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--------------------------------------|---|----------------------------------|---|----------------------------------|
|         |                                      | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1.      | <b>Mr. Harshil Premjibhai Kanani</b> | 62,947,500                                | 63.63                            | 62,947,500                              | 63.63                            |
|         | At the beginning of the year         | –   | –                                | –                                       | –                                |
|         | Changes during the year              | –   | –                                | –                                       | –                                |
|         | <b>At the end of the year</b>        | –   | –                                | <b>62,947,500</b>                       | <b>63.63</b>                     |
| 2.      | <b>Mr. Premjibhai D Kanani</b>       | 8,006,130                                 | 8.09                             | 8,006,130                               | 8.09                             |
|         | At the beginning of the year         | –   | –                                | –                                       | –                                |
|         | Changes during the year              | –   | –                                | –                                       | –                                |
|         | <b>At the end of the year</b>        | –   | –                                | <b>8,006,130</b>                        | <b>8.09</b>                      |
| 3.      | <b>Mr. Alpesh Vinubhai Kanani</b>    | 3,081,210                                 | 3.11                             | 3,081,210                               | 3.11                             |
|         | At the beginning of the year         | –   | –                                | –                                       | –                                |
|         | Changes during the year              | –   | –                                | –                                       | –                                |
|         | <b>At the end of the year</b>        | –   | –                                | <b>3,081,210</b>                        | <b>3.11</b>                      |

## iv. Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-------------------------------------|---|----------------------------------|---|----------------------------------|
|         |                                     | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1       | <b>Mr. Anil Bhikhabhai Virani</b>   |   |                                  |   |                                  |
|         | At the beginning of the year        | 2,442,000                                 | 2.47                             | 2,442,000                               | 2.47                             |
|         | Changes during the year             | –   | –                                | –                                       | –                                |
|         | At the End of the year              |   |                                  | 2,442,000                               | 2.47                             |
| 2       | <b>Mr. Kishor B. Virani</b>         |   |                                  |   |                                  |
|         | At the beginning of the year        | 2,310,000                                 | 2.33                             | 2,310,000                               | 2.33                             |
|         | Changes during the year             | –   | –                                | –                                       | –                                |
|         | At the End of the year              |   |                                  | 2,310,000                               | 2.33                             |
| 3       | <b>Mr. Dahyabhai G Sutariya</b>     |   |                                  |   |                                  |
|         | At the beginning of the year        | 2,309,837                                 | 2.33                             | 2,309,837                               | 2.33                             |
|         | Changes during the year             | –   | –                                | –                                       | –                                |
|         | At the End of the year              |   |                                  | 2,309,837                               | 2.33                             |

## KANANI INDUSTRIES LIMITED

|    |   |           |      |           |      |
|----|---|-----------|------|-----------|------|
| 4  | <b>Mr. Hirabhai Kanjibhai Kakadia</b>       |           |      |           |      |
|    | At the beginning of the year                | 2,112,000 | 2.13 | 2,112,000 | 2.13 |
|    | <i>Changes during the year</i>              | –         | –    | –         | –    |
|    | At the End of the year                      |           |      | 2,112,000 | 2.13 |
| 5  | <b>Mr. Govindbhai Laljibhai Kakadia</b>     |           |      |           |      |
|    | At the beginning of the year                | 2,056,384 | 2.08 | 2,056,384 | 2.08 |
|    | <i>Changes during the year</i>              | –         | –    | –         | –    |
|    | At the End of the year                      |           |      | 2,056,384 | 2.08 |
| 6  | <b>Mr. Rajesh Bhagwanbhai Sutaria</b>       |           |      |           |      |
|    | At the beginning of the year                | 1,609,105 | 1.63 | 1,609,105 | 1.63 |
|    | <i>Changes during the year</i>              | –         | –    | –         | –    |
|    | At the End of the year                      |           |      | 1,609,105 | 1.63 |
| 7  | <b>Mr. Vallabhbhai Dhanjibhai Vaghasiya</b> |           |      |           |      |
|    | At the beginning of the year                | 945,600   | 0.96 | 945,600   | 0.96 |
|    | <i>Changes during the year</i>              | –         | –    | –         | –    |
|    | At the End of the year                      |           |      | 945,600   | 0.96 |
| 8  | <b>Mrs. Jayshriben Mukeshbhai Mangukiya</b> |           |      |           |      |
|    | At the beginning of the year                | 809,737   | 0.82 | 809,737   | 0.82 |
|    | <i>Changes during the year</i>              | –         | –    | –         | –    |
|    | At the End of the year                      |           |      | 809,737   | 0.82 |
| 9  | <b>Mrs. Hansaben Ashokbhai Mangukiya</b>    |           |      |           |      |
|    | At the beginning of the year                | 688,300   | 0.70 | 688,300   | 0.70 |
|    | <i>Changes during the year</i>              | –         | –    | –         | –    |
|    | At the End of the year                      |           |      | 688,300   | 0.70 |
| 10 | <b>Mrs. Varshaben G. Mangukiya</b>          |           |      |           |      |
|    | At the beginning of the year                | 679,800   | 0.69 | 679,800   | 0.69 |
|    | <i>Changes during the year</i>              | –         | –    | –         | –    |
|    | At the End of the year                      |           |      | 679,800   | 0.69 |

### v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Particular                           | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--------------------------------------|---|----------------------------------|---|----------------------------------|
|         |                                      | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1       | <b>Mr. Harshil Premjibhai Kanani</b> |   |                                  |   |                                  |
|         | At the beginning of the year         | 62,947,500                                | 63.63                            | 62,947,500                              | 63.63                            |
|         | <i>Changes during the year</i>       | –   | –                                | –                                       | –                                |
|         | At the End of the year               |   |                                  | 62,947,500                              | 63.63                            |
| 2       | <b>Mr. Premjibhai D Kanani</b>       |   |                                  |   |                                  |
|         | At the beginning of the year         | 8,006,130                                 | 8.09                             | 8,006,130                               | 8.09                             |
|         | <i>Changes during the year</i>       | –   | –                                | –                                       | –                                |
|         | At the End of the year               |   |                                  | 8,006,130                               | 8.09                             |
| 3       | <b>Mr. Rahul Javeri</b>              |   |                                  |   |                                  |
|         | At the beginning of the year         | –   | –                                | –                                       | –                                |
|         | <i>Changes during the year</i>       | –   | –                                | –                                       | –                                |
|         | At the End of the year               | –   | –                                | –                                       | –                                |
| 4       | <b>Mrs. Ami Jariwala</b>             |   |                                  |   |                                  |
|         | At the beginning of the year         | –   | –                                | –                                       | –                                |
|         | <i>Changes during the year</i>       | –   | –                                | –                                       | –                                |
|         | At the End of the year               | –   | –                                | –                                       | –                                |

|          |                                   |   |   |   |   |
|----------|-----------------------------------|---|---|---|---|
| <b>5</b> | <b>Mr. Darshak Pandya (CFO)</b>   |   |   |   |   |
|          | At the beginning of the year      | – | – | – | – |
|          | Changes during the year           | – | – | – | – |
|          | At the End of the year            | – | – | – | – |
| <b>6</b> | <b>Mr. Mehul Kundariya (CS)</b>   |   |   |   |   |
|          | At the beginning of the year      | – | – | – | – |
|          | Changes during the year           | – | – | – | – |
|          | At the End of the year            | – | – | – | – |
| <b>7</b> | <b>Mr. Tejas Morlidhar Choksi</b> |   |   |   |   |
|          | At the beginning of the year      | – | – | – | – |
|          | Changes during the year           | – | – | – | – |
|          | At the End of the year            | – | – | – | – |

**V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding / accrued but not due for payment.**

| Particulars  | Secured Loans excluding deposits | Unsecured Loans      | Deposits | Total Indebtedness   |
|--|----------------------------------|----------------------|----------|----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                      |          |                      |
| i) Principal Amount  | 25,00,00,000                     | 5,80,85,000          | –        | <b>30,80,85,000</b>  |
| ii) Interest due but not paid                              | –                                | –                    | –        | –                    |
| iii) Interest accrued but not due                          | –                                | –                    | –        | –                    |
| <b>Total (i+ii+iii)</b>                                    | <b>25,00,00,000</b>              | <b>5,80,85,000</b>   | <b>–</b> | <b>30,80,85,000</b>  |
| Change in Indebtedness during the financial year           |                                  |                      |          |                      |
| * Addition   | 44,73,99,999                     | 2,58,30,000          | –        | 47,32,29,999         |
| * Reduction  | 48,85,03,000                     | 4,00,00,000          | –        | 52,85,03,000         |
| <b>Net Change</b>  | <b>(4,11,03,001)</b>             | <b>(1,41,70,000)</b> | <b>–</b> | <b>(5,52,73,001)</b> |
| Indebtedness at the end of the financial year              |                                  |                      |          |                      |
| i) Principal Amount  | 20,88,96,999                     | 4,39,15,000          | –        | 25,28,11,999         |
| ii) Interest due but not paid                              | –                                | –                    | –        | –                    |
| iii) Interest accrued but not due                          | –                                | –                    | –        | –                    |
| <b>Total (i+ii+iii)</b>                                    | <b>20,88,96,999</b>              | <b>4,39,15,000</b>   | <b>–</b> | <b>25,28,11,999</b>  |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sr. No.  | Particulars of Remuneration   | Name of MD/WTD/MANAGER   |                    | Total Amount     |
|----------|---|--|--------------------|------------------|
|          |   | Mr. Premjibhai Kanani  | Mr. Harshil Kanani |                  |
| <b>1</b> | <b>Gross salary</b>   |  |                    |                  |
|          | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 4,99,200   | 5,01,000           | 10,00,200        |
|          | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | –  | –                  | –                |
|          | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | –  | –                  | –                |
| <b>2</b> | <b>Stock Option</b>   | –  | –                  | –                |
| <b>3</b> | <b>Sweat Equity</b>   | –  | –                  | –                |
| <b>4</b> | <b>Commission</b>   |  |                    |                  |
|          | - as % of profit  | –  | –                  | –                |
|          | - others, specify...  | –  | –                  | –                |
| <b>5</b> | <b>Others, please specify</b>   | –  | –                  | –                |
|          | <b>Total (A)</b>  | <b>4,99,200</b>  | <b>5,01,000</b>    | <b>10,00,200</b> |
|          | <b>Ceiling as per the Act</b>   | The Remuneration paid to Managing Director and Whole-time Director is within the ceiling prescribed under the Companies Act, 2013. |                    |                  |

# KANANI INDUSTRIES LIMITED

## B. Remuneration to other directors:

| Sr. No. | Particulars of Remuneration                | Name of Directors |                  |                            | Total Amount |
|---------|--|-------------------|------------------|----------------------------|--------------|
|         |  | Mrs. Ami Jariwala | Mr. Rahul Javeri | Mr. Tejas Murlidhar Choksi |              |
| 1       | <b>Independent Directors</b>               |                   |                  |                            |              |
|         | Fee for attending board committee meetings | –                 | –                | –                          | –            |
|         | Commission                                 | –                 | –                | –                          | –            |
|         | Others, please specify                     | –                 | –                | –                          | –            |
|         | <b>Total (1)</b>                           | –                 | –                | –                          | –            |
| 2       | <b>Other Non-Executive Directors</b>       |                   |                  |                            |              |
|         | Fee for attending board committee meetings | –                 | –                | –                          | –            |
|         | Commission                                 | –                 | –                | –                          | –            |
|         | Others, please specify                     | –                 | –                | –                          | –            |
|         | <b>Total (2)</b>                           | –                 | –                | –                          | –            |
|         | <b>Total (B)=(1+2)</b>                     | –                 | –                | –                          | –            |
|         | <b>Total Managerial Remuneration</b>       | –                 | –                | –                          | –            |
|         | <b>Overall Ceiling as per the Act</b>      | –                 | –                | –                          | –            |

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in ₹)

| Sr. no. | Particulars of Remuneration   | Key Managerial Personnel |          |          |          |
|---------|---|--------------------------|----------|----------|----------|
|         |   | CEO                      | CS       | CFO      | Total    |
| 1.      | <b>Gross salary</b>   |                          |          |          |          |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | –                        | 2,38,000 | 4,20,000 | 6,58,000 |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | –                        | –        | –        | –        |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | –                        | –        | –        | –        |
| 2.      | <b>Stock Option</b>   | –                        | –        | –        | –        |
| 3.      | <b>Sweat Equity</b>   | –                        | –        | –        | –        |
| 4.      | <b>Commission</b>   | –                        | –        | –        | –        |
|         | – as % of profit  | –                        | –        | –        | –        |
|         | Others, specify...  | –                        | –        | –        | –        |
| 5.      | <b>Others, please specify</b>   | –                        | –        | –        | –        |
|         | <b>Total</b>  | –                        | 2,38,000 | 4,20,000 | 6,58,000 |

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD/NCLT/ Court] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                            |                                    |
| Penalty                             |                              |                   | NIL  |                            |                                    |
| Punishment                          |                              |                   |  |                            |                                    |
| Compounding                         |                              |                   |  |                            |                                    |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                            |                                    |
| Penalty                             |                              |                   | NIL  |                            |                                    |
| Punishment                          |                              |                   |  |                            |                                    |
| Compounding                         |                              |                   |  |                            |                                    |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                            |                                    |
| Penalty                             |                              |                   | NIL  |                            |                                    |
| Punishment                          |                              |                   |  |                            |                                    |
| Compounding                         |                              |                   |  |                            |                                    |

For and On behalf of the Board of Directors

**PREMJIBHAI KANANI**  
CHAIRMAN, WHOLE-TIME DIRECTOR  
DIN : 01567443

Place: Mumbai  
Date: 24-08-2020



**FORM AOC-I**  
**Statement containing salient features of the financial statement of**  
**subsidiaries/associate companies/joint ventures**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Part "A": Subsidiaries**

|  |                           |
|--|---------------------------|
| Sr. No.  | 1.                        |
| Name of the subsidiary   | KIL International Limited |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period.                     | March 31, 2020            |
| Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. | US \$ To INR – 75.3675    |
| Share capital  | 311,194,839               |
| Reserves & surplus   | 40,241,879                |
| Total assets   | 840,596,581               |
| Total Liabilities  | 894,159,864               |
| Investments  | –                         |
| Turnover   | 2909,272,133              |
| Profit before taxation   | 20,200,032                |
| Provision for taxation   | 242,343                   |
| Profit after taxation  | 19,957,689                |
| Proposed Dividend  | –                         |
| % of shareholding  | 100%                      |

Names of subsidiaries which are yet to commence operations: N.A.

Names of subsidiaries which have been liquidated or sold during the year: N.A.

**Part “B”: Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013  
related to Associate Companies and Joint Ventures**

|    | Name of Associates/Joint Ventures  |   |
|----|--|---|
| 1. | Latest audited Balance Sheet Date  | – |
| 2. | Shares of Associate/Joint Ventures held by the company on the year end     | – |
|    | No.  |   |
|    | Amount of Investment in Associates/Joint Venture                           |   |
|    | Extend of Holding %  |   |
| 3. | Description of how there is significant influence                          | – |
| 4. | Reason why the associate/joint venture is not consolidated                 | – |
| 5. | Net worth attributable to Shareholding as per latest audited Balance Sheet | – |
| 6. | Profit / Loss for the year   | – |
|    | i. Considered in Consolidation   |   |
|    | i. Not Considered in Consolidation   |   |

Names of associates or joint ventures which are yet to commence operations : -

Names of associates or joint ventures which have been liquidated or sold during the year: -

For **Deepak Mehta & Associates**  
Chartered Accountants  
(FRN : 102239W)

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141  
Mumbai  
24-08-2020

**For & behalf of Board of Directors**

**PREMJIBHAI KANANI**  
Chairman

**HARSHIL KANANI**  
Managing Director  
Mumbai  
24-08-2020

**MEHUL KUNDARIYA**  
Company Secretary

**DARSHAK PANDYA**  
Chief Finance Officer

**SECRETARIAL AUDIT REPORT  
For the financial year ended March 31, 2020**

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of  
the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To  
**The Members**  
**KANANI INDUSTRIES LIMITED**  
915C, Capital Building, G-Block,  
Bandra Kurla Complex, Bandra (East)  
Mumbai – 400051.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kanani Industries Limited (hereinafter called the Company). In light of ongoing COVID-19 pandemic situation, due to limitations of physical verifications of various records, the Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on my said verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2020 ('Audit Period') and subject to the observations mentioned hereinunder, complied with the statutory provisions listed hereunder, the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under as amended;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under as amended;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under as amended;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings *(to the extent as may be applicable to the Company)*;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015 (Not Applicable to the Company during the Audit Period);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company during the Audit Period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;(Not Applicable to the Company during the Audit Period);and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;(Not Applicable to the Company during the Audit Period);
- (vi) Other laws applicable specifically to the Company, namely:
  - (a) Special Economic Zones Act, 2005 read with Special Economic Zone Rules, 2006.

I have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India
- (b) The Listing Agreement entered into by the Company with the Stock Exchanges viz BSE Ltd (BSE) & NSE along with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable for respective periods.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

## KANANI INDUSTRIES LIMITED

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review;
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- All the decisions at the Board Meetings and the Committee Meetings were carried out by majority / unanimously as recorded in the minutes of the Board of Directors and minutes of the Committee Meetings as the case may be.

I further report that:

- There are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, guidelines and standards.

**For: M/s. DEEP SHUKLA & ASSOCIATES  
COMPANY SECRETARIES**

**(PROPRIETOR)  
DEEP SHUKLA  
FCS: 5652  
CP NO.5364  
UDIN: F005652B000601874**

**Place: Mumbai  
Date: 21/08/2020**

**ANNEXURE TO THE SECRETARIAL AUDIT REPORT**

To,

**The Members**

**KANANI INDUSTRIES LIMITED**

I further state that my said report of the even date has to be read along with this letter.

1. Maintenance of Secretarial/ Statutory Records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these records based on the audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required I have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination is limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For: M/s. DEEP SHUKLA & ASSOCIATES  
COMPANY SECRETARIES**

**(PROPRIETOR)  
DEEP SHUKLA  
FCS: 5652  
CP NO.5364  
UDIN: F005652B000601874**

**Place: Mumbai  
Date: 21/08/2020**

## Corporate Governance Report

### Introduction

Corporate Governance is not merely the compliance of a set of regulatory laws and regulations but is a set of good and transparent practices that enable an organization to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders. It goes beyond building and strengthening the trust and integrity of the Company by ensuring conformity with the globally accepted best governance practices. The Securities and Exchange Board of India (SEBI) observes keen vigilance over governance and fulfillment of these regulations in letter and spirit, which entails surety towards sustainable development of the Company, enhancing stakeholders' value eventually.

### Company's Philosophy on Corporate Governance

Corporate governance is most often viewed as both the structure and the relationships which determine corporate direction and performance. The board of directors is typically central to corporate governance. Corporate governance refers to the mechanisms, processes and relations by which corporations are controlled and directed.

The Company firmly believes that corporate governance and compliance practices are of paramount importance in order to maintain the trust and confidence of the stakeholders and clients of the Company and the unquestioned integrity of all personnel involved or related to the Company. Corporate Governance contains a set of principles, process and systems to be followed by directors, Management and all Employees of the Company for increasing the shareholders' value, keeping in view interest of other stakeholders. While adhering to the above, the Company is committed integrity, transparency, accountability and compliance with laws in all dealings with shareholders, employees, the Government, customers, suppliers and other stakeholders.

### Board of Directors

The Board of Directors ("the Board") facilitates effective fulfillment of the Board's tasks and provides leadership and guidance to the Company's management and helps in supervising the performance of the Company and helps achieving goals. The Board plays a crucial role enhancing and protecting the reputation of the organization are expected to exercise their duties in the best interests of shareholders and to maximize wealth.

The Board comprises of the members distinguished in various fields such as management, finance, law and marketing. This provides reliability to the Company's functioning and the Board ensures a critical examination of the strategies and operational planning mechanisms adopted by the management across the globe.

The Company has an optimum combination of Directors on the Board and is in conformity with Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2020, the Board comprised of 5 Directors out of which 3 are Non-Executive & Independent Directors; and 2 are Executive Directors.

Agenda papers of the Boards and its Committee meetings are circulated to the Directors well in advance of the meetings, supported with significant information as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for an effective and well-informed decision making during the meetings.

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other normal business. During the Financial Year 2019-2020, 5 (Five) Board Meetings were held on **30<sup>th</sup> May 2019, 14<sup>th</sup> August 2019, 14<sup>th</sup> November, 2019, 13<sup>th</sup> February, 2020 and 18<sup>th</sup> March 2020**. Time gap between any two meetings was not more than 120 days.

Details of the composition, category of the Directors, their attendance at the Board Meetings held during the year & Annual General Meeting (AGM) held on **30<sup>th</sup> September 2019**, Directorships and Committee Memberships are as under:

| Name of the Directors           | Category                       | No. of Board Meeting attended during the year | No. of Equity Shares held on March 31, 2020 | Attendance previous AGM Held on the 30th September 2019 (Y-Yes, N-No) | Directorship in other Companies (Including Section 8 Companies) | Other Board Committees |        |
|---------------------------------|--------------------------------|---|---|---|---|------------------------|--------|
|                                 |                                |   |   |   |   | Chair - person         | Member |
| Mr. Premjibhai Kanani           | Chairman / Whole-time Director | 5   | 80,06,130                                   | N   | 1   | -                      | -      |
| Mr. Harshil Kanani              | Managing Director              | 4   | 6,29,47,500                                 | Y   | -   | -                      | -      |
| *Mr. Kautilbhai Popatbhai Patel | Independent Director           | 4   | 0   | N   | 1   | -                      | -      |
| Mrs. Ami D. Jariwala            | Independent Director           | 5   | 0   | N   | -   | -                      | -      |
| **Mr. Rahul Javeri              | Independent Director           | N.A.  | 0   | N   | -   | -                      | -      |
| Mr. Tejas Molidhar Choksi       | Independent Director           | 5   | 0   | Y   | 1   | -                      | -      |

\* Resigned from directorship of the Company w.e.f. 16<sup>th</sup> March, 2020.

\*\* Appointed w.e.f. 18<sup>th</sup> March, 2020

The Board periodically reviews the compliance report of all laws applicable to the Company. All the Directors have made necessary disclosures about the directorships and committee positions they occupy in other companies. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are Directors.

The particulars of Directors, who are proposed to be re-appointed at the ensuing AGM, are given in the Notice convening the AGM.

Further, there are no inter-se relationships between our Board Members except Mr. Premjibhai Kanani and Mr. Harshil Kanani being relative and promoter of the Company.

#### Audit Committee

The Audit Committee comprises of experts specializing in accounting / financial management. During the Financial Year 2019-2020, 5 (Five) Meetings were held on **30<sup>th</sup> May 2019, 14<sup>th</sup> August 2019, 14<sup>th</sup> November, 2019, 13<sup>th</sup> February, 2020 and 18<sup>th</sup> March 2020**. The time gap between any two meetings was not more than 4 months and the Company has complied with all the requirements as mentioned under the Listing Agreement/SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

Details of the composition of the Committee and attendance during the year are as under:

| Name of the Director | Category                          | No. of Meetings Attended |
|----------------------|-----------------------------------|--------------------------|
| Ms. Ami Jariwala     | Chairperson, Independent Director | 05                       |
| Mr. Tejas Choksi     | Member, Independent Director      | 05                       |
| Mr. Harshil Kanani   | Member, Executive Director        | 04                       |

The terms of reference of the Audit Committee are in order to cover the matters specified under revised Regulation 17(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. This Committee has powers and roles comprising of Financial Reporting and disclosure, recommendation of appointment/removal of Auditors, reviewing of company's results, evaluation of Independent Directors performances.

#### Nomination and Remuneration Committee

The Committee's constitution and terms of reference are in compliance with provisions of section 178 of the Companies Act, 2013, Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

During the Financial Year 2019-2020, 5 (Five) Meetings were held on **30<sup>th</sup> May 2019, 14<sup>th</sup> August 2019, 14<sup>th</sup> November, 2019, 13<sup>th</sup> February, 2020 and 18<sup>th</sup> March 2020**.

Details of composition of the Committee and attendance during the year are as under:

| Name of the Director  | Category                       | No. of Meetings Attended |
|-----------------------|--------------------------------|--------------------------|
| Mr. Tejas Choksi      | Chairman, Independent Director | 05                       |
| Mrs. Ami D. Jariwala  | Member, Independent Director   | 05                       |
| Mr. Premjibhai Kanani | Member, Executive Director     | 05                       |

This Committee has powers to recommend/ approve remuneration, Identification of Persons who are qualified to become director, Recommend to the board their appointment and removal, approve remuneration of Non Executive Directors.

The performance evaluation criteria for independent directors are defined in Performance Evaluation Policy, which is available on our website [www.kananiindustries.com](http://www.kananiindustries.com).

#### Remuneration Policy for Key Managerial Personnel and other Employees of the Company

As per listing regulation the Company is required to frame Remuneration Policy for Key Managerial Personnel and Other employees. The Nomination and Remuneration Committee are responsible for Identifying suitable person eligible to become director and recommend to the Board their appointment and removal. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce.

Details of remuneration paid to Directors and Key Managerial Personnel are as under:

| Sr. No. | Name of Directors and KMP | Designation                     | Fixed Salary per annum (in ₹) |                        |                    | Commis-sion | Sitting Fees | Total    |
|---------|---------------------------|---------------------------------|-------------------------------|------------------------|--------------------|-------------|--------------|----------|
|         |                           |                                 | Basic                         | Perquisite/ Allowances | Total Fixed Salary |             |              |          |
| 1.      | Mr. Premji Kanani         | Chairman and Wholetime Director | 4,99,200                      | –                      | 4,99,200           | –           | –            | 4,99,200 |
| 2.      | Mr. Harshil Kanani        | Managing Director               | 5,01,000                      | –                      | 5,01,000           | –           | –            | 5,01,000 |
| 3.      | Mr. Darshak Pandya        | Chief Financial Officer         | 4,20,000                      | –                      | 4,20,000           | –           | –            | 4,20,000 |
| 4.      | Mr. Mehul Kundariya       | Company Secretary               | 2,38,000                      | –                      | 2,38,000           | –           | –            | 2,38,000 |

Further, there is no pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company. None of the Executive Directors are eligible for payment of any severance fees.

#### Stakeholders' Relationship Committee

The terms of reference are in line with Section 178 of the Companies Act, 2013 and Regulation 20 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee reviews Shareholder's/ Investor's complaints like non-receipt of Annual

## KANANI INDUSTRIES LIMITED

Report, physical transfer/ transmission/transposition, split/ consolidation of share certificates, issue of duplicate share certificates etc. This Committee is also empowered to consider and resolve the grievance of other stakeholders of the Company including security holders.

During the Financial Year 2019-2020, 5 (Five) Meetings were held on **30<sup>th</sup> May 2019, 14<sup>th</sup> August 2019, 14<sup>th</sup> November, 2019, 13<sup>th</sup> February, 2020 and 18<sup>th</sup> March 2020**. The details of composition of the Committee and attendance during the year are as under:

| Name of the Director | Category                          | No. of Meetings Attended |
|----------------------|-----------------------------------|--------------------------|
| Mrs. Ami Jariwala    | Chairperson, Independent Director | 05                       |
| Mr. Harshil Kanani   | Member, Executive Director        | 04                       |
| *Mr. Rahul Javeri    | Chairman, Independent Director    | N.A.                     |

\* Appointed w.e.f. 18<sup>th</sup> March, 2020

The details of complaints received and resolved during the Financial Year ended March 31, 2020 are given in the Table below. The complaints relate to non-receipt of annual report, dividend, share transfers, other investor grievances, etc.

Details of complaints received and resolved during the Financial Year 2019-20:

| Particulars                  | Number of Compliant |
|------------------------------|---------------------|
| Opening as on April 1, 2019  | –                   |
| Received during the year     | –                   |
| Resolved during the year     | –                   |
| Closing as on March 31, 2020 | –                   |

### GENERAL BODY MEETINGS

| Financial Year | Date                             | Location of the Meeting  | Time      | Special Resolution(s) Passed |
|----------------|----------------------------------|--|-----------|------------------------------|
| 2016-2017      | 28 <sup>th</sup> September, 2017 | Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007 | 10.00 A.M | 2                            |
| 2017-2018      | 29 <sup>th</sup> September, 2018 | Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007 | 10.00 A.M | 2                            |
| 2018-2019      | 30 <sup>th</sup> September, 2019 | Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007 | 10.00 A.M | NIL                          |

No Special Resolution was passed by the Company last year through Postal Ballot. None of the businesses proposed to be transacted at the ensuing AGM require passing a Special Resolution through Postal Ballot.

### Training for Board Members

Regulation 25(7) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, every listed company is required to conduct familiarization programme enabling the Independent Directors of the Company to understand the Company's business in depth that would facilitate their active participation in managing the Company.

The Company has adopted a system to familiarize its Independent Directors with the Company, to make them aware of their roles, rights & responsibilities in the Company, and nature of the industry in which the Company operates business model of the Company, etc.

### Performance Evaluation

The performance evaluation process is a constructive mechanism for improving board effectiveness, maximizing strengths and tackling weaknesses, leading to an immediate improvement in performance throughout the organization. The Board of the Company has carried out the annual performance evaluation of its own performance, the Directors individually including the Chairman of the Board as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee, and Stakeholders Relationship Committee on parameters such as attendance and participation in the Meetings, preparedness for the meetings, understanding of the Company & the external environment in which it operates, contribution to strategic direction, raising of valid concerns to the Board, constructive contribution to issues, active participation at meetings and engaging with & challenging the management team without confronting or obstructing the proceeding of the Board and its Committee meetings of which the Director is a member pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors at its meeting. The Directors expressed their satisfaction with the evaluation process.

### Disclosures

#### I. Related Party Transactions

The transactions with related parties as per Accounting Standard AS-18 are set out in Notes to accounts under Note no. 22(9) forming part of financial statements. Further, no transactions were entered into with Related Parties as defined under Section 188 the Companies Act, 2013. Further, there were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company.



## II. Managing Director Certification

Certification on financial statements pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been obtained from the Managing Director of the Company. Extract of the same is given at the end of this Report.

## III. Code of Conduct for Directors

The Board has laid down Codes of Conduct for Executive Directors and for Non-Executive/ Independent Directors of the Company. The Codes of Conduct have been circulated to the Board and the compliance of the same has been affirmed by them. A declaration signed by the MD in this regard is given at the end of this Report.

## IV. Subsidiary Companies

The Company has no material non-listed Indian Subsidiary Company as defined in Regulation 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

However, the Company has a foreign wholly owned subsidiary.

## V. Risk Management & Internal Control

The board has ultimate responsibility for risk management and internal control, including for the determination of the nature and extent of the principal risks it is willing to take to achieve its strategic objectives and for ensuring that an appropriate culture has been embedded throughout the organization. The Company has implemented a comprehensive 'Enterprise Risk Management' framework in order to understand the risks they are exposed to, put controls in place to counter threats, and effectively pursue their objectives and further to anticipate, identify, measure, mitigate, monitor and report the risks, details of which are given in the Risk Management section under 'Management Discussion and Analysis Report' which forms part of this Annual Report. The team presents their key audit findings of every quarter to the Audit Committee. The management updates the members about the remedial actions taken or proposed for the same. The suggestions and comments from the Committee members are vigilantly incorporated and executed by the Company.

## VI. Independent Directors

The Independent Directors of the Company have the option and freedom to meet and interact with the Company's Management as and when they deem it necessary. They are provided with necessary resources and support to enable them to analyze the information/data provided by the Management and help them to perform their role effectively.

### Means of Communication

The quarterly and annual financial results are normally published in Business Standard (English) and Mumbai Lakshyadeep (Marathi) newspapers. The following information is promptly uploaded on the Company's website viz. [www.kananiindustries.com](http://www.kananiindustries.com).

### General Shareholder Information

#### i. Annual General Meeting:

|                  |  |
|------------------|--|
| Day, Date & Time | Saturday, September 26, 2020 at 10.00 AM (IST) |
| Venue            | Through VC or OAVM                             |

#### ii. Financial year - April 1, 2020 to March 31, 2021

Financial Calendar (Tentative) – Financial Year 2020-21

|                         |  |
|-------------------------|--|
| 1 <sup>st</sup> Quarter | On or before 15 <sup>th</sup> August, 2020                           |
| 2 <sup>nd</sup> Quarter | On or before 15 <sup>th</sup> November, 2020                         |
| 3 <sup>rd</sup> Quarter | On or before 15 <sup>th</sup> February, 2021                         |
| 4 <sup>th</sup> Quarter | On or before 30 <sup>th</sup> May, 2021                              |
|                         | Audited yearly result for the year ended Mar-2020 - End of July 2020 |

#### iii. Dividend

In order to conserve the resources for the further growth of the Company, your Directors think fit not to recommend any dividend for the year under review.

#### iv. Listing with Stock Exchange:

The Company confirms that it has paid the Annual Listing Fees for the year 2020-21 to BSE and NSE where the Company's Equity Shares are listed.

## KANANI INDUSTRIES LIMITED

### v. Stock Code / Symbol

|                                 |                       |
|---------------------------------|-----------------------|
| BSE Security Code               | 506184                |
| NSE Security ID                 | KANANIIND             |
| ISIN in (NSDL and CDSL)         | INE879E01037          |
| Corporate Identity Number (CIN) | L51900MH1983PLC029598 |

### vi. Market Price Data

The market price data i.e. monthly high and low prices of the Company's shares on BSE Limited (BSE) are given below:

| Month    | BSE*            |      |                      |
|----------|-----------------|------|----------------------|
|          | Share Price (₹) |      | No. of Shares Traded |
|          | High            | Low  |                      |
| Apr-2019 | 5.58            | 4.82 | 16.00                |
| May-2019 | 5.33            | 4.84 | 25.00                |
| Jun-2019 | 5.00            | 3.65 | 12.00                |
| Jul-2019 | 3.88            | 3.47 | 11.00                |
| Aug-2019 | 4.00            | 3.30 | 7.00                 |
| Sep-2019 | 3.90            | 3.15 | 11.00                |
| Oct-2019 | 3.34            | 2.70 | 27.00                |
| Nov-2019 | 3.17            | 2.70 | 15.00                |
| Dec-2019 | 4.80            | 2.63 | 273.00               |
| Jan-2020 | 5.26            | 2.96 | 85.00                |
| Feb-2020 | 3.23            | 2.76 | 13.00                |
| Mar-2020 | 2.76            | 2.76 | 0.00                 |

\* Source: BSE Website

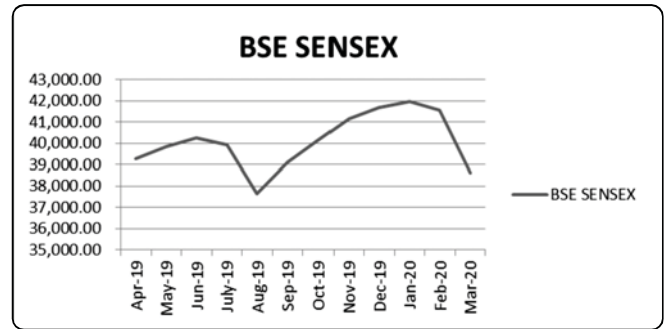
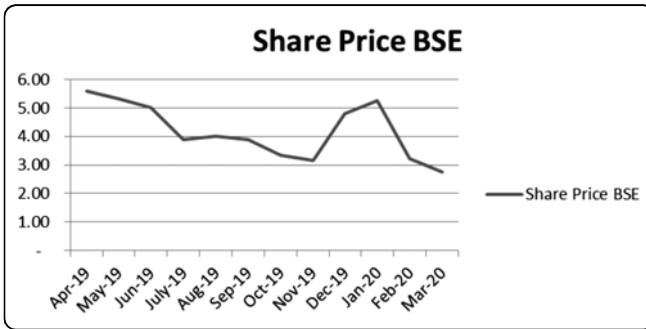
The market price data i.e. monthly high and low prices of the Company's shares on National Stock Exchange India Limited (NSE) are given below:

| Month    | NSE*            |      |                      |
|----------|-----------------|------|----------------------|
|          | Share Price (₹) |      | No. of Shares Traded |
|          | High            | Low  |                      |
| Apr-2019 | 5.65            | 4.75 | 271.00               |
| May-2019 | 5.15            | 4.45 | 177.00               |
| Jun-2019 | 4.95            | 3.60 | 215.00               |
| Jul-2019 | 4.20            | 3.60 | 127.00               |
| Aug-2019 | 4.35            | 3.05 | 228.00               |
| Sep-2019 | 3.75            | 2.90 | 211.00               |
| Oct-2019 | 3.40            | 2.50 | 198.00               |
| Nov-2019 | 3.25            | 2.65 | 270.00               |
| Dec-2019 | 4.35            | 2.55 | 940.00               |
| Jan-2020 | 5.30            | 2.70 | 581.00               |
| Feb-2020 | 3.20            | 2.15 | 155.00               |
| Mar-2020 | 2.05            | 1.20 | 193.00               |

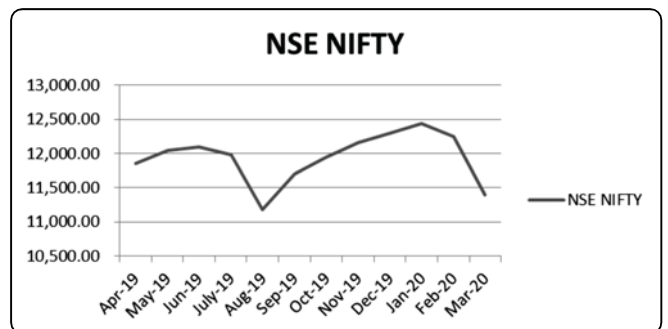
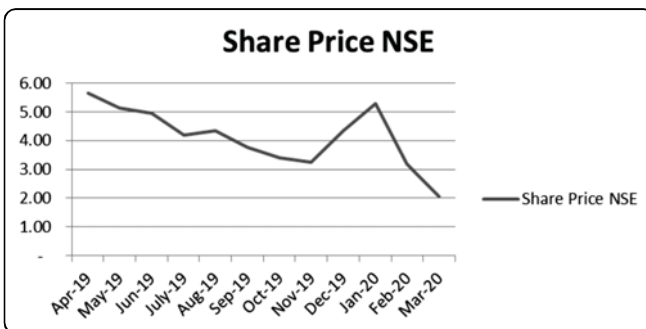
\* Source: NSE Website

**vii. Performance in comparison**

The company Fully Paid Share Price versus BSE Sensex



The company Fully Paid Share Price versus Nifty 50



**viii. Registrar & Transfer Agent**

**Sharex Dynamic (India) Pvt. Ltd.**

C-101, 247 Park,  
L.B.S. Marg, Vikhroli (West),  
Mumbai - 400083,  
Maharashtra, India

**ix. Share Transfer System**

Share Transfers in physical form can be lodged with Sharex Dynamic (India) Pvt. Ltd. The transfers are normally processed within 15 days from the date of receipt if the documents are complete in all respects.

**x. Distribution of shareholding**

| Share Holding (Nominal Value) ₹ | Shareholders |               |
|---------------------------------|--------------|---------------|
|                                 | No.          | %             |
| Upto 5,000                      | 2567         | 93.926        |
| 5,001-10,000                    | 50           | 1.829         |
| 10,001-1,00,000                 | 88           | 3.220         |
| 1,00,001 and above              | 28           | 1.025         |
| <b>TOTAL</b>                    | <b>2733</b>  | <b>100.00</b> |

## xi. Top 10 Shareholders as on March 31, 2020

| Sr. No. | For each of the Top 10 Shareholders | Shareholding as on 31st March, 2020 |                                  |
|---------|-------------------------------------|-------------------------------------|----------------------------------|
|         |                                     | No. of shares                       | % of total shares of the Company |
| 1.      | Anil Bhikhabhai Virani              | 2442000                             | 2.468                            |
| 2.      | Kishor B. Virani                    | 2310000                             | 2.335                            |
| 3.      | Dahyabhai G Sutariya                | 2309837                             | 2.335                            |
| 4.      | Hirabhai Kanjibhai Kakadia          | 2112000                             | 2.135                            |
| 5.      | Govindbhai Laljibhai Kakadia        | 2056384                             | 2.079                            |
| 6.      | Rajesh Bhagwanbhai Sutaria          | 1609105                             | 1.626                            |
| 7.      | Vallabhbhai Dhanjibhai Vaghasiya    | 945600                              | 0.956                            |
| 8.      | Jayshriben Mukeshbhai Magukiya      | 809737                              | 0.818                            |
| 9.      | Hansaben Ashokbhai Mangukiya        | 688300                              | 0.696                            |
| 10.     | Varshaben G. Mangukiya              | 679800                              | 0.687                            |

## xii. Dematerialization of Shares and Liquidity

According to the requirements of the Securities & Exchange Board of India (SEBI) the shares of the company are to be compulsorily traded in a dematerialized form. Consequently the company had written to its shareholders advising them that they had the option of converting their shareholdings from the physical form to the electronic form. As of 31<sup>st</sup> March, 2020, a total number of 98887800 shares, representing 99.94% of the total shares of the company have been dematerialized.

## xiii. Address for Correspondence

915C ,The Capital G-Block, Bandra Kurla Complex, Bandra (East), Mumbai: 400051, Maharashtra, India.

## xiv. Plant Location

Plot No.42, Surat Special Economic Zone, Near Sachin Railway Station, Sachin, Surat, Gujarat

**For and On behalf of the Board of Directors**

**PREMJIBHAI KANANI**  
**CHAIRMAN**  
**DIN : 01567443**

**Place: Mumbai**  
**Date: 24-08-2020**

**CERTIFICATE ON CORPORATE GOVERNANCE**

**To  
The Members of  
Kanani Industries Limited  
Mumbai**

I have examined the compliance with the conditions of Corporate Governance by Kanani Industries Limited ('the Company') for the year ended March 31, 2020, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

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

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) in the light of CoVID-19 situation, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations during the year ended March 31, 2020.

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

**For Deepak Mehta & Associates**  
Chartered Accountants

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141  
ICAI Firm Regi. No. 102239W  
UDIN : 20044141AAAABJ9705

**Place: Mumbai**  
**Date: 30-07-2020**

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
Kanani Industries Limited

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kanani Industries Limited having CIN L51900MH1983PLC029598 and having Registered Office at 915C, The Capital, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai: 400051, Maharashtra, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number(DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies, by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| DIN No.  | Name of Director             | Date of Date of Appointment |
|----------|------------------------------|-----------------------------|
| 01567443 | Premjibhai Devajibhai Kanani | 17/05/2007                  |
| 01568262 | Harshil Premjibhai Kanani    | 28/07/2007                  |
| 02778185 | Tejas Morlidhar Choksi       | 13/08/2018                  |
| 07143995 | Ami Dhaval Jariwala          | 31/03/2015                  |
| 08721991 | Rahul Sanjiv Javeri          | 18/03/2020                  |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For: M/s. DEEP SHUKLA & ASSOCIATES  
COMPANY SECRETARIES

(PROPRIETOR)  
DEEP SHUKLA  
FCS: 5652  
CP NO.5364  
UDIN : F005652B000609684

Place: Mumbai  
Date: 24-08-2020

**CERTIFICATION FROM THE MANAGING DIRECTOR AND CFO:**

In terms of Regulation 17(8) of **Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** entered with the BSE Ltd (BSE) and National Stock Exchange of India Limited (NSE), I hereby certify as under:

- a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief:
- 1) These statements do not contain any materially untrue statement 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.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

There have been no

- I. Significant changes in internal control over financial reporting during the year;
- II. Significant changes in accounting policies during the year;
- III. Instances of fraud of which we have become aware and the involvement therein, of the management or an employee having significant role in the Company's internal control system over financial reporting.

**For KANANI INDUSTRIES LIMITED**

**Place : Mumbai**  
**Date : 24-08-2020**

**HARSHIL KANANI**  
**MANAGING DIRECTOR**  
**DIN : 01568262**

**DARSHAK PANDYA**  
**Chief Financial Officer**

**DECLARATION BY THE MANAGING DIRECTOR ON 'CODE OF CONDUCT'**

I hereby confirm that:

The Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the Code of Conduct as applicable to them.

**For KANANI INDUSTRIES LIMITED**

**Place : Mumbai**

**Date : 24-08-2020**

**HARSHIL KANANI**

**MANAGING DIRECTOR**

**DIN : 01568262**



**CSR POLICY**  
**(Approved by the Board of Directors on 19<sup>th</sup> January, 2015)**

**OBJECTIVE**

The main objective of CSR policy is to lay down guidelines for the company to make CSR a key business process for sustainable development for the Society. It aims at supplementing the role of the Government in enhancing welfare measures of the society based on immediate and long term social and environmental consequences of their activities. KIL will act as a good Corporate Citizen, subscribing to the principles of Global Compact for implementation.

**AREAS TO BE COVERED**

The poor and needy Section of the Society living in and around the factory vicinity at different parts of India would normally be covered. The CSR Program will also cover the promoting education, including education and employment enhancing vocation skills.

For carrying out CSR activities, 80% of the budgeted amount should be spent within the radius of 50 Km of the Company's factory and 20% of the budget would be spent on CSR activities within the other part of the State or Country.

**SCOPE**

- i. Education;
- ii. Water Supply including drinking water;
- iii. Health care by providing Indoor medical facilities and medicines;
- iv. Environment;
- v. Social Empowerment;
- vi. Infrastructure for Village Electricity/Solar Light/Wind Mill etc. Recurring expenditure should be borne by the beneficiaries;
- vii. Sports and culture.
- viii. Generation of employment & setting up Co-operative Society.
- ix. Infrastructure Support
- x. Grant/donation/financial assistance/sponsorship to reputed NGOs of the Society/locality doing/involve in upliftment of the standard of the society.
- xi. Heritage sites in the CSR purview ensuring involvement of employee's representatives in this Project.
- xii. Empowerment of women for education/health & self-employment
- xiii. Relief of victims and Natural Calamities like Earth Quake, Cyclone, Draught and Flood situation in any part of the country.
- xiv. Disaster Management Activities including those related to amelioration/ Mitigation.
- xv. Collection of old cloths from the employees and distribution in the nearby village by utilizing the platform of Mahila Sabha of the Company, Club (Executives & Non-executives) and Women in Public Sector.
- xvi. Development of smokeless fuel out of coal and also arrangement for distribution of efficient Chula to the villagers.
- xvii. Adoption of village for carrying out the activities like infrastructural development e.g. Road, water supply, electricity and community center etc.

The above list is illustrative and not exhaustive. Audit Committee shall be authorized to consider CSR activities not falling in this list.

The activities will be specific to the village depending on the need assessed for the people. As far as possible efforts will be made to co-ordinate with similar CSR activities that are taken up by the Central or State Government in the areas of KIL.

All activities under the CSR activities should be environment friendly and socially acceptable to the local people and Society.

**For and On behalf of the Board of Directors**

**PREMJIBHAI KANANI**  
**CHAIRMAN**  
**DIN : 01567443**

**Place: Mumbai**  
**Date: 24-08-2020**

## ○ Standalone Auditors Report

To the Members  
**Kanani Industries Limited,**  
Mumbai

### 1. Opinion

We have audited the standalone financial statements of Kanani Industries Limited, which comprise the balance sheet as at 31st March, 2020, the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in “,” conformity with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified in Section 133 of the Act, of the state of affairs of the Company as at March 31, 2020, its profit, cash flows and the changes in equity for the year ended on that date.

### 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

No provision for gratuity, amount not ascertainable in absence of actuarial valuation by a certified valuer, has been made by the company.

#### Impact of Covid19 pandemic

The attention is drawn to Note No. 22.13 to the Notes to accounts which specifically describes the uncertainties and the impact of the Covid19 pandemic on the operations, joint concern status and recoverability of the assets of the company. The management has assessed the impact of the lockdown and related restrictions imposed by the governmental authorities to control pandemic and came to the conclusion that there is no material impact on the company’s financial and operational health.

Our procedures included, but were not limited to the following:

#### Impact of Covid19 pandemic

- (a) Assessed the impact of lockdown and resultant closure of operations on the financials of the company;
- (b) Assessed the recoverability of the debtors, inventory, investments and other assets and the ability of the company to repay its liabilities;
- (c) Assessed the reasonableness of the assumptions made by the management regarding assessing the situation post-Covid19 pandemic.

### 4. Management’s Responsibility for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company’s financial reporting process.

### 5. Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
7. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
8. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.
9. **Other Matters**  
Our attendance at the time of physical inventory taken by the management was not practicable under the lockdown conditions and accordingly, we have relied upon the report of the internal auditors and have performed alternative procedures to audit on the existence and condition of inventory at year end as per the guidance provided in "SA-501 - Audit Evidence - Specific considerations for selected items" and have obtained sufficient audit evidence to issue our unmodified opinion on these consolidated financial results.
10. **Report on Other Legal and Regulatory Requirements**  
As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Standalone Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - On the basis of the written representations received from the directors as on 31st March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
    - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Deepak Mehta & Associates**  
Chartered Accountants

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141  
ICAI Firm Regi. No. 102239W  
UDIN : 20044141AAAABI2010

**Place: Mumbai**  
**Date: July 30, 2020**

## ANNEXURE "A" TO THE AUDITOR'S REPORT (Referred to in para 2 of our report on even date)

To the Members  
**Kanani Industries Limited,**  
Mumbai

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2020.

- i.
  - a. The Company has maintained proper records of fixed assets 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 accordance with a regular programme for verification, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. The title deeds of immovable properties are held in the name of the company.
- ii.
  - a. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
  - b. The inventories have been physically verified by the management during the year on a monthly basis. In our opinion, the frequency of such verification is reasonable. However, due to lockdown announced by the Government of India on account of Covid19, the management could not take physical verification of its stock after 20.03.2020. The company has verified the stock on 08.06.2020 which reflects no deviation.
  - c. In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured to any companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit in contravention of section 73 to section 76 or any other relevant provision of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014. As informed to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Court or tribunal.
- vi. Having regard to the nature of the business of the company and as per the information and explanation given to us, in our opinion, the rules regarding maintenance of cost records under section 148(1) of the companies Act, 2013 are not applicable to the company.
- vii.
  - a. The company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance fund, income tax, sales tax, value added tax, Goods and Service Tax, wealth tax, custom duty, excise duty cess and other material statutory dues with appropriate authorities wherever applicable to it.
  - b. In our opinion and in accordance with the information and explanation given to us, the following demands were not deposited on account of dispute:

| Name of Statute      | Nature of Dues | Period to which the amount relates | Forum where disputes is pending | Amount (₹) |
|----------------------|----------------|------------------------------------|---------------------------------|------------|
| Income Tax Act, 1961 | Income Tax     | A Y 2014-15                        | CIT (Appeals)                   | 2,090/-    |
| Income Tax Act, 1961 | Income Tax     | A Y 2013-14                        | CIT (Appeals)                   | 68,100/-   |

- viii. In our opinion and according to the information and explanations given to us, the Company is not defaulted in repayment of loans / borrowings to banks, government.
- ix. In our opinion, the company has not raised any funds from public offer (including debt instruments) or by term loan.
- x. In our opinion, on the basis of audit conducted by us and in accordance with the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- xiii. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the company and hence not commented upon.

**For Deepak Mehta & Associates**  
Chartered Accountants  
**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141  
ICAI Firm Regi. No. 102239W

Place: Mumbai  
Date: July 30, 2020

**“Annexure B” to the Independent Auditor’s Report**

(Referred to in our report of even date)

To the Members

**Kanani Industries Limited,**  
Mumbai**Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)****Opinion**

We have audited the internal financial controls with reference to standalone financial statements of KANANI INDUSTRIES LIMITED. (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on “the internal financial control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India” (the “Guidance note”).

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as “the Act”).

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to standalone financial statements.

**Meaning of Internal Financial Controls with reference to standalone financial statements**

A company’s internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial Controls with reference to standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Deepak Mehta & Associates**  
Chartered Accountants**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141  
ICAI Firm Regi. No. 102239W**Place: Mumbai**  
**Date: July 30, 2020**

# KANANI INDUSTRIES LIMITED

## ○ Standalone Balance Sheet as on 31st March, 2020

(₹ in Lakhs)

|  | <u>Notes</u> | <i>As at</i><br>31.03.2020 | <i>As at</i><br>31.03.2019 |
|--|--------------|----------------------------|----------------------------|
| <b>I. ASSETS</b>   |              |                            |                            |
| <b>1. Non-current assets</b>   |              |                            |                            |
| a. Property, Plant and Equipment   | 2            | 41.62                      | 55.48                      |
| b. Capital Work in Progress  |              | -                          | -                          |
| c. Investment in Property  |              | -                          | -                          |
| d. Goodwill  |              | -                          | -                          |
| e. Other Intangible assets   |              | -                          | -                          |
| f. Investment in Subsidiary  | 3            | 2,133.59                   | 2,133.59                   |
| <b>g. Financial Assets</b>   |              |                            |                            |
| i. Investments   |              | -                          | -                          |
| ii. Trade Receivable   |              | -                          | -                          |
| iii. Loans   |              | -                          | -                          |
| iv. Others   |              | -                          | -                          |
| h. Deferred Tax Assets   |              | -                          | -                          |
| i. Other Non-Current Assets  | 4            | 0.21                       | 2.51                       |
|  |              | <b>2,175.42</b>            | <b>2,191.58</b>            |
| <b>2. Current assets</b>   |              |                            |                            |
| a. Inventories   | 5            | 1,393.01                   | 1,215.84                   |
| <b>b. Financial Assets</b>   |              |                            |                            |
| i. Investments   |              | -                          | -                          |
| ii. Trade Receivable   | 6            | 5,229.77                   | 4,740.42                   |
| iii. Cash & Cash Equivalents   | 7            | 376.65                     | 996.66                     |
| iv. Bank Balance other than (iii) above                                  |              | -                          | -                          |
| v. Loans   |              | -                          | -                          |
| vi. Others   | 8            | 14.39                      | 58.83                      |
| c. Current Tax Assets (Net)  |              | -                          | -                          |
| d. Other Current Assets  | 9            | 23.88                      | 26.19                      |
|  |              | <b>7,037.69</b>            | <b>7,037.94</b>            |
|  |              | <b>9,213.11</b>            | <b>9,229.52</b>            |
| <b>TOTAL</b>   |              |                            |                            |
| <b>II. EQUITY AND LIABILITIES</b>  |              |                            |                            |
| <b>Equity</b>  |              |                            |                            |
| a. Equity Share Capital  | 10           | 989.34                     | 989.34                     |
| b. Other equity  | 11           | 3,279.86                   | 3,223.24                   |
|  |              | <b>4,269.20</b>            | <b>4,212.58</b>            |
| <b>Liability</b>   |              |                            |                            |
| <b>1. Non Current Liabilities</b>  |              |                            |                            |
| <b>a. Financial Liabilities</b>  |              |                            |                            |
| i. Borrowings  | 12           | 439.15                     | 580.85                     |
| ii. Trade Payables   |              | -                          | -                          |
| iii. Other Financial liabilities (Other than those specified in item(b)) |              | -                          | -                          |
| b. Provisions  |              | -                          | -                          |
| c. Deferred tax liabilities (Net)  |              | -                          | -                          |
| d. Other non-current liabilities   |              | -                          | -                          |
| e. Long Term borrowing   |              | -                          | -                          |
|  |              | 439.15                     | 580.85                     |
| <b>2. Current Liabilities</b>  |              |                            |                            |
| <b>a. Financial Liabilities</b>  |              |                            |                            |
| i. Borrowing   | 13           | 2,088.97                   | 2,500.00                   |
| ii. Trade Payables   | 14           | 2,391.92                   | 1,920.61                   |
| iii. Other Financial liabilities (Other than those specified in item(c)) |              | -                          | -                          |
| b. Other Current Liabilities   | 15           | 23.87                      | 15.48                      |
| c. Provision   |              | -                          | -                          |
| d. Current tax liabilities (Net)   |              | -                          | -                          |
|  |              | 4,504.76                   | 4,436.09                   |
|  |              | <b>4,943.91</b>            | <b>5,016.94</b>            |
|  |              | <b>9,213.11</b>            | <b>9,229.52</b>            |

Significant Accounting Policies Notes are an integral part of the financial statements 1

In terms of our report of even date  
For **Deepak Mehta & Associates**  
Chartered Accountants  
(FRN : 102239W)

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141

Mumbai  
July 30, 2020

For & on behalf of Board of Directors  
**PREMJIBHAI KANANI**  
Chairman

**HARSHIL KANANI**  
Managing Director

Mumbai  
July 30, 2020

**MEHUL KUNDARIYA**  
Company Secretary

**DARSHAK PANDYA**  
Chief Finance Officer



## ○ Standalone Statement of Profit & Loss for the year ended 31st March, 2020

(₹ in Lakhs)

|  | <u>Notes</u> | <i>As at</i><br>31.03.2020 | <i>As at</i><br>31.03.2019 |
|--|--------------|----------------------------|----------------------------|
| <b>INCOME</b>  |              |                            |                            |
| I. Revenue from operations   | <b>16</b>    | 8,563.56                   | 8,312.79                   |
| II. Other income   | <b>17</b>    | 65.69                      | 1.27                       |
| III. <b>Total Revenue (I + II)</b>   |              | <b>8,629.24</b>            | <b>8,314.06</b>            |
| <b>IV. EXPENSES</b>  |              |                            |                            |
| Cost of raw material consumed  |              | 8,872.56                   | 8,079.19                   |
| Purchases of traded goods  |              | –                          | –                          |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade  | <b>18</b>    | (689.85)                   | (47.23)                    |
| Employees benefit expenses   | <b>19</b>    | 47.69                      | 41.18                      |
| Finance Cost   | <b>20</b>    | 81.34                      | 78.27                      |
| Depreciation and amortization expense  | <b>2</b>     | 13.86                      | 26.04                      |
| Other expenses   | <b>21</b>    | 231.14                     | 65.87                      |
| <b>TOTAL EXPENSES</b>  |              | <b>8,556.75</b>            | <b>8,243.31</b>            |
| V. <b>Profit/(Loss) before exceptional and extraordinary items and tax (III –IV)</b>   |              | <b>72.49</b>               | <b>70.75</b>               |
| VI. <b>Exceptional Items</b>   |              | –                          | –                          |
| VII. <b>Profit/(Loss) before extraordinary items and tax –(V –VI)</b>  |              | <b>72.49</b>               | <b>70.75</b>               |
| VIII. <b>Extraordinary Items</b>   |              | –                          | –                          |
| IX. <b>Profit/(Loss) before tax (VII –VIII)</b>  |              | <b>72.49</b>               | <b>70.75</b>               |
| X. <b>Tax Expense</b>  |              |                            |                            |
| (1) Current tax  |              | (11.50)                    | (14.00)                    |
| (2) Deferred tax (Net)   |              | –                          | –                          |
| (3) Excess/(Short) Provision of previous years   |              | (4.37)                     | –                          |
| XI. <b>Profit/(Loss) for the period from continuing operations (IX –X)</b>   |              | <b>56.62</b>               | <b>56.75</b>               |
| XII. <b>Profit/(Loss) from Discontinued operations</b>   |              | –                          | –                          |
| XIII. <b>Tax Expense of Discontinued operations</b>  |              | –                          | –                          |
| XIV. <b>Profit/(Loss) from Discontinued operations (after tax) (XII –XIII)</b>   |              | –                          | –                          |
| XV. <b>Profit/(Loss) for the period ( XI + XIV)</b>  |              | <b>56.62</b>               | <b>56.75</b>               |
| XVI. <b>Other Comprehensive Income</b>   |              |                            |                            |
| A (i) Items that will not be reclassified to profit or loss  |              | –                          | –                          |
| (ii) Income tax relating to items that will not be reclassified to profit or loss  |              | –                          | –                          |
| B (i) Items that will be reclassified to profit or loss  |              | –                          | –                          |
| (ii) Income tax relating to items that will be reclassified to profit or loss  |              | –                          | –                          |
| XVII. <b>Total Comprehensive income for the period (XV + XVI)</b><br><b>(Comprising Profit (Loss) and Other Comprehensive Income for the period)</b> |              | <b>56.62</b>               | <b>56.75</b>               |
| XVIII. <b>Earnings per equity share (for continuing operations):*</b>  |              |                            |                            |
| 1. Basic   |              | 0.06                       | 0.06                       |
| 2. Diluted   |              | 0.06                       | 0.06                       |
| XIX. <b>Earning per equity share (for discontinued operations):</b>  |              |                            |                            |
| 1. Basic   |              | –                          | –                          |
| 2. Diluted   |              | –                          | –                          |
| XX. <b>Earnings per equity share (for discontinued &amp; continuing operations)*</b>   |              |                            |                            |
| 1. Basic   |              | 0.06                       | 0.06                       |
| 2. Diluted   |              | 0.06                       | 0.06                       |
| * Weighted Average   |              |                            |                            |
| Significant Accounting Policies Notes are an integral part of the financial statements   | <b>1</b>     |                            |                            |

In terms of our report of even date  
For **Deepak Mehta & Associates**  
Chartered Accountants  
(FRN : 102239W)

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141

Mumbai  
July 30, 2020

For & on behalf of Board of Directors

**PREMJIBHAI KANANI**  
Chairman

**HARSHIL KANANI**  
Managing Director

Mumbai  
July 30, 2020

**MEHUL KUNDARIYA**  
Company Secretary

**DARSHAK PANDYA**  
Chief Finance Officer

○ Standalone Cash Flow Statement for the year ended 31st March, 2020

(₹ in Lakhs)

|   | <i>As at<br/>31.03.2020</i> | <i>As at<br/>31.03.2011</i> |
|---|-----------------------------|-----------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>                       |                             |                             |
| Net profit before tax and extra-ordinary items                        | 72.49                       | 70.75                       |
| <u>Adjustments for :</u>  |                             |                             |
| Depreciation  | 13.86                       | 26.04                       |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :</b>              | <b>86.35</b>                | <b>96.79</b>                |
| <u>Adjustments for :</u>  |                             |                             |
| Trade receivables   | (489.35)                    | (94.88)                     |
| Other receivables   | 46.76                       | 4.41                        |
| Inventories   | (177.17)                    | (562.02)                    |
| Trade Payables & Other Liabilities                                    | 471.76                      | 478.76                      |
| <b>CASH GENERATED FROM OPERATIONS</b>                                 | <b>(61.65)</b>              | <b>(76.94)</b>              |
| Direct taxes paid   | (5.64)                      | (14.75)                     |
| Income tax refund   | -                           | -                           |
| <b>Net cash from operating activities</b> (A)                         | <b>(67.28)</b>              | <b>(91.69)</b>              |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>                       |                             |                             |
| Purchase of property, plant and equipment                             | -                           | (35.77)                     |
| <b>Net cash used in investment activities</b> (B)                     | <b>-</b>                    | <b>(35.77)</b>              |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>                       |                             |                             |
| Proceeds/(Repayment) of Short Term Borrowings                         | (411.03)                    | -                           |
| Proceeds/(Repayment) of Long-Term Borrowings                          | (141.70)                    | 176.82                      |
| <b>Net cash used in financing activities</b> (C)                      | <b>(552.73)</b>             | <b>176.82</b>               |
| <b>Net Increase / (Decrease) in cash and cash equivalents</b> (A+B+C) | <b>(620.01)</b>             | <b>49.36</b>                |
| Opening balance of Cash & cash equivalents                            | 996.66                      | 947.30                      |
| Closing balance of Cash & cash equivalents                            | 376.65                      | 996.66                      |

In terms of our report of even date  
For **Deepak Mehta & Associates**  
Chartered Accountants  
(FRN : 102239W)

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141

Mumbai  
July 30, 2020

For & on behalf of Board of Directors

**PREMJIBHAI KANANI**  
Chairman

**HARSHIL KANANI**  
Managing Director

Mumbai  
July 30, 2020

**MEHUL KUNDARIYA**  
Company Secretary

**DARSHAK PANDYA**  
Chief Finance Officer



## ○ Standalone for the year ended 31st March, 2020

### COMPANY OVERVIEW

- 1.0 Kanani Industries Limited is a company incorporated in India and is listed on the Bombay Stock Exchange Ltd & National Stock Exchange Ltd. The company is engaged in manufacture & Export of Diamond Studded Jewellery. The details regarding registered office & Factory is disclosed in the introductory page of this Annual Report.

### NOTE '1' : SIGNIFICANT ACCOUNTING POLICES

#### 1.1. Basis of preparation and presentation

- (i) The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (the 'Act') read with of the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Act.
- (ii) The Financial statements have been prepared on the historical cost basis except certain financial assets & liabilities which are measured at fair value wherever applicable:
- (iii) All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle of twelve months and other criteria set out in Schedule III of the Companies Act, 2013.
- (iv) All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

#### 1.2. Use of Estimates & Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

#### 1.3. Property, Plant and Equipment

- (i) Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.
- (ii) Capital work-in-progress includes expenditure during construction period incurred on projects under implementation treated as pre-operative expenses pending allocation to the assets. These expenses are apportioned to the respective fixed assets on their completion/commencement of commercial production
- (iii) Depreciation on property, plant and equipment is provided based on useful life of the assets prescribed in Schedule II to the Companies Act, 2013 on written down value.
- (iv) When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in statement of Profit and Loss.
- (v) The Residual Value, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

#### Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

#### 1.4. Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets are impaired. If any such indications exist, the Company estimates the amount of impairment loss which may be caused to the company. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the

relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

## 1.5. **Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not used by the Company, is classified as investment property. Investment property is measured at its cost, including related transaction costs and, wherever applicable, borrowing costs less depreciation and impairment, if any.

## 1.6. **Cash & cash equivalents**

Cash and Cash equivalents include cash and Cheque in hand, bank balances and demand deposits with banks that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value where original maturity is three months or less.

## 1.7. **Inventory**

Inventories of Finished Goods and Stock-in-trade are stated 'at the lower of cost or net realisable value'. Raw Materials, Work-in-Progress and Goods-in-transit are stated 'at cost'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'First-in-First-out'. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

Having regard to the nature & value of items of Stores & consumables, the same are treated as consumed in the year of their purchase.

## 1.8. **Investments in subsidiaries, associates and joint ventures**

Investments in subsidiaries, associates and joint ventures are carried at cost/deemed cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of investment is assessed and an impairment provision is recognised, if required immediately to its recoverable amount. On disposal of such investments, difference between the net disposal proceeds and carrying amount is recognised in the statement of profit and loss.

## 1.9. **Financial Instruments**

### **(i) Financial Assets**

#### **Initial Recognition and Measurement**

Financial assets are recognised when the company becomes party to the contractual provisions of the instruments. Financial assets, other than trade receivables, are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through statement of profit or loss. Financial assets carried at fair value through statement of profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of Profit and Loss.

#### **Subsequent measurement**

Financial assets, other than equity instruments, are subsequently measured at amortised cost or fair value through other comprehensive income (OCI) or fair value through profit or loss on the basis of

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

#### **Financial assets carried at amortised cost (AC)**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Financial assets at fair value through profit or loss (FVTPL)**

Investment in financial asset other than equity instrument, not measured at either amortised cost or FVTOCI is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised in the Statement of Profit and Loss.

#### **Equity Instruments:**

All investment in equity instrument classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL.

For all other equity instruments, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis.

#### **Impairment of financial assets**

In accordance with Ind AS 109, the company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instruments).

#### **(ii) Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss.

The Company's financial liabilities includes trade and other payables, loans and borrowings including bank overdrafts and derivative instruments.

##### **Subsequent measurement**

Financial liabilities measured at amortised cost are subsequently measured using Effective Interest Rate (EIR) method. Financial liabilities carried at fair value through profit or loss (FVTPL) are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

##### **Loans & Borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognized in profit & loss when the liabilities are derecognized as well as through EIR amortization process.

##### **Financial Guarantee Contracts**

Financial guarantee contracts issued by the Company are those contracts that requires a payment to be made or to reimburse the holder for a loss it incurs because the specified debtors fails to make payment when due in accordance with the term of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative adjustments.

#### **(iii) Derivative financial instruments and Hedge Accounting**

The Company can use various derivative financial instruments such as interest rate swaps, currency swaps, forwards & options and commodity contracts to mitigate the risk of changes in interest rates, exchange rates and commodity prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedges which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability

For the purpose of hedge accounting, hedges are classified as:

##### **Cashflow hedge**

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon

the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

## **Fair value hedge**

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to Statement of Profit and Loss over the period of maturity

## (iv) **Derecognition of financial instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

## 1.10. **Leases**

### **Finance lease**

Assets taken on lease by the Company in its capacity as lessee, where the company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

### **Operating lease**

#### **Company as a lessee**

Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease period unless the payments are structured to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases.

#### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in the property, plant and equipment. Lease income on an operating lease is recognised in the Statement of Profit and Loss on a straight line basis over the lease term. unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss.

## 1.11. **Fair Value Measurement:**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### 1.12. **Borrowing Cost**

Borrowing costs include interest expenses as per effective interest rate 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 of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

#### 1.13. **Provisions and Contingent liabilities and contingent assets**

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in profit or loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from 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 or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

#### 1.14. **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably.

##### **Sale of goods:**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer either at the time of dispatch or delivery or when the risk of loss transfers. Export sales are generally recognized based on the shipped on board date as per bill of lading, which is when substantial risks and rewards of ownership are passed to the customers.

Revenue from sale of goods is net of taxes and recovery of charges collected from customers like transport, packing etc. are not treated as part of sales. Sales returns are recognised when appropriate. Revenue is measured at the fair value of consideration received or receivable and is net of price discounts, allowance for volume rebates and similar items.

Claims/Refunds not ascertainable with reasonable certainty are accounted for on final settlement and are recognized as revenue on certainty of receipt on prudent basis.

##### **Rendering of services:**

Revenue from sale of services are recognized when the services are rendered.

##### **Other Income**

Dividend income on investments is recognised when the right to receive the dividend is established.

Interest income is recognized on a time proportionate basis taking into account the amounts invested and the rate of interest on prudent basis.

#### 1.15. **EMPLOYEE BENEFITS**

##### **Short term employee benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

## **Post-employment benefits**

### **Define contribution Plans**

A defined contribution plan is a post-employment benefit plan under which the Company shall pay specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service., if applicable

### **Defined benefit Plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/ superannuation. The gratuity is paid @ 15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The management is considering options to value future liability on account of gratuity by a qualified actuarial valuer. On such valuation, the liability shall be recognised in the books of the company. The management will then decide on contribution to be made to an appropriate authority to cover future gratuity liability that may arise.

### **Employee Separation Costs**

Compensation to employees who opt for retirement under the voluntary retirement scheme, if any, of the Company is payable in the year of exercise of option by the employee. The Company recognises the employee separation cost when the scheme is announced and the Company is demonstrably committed to it.

## **1.16. Foreign exchange transactions and translation**

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

## **1.17. TAXES ON INCOME**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

### **- Current Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

### **- Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Where there is unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

## **1.18. Government Grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the

grant relates to an asset, it is recognized as income over the expected useful life of the asset.

In case a non-monetary asset is given free of cost, it is recognised at a fair value. When loans or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is recognized as government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

1.19. **Earning Per Share**

The basic earning per share (EPS) is computed by dividing the net profit after tax available to equity share holdong for the year by the weighted average number of equity shares outstanding during the current year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

# KANANI INDUSTRIES LIMITED

## NOTE '2' : PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

|                                   | Lease Hold Land | Factory Building | Plant & Machinery | Generator | Office Equipment | Air Conditioner | Computer | Refrigerator | Television (TV) | Weighing Scale | Motor Car | CCTC Camera | Total  |
|-----------------------------------|-----------------|------------------|-------------------|-----------|------------------|-----------------|----------|--------------|-----------------|----------------|-----------|-------------|--------|
| Gross Carrying amount             |                 |                  |                   |           |                  |                 |          |              |                 |                |           |             |        |
| Deemed cost as at 1st April, 2018 | 47.00           | 59.70            | 38.01             | 1.40      | 1.35             | 3.04            | 3.01     | 0.08         | 0.82            | 0.52           | 34.00     | 1.33        | 190.25 |
| Additions                         | -               | -                | 0.25              | -         | -                | -               | 0.18     | -            | -               | -              | -         | -           | 0.43   |
| Disposals                         | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Reclassification as held for sale | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Balance as at 31st March, 2019    | 47.00           | 59.70            | 38.26             | 1.40      | 1.35             | 3.04            | 3.19     | 0.08         | 0.82            | 0.52           | 34.00     | 1.33        | 190.69 |
| Additions                         | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Disposals                         | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Reclassification as held for sale | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Balance as at 31st March, 2020    | 47.00           | 59.70            | 38.26             | 1.40      | 1.35             | 3.04            | 3.19     | 0.08         | 0.82            | 0.52           | 34.00     | 1.33        | 190.69 |
| Accumulated Depreciation          |                 |                  |                   |           |                  |                 |          |              |                 |                |           |             |        |
| Balance as at 1st April, 2018     | 31.33           | 37.22            | 31.55             | 1.12      | 0.92             | 1.70            | 2.76     | 0.07         | 0.40            | 0.24           | -         | -           | 107.30 |
| Depreciation during the year      | 3.13            | 2.21             | 1.53              | 0.06      | 0.03             | -               | 0.17     | 0.01         | 0.20            | 0.13           | 17.92     | 0.64        | 26.04  |
| Disposals                         | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Reclassification as held for sale | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Balance as at 31st March, 2019    | 3.45            | 3.94             | 3.31              | 0.12      | 0.09             | 0.17            | 0.29     | 0.01         | 0.06            | 0.04           | 1.79      | 0.06        | 133.34 |
| Additions                         | 3.13            | 1.99             | 1.18              | 0.05      | 0.02             | -               | 0.07     | 0.00         | 0.10            | 0.07           | 6.91      | 0.33        | 13.86  |
| Disposals                         | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Reclassification as held for sale | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Balance as at 31st March, 2020    | 37.60           | 41.41            | 34.27             | 1.23      | 0.96             | 1.70            | 3.00     | 0.08         | 0.71            | 0.44           | 24.83     | 0.97        | 147.20 |
| Retained Earning                  | -               | -                | -                 | -         | 0.36             | 1.34            | 0.16     | -            | -               | -              | -         | -           | 1.86   |
| Net Carrying Amount               |                 |                  |                   |           |                  |                 |          |              |                 |                |           |             |        |
| Balance as at 1st April, 2018     | 15.67           | 22.48            | 6.45              | 0.28      | 0.08             | -               | 0.09     | 0.01         | 0.42            | 0.28           | -         | -           | 45.76  |
| Balance as at 31st March, 2019    | 12.53           | 20.27            | 5.17              | 0.22      | 0.04             | -               | 0.10     | 0.00         | 0.21            | 0.15           | 16.08     | 0.70        | 55.48  |
| Balance as at 31st March, 2020    | 9.40            | 18.28            | 3.99              | 0.17      | 0.03             | -               | 0.02     | 0.00         | 0.11            | 0.08           | 9.17      | 0.37        | 41.62  |

## NOTE NO.3: INVESTMENTS IN SUBSIDIARY

(₹ in Lakhs)

| Name of the Company                                     | Face Value | Paid up Value | As at 31st March, 2020 |                 | As at 31st March, 2019 |                 |
|---|------------|---------------|------------------------|-----------------|------------------------|-----------------|
|   |            |               | No. / Units            | Amount          | No. / Units            | Amount          |
| <b>Investment in Un-Quoted Shares</b>                   |            |               |                        |                 |                        |                 |
| Investment in wholly owned Subsidiary                   |            |               |                        |                 |                        |                 |
| Investment in Equity Instruments                        |            |               |                        |                 |                        |                 |
| [Equity Shares of KIL International Ltd. fully paid up] | 1          | 1             | 3,20,00,000            | 2,133.59        | 3,20,00,000            | 2,133.59        |
|   |            |               | <b>3,20,00,000</b>     | <b>2,133.59</b> | <b>3,20,00,000</b>     | <b>2,133.59</b> |

(₹ in Lakhs)

## NOTE '4' : OTHER NON CURRENT ASSETS

Advances recoverable in cash or in kind or for value to be received  
Security Deposits  
Advance Tax (Net-off Provision)

## NOTE '5' : INVENTORIES

(As taken, valued and certified by the Management)  
(Valued at lower of cost or net realisable value)

### Raw material

Polished Diamonds

Bullion

Work in Progress

Finished Goods

Diamond Studded Jewellery

## NOTE '6' : TRADE RECEIVABLES

(Unsecured & considered good, subject to confirmation)

- Trade receivables outstanding for a period less than six months from the date they are due for payment.
- Trade receivables outstanding for a period exceeding six months from the date they are due for payment.

|  | As at 31.03.2020 | As at 31.03.2019 |
|--|------------------|------------------|
|  | 0.33             | 0.33             |
|  | (0.12)           | 2.18             |
|  | <b>0.21</b>      | <b>2.51</b>      |
|  |                  |                  |
|  | 357.54           | 870.39           |
|  | 0.88             | 0.71             |
|  | -                | -                |
|  | 1,034.58         | 344.74           |
|  | <b>1,393.01</b>  | <b>1,215.84</b>  |
|  |                  |                  |
|  | 5,229.77         | 4,740.42         |
|  | -                | -                |
|  | <b>5,229.77</b>  | <b>4,740.42</b>  |



(₹ in Lakhs)

**NOTE '7' : CURRENT FINANCIAL ASSETS – CASH AND CASH EQUIVALENTS**

Cash and Cash equivalents  
Balance with Bank in current accounts  
Deposits with original maturity of less than 12 months  
Cash on hand

|  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
|  | 1.12                | 3.36                |
|  | 368.19              | 989.32              |
|  | 7.34                | 3.98                |
|  | <b>376.65</b>       | <b>996.66</b>       |
|  |                     |                     |
|  | 13.48               | 38.18               |
|  | 0.91                | 20.65               |
|  | <b>14.39</b>        | <b>58.83</b>        |
|  |                     |                     |
|  | –                   | –                   |
|  | 16.76               | 19.08               |
|  | 0.37                | 0.37                |
|  | 6.75                | 6.75                |
|  | <b>23.88</b>        | <b>26.19</b>        |
|  |                     |                     |
|  | 1,500.00            | 1,500.00            |
|  | <b>1,500.00</b>     | <b>1,500.00</b>     |
|  |                     |                     |
|  | 989.34              | 989.34              |
|  | <b>989.34</b>       | <b>989.34</b>       |

**NOTE '8' : CURRENT FINANCIAL ASSETS – OTHER****Unsecured, Considered good**

Other  
Interest accrued on Fixed Deposit with Bank  
GST

**NOTE '9' : OTHER CURRENT ASSETS**

(Unsecured &amp; considered good)

Advance other than Capital Advance

Advance to suppliers

Other

Prepaid Expenses

Desposit– Wadhwa Group Holding Pvt. Ltd.

Desposit– Radius Realty Pvt. Ltd.

**NOTE '10' : EQUITY SHARE CAPITAL****Authorised**

15,00,00,000 (Previous Year : 15,00,00,000) Equity Shares of Re.1/- each.

**Issued, Subscribed & Paid up**

9,89,34,000 (Previous year : 9,89,34,000) Equity Shares of Re.1/- each

**(a) Reconciliation of the Equity Shares outstanding at the beginning and at the end of the year :**

| Particulars                          | 31st March, 2020   |             | 31st March, 2019   |             |
|--------------------------------------|--------------------|-------------|--------------------|-------------|
|                                      | No. of<br>Shares   | Amount<br>₹ | No. of<br>Shares   | Amount<br>₹ |
| At the beginning of the period       | 9,89,34,000        | 9,89,34,000 | 9,89,34,000        | 9,89,34,000 |
| Issued during the period Bonus Issue | –                  | –           | –                  | –           |
| Outstanding at the end of the year   | <b>9,89,34,000</b> | 9,89,34,000 | <b>9,89,34,000</b> | 9,89,34,000 |

**(b) Equity Shareholder holding more than 5% equity shares along with number of equity shares is given below :**

| Name of the Shareholder     | 31st March, 2020   |               | 31st March, 2019   |               |
|-----------------------------|--------------------|---------------|--------------------|---------------|
|                             | No. of<br>Shares   | %             | No. of<br>Shares   | %             |
| Premjibhai Devjibhai Kanani | 80,06,130          | 8.09%         | 80,06,130          | 8.09%         |
| Harshil Premjibhai Kanani   | 6,29,47,500        | 63.63%        | 6,29,47,500        | 63.63%        |
|                             | <b>7,09,53,630</b> | <b>71.72%</b> | <b>7,09,53,630</b> | <b>71.72%</b> |

**(c) Terms/rights attached to equity shares :**

The company has only one class of equity shares having a par value of Rs 1/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to 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.

# KANANI INDUSTRIES LIMITED

## NOTE '11' : OTHER EQUITY

(₹ in Lakhs)

| Particulars   | Reserves and Surplus |                           |                   |                    |
|---|----------------------|---------------------------|-------------------|--------------------|
|   | General Reserve      | SEZ Re-Investment Reserve | Retained earnings | Total other equity |
| <b>Balance as at April 01, 2018</b>                       | <b>111.46</b>        | <b>50.31</b>              | <b>3,004.72</b>   | <b>3,166.49</b>    |
| Profit for the year                                       | –                    | –                         | 56.75             | 56.75              |
| Other comprehensive income for the year, net of tax       | –                    | –                         | –                 | –                  |
| Creation of General Reserve                               | –                    | –                         | –                 | –                  |
| Transferred from Profit & Loss Account (SEZ Reinvestment) | –                    | –                         | –                 | –                  |
| Written back in current year (SEZ Reinvestment)           | –                    | –                         | –                 | –                  |
| <b>Balance as at March 31, 2019</b>                       | <b>111.46</b>        | <b>50.31</b>              | <b>3,061.47</b>   | <b>3,223.24</b>    |
| Profit for the year                                       | –                    | –                         | 56.62             | 56.62              |
| Other comprehensive income for the year, net of tax       | –                    | –                         | –                 | –                  |
| Creation of General Reserve                               | –                    | –                         | –                 | –                  |
| Transferred from Profit & Loss Account (SEZ Reinvestment) | –                    | –                         | –                 | –                  |
| Written back in current year (SEZ Reinvestment)           | –                    | –                         | –                 | –                  |
| <b>Balance as at March 31, 2020</b>                       | <b>111.46</b>        | <b>50.31</b>              | <b>3,118.09</b>   | <b>3,279.86</b>    |

(₹ in Lakhs)

## NOTE '12' : BORROWINGS

Unsecured

From related party

Shri Premjibhai Kanani

## NOTE '13' : SHORT-TERM BORROWINGS

Secured

i) *From Banks*

Post Shipment Credit Facility

Dena Bank - Now Bank of Baroda

(Prime Security: Hypothecation of Export Bills/Receivables)

(The above facility are further secured by collateral security by way of equitable mortgage of factory at surat SEZ owned by the company, Factory at surat SEZ owned by M/s. Star Diam, immovable properties belonging to Smt. Nanduben Kanani. personal guarantee of Shri Premjibhai Kanani, Harshil Kanani Directors of the company and Nanduben Kanani and corporate guarantee of M/s. Star Diam.)

## NOTE '14' : TRADE PAYABLES

Micro, Small and Medium Enterprises

Others

## NOTE '15' : OTHER CURRENT LIABILITIES

Unclaimed Dividend

Other payables

Statutory dues payable

Employee related liabilities

Other Liabilities

Out Standing Liabilities

Income tax payable A.Y. 2020-21

## NOTE '16' : REVENUE FROM OPERATIONS

Sale of products

Diamond studded Jewellery

## NOTE '17' : OTHER INCOME

Gain/ (loss) in exchange rate fluctuation

|  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
|  | 439.15              | 580.85              |
|  | <b>439.15</b>       | <b>580.85</b>       |
|  | 2,088.97            | 2,500.00            |
|  | <b>2,088.97</b>     | <b>2,500.00</b>     |
|  | –                   | –                   |
|  | 2,391.92            | 1,920.61            |
|  | <b>2,391.92</b>     | <b>1,920.61</b>     |
|  | –                   | –                   |
|  | 0.66                | 0.72                |
|  | 9.58                | 12.76               |
|  | 5.60                | 1.93                |
|  | 0.09                | 0.07                |
|  | 7.94                | –                   |
|  | <b>23.87</b>        | <b>15.48</b>        |
|  | 8,563.56            | 8,312.79            |
|  | <b>8,563.56</b>     | <b>8,312.79</b>     |
|  | 65.69               | 1.27                |
|  | <b>65.69</b>        | <b>1.27</b>         |

(₹ in Lakhs)

**NOTE '18' : CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE**

Finished Goods - Jewellery  
Opening Stock  
Less: Closing Stock  
Work in Progress  
Opening Stock  
Less: Closing Stock

**NOTE '19' : EMPLOYEES BENEFIT EXPENSES**

Salary,Wages and allowances  
Staff Welfare

**NOTE '20' : FINANCE COSTS**

Interest  
Other borrowing cos

**NOTE '21' : OTHER EXPENSES**

Consumption of Stores & Consumables  
Power & Fuel  
Audit fees  
Insurance  
Travelling Expenses  
Legal & Professional Fee  
Bank Charges  
Commission & Brokerage  
Miscellaneous Expenses

**NOTE '22' NOTES TO ACCOUNTS**

**22.1 AUDITORS' REMUNERATION**

Audit Fee  
Tax Audit Fee

**22.2 EARNINGS PER SHARE (EPS)**

Net Profit after tax as per statement of Profit and Loss attributable to equity shareholders  
Weighted average number of equity shares outstanding  
Face Value per equity share (Rs.)  
Basic Earnings Per Share (Rs.)  
Diluted Earnings per Share (Rs.)

**22.3 INCOME TAX RECONCILIATION**

Profit before tax  
Applicable Tax Rate  
Computed Tax Expenses  
Tax Effect of :  
Income exempted from Income tax  
Expenses disallowed  
Tax in respect of earlier year  
Other  
Deferred Tax  
Tax Expenses

**22.4 IMPORTED & INDIGENOUS MATERIALS CONSUMED**

**Raw Materials**

Imported  
Indigenously obtained

**Stores**

Imported  
Indigenously obtained

|  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
|  | 344.74              | 297.50              |
|  | (1,034.58)          | (344.74)            |
|  | —                   | —                   |
|  | —                   | —                   |
|  | <b>(689.85)</b>     | <b>(47.23)</b>      |
|  | 46.95               | 40.66               |
|  | 0.74                | 0.51                |
|  | <b>47.69</b>        | <b>41.18</b>        |
|  | 70.43               | 75.00               |
|  | 10.91               | 3.27                |
|  | <b>81.34</b>        | <b>78.27</b>        |
|  | 2.19                | 0.94                |
|  | 2.13                | 1.68                |
|  | 1.48                | 1.25                |
|  | 1.67                | 1.57                |
|  | 3.75                | 7.70                |
|  | 9.70                | 7.40                |
|  | 17.05               | 16.88               |
|  | 138.76              | —                   |
|  | 54.44               | 28.44               |
|  | <b>231.14</b>       | <b>65.87</b>        |
|  | 1.00                | 1.00                |
|  | 0.25                | 0.25                |
|  | <b>1.25</b>         | <b>1.25</b>         |
|  | 56.62               | 56.75               |
|  | 989.34              | 989.34              |
|  | 1.00                | 1.00                |
|  | 0.06                | 0.06                |
|  | 0.06                | 0.06                |
|  | 72.49               | 70.75               |
|  | 15.60%              | 19.06%              |
|  | 11.31               | 13.48               |
|  | —                   | —                   |
|  | 0.01                | 0.01                |
|  | —                   | —                   |
|  | —                   | —                   |
|  | —                   | —                   |
|  | <b>11.32</b>        | <b>13.49</b>        |

|                       | As at 31.03.2020 |                 | As at 31.03.2019 |                 |
|-----------------------|------------------|-----------------|------------------|-----------------|
|                       | %                | ₹ in Lakhs      | %                | ₹ in Lakhs      |
| Imported              | 99.91            | 8,865.01        | 99.93            | 8,073.52        |
| Indigenously obtained | 0.09             | 7.55            | 0.07             | 5.67            |
|                       |                  | <b>8,872.56</b> |                  | <b>8,079.19</b> |
| Imported              | —                | —               | —                | —               |
| Indigenously obtained | 100.00           | 2.19            | 100.00           | 0.94            |
|                       |                  | <b>2.19</b>     |                  | <b>0.94</b>     |

# KANANI INDUSTRIES LIMITED

## 22.5 CONTINGENT LIABILITY

- (i) The assessee has preferred an appeal before the Commissioner of Income Tax (Appeals) against an order passed by Deputy Commissioner of Income Tax for the Assessment Years 2013-2014 & 2014-2015 raising a demand of Rs. 68,100/- & Rs. 2,090/- respectively.

(₹ in Lakhs)

|                      | As at<br>31.03.2020 | As at<br>31.03.2019 |
|----------------------|---------------------|---------------------|
| Contingent Liability |                     |                     |
| Bank Guarantee       | –                   | 750.00              |

- 22.6 In the opinion of the management and to the best of their knowledge, the current assets, loans & advances are approximately of the value stated, if realised in the ordinary course of business, unless otherwise stated.

- 22.7 The Company is trying to ascertain the enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act.

- 22.8 The Company has not provided for its gratuity liability for the current year in absence of actuarial valuation. The management has initiated efforts to appoint a certified actuarial valuer to estimate the future estimated liability on account of gratuity that may be payable by the Company.

## 22.9 RELATED PARTIES DISCLOSURES

- a) Names of related parties and nature of relationship where control exists :

### Wholly Owned Subsidiary Company

KIL International Limited

### Key Management Personnel

Harshil P. Kanani

Premji D. Kanani

### Enterprises where key management personnel have control

Kanani Polyfab Pvt. Ltd.

M/s. Star Diam

(₹ in Lakhs)

|  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
| b) Transactions with related parties   |                     |                     |
| Loan from Director   | 258.30              | 301.35              |
| Loan repayment to Director   | 400.00              | 124.53              |
| Bank guarantee given on behalf of subsidiary                                 | –                   | 656.93              |
| Payment to Key Managerial personnel/Relative                                 | 16.58               | 16.36               |
| c) Balances at the year end  |                     |                     |
| Remuneration to Director Payable   | 8.08                | 9.33                |
| Investment in Subsidiary   | 2,133.59            | 2,133.59            |
| Loan from Director   | 439.15              | 580.85              |
| d) Disclosure in Respect of Major Related Party Transactions during the year |                     |                     |
| Payment to Key Managerial Personnel/Relative                                 |                     |                     |
| Premjibhai D. Kanani   | 4.99                | 4.99                |
| Harshil P. Kanani  | 5.01                | 5.01                |
| Darshak A. Pandya  | 4.20                | 4.20                |
| Mehul S. Kundariya   | 2.38                | 2.16                |

### Disclosure under Clause 32 of the Listing Agreement

Loans and advances in the nature of loans given to subsidiaries:

#### **KIL International Limited**

Maximum Balance outstanding during the year

Closing Balance

– –  
– –

- 22.10 The company has only one reportable segment i.e. Studded Jewellery, therefore no separate information is being given under Accounting Standard - AS 17 "Segment Reporting".

- 22.11 The Company is trying to ascertain the enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act.

- 22.12 Forward contracts entered into by the company and outstanding as on 31st March, 2020 : NIL

Forward contracts entered into by the company and outstanding as on 31st March, 2019 :

| Particulars                                | Nominal Value \$ | Quantity |       |
|--|------------------|----------|-------|
|  |                  | Long     | Short |
| USD Forward Contract 16.04.2019–30.04.2019 | 3,90,000.00      | 1.00     | –     |
| USD Forward Contract 02.04.2019–30.04.2019 | 2,80,000.00      | 1.00     | –     |
| USD Forward Contract 16.04.2019–30.04.2019 | 4,14,000.00      | 1.00     | –     |
| USD Forward Contract 02.05.2019–31.05.2019 | 6,72,000.00      | 1.00     | –     |
| USD Forward Contract 03.06.2019–28.06.2019 | 4,50,500.00      | 1.00     | –     |
| USD Forward Contract 01.07.2019–31.07.2019 | 3,21,000.00      | 1.00     | –     |
| USD Forward Contract 16.07.2019–31.07.2019 | 2,87,200.00      | 1.00     | –     |
| USD Forward Contract 01.08.2019–30.08.2019 | 4,13,200.00      | 1.00     | –     |
| USD Forward Contract 16.08.2019–30.08.2019 | 3,00,000.00      | 1.00     | –     |

**22.13** Due to lockdown announced by the Central Government due to Covid19, the operations of the company at its Mumbai and at surat works came to a standstill. However, with the relaxation in the lockdown conditions, the operations at its factory started after 20th June, 2020 adhering to social distancing and other prescribed restrictions. However, the operations at Mumbai godown, which has begun working after relaxation in June, continue to be hampered due to various operational reasons. This has resulted in adversely affecting the operations & profitability of the company for the current period.

The company has assessed the impact of the lockdown and consequent economic slowdown on business operations, revenues, cash flows and its ability to repay its liabilities and is confident that the company has adequate stocks of raw material, stores and finished goods to sustain any disruption in supply chain and revenue streams & liquidity to repay its liabilities.

The company is hopeful and confident that the current unfortunate events due to Covid19 pandemic resulting in lockdown and consequent stoppage and slowdown of economic activities has not and will not affect the recoverability of the company's assets, ongoing pertinence of its business, valuation & realisation of its inventory & debtors and its ability to repay liabilities. The company's ongoing business operations are not going to be affected on a long term basis. The management has taken steps to mitigate any impact which might have been on the company's business and its liquidity position.

The company has exercised due care in determining its significant accounting judgment and estimates while preparing its financial statements including internal controls over financial reporting. As per the current assessment made by the company, there is no material impact on the carrying values of inventory, trade receivables, other financial monetary & non-monetary assets as on the reporting date. However, the final impact may differ from the current estimates made as at the date of approval of financial statements for the year ended 31st March, 2020 considering the prevailing uncertainties.

#### 22.14 FAIR VALUATION MEASUREMENT HIERARCHY

(₹ in Lakhs)

| Particulars                  | As at 31st March, 2020 |                        |         | As at 31st March, 2019 |                        |         |
|------------------------------|------------------------|------------------------|---------|------------------------|------------------------|---------|
|                              | Carrying amount        | Level of Input used in |         | Carrying amount        | Level of Input used in |         |
|                              |                        | Level 1                | Level 2 |                        | Level 1                | Level 2 |
| <b>Financial Assets</b>      |                        |                        |         |                        |                        |         |
| At Amortised cost            |                        |                        |         |                        |                        |         |
| Trade Receivable             | 5,229.77               |                        |         | 4,740.42               |                        |         |
| Cash & Bank Balance          | 376.65                 |                        |         | 996.66                 |                        |         |
| <b>Financial Liabilities</b> |                        |                        |         |                        |                        |         |
| At Amortised cost            |                        |                        |         |                        |                        |         |
| Borrowing                    | 2,528.12               |                        |         | 3,080.85               |                        |         |
| Trade Payable                | 2,391.92               |                        |         | 1,920.61               |                        |         |
| Other Financial Liabilities  | 23.87                  |                        |         | 15.48                  |                        |         |

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities; and

**Level 2:** Inputs other than the quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

#### Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due, so that the company is not forced to obtain funds at higher rates. The Company monitors rolling forecasts of the Company's cash flow position and ensure that the Company is able to meet its financial obligation at all times including contingencies.

#### Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the company. It arises from cash and cash equivalents, financial instruments and principally from credit exposures to customers relating to outstanding receivables. The Company deals with highly rated counter parties.

In terms of our report of even date  
For **Deepak Mehta & Associates**  
Chartered Accountants  
(FRN : 102239W)

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141

Mumbai  
July 30, 2020

For & on behalf of Board of Directors

**PREMJIBHAI KANANI**  
Chairman

**HARSHIL KANANI**  
Managing Director

Mumbai  
July 30, 2020

**MEHUL KUNDARIYA**  
Company Secretary

**DARSHAK PANDYA**  
Chief Finance Officer

# CONSOLIDATED FINANCIAL STATEMENT

## ○ Consolidated Auditors Report

To the member  
**Kanani Industries Limited**  
 Mumbai

### Report on the Audit of Consolidated IND AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Kanani Industries Limited and its subsidiary, which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

No provision for gratuity, amount not ascertainable in absence of actuarial valuation by a certified valuer, has been made by the company.

#### 4. Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding company's Annual Report, but does not include the financial statements and our auditors report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Consolidated IND AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of each entity.

## Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated Ind AS financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f. Obtain sufficient and appropriate audit evidence regarding the financial information of such entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of the entities included in the consolidated financial statements. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

We did not audit the financial statements of one subsidiary viz. KIL International Limited, whose financial statements reflect total assets of Rs. 8405.97 lacs as at 31 March 2020, total revenues of Rs. 29092.72 lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of Section 143 (3) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.



- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.
  - e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and on the basis of written representations received by the management from directors of its subsidiaries which are incorporated in India, as on 31 March 2020, none of the directors of the Group companies is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of a subsidiary, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020
  - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2020.
  - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealing in specified banks notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2020.
3. With respect to the matter to be included in the Auditors' report under Section 197(16) of the Act:

In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding Company and its subsidiaries which are incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiaries which are incorporated in India, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**Place: Mumbai**  
**Date: July 30, 2020**

**For Deepak Mehta & Associates**  
Chartered Accountants

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141  
ICAI Firm Regi. No. 102239W  
UDIN 20044141AAAABK4580

# KANANI INDUSTRIES LIMITED

## ○ Consolidated Balance Sheet as on 31st March, 2020

(₹ in Lakhs)

|  | <u>Notes</u> | <i>As at</i><br>31.03.2020 | <i>As at</i><br>31.03.2019 |
|--|--------------|----------------------------|----------------------------|
| <b>I. ASSETS</b>   |              |                            |                            |
| 1. <u>Non-current assets</u>   |              |                            |                            |
| a. Property, Plant and Equipment   | 2            | 41.62                      | 55.48                      |
| b. Capital Work in Progress  |              | —                          | —                          |
| c. Investment in Property  |              | —                          | —                          |
| d. Goodwill  |              | —                          | —                          |
| e. Other Intangible assets   |              | —                          | —                          |
| f. Intangible assets under development   |              | —                          | —                          |
| g. Biological assets other than bearer plants  |              | —                          | —                          |
| h. <u>Financial Assets</u>   |              |                            |                            |
| i. Investments   |              | —                          | —                          |
| ii. Trade Receivable   |              | —                          | —                          |
| iii. Loans   |              | —                          | —                          |
| iv. Others   |              | —                          | —                          |
| i. Deferred Tax Assets   |              | —                          | —                          |
| j. Other Non-Current Assets  | 3            | 2.54                       | 4.65                       |
|  |              | <b>44.16</b>               | <b>60.13</b>               |
| 2. <u>Current assets</u>   |              |                            |                            |
| a. Inventories   | 4            | 3,071.94                   | 3,039.27                   |
| b. <u>Financial Assets</u>   |              |                            |                            |
| i. Investments   |              | —                          | —                          |
| ii. Trade Receivable   | 5            | 11,905.02                  | 10,859.18                  |
| iii. Cash & Cash Equivalents   | 6            | 426.09                     | 1,019.38                   |
| iv. Bank Balance other than (iii) above  |              | —                          | —                          |
| v. Loans   |              | —                          | —                          |
| vi. Others   | 7            | 14.39                      | 58.83                      |
| c. Current Tax Assets (Net)  |              | —                          | —                          |
| d. Other Current Assets  | 8            | 23.88                      | 26.19                      |
|  |              | <b>15,441.32</b>           | <b>15,002.86</b>           |
|  |              | <b>15,485.48</b>           | <b>15,062.99</b>           |
| <b>TOTAL</b>   |              |                            |                            |
| <b>II. EQUITY AND LIABILITIES</b>  |              |                            |                            |
| <u>Equity</u>  |              |                            |                            |
| a. Equity Share Capital  | 9            | 989.34                     | 989.34                     |
| b. Other equity  | 10           | 4,660.64                   | 4,267.73                   |
|  |              | <b>5,649.98</b>            | <b>5,257.07</b>            |
| <u>Liabilities</u>   |              |                            |                            |
| 1. <u>Non Current Liabilities</u>  |              |                            |                            |
| a. <u>Financial Liabilities</u>  |              |                            |                            |
| i. Borrowings  | 11           | 439.15                     | 580.85                     |
| ii. Trade Payables   |              | —                          | —                          |
| iii. Other Financial liabilities (Other than those specified in item(b))                 |              | —                          | —                          |
| b. Provisions  |              | —                          | —                          |
| c. Deferred tax liabilities (Net)  |              | —                          | —                          |
| d. Other non-current liabilities   |              | —                          | —                          |
| e. Long Term borrowing   |              | —                          | —                          |
|  |              | 439.15                     | 580.85                     |
| 2. <u>Current Liabilities</u>  |              |                            |                            |
| a. <u>Financial Liabilities</u>  |              |                            |                            |
| i. Borrowing   | 12           | 2,088.97                   | 3,156.93                   |
| ii. Trade Payables   | 13           | 7,279.05                   | 6,048.66                   |
| iii. Other Financial liabilities (Other than those specified in item(c))                 |              | —                          | —                          |
| b. Other Current Liabilities   | 14           | 25.91                      | 17.36                      |
| c. Provision   | 15           | 2.42                       | 2.12                       |
| d. Current tax liabilities (Net)   |              | —                          | —                          |
|  |              | 9,396.36                   | 9,225.07                   |
|  |              | <b>9,835.51</b>            | <b>9,805.92</b>            |
|  |              | <b>15,485.48</b>           | <b>15,062.99</b>           |
| <b>TOTAL</b>   |              |                            |                            |
| Significant Accounting Policies Notes are an integral part of the financial statements 1 |              |                            |                            |

In terms of our report of even date  
For **Deepak Mehta & Associates**  
Chartered Accountants  
(FRN : 102239W)

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141  
Mumbai  
July 30, 2020

For & on behalf of Board of Directors  
**PREMJIBHAI KANANI**  
Chairman

**HARSHIL KANANI**  
Managing Director

Mumbai  
July 30, 2020

**MEHUL KUNDARIYA**  
Company Secretary

**DARSHAK PANDYA**  
Chief Finance Officer

## ○ Consolidated Statement of Profit & Loss for the year ended 31st March, 2020

(₹ in Lakhs)

|  | <u>Notes</u> | <i>As at</i><br>31.03.2020 | <i>As at</i><br>31.03.2019 |
|--|--------------|----------------------------|----------------------------|
| <b>INCOME</b>  |              |                            |                            |
| I. Revenue from operations   | <b>16</b>    | 37,656.28                  | 34,413.84                  |
| II. Other income   | <b>17</b>    | 65.69                      | 1.28                       |
| III. <b>Total Revenue (I + II)</b>   |              | <b>37,721.97</b>           | <b>34,415.12</b>           |
| <b>IV. EXPENSES</b>  |              |                            |                            |
| Cost of raw material consumed  |              | 8,872.56                   | 8,079.19                   |
| Purchases of traded goods  | <b>18</b>    | 28,643.20                  | 25,636.40                  |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade  | <b>19</b>    | (545.35)                   | 104.53                     |
| Employees benefit expenses   | <b>20</b>    | 99.16                      | 132.58                     |
| Finance Cost   | <b>21</b>    | 88.41                      | 99.06                      |
| Depreciation and amortization expense  | <b>2</b>     | 13.86                      | 26.04                      |
| Other expenses   | <b>22</b>    | 275.63                     | 103.26                     |
| <b>TOTAL EXPENSES</b>  |              | <b>37,447.47</b>           | <b>34,181.07</b>           |
| V. <b>Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)</b>  |              | <b>274.49</b>              | <b>234.05</b>              |
| VI. <b>Exceptional Items</b>   |              | -                          | -                          |
| VII. <b>Profit/(Loss) before extraordinary items and tax - (V - VI)</b>  |              | <b>274.49</b>              | <b>234.05</b>              |
| VIII. <b>Extraordinary Items</b>   |              | -                          | -                          |
| IX. <b>Profit/(Loss) before tax (VII - VIII)</b>   |              | <b>274.49</b>              | <b>234.05</b>              |
| X. <b>Tax Expense</b>  |              |                            |                            |
| (1) Current tax  |              | (13.92)                    | (16.12)                    |
| (2) Deferred tax (Net)   |              | -                          | -                          |
| (3) Excess/(Short) Provision of previous years   |              | (4.37)                     | -                          |
| XI. <b>Profit/(Loss) for the period from continuing operations (IX - X)</b>  |              | <b>256.20</b>              | <b>217.92</b>              |
| XII. <b>Profit/(Loss) from Discontinued operations</b>   |              | -                          | -                          |
| XIII. <b>Tax Expense of Discontinued operations</b>  |              | -                          | -                          |
| XIV. <b>Profit/(Loss) from Discontinued operations (after tax) (XII - XIII)</b>  |              | -                          | -                          |
| XV. <b>Profit/(Loss) for the period (XI + XIV)</b>   |              | <b>256.20</b>              | <b>217.92</b>              |
| XVI. <b>Other Comprehensive Income</b>   |              |                            |                            |
| A (i) Items that will not be reclassified to profit or loss  |              | -                          | -                          |
| (ii) Income tax relating to items that will not be reclassified to profit or loss  |              | -                          | -                          |
| B (i) Items that will be reclassified to profit or loss  |              | -                          | -                          |
| (ii) Income tax relating to items that will be reclassified to profit or loss  |              | -                          | -                          |
| XVII. <b>Total Comprehensive income for the period (XV + XVI) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b> |              | <b>256.20</b>              | <b>217.92</b>              |
| XVIII. <b>Earnings per equity share (for continuing operations):*</b>  |              |                            |                            |
| 1. Basic   |              | 0.26                       | 0.22                       |
| 2. Diluted   |              | 0.26                       | 0.22                       |
| XIX. <b>Earning per equity share (for discontinued operations):</b>  |              |                            |                            |
| 1. Basic   |              | -                          | -                          |
| 2. Diluted   |              | -                          | -                          |
| XX. <b>Earnings per equity share (for discontinued &amp; continuing operations)*</b>   |              |                            |                            |
| 1. Basic   |              | 0.26                       | 0.22                       |
| 2. Diluted   |              | 0.26                       | 0.22                       |
| * Weighted Average   |              |                            |                            |
| Significant Accounting Policies Notes are an integral part of the financial statements   | <b>1</b>     |                            |                            |

In terms of our report of even date  
For **Deepak Mehta & Associates**  
Chartered Accountants  
(FRN : 102239W)

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141  
Mumbai  
July 30, 2020

For & on behalf of Board of Directors  
**PREMJIBHAI KANANI**  
Chairman

**HARSHIL KANANI**  
Managing Director

Mumbai  
July 30, 2020

**MEHUL KUNDARIYA**  
Company Secretary

**DARSHAK PANDYA**  
Chief Finance Officer

## ○ Consolidated Cash Flow Statement for the year ended 31st March, 2020

(₹ in Lakhs)

|   | <i>As at</i><br>31.03.2020 | <i>As at</i><br>31.03.2019 |
|---|----------------------------|----------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>               |                            |                            |
| Net profit before tax and extra-ordinary items                | 274.49                     | 234.05                     |
| Adjustments for :   |                            |                            |
| Depreciation  | 13.86                      | 26.04                      |
| Foreign currency translation reserve                          | 136.71                     | 63.95                      |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :</b>      | <b>425.06</b>              | <b>324.03</b>              |
| Adjustments for :   |                            |                            |
| Trade receivables   | (1,045.84)                 | 1,377.87                   |
| Other receivables   | 46.56                      | 4.28                       |
| Inventories   | (32.67)                    | (405.24)                   |
| Trade Payables & Other Liabilities                            | 1,231.01                   | (1,395.43)                 |
| <b>CASH GENERATED FROM OPERATIONS</b>                         | <b>624.13</b>              | <b>(94.48)</b>             |
| Direct taxes paid   | (7.76)                     | (18.83)                    |
| Income tax refund   | -                          | -                          |
| <b>Net cash from operating activities</b>                     | <b>616.37</b>              | <b>(113.30)</b>            |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>               |                            |                            |
| Purchase of property, plant and equipment                     | -                          | (35.77)                    |
| <b>Net cash used in investment activities</b>                 | <b>-</b>                   | <b>(35.77)</b>             |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>               |                            |                            |
| Proceeds from Short-Term Borrowings                           | (1,067.96)                 | 37.72                      |
| Proceeds/(Repayment) from Long-Term Borrowings                | (141.70)                   | 176.82                     |
| <b>Net cash used in financing activities</b>                  | <b>(1,209.66)</b>          | <b>214.53</b>              |
| <b>Net Increase / (Decrease) in cash and cash equivalents</b> | <b>(593.29)</b>            | <b>65.46</b>               |
| Opening balance of Cash & cash equivalents                    | 1,019.38                   | 953.92                     |
| Closing balance of Cash & cash equivalents                    | 426.09                     | 1,019.38                   |

In terms of our report of even date  
For **Deepak Mehta & Associates**  
Chartered Accountants  
(FRN : 102239W)

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141  
Mumbai  
July 30, 2020

For & on behalf of Board of Directors  
**PREMJIBHAI KANANI**  
Chairman

**HARSHIL KANANI**  
Managing Director

Mumbai  
July 30, 2020

**MEHUL KUNDARIYA**  
Company Secretary

**DARSHAK PANDYA**  
Chief Finance Officer

## ○ Consolidated Schedule for the year ended 31st March, 2020

### NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. Basis of preparation and presentation

- (i) The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (the 'Act') read with of the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Act.
- (ii) The Financial statements have been prepared on the historical cost basis except certain financial assets & liabilities which are measured at fair value wherever applicable:
- (iii) All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle of twelve months and other criteria set out in Schedule III of the Companies Act, 2013.
- (iv) All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.
- (v) The Consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the Consolidated financial statements. All assets and liabilities have been classified as current or non current as per the Group normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.
- (vi) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by- line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intragroup balances, intra-group transactions and the unrealized profits/losses, unless cost/revenue cannot be recovered.

#### 1.2. Use of Estimates & Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

#### 1.3. Property, Plant and Equipment

- (i) Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.
- (ii) Capital work-in-progress includes expenditure during construction period incurred on projects under implementation treated as pre-operative expenses pending allocation to the assets. These expenses are apportioned to the respective fixed assets on their completion/ commencement of commercial production.
- (iii) Depreciation on property, plant and equipment is provided based on useful life of the assets prescribed in Schedule II to the Companies Act, 2013 on straight line method.
- (iv) When an assets is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in statement of Profit and Loss.
- (v) The Residual Value, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

#### **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

#### 1.4. Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets are impaired. If any such indications exists, the Company estimates the amount of impairment loss which may be caused to the company. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

## 1.5. **Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not used by the Company, is classified as investment property. Investment property is measured at its cost, including related transaction costs and, wherever applicable, borrowing costs less depreciation and impairment, if any.

## 1.6. **Cash & cash equivalents** Cash and Cash equivalents include cash and Cheque in hand, bank balances and demand deposits with banks that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value where original maturity is three months or less.

## 1.7. **Inventory**

Inventories of Finished Goods and Stock-in-trade are stated 'at the lower of cost or net realisable value'. Raw Materials, Work-in-Progress and Goods-in-transit are stated 'at cost'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'First-in-First-out'. Due allowance is estimated and made for defective and obsolete items, wherever necessary

Having regard to the nature & value of items of Stores & consumables, the same are treated as consumed in the year of their purchase.

## 1.8. **Investments in subsidiaries, associates and joint ventures**

Investments in subsidiaries, associates and joint ventures are carried at cost/deemed cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of investment is assessed and an impairment provision is recognised, if required immediately to its recoverable amount. On disposal of such investments, difference between the net disposal proceeds and carrying amount is recognised in the statement of profit and loss.

## 1.9. **Financial Instruments**

### **(i) Financial Assets**

#### **Initial Recognition and Measurement**

Financial assets are recognised when the company becomes party to the contractual provisions of the instruments. Financial assets, other than trade receivables, are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through statement of profit or loss. Financial assets carried at fair value through statement of profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of Profit and Loss.

#### **Subsequent measurement**

Financial assets, other than equity instruments, are subsequently measured at amortised cost or fair value through other comprehensive income (OCI) or fair value through profit or loss on the basis of:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

#### **Financial assets carried at amortised cost (AC)**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Financial assets at fair value through profit or loss (FVTPL)**

Investment in financial asset other than equity instrument, not measured at either amortised cost or FVTOCI is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised in the Statement of Profit and Loss.

#### **Equity Instruments:**

All investment in equity instrument classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL.

For all other equity instruments, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes

such election on an instrument-by-instrument basis.

#### **Impairment of financial assets**

In accordance with Ind AS 109, the company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instruments).

#### **(ii) Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss.

The Company's financial liabilities includes trade and other payables, loans and borrowings including bank overdrafts and derivative instruments.

##### **Subsequent measurement**

Financial liabilities measured at amortised cost are subsequently measured using Effective Interest Rate (EIR) method. Financial liabilities carried at fair value through profit or loss (FVTPL) are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

##### **Loans & Borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognized in profit & loss when the liabilities are derecognized as well as through EIR amortization process.

##### **Financial Guarantee Contracts**

Financial guarantee contracts issued by the Company are those contracts that requires a payment to be made or to reimburse the holder for a loss it incurs because the specified debtors fails to make payment when due in accordance with the term of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative adjustments.

#### **(iii) Derivative financial instruments and Hedge Accounting**

The Company can use various derivative financial instruments such as interest rate swaps, currency swaps, forwards & options and commodity contracts to mitigate the risk of changes in interest rates, exchange rates and commodity prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedges which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability

For the purpose of hedge accounting, hedges are classified as:

##### **Cashflow hedge**

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

##### **Fair value hedge**

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.



Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to Statement of Profit and Loss over the period of maturity

#### (iv) **Derecognition of financial instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

### 1.10. **Leases**

#### **Finance lease**

Assets taken on lease by the Company in its capacity as lessee, where the company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

#### **Operating lease**

##### **Company as a lessee**

Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease period unless the payments are structured to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases.

##### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in the property, plant and equipment. Lease income on an operating lease is recognized in the Statement of Profit and Loss on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.

### 1.11. **Fair Value Measurement:**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 1.12. **Borrowing Cost**

Borrowing costs include interest expenses as per effective interest rate 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 of



qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

#### 1.13. **Provisions and Contingent liabilities and contingent assets**

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in profit or loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from 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 or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

#### 1.14. **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably.

##### **Sale of goods:**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer either at the time of dispatch or delivery or when the risk of loss transfers. Export sales are generally recognized based on the shipped on board date as per bill of lading, which is when substantial risks and rewards of ownership are passed to the customers.

Revenue from sale of goods is net of taxes and recovery of charges collected from customers like transport, packing etc. are not treated as part of sales. Sales returns are recognised when appropriate. Revenue is measured at the fair value of consideration received or receivable and is net of price discounts, allowance for volume rebates and similar items.

Claims/Refunds not ascertainable with reasonable certainty are accounted for on final settlement and are recognized as revenue on certainty of receipt on prudent basis.

##### **Rendering of services:**

Revenue from sale of services are recognized when the services are rendered.

##### **Other Income**

Dividend income on investments is recognised when the right to receive the dividend is established.

Interest income is recognized on a time proportionate basis taking into account the amounts invested and the rate of interest on prudent basis.

#### 1.15. **EMPLOYEE BENEFITS**

##### **Short term employee benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

(b) Defined contribution plans such as Provident fund & Superannuation fund

##### **Post-employment benefits**

##### **Define contrubution Plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

##### **Defined benefit Plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/ superannuation. The gratuity is paid @ 15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The management is considering options to value future liability on account of gratuity by a qualified actuarial valuer. On such valuation, the liability shall be recognised in the books of the company. The management will then decide on contribution to be made to an appropriate authority to cover future gratuity liability that may arise.

## **Employee Separation Costs**

Compensation to employees who opt for retirement under the voluntary retirement scheme, if any, of the Company is payable in the year of exercise of option by the employee. The Company recognises the employee separation cost when the scheme is announced and the Company is demonstrably committed to it.

## 1.16. **Foreign exchange transactions and translation**

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

## 1.17. **TAXES ON INCOME**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

### - **Current Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

### - **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Where there is unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

## 1.18. **Government Grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognized as income over the expected useful life of the asset.

In case a non-monetary asset is given free of cost, it is recognised at a fair value. When loans or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is recognized as government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

## 1.19. **Earning Per Share**

The basic earning per share (EPS) is computed by dividing the net profit after tax available to equity share holding for the year by the weighted average number of equity shares outstanding during the current year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

**NOTE '2' : PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

|                                   | Lease Hold Land | Factory Building | Plant & Machinery | Generator | Office Equipment | Air Conditioner | Computer | Refrigerator | Television (TV) | Weighing Scale | Motor Car | CCTC Camera | Total  |
|-----------------------------------|-----------------|------------------|-------------------|-----------|------------------|-----------------|----------|--------------|-----------------|----------------|-----------|-------------|--------|
| Gross Carrying amount             |                 |                  |                   |           |                  |                 |          |              |                 |                |           |             |        |
| Deemed cost as at 1st April, 2018 | 47.00           | 59.70            | 38.01             | 1.40      | 1.35             | 3.04            | 3.01     | 0.08         | 0.82            | 0.52           | 34.00     | 1.33        | 190.25 |
| Additions                         | -               | -                | 0.25              | -         | -                | -               | 0.18     | -            | -               | -              | -         | -           | 0.43   |
| Disposals                         | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Reclassification as held for sale | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Balance as at 31st March, 2019    | 47.00           | 59.70            | 38.26             | 1.40      | 1.35             | 3.04            | 3.19     | 0.08         | 0.82            | 0.52           | 34.00     | 1.33        | 190.69 |
| Additions                         | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Disposals                         | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Reclassification as held for sale | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Balance as at 31st March, 2020    | 47.00           | 59.70            | 38.26             | 1.40      | 1.35             | 3.04            | 3.19     | 0.08         | 0.82            | 0.52           | 34.00     | 1.33        | 190.69 |
| <b>Accumulated Depreciation</b>   |                 |                  |                   |           |                  |                 |          |              |                 |                |           |             |        |
| Balance as at 1st April, 2018     | 31.33           | 37.22            | 31.55             | 1.12      | 0.92             | 1.70            | 2.76     | 0.07         | 0.40            | 0.24           | -         | -           | 107.30 |
| Depreciation during the year      | 3.13            | 2.21             | 1.53              | 0.06      | 0.03             | -               | 0.17     | 0.01         | 0.20            | 0.13           | 17.92     | 0.64        | 26.04  |
| Disposals                         | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Reclassification as held for sale | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Balance as at 31st March, 2019    | 3.45            | 3.94             | 3.31              | 0.12      | 0.09             | 0.17            | 0.29     | 0.01         | 0.06            | 0.04           | 1.79      | 0.06        | 133.34 |
| Additions                         | 3.13            | 1.99             | 1.18              | 0.05      | 0.02             | -               | 0.07     | 0.00         | 0.10            | 0.07           | 6.91      | 0.33        | 13.86  |
| Disposals                         | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Reclassification as held for sale | -               | -                | -                 | -         | -                | -               | -        | -            | -               | -              | -         | -           | -      |
| Balance as at 31st March, 2020    | 37.60           | 41.41            | 34.27             | 1.23      | 0.96             | 1.70            | 3.00     | 0.08         | 0.71            | 0.44           | 24.83     | 0.97        | 147.20 |
| Retained Earning                  | -               | -                | -                 | -         | 0.36             | 1.34            | 0.16     | -            | -               | -              | -         | -           | 1.86   |
| Net Carrying Amount               |                 |                  |                   |           |                  |                 |          |              |                 |                |           |             |        |
| Balance as at 1st April, 2018     | 15.67           | 22.48            | 6.45              | 0.28      | 0.08             | -               | 0.09     | 0.01         | 0.42            | 0.28           | -         | -           | 45.76  |
| Balance as at 31st March, 2019    | 12.53           | 20.27            | 5.17              | 0.22      | 0.04             | -               | 0.10     | 0.00         | 0.21            | 0.15           | 16.08     | 0.70        | 55.48  |
| Balance as at 31st March, 2020    | 9.40            | 18.28            | 3.99              | 0.17      | 0.03             | -               | 0.02     | 0.00         | 0.11            | 0.08           | 9.17      | 0.37        | 41.62  |

(₹ in Lakhs)

**NOTE '3' : OTHER NON CURRENT ASSETS**

Advances recoverable in cash or in kind or for value to be received  
Security Deposits  
Advance Tax (Net-off Provision)

|  | As at 31.03.2020 | As at 31.03.2019 |
|--|------------------|------------------|
|  |                  |                  |
|  | 2.67             | 2.47             |
|  | (0.12)           | 2.18             |
|  | <b>2.54</b>      | <b>4.65</b>      |
|  |                  |                  |
|  | 357.54           | 870.39           |
|  | 0.88             | 0.71             |
|  | -                | -                |
|  | 1,034.58         | 344.74           |
|  | 1,678.93         | 1,823.44         |
|  | <b>3,071.94</b>  | <b>3,039.27</b>  |
|  |                  |                  |
|  | 11,905.02        | 10,859.18        |
|  | -                | -                |
|  | <b>11,905.02</b> | <b>10,859.18</b> |
|  |                  |                  |
|  | 50.56            | 26.08            |
|  | 368.19           | 989.32           |
|  | 7.34             | 3.98             |
|  | <b>426.09</b>    | <b>1,019.38</b>  |

**NOTE '4' : INVENTORIES**

(As taken, valued and certified by the Management)  
(Valued at lower of cost or net realisable value)

**Raw material**

Polished Diamonds

Bullion

Work in Progress

**Finished Goods**

Diamond Studded Jewellery

Traded Goods

Diamonds & Diamonds Studded Jewellery

**NOTE '5' : TRADE RECEIVABLES**

(Unsecured & considered good, subject to confirmation)

- Trade receivables outstanding for a period less than six months from the date they are due for payment.
- Trade receivables outstanding for a period exceeding six months from the date they are due for payment.

**NOTE '6' : CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS**

Cash and Cash equivalents

Balance with Bank in current accounts

Deposits with original maturity of less than 12 months

Cash on hand

(₹ in Lakhs)

**NOTE '7' : CURRENT FINANCIAL ASSETS - OTHER**

Unsecured, Considered good

Other

Interest accrued on Fixed Deposit with Bank

GST

**NOTE '8' : OTHER CURRENT ASSETS**

(Unsecured & considered good)

Advance other than Capital Advance

Advance to suppliers

Other

Prepaid Expenses

Desposit- Wadhwa Group Holding Pvt. Ltd.

Desposit- Radius Realty Pvt. Ltd.

**NOTE '9' : EQUITY SHARE CAPITAL**

**Authorised**

15,00,00,000 (Previous Year : 15,00,00,000) Equity Shares of Re.1/- each.

**Issued, Subscribed & Paid up**

9,89,34,000 (Previous year : 9,89,34,000) Equity Shares of Re.1/- each

|  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
|  | 13.48               | 38.18               |
|  | 0.91                | 20.65               |
|  | <b>14.39</b>        | <b>58.83</b>        |
|  |                     |                     |
|  | –                   | –                   |
|  | 16.76               | 19.08               |
|  | 0.37                | 0.37                |
|  | 6.75                | 6.75                |
|  | <b>23.88</b>        | <b>26.19</b>        |
|  |                     |                     |
|  | 1,500.00            | 1,500.00            |
|  | <b>1,500.00</b>     | <b>1,500.00</b>     |
|  |                     |                     |
|  | 989.34              | 989.34              |
|  | <b>989.34</b>       | <b>989.34</b>       |

**(a) Reconciliation of the Equity Shares outstanding at the beginning and at the end of the year :**

| Particulars                          | 31st March, 2020   |                      | 31st March, 2019   |                      |
|--------------------------------------|--------------------|----------------------|--------------------|----------------------|
|                                      | No. of<br>Shares   | Amount<br>₹ in Lakhs | No. of<br>Shares   | Amount<br>₹ in Lakhs |
| At the beginning of the period       | 9,89,34,000        | 9,89,34,000          | 9,89,34,000        | 9,89,34,000          |
| Issued during the period Bonus Issue | –                  | –                    | –                  | –                    |
| Outstanding at the end of the year   | <b>9,89,34,000</b> | <b>9,89,34,000</b>   | <b>9,89,34,000</b> | <b>9,89,34,000</b>   |

**(b) Equity Shareholder holding more than 5% equity shares along with number of equity shares is given below :**

| Name of Shareholder         | 31st March, 2020   |               | 31st March, 2019   |               |
|-----------------------------|--------------------|---------------|--------------------|---------------|
|                             | No. of<br>Shares   | %             | No. of<br>Shares   | %             |
| Premjibhai Devjibhai Kanani | 80,06,130          | 8.09%         | 80,06,130          | 8.09%         |
| Harshil Premjibhai Kanani   | 6,29,47,500        | 63.63%        | 6,29,47,500        | 63.63%        |
|                             | <b>7,09,53,630</b> | <b>71.72%</b> | <b>7,09,53,630</b> | <b>71.72%</b> |

**(c) Terms/rights attached to equity shares :**

The company has only one class of equity shares having a par value of Re 1/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to 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.

## NOTE '10' : OTHER EQUITY

(₹ in Lakhs)

| Particulars   | Reserves and Surplus |                                      |                           |                   |                    |
|---|----------------------|--------------------------------------|---------------------------|-------------------|--------------------|
|   | General Reserve      | Foreign currency Translation Reserve | SEZ Re-Investment Reserve | Retained earnings | Total other equity |
| <b>Balance as at April 01, 2018</b>                 | <b>111.46</b>        | <b>51.81</b>                         | <b>50.31</b>              | <b>3,772.29</b>   | <b>3,985.86</b>    |
| Profit for the year                                 | –                    | –                                    | –                         | 217.92            | <b>217.92</b>      |
| Other comprehensive income for the year, net of tax | –                    | –                                    | –                         | –                 | –                  |
| Creation of General Reserve                         | –                    | –                                    | –                         | –                 | –                  |
| Transferred from Profit & Loss Account              | –                    | –                                    | –                         | –                 | –                  |
| Written back in current year                        | –                    | 63.95                                | –                         | –                 | 63.95              |
| <b>Balance as at March 31, 2019</b>                 | <b>111.46</b>        | <b>115.75</b>                        | <b>50.31</b>              | <b>3,990.21</b>   | <b>4,267.73</b>    |
| Profit for the year                                 | –                    | –                                    | –                         | 256.20            | <b>256.20</b>      |
| Other comprehensive income for the year, net of tax | –                    | –                                    | –                         | –                 | –                  |
| Creation of General Reserve                         | –                    | –                                    | –                         | –                 | –                  |
| Transferred from Profit & Loss Account              | –                    | –                                    | –                         | –                 | –                  |
| Written back in current year                        | –                    | 136.71                               | –                         | –                 | <b>136.71</b>      |
| <b>Balance as at March 31, 2020</b>                 | <b>111.46</b>        | <b>252.46</b>                        | <b>50.31</b>              | <b>4,246.41</b>   | <b>4,660.64</b>    |

(₹ in Lakhs)

## NOTE '11' : BORROWINGS

## Unsecured

## From related party

Shri Premjibhai Kanani

|  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
|  | 439.15              | 580.85              |
|  | <b>439.15</b>       | <b>580.85</b>       |
|  |                     |                     |
|  | 2,088.97            | 2,500.00            |
|  | –                   | 656.93              |
|  | <b>2,088.97</b>     | <b>3,156.93</b>     |
|  |                     |                     |
|  | –                   | –                   |
|  | 7,279.05            | 6,048.66            |
|  | <b>7,279.05</b>     | <b>6,048.66</b>     |
|  |                     |                     |
|  | –                   | –                   |
|  | 0.66                | 0.72                |
|  | 9.58                | 12.76               |
|  | 7.64                | 3.80                |
|  | 0.09                | 0.07                |
|  | 7.94                | –                   |
|  | <b>25.91</b>        | <b>17.36</b>        |

## NOTE '13' : TRADE PAYABLES

Micro, Small and Medium Enterprises

Others

## NOTE '14' : OTHER CURRENT LIABILITIES

Unclaimed Dividend

## Other payables

Statutory dues payable

Employee related liabilities

Other Liabilities

Out Standing Liabilities

Income Tax payable A.Y. 2020-21

# KANANI INDUSTRIES LIMITED

(₹ in Lakhs)

## NOTE '15' : Provision

### Others

Provision for Income tax

## NOTE '16' : REVENUE FROM OPERATIONS

Sale of products

Diamond studded Jewellery

Traded Goods

## NOTE '17' : OTHER INCOME

Gain/ (loss) in exchange rate fluctuation

## NOTE '18' : PURCHASES OF TRADED GOODS

Diamond & Diamond Studded Jewellery

## NOTE '19' : CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE

### Opening Stock

Finished Goods

Traded Goods

Work In Progress

### Closing Stock

Finished Goods

Traded Goods

Work In Progress

## NOTE '20' : EMPLOYEES BENEFIT EXPENSES

Salary, Wages and allowances

Staff Welfare

Director Quarter Expenses

## NOTE '21' : FINANCE COSTS

Interest

Other borrowing cost

## NOTE '22' : OTHER EXPENSES

Consumption of Stores & Consumables

Power & Fuel

Audit fees

Insurance

Travelling Expenses

Legal & Professional Fee

Bank Charges

Commission & Brokerage

Miscellaneous Expenses

|  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
|  | 2.42                | 2.12                |
|  | <b>2.42</b>         | <b>2.12</b>         |
|  |                     |                     |
|  | 8,563.56            | 8,312.79            |
|  | 29,092.72           | 26,101.05           |
|  | <b>37,656.28</b>    | <b>34,413.84</b>    |
|  |                     |                     |
|  | 65.69               | 1.28                |
|  | <b>65.69</b>        | <b>1.28</b>         |
|  |                     |                     |
|  | 28,643.20           | 25,636.40           |
|  | <b>28,643.20</b>    | <b>25,636.40</b>    |
|  |                     |                     |
|  | 344.74              | 297.50              |
|  | -                   | -                   |
|  | (1,823.44)          | (1,975.20)          |
|  | -                   | -                   |
|  | (1,478.70)          | (1,677.70)          |
|  |                     |                     |
|  | (1,034.58)          | (344.74)            |
|  | (1,678.93)          | (1,823.44)          |
|  | -                   | -                   |
|  | <b>(2,713.52)</b>   | <b>(2,168.17)</b>   |
|  | <b>(545.35)</b>     | <b>104.53</b>       |
|  |                     |                     |
|  | 80.52               | 115.45              |
|  | 0.74                | 0.51                |
|  | 17.90               | 16.62               |
|  | <b>99.16</b>        | <b>132.58</b>       |
|  |                     |                     |
|  | 77.50               | 95.79               |
|  | 10.91               | 3.27                |
|  | <b>88.41</b>        | <b>99.06</b>        |
|  |                     |                     |
|  | 2.19                | 0.94                |
|  | 2.13                | 1.68                |
|  | 2.26                | 1.98                |
|  | 1.67                | 1.57                |
|  | 6.43                | 9.88                |
|  | 9.70                | 7.40                |
|  | 19.14               | 18.67               |
|  | 138.76              | -                   |
|  | 93.37               | 61.14               |
|  | <b>275.63</b>       | <b>103.26</b>       |

**NOTE '23' NOTES TO ACCOUNTS****23.1 AUDITORS' REMUNERATION**

Audit Fee  
Tax Audit Fee

| (₹ in Lakhs)        |                     |
|---------------------|---------------------|
| As at<br>31.03.2020 | As at<br>31.03.2019 |
| 2.01                | 1.73                |
| 0.25                | 0.25                |
| <b>2.26</b>         | <b>1.98</b>         |

**23.2 EARNINGS PER SHARE (EPS)**

Net Profit after tax as per statement of Profit and Loss attributable to equity shareholders  
Weighted average number of equity shares outstanding  
Face Value per equity share (₹)  
Basic Earnings Per Share (₹)  
Diluted Earnings per Share (₹)

|        |        |
|--------|--------|
| 256.20 | 217.92 |
| 989.34 | 989.34 |
| 1.00   | 1.00   |
| 0.26   | 0.22   |
| 0.26   | 0.22   |

**23.3 CONTINGENT LIABILITY**

- (i) The assessee has preferred an appeal before the Commissioner of Income Tax (Appeals) against an order passed by Deputy Commissioner of Income Tax for the Assessment Years 2013–2014 & 2014–2015 raising a demand of Rs. 68,100/- & Rs. 2,090/- respectively.

Contingent Liability

Bank Guarantee

| (₹ in Lakhs)        |                     |
|---------------------|---------------------|
| As at<br>31.03.2020 | As at<br>31.03.2019 |
| –                   | 750.00              |

- 23.4** In the opinion of the management and to the best of their knowledge, the current assets, loans & advances are approximately of the value stated, if realised in the ordinary course of business, unless otherwise stated.

- 23.5** The Company is trying to ascertain the enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act.

- 23.6** The Company has not provided for its gratuity liability for the current year in absence of actuarial valuation. The management has initiated efforts to appoint a certified actuarial valuer to estimate the future estimated liability on account of gratuity that may be payable by the Company.

**23.7 RELATED PARTIES DISCLOSURES**

- a) Names of related parties and nature of relationship where control exists :

**Wholly Owned Subsidiary Company**

KIL International Limited

**Key Management Personnel**

Harshil P. Kanani

Premji D. Kanani

**Enterprises where key management personnel have control**

Kanani Polyfab Pvt. Ltd.

M/s. Star Diam

(₹ in Lakhs)

|  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
| b) Transactions with related parties   |                     |                     |
| Loan from Director   | 258.30              | 301.35              |
| Loan repayment to Director   | 400.00              | 124.53              |
| Bank guarantee given on behalf of subsidiary                                 | –                   | 656.93              |
| Payment to Key Managerial personnel/Relative                                 | 16.58               | 16.36               |
| c) Balances at the year end  |                     |                     |
| Remuneration to Director Payable   | 8.08                | 9.33                |
| Investment in Subsidiary   | 2,133.59            | 2,133.59            |
| Loan from Director   | 439.15              | 580.85              |
| d) Disclosure in Respect of Major Related Party Transactions during the year |                     |                     |
| Payment to Key Managerial Personnel/Relative                                 |                     |                     |
| Premjibhai D. Kanani   | 4.99                | 4.99                |
| Harshil P. Kanani  | 5.01                | 5.01                |
| Darshak A. Pandya  | 4.20                | 4.20                |
| Mehul S. Kundariya   | 2.38                | 2.16                |

**23.8** The company has only one reportable segment i.e. Studded Jewellery, therefore no separate information is being given under Accounting Standard - AS 17 "Segment Reporting".

**23.9** The Company is trying to ascertain the enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act.

**23.10** Forward contracts entered into by the company and outstanding as on 31st March, 2020 : NIL

Forward contracts entered into by the company and outstanding as on 31st March, 2019 :

| Particulars                                | Nominal Value \$ | Quantity |       |
|--|------------------|----------|-------|
|  |                  | Long     | Short |
| USD Forward Contract 16.04.2019–30.04.2019 | 3,90,000.00      | 1.00     | –     |
| USD Forward Contract 02.04.2019–30.04.2019 | 2,80,000.00      | 1.00     | –     |
| USD Forward Contract 16.04.2019–30.04.2019 | 4,14,000.00      | 1.00     | –     |
| USD Forward Contract 02.05.2019–31.05.2019 | 6,72,000.00      | 1.00     | –     |
| USD Forward Contract 03.06.2019–28.06.2019 | 4,50,500.00      | 1.00     | –     |
| USD Forward Contract 01.07.2019–31.07.2019 | 3,21,000.00      | 1.00     | –     |
| USD Forward Contract 16.07.2019–31.07.2019 | 2,87,200.00      | 1.00     | –     |
| USD Forward Contract 01.08.2019–30.08.2019 | 4,13,200.00      | 1.00     | –     |
| USD Forward Contract 16.08.2019–30.08.2019 | 3,00,000.00      | 1.00     | –     |

**23.11** Due to lockdown announced by the Central Government due to Covid19, the operations of the company at its Mumbai godown and at its Abu Road works came to a standstill. However, with the relaxation in the lockdown conditions, the operations at its factory started after 20th April, 2020 adhering to social distancing and other prescribed restrictions. However, the operations at Mumbai godown, which has begun working after relaxation in June, continue to be hampered due to various operational reasons. This has resulted in adversely affecting the operations & profitability of the company for the current period.

The company has assessed the impact of the lockdown and consequent economic slowdown on business operations, revenues, cash flows and its ability to repay its liabilities and is confident that the company has adequate stocks of raw material, stores and finished goods to sustain any disruption in supply chain and revenue streams & liquidity to repay its liabilities.

The company is hopeful and confident that the current unfortunate events due to Covid19 pandemic resulting in lockdown and consequent stoppage and slowdown of economic activities has not and will not affect the recoverability of the company's assets, ongoing pertinence of its business, valuation & realisation of its inventory & debtors and its ability to repay liabilities. The company's ongoing business operations are not going to be affected on a long term basis. The management has taken steps to mitigate any impact which might have been on the company's business and its liquidity position.

The company has exercised due care in determining its significant accounting judgment and estimates while preparing its financial statements including internal controls over financial reporting. As per the current assessment made by the company, there is no material impact on the



carrying values of inventory, trade receivables, other financial monetary & non-monetary assets as on the reporting date. However, the final impact may differ from the current estimates made as at the date of approval of financial statements for the year ended 31st March, 2020 considering the prevailing uncertainties.

**23.12 FAIR VALUATION MEASUREMENT HIERARCHY**

(₹ in Lakhs)

| Particulars                  | As at 31st March, 2020 |                        |         | As at 1st April, 2019 |                        |         |
|------------------------------|------------------------|------------------------|---------|-----------------------|------------------------|---------|
|                              | Carrying amount        | Level of Input used in |         | Carrying amount       | Level of Input used in |         |
|                              |                        | Level 1                | Level 2 |                       | Level 1                | Level 2 |
| <b>Financial Assets</b>      |                        |                        |         |                       |                        |         |
| <b>At Amortised cost</b>     |                        |                        |         |                       |                        |         |
| Trade Receivable             | 11,905.02              |                        |         | 10,859.18             |                        |         |
| Cash & Bank Balance          | 426.09                 |                        |         | 1,019.38              |                        |         |
| <b>Financial Liabilities</b> |                        |                        |         |                       |                        |         |
| <b>At Amortised cost</b>     |                        |                        |         |                       |                        |         |
| Borrowing                    | 2,528.12               |                        |         | 3,737.78              |                        |         |
| Trade Payable                | 7,279.05               |                        |         | 6,048.66              |                        |         |
| Other Financial Liabilities  | –                      |                        |         | –                     |                        |         |

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities; and

**Level 2:** Inputs other than the quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

**Liquidity Risk**

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due, so that the company is not forced to obtain funds at higher rates. The Company monitors rolling forecasts of the Company's cash flow position and ensure that the Company is able to meet its financial obligation at all times including contingencies.

**Credit Risk**

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the company. It arises from cash and cash equivalents, financial instruments and principally from credit exposures to customers relating to outstanding receivables. The Company deals with highly rated counter parties.

In terms of our report of even date  
For **Deepak Mehta & Associates**  
Chartered Accountants  
(FRN : 102239W)

**(DEEPAK MEHTA)**  
Proprietor  
M. No. 44141

Mumbai  
July 30, 2020

For & on behalf of Board of Directors

**PREMJIBHAI KANANI**  
Chairman

**HARSHIL KANANI**  
Managing Director

Mumbai  
July 30, 2020

**MEHUL KUNDARIYA**  
Company Secretary

**DARSHAK PANDYA**  
Chief Finance Officer



*If undelivered, please return to :*

**KANANI INDUSTRIES LIMITED**

**REGISTERED OFFICE:** 915C, THE CAPITAL, G-BLOCK, BANDRA KURLA COMPLEX, BANDRA (EAST), MUMBAI - 400051