



2018

2019

36th Annual Report

KANANI INDUSTRIES LIMITED

www.kananiindustries.com

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○ Comparative Analysis of last 3 years Results

(₹ in Lakhs)

Particular	For the year ended on 31.03.2019	For the year ended on 31.03.2018	For the year ended on 31.03.2017
Net Sales	8312.78	7924.02	7872.47
Other Income	1.27	141.47	226.40
Total Income	8314.06	8065.49	8098.87
Expenditure	8142.27	7906.67	7946.35
PBIT	171.79	158.82	152.52
Interest	75.00	100.50	94.94
Depreciation	26.04	8.53	9.13
PBT	70.74	49.79	48.45
Tax	14.00	9.50	9.37
PAT	56.74	40.29	39.08
Net Profit	56.74	40.29	39.08
Basic & Diluted EPS (₹)	0.06	0.04	0.04
Dividend Paid / Proposed (In %)	—	—	—
Equity Capital	989.34	989.34	989.34
Reserves & Surplus	3223.23	3166.49	3126.20
Net worth	4212.57	4155.83	4115.54
Book Value per share (₹)	4.26	4.20	4.16
Operating Profit Margin (%)	2.07%	2.00%	1.94%
Net Profit Margin (%)	0.68%	0.51%	0.50%
Basic & Diluted Cash EPS (₹)	0.06	0.04	0.04

○ General Information

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

○ Notice

Notice is hereby given that the 36th Annual General Meeting of the Members of **Kanani Industries Limited** will be held at **Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007, Maharashtra, India** on **Monday, 30th September, 2019** at **10:00 A.M. (IST)** to transact the following businesses:

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, 2019 together with the Reports of the Board of Directors and Auditor's thereon.

2. Appointment of Mr. Harshil Premjibhai Kanani as director liable to retire by rotation:

To appoint a Director in place of Mr. Harshil Premjibhai Kanani (*DIN: 01568262*), 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. Harshil Premjibhai Kanani (*DIN: 01568262*) 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 33rd AGM held on 26th 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 2019-20."

On Order of the Board
For: Kanani Industries Limited

HARSHIL KANANI
MANAGING DIRECTOR
(DIN : 01568262)

Place: Mumbai
Date: 14/08/2019

Registered Office:

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

NOTES:

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

The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. A proxy shall not have a right to speak at the AGM and shall not be entitled to vote except on poll.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, September 24, 2019 to Monday, September 30, 2019 (both days inclusive)**.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. Members who hold shares in electronic form are requested to write their Client ID and DP ID number and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting to facilitate identification of membership at the AGM.
6. For convenience of members, an attendance slip, proxy form and the route map of the venue of the Meeting are annexed hereto. Members are requested to affix their signature at the space provided and hand over the attendance slip at the place of meeting. The proxy of a member should mark on the attendance slip as 'proxy'.
7. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & public holidays between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.
8. The Annual Report 2018-19, the Notice of the 36th AGM and instructions for e-voting, along with the Attendance slip and Proxy form, are being sent by electronic mode to all the members whose email address are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by permitted mode of dispatch.
9. Members may also note that the Notice of the 36th AGM and the Annual Report 2018-19 will be available on the Company's website, www.kananiindustries.com.
10. If the members have any queries on the audited accounts, directors' report & auditor's report, the same should be forwarded to the company in writing at its registered office at least 10 days before the meeting so that the same can be replied at the time of annual general meeting to the members' satisfaction.
11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by members.
12. The Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
13. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment/re-appointment at the AGM, is furnished as annexure to the Notice. The directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
14. The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting as prescribed by the Companies (Management and Administration) Amendment Rules, 2015 as presently in force and the business set out in the Notice will be transacted through such voting.
15. Members are requested to bring their copies of the reports to Annual General Meeting.
16. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with share certificates to the Company.
17. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
18. The voting rights of the Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut off date i.e. September 23, 2019.
19. The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting as prescribed by the Companies (Management and Administration) Amendment Rules, 2015 as presently in force and the business set out in the Notice will be transacted through such voting.

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20. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Income Tax Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or its Registrar and Share Transfer Agents.
21. In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/ correspondence, if any, directly to:

SHAREX DYNAMIC (INDIA) PRIVATE LIMITED
Unit: KANANI INDUSTRIES LIMITED
C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400083, Maharashtra, India
Tel. : 022 – 28515606 / 5644 • Fax No. 022 - 2851 2885
Email : support@sharexindia.com
Website : www.sharexindia.com

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 36th 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 Central Depository Services (India) Limited (CDSL).

The Members may cast their votes through E-voting from a place other than the venue of the AGM ("**Remote E-voting**").

The Members who have cast their vote by Remote E-voting may also attend the Meeting but shall not be entitled to cast their vote again.

The Remote E-voting facility will commence from 09.00 AM (IST) on Friday 27th September, 2019 and will end at 05.00 PM (IST) on Sunday, 29th September, 2019. Remote E-voting will not be allowed beyond the aforesaid date and time and the Remote E-voting module shall be disabled by CDSL upon expiry of aforesaid period.

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 23, 2019.**

The Members, whose names appear in the Register of Members / list of beneficial owners as on the cut-off date i.e. Monday, September 23, 2019 only shall be entitled to vote on the Resolutions set out in this Notice.

The Board of Directors at their meeting held on August 14, 2019, has appointed Mr. Deep Shukla, Practicing Company Secretary (*Membership No. FCS 5652*) as the Scrutinizer to scrutinize the E-voting process and voting done through physical ballot paper at the AGM in a fair and transparent manner.

The Scrutinizer shall, after scrutinizing the votes cast at the AGM and through Remote E-voting, not later than 2 (*Two*) days from the conclusion of the AGM make a consolidated Scrutinizer's report and submit the same to the Chairman of the Meeting.

The results declared along with the Scrutinizer's Report shall be placed on the website of the Company www.kananiindustries.com and on the website of CDSL and shall also be communicated to BSE Limited and NSE Limited.

Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM.

The instructions for e-voting are as under:

- i. The voting period begins on **Friday 27th September, 2019 and will end at 05.00 PM (IST) on Sunday, 29th September, 2019**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **Monday, September 23, 2019**, may cast their vote electronically.
- ii. The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.
- iii. Click on "Shareholders" tab.
- iv. Now, select the "**KANANI INDUSTRIES LIMITED**" from the drop down menu and click on "SUBMIT"
- v. Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user, follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Rajesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded details with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank Details field.

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant KANANI INDUSTRIES LIMITED on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Note for Institutional Shareholders & Custodians:
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- xxi. The voting rights of the members shall be in proportion to their of paid-up equity share capital of the Company as on relevant date **Monday, September 23, 2019**.

ROAD MAP



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. Harshil Kanani
Date of Birth	22/12/1983
Actual date of Appointment	28/07/2007
A brief resume of the director	Wide experience in the Gems & Jewellery industry and has been associated with the Company for last 12 years.
Expertise in Specific Functional Area	Gems & Jewellery industry
Directorships held in other listed companies (As on March 31, 2019)	Nil
Chairmanships/ Memberships of the Committees of the Board of Directors of other listed companies (As on March 31, 2019)	Nil
Shareholding of Directors (As on March 31, 2019)	6,29,47,500
Relationship between Directors inter-se	Son of Chairman

○ Directors' Report

To
The Members
KANANI INDUSTRIES LIMITED

Your Directors have pleasure in presenting their 36th Annual Report on the Standalone and Consolidated Audited Statement of Accounts of Kanani Industries Limited [*"the Company"*] for the Financial Year ended March 31, 2019.

FINANCIAL RESULTS

The summarized financial performance of the Company for the FY 2018-19 and FY 2017-18 is given below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2018-2019	2017-2018	2018-2019	2017-2018
Revenue from operations	8,312.78	7,924.02	34,413.84	38,559.63
Other Income	1.27	141.47	1.28	117.47
Total Revenue	8,314.05	8,065.48	34,415.12	38,677.10
Total Expenses	8,243.31	8,015.69	34,181.07	38,606.83
Profit/(Loss) before exceptional and extraordinary items and tax	70.74	49.79	234.05	70.27
Exceptional Items	—	—	—	—
Extraordinary Items	—	—	—	—
Net Profit Before Tax	70.74	49.79	234.05	70.27
Provision for Tax				
– Current Tax	14.00	9.50	16.12	13.57
– Deferred Tax (Liability)/Assets	—	—	—	—
– Excess/(short) provision for earlier years	—	—	—	—
Net Profit After Tax	56.24	40.29	217.92	56.69
Profit/(Loss) from Discontinued operations	—	—	—	—
Tax Expense of Discontinued operations	—	—	—	—
Profit/(Loss) from Discontinued operations (after tax)	—	—	—	—
Profit/(Loss) for the period	56.24	40.29	217.92	56.69
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	—	—	—	—
Total Comprehensive income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)	56.24	40.29	217.92	56.69
Earnings per equity share (<i>for continuing operation</i>):				
– Basic (In ₹)	0.06	0.04	0.22	0.06
– Diluted (In ₹)	0.06	0.04	0.22	0.06

Review of Operations

Standalone:

During the year under review, the Standalone total Income was ₹ **8,314.05 lacs** as against ₹ **8,065.48 lacs** for the corresponding previous year.

Total Comprehensive income for the period was ₹ **56.24 lacs** as against ₹ **40.29 lacs** in the corresponding previous year.

Consolidated:

During the year under review, the consolidated total Income was ₹ **34,415.12 lacs** as against ₹ **38,701.10 lacs** for the corresponding previous year.

Total Comprehensive consolidated income for the period was ₹ **217.92 lacs** as against ₹ **56.69 lacs** in the corresponding previous year.

State of Affairs and Future Outlook

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

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 31st March, 2019 is ₹ 98,934,000/-, comprising of 98,934,000 shares of ₹ 1/- each. During the year under review, the Company has not issued any securities.

Directors and Key Managerial Personnel

At the 35th Annual General Meeting held on September 29, 2018, Mr. Premjibhai Kanani (DIN: 01567443) was re-appointed as the Director of the Company, liable to retire by rotation.

In accordance with section 152(6) of the Companies Act, 2013 and in terms of Articles of Association of the Company Mr. Harshil Kanani (DIN: 01568262), Managing Director of the Company, retires by rotation and being eligible; offers himself for re-appointment at the forthcoming 36th Annual General Meeting. The Board recommends the said reappointment for shareholders' approval.

Further, Mr. Devendrakumar Kikani, Independent Director of the Company, has tendered his resignation from office of directorship of the Company *w.e.f. August 10, 2018*.

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.

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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 **04 (Four) Board Meetings** were held during the year ended 31st March, 2019, the dates which are 30th May, 2018, 13th August, 2018, 30th October, 2018 and 7th February, 2019. 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, 2019 are given below:

Name of the Directors	Category	No. of Board Meetings attend
Mr. Premjibhai Kanani	Chairman, Whole-time Director	04
Mr. Harshil Kanani	Managing Director	03
*Mr. Devendrakumar Kikani	Independent Director	01
Mrs. Ami Dhaval Jariwala	Independent Director	04
** Mr. Kautilbhai Popatbhai Patel	Independent Director	03
** Mr. Tejas Murlidhar Choksi	Independent Director	04

* Resigned from directorship of the Company w.e.f. 10th August, 2018.

** Appointed w.e.f. 13th August, 2018

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.

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 4 (Four) 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 4 (Four) 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.

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 04 (Four) 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 ₹ 1,02,00,000/- per annum, if employed for whole of the year or ₹ 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 33rd Annual General Meeting held on 26th 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 29, 2018, ratify the appointment of M/s. Deepak Mehta & Associates, Chartered Accountants, as the statutory auditors of the Company for financial year 2018-19.

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 33rd AGM, appointment shall subject to ratification at every annual general meeting.

Hence, the Notice convening the ensuing 36th 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, 2020 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, Practicing 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. Gosar Associates, Chartered Accountants, M.No.045010 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. 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 as it 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 Practicing 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, 2019.

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, 2019, 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 2018-2019	FY 2017-2018
C.I.F. Value of Imports	8,58,785,864	7,83,374,713
F.O.B. Value of Exports	8,31,278,529	7,92,401,700

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.

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 9th 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: 14-08-2019

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 Jewellery business will continue its growth path through various initiatives, including launching of new collections & Designs, increasing share of studded jewellery 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, statutes and other incidental factors as applicable to the company.

For and On behalf of the Board of Directors

PREMJIBHAI KANANI
CHAIRMAN, WHOLE-TIME DIRECTOR
DIN : 01567443

Place: Mumbai
Date: 14-08-2019

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.

"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.

- 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: 14-08-2019

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 2018-19 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 2018-19.

Name & Designation	*Remuneration of each Director & KMP for Financial Year 2018-19 (₹)	% increase / decrease in remuneration in the Financial Year 2018-19	Ratio of remuneration of each Directors to median remuneration of employees
A. Independent Directors			
*Devendrakumar Kikani (ID)	—	—	—
Ami Jariwala (ID)	—	—	—
**Kautilbhai Patel (ID)	—	—	—
**Tejas Choksi (ID)	—	—	—
B. Executive Directors/KMP			
Premji D. Kanani (WTD)	4,99,200	—	1:6.92
Harshil P. Kanani (MD)	5,01,000	—	1:6.95
Darshak Pandya (CFO)	4,20,000	—	1:5.82
Mehul Kundariya (CS)	2,16,000	—	1:2.99

* Resigned from directorship of the Company w.e.f. 10th August, 2018.

** Appointed w.e.f. 13th August, 2018

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

Notes: 1. Median remuneration of all the employees of the Company for the financial year 2018-19 is ₹ 72,050/- p.a.

- iii. The percentage Increase in the median remuneration of employees in the financial year 2018-19.

Particular	Financial Year 2018 - 19 (₹)	Financial Year 2017 - 18 (₹)	Increase (%)
Median remuneration of all employees	72,050	65,137	10.61

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 26 permanent employees on the rolls of Company as on March 31, 2019.

- 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 2018-19 was 10.61% and there is no increase in the salary of the MD.

Average increase in remuneration of KMPs: Nil

- iv. 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: 14-08-2019

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	501000	Under Graduate	17	35	28.07.2007	–	63.626%
Premjibhai D. Kanani	Chairman	499200	Under Graduate	45	60	17.05.2007	Kanani Exports	8.092%
Darshak Pandya	CFO	420000	B.Com	14	34	01.11.2007	Star Diam	–
Mehul Kundariya	CS	216000	Company Secretary	3	28	21.03.2016	–	–
Hardik Gabani	Admin Manager	260000	Under Graduate	15	33	01.04.2018	Kesari Exports	–
Ketan Shah	Accountant	180000	Under Graduate	32	53	01.04.2018	Kanani Exports	–
Anil Patel	Casting/Waxing	129822	Under Graduate	12	32	01.04.2018	Sagar Diamond	–
Mahendrabhai K. Tandel	Operation Manager	117187	Under Graduate	26	46	15.05.2010	Krishna Diam	–
Chetan R Halpati	Manufacturing manager	97996	Under Graduate	18	37	01.02.2014	Gopal Gems	–
Indrajit Raj	Quality Manager	89886	Under Graduate	18	39	01.06.2009	Pavan Gems	–

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)
Darshak Pandya	No Relation with any Director
Mehul Kundariya	No Relation with any Director
Hardik Gabani	No Relation with any Director
Ketan Shah	No Relation with any Director
Anil Patel	No Relation with any Director
Mahendrabhai K. Tandel	No Relation with any Director
Chetan R Halpati	No Relation with any Director
Indrajit Raj	No Relation with any Director

For and On behalf of the Board of Directors

PREMJIBHAI KANANI
CHAIRMAN, WHOLE-TIME DIRECTOR
DIN : 01567443

Place: Mumbai
Date: 14-08-2019

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

As on financial year ended on 31.03.2019

**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	KANANI INDUSTRIES LIMITED
4.	Category/Sub-category of the Company	COMPANY LIMITED BY SHARES 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 Tel. : 022 4005 0222 • Fax No. : 022 3008 4000 Email : info@kananiindustries.com Website : www.kananiindustries.com
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Sharex Dynamic (India) Pvt. Ltd. C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083, Maharashtra, India Tel. : 022 – 28515606 / 5644 Email : support@sharexindia.com Website : www.sharexindia.com

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.	KIL INTERNATIONAL LIMITED Room # 1502, 15th Floor, Rise Commercial Building, 5-11 Granville Circuit, T.S.T, KLN., Hong Kong	1625216	Subsidiary	100%	2 (87) (ii)

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 (As on 1st April, 2018)				No. of shares held at the end of the year (As on 31st March, 2019)				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
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
Total shareholding of Promoter (A)	74034840	0	74034840	74.83	74034840	0	74034840	74.83	0.00
B. Public Shareholding									
1. Institutions	—	—	—	0.00	—	—	—	0.00	0.00
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
Sub-total (B)(1):—	0	0	0	0.00	0	0	0	0.00	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	885135	—	885135	0.89	625095	—	625095	0.63	(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 ₹ 1 lakh	3140161	46200	3186361	3.22	3203057	46200	3249257	3.28	0.06
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	20803420	—	20803420	21.02	20803420	—	20803420	21.02	0.00
c) Others (specify)	—	—	—	0.00	—	—	—	0.00	0.00
Non Resident Indians	67638	—	67638	0.07	67638	—	67638	0.07	—
Overseas Corporate Bodies	—	—	—	0.00	—	—	—	0.00	0.00
Foreign Nationals	—	—	—	0.00	—	—	—	0.00	0.00
Clearing Members	216646	—	216646	0.29	151691	—	151691	0.153	–0.06
Trusts	—	—	—	0.00	—	—	—	0.00	0.00
Foreign Bodies – D R	—	—	—	0.00	—	—	—	0.00	0.00
Sub-total (B)(2):—	24852960	46200	24899160	25.17	24852960	46200	24899160	25.17	—
Total Public Shareholding (B)=(B)(1)+ (B)(2)	24852960	46200	24899160	25.17	24852960	46200	24899160	25.17	—
C. Shares held by Custodian for GDRs & ADRs	—	—	—	0.00	—	—	—	0.00	0.00
Grand Total (A+B+C)	98887800	46200	98934000	100.00	98887800	46200	98934000	100.00	—

KANANI INDUSTRIES LIMITED

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.	Mr. Harshil Premjibhai Kanani	62947500	63.63	62947500	63.63
	At the beginning of the year	—	—	—	—
	Changes during the year	—	—	—	—
	At the end of the year	—	—	62947500	63.63
2.	Mr. Premjibhai D Kanani	8006130	8.09	8006130	8.09
	At the beginning of the year	—	—	—	—
	Changes during the year	—	—	—	—
	At the end of the year	—	—	8006130	8.09
3.	Mr. Alpesh Vinubhai Kanani	3081210	3.11	3081210	3.11
	At the beginning of the year	—	—	—	—
	Changes during the year	—	—	—	—
	At the end of the year	—	—	3081210	3.11

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	Mr. Anil Bhikhabhai Virani				
	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	Mr. Kishor B. Virani				
	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	Mr. Dahyabhai G Sutariya				
	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

4	Mr. Hirabhai Kanjibhai Kakadia				
	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	Mr. Govindbhai Laljibhai Kakadia				
	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	Mr. Rajesh Bhagwanbhai Sutaria				
	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	Mr. Vallabhbhai Dhanjibhai Vaghasiya				
	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	Mrs. Jayshriben Mukeshbhai Mangukiya				
	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	Mrs. Hansaben Ashokbhai Mangukiya				
	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	Mrs. Varshaben G. Mangukiya				
	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	Mr. Harshil Premjibhai Kanani				
	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	Mr. Premjibhai D Kanani				
	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	Mr. Kautilbhai Popatbhai Patel				
	At the beginning of the year	–	–	–	–
	<i>Changes during the year</i>	–	–	–	–
	At the End of the year	–	–	–	–
4	Mrs. Ami Jariwala				
	At the beginning of the year	–	–	–	–
	<i>Changes during the year</i>	–	–	–	–
	At the End of the year	–	–	–	–

KANANI INDUSTRIES LIMITED

5	Mr. Tejas Morlidhar Choksi				
	At the beginning of the year	—	—	—	—
	Changes during the year	—	—	—	—
	At the End of the year	—	—	—	—
6.	Mr. Darshak Pandya (CFO)				
	At the beginning of the year	—	—	—	—
	Changes during the year	—	—	—	—
	At the End of the year	—	—	—	—
7	Mr. Mehul Kundariya (CS)				
	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
Indebtedness at the beginning of the financial year				
i) Principal Amount	25,00,00,000	4,04,03,500	—	29,04,03,500
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	25,00,00,000	4,04,03,500	—	29,04,03,500
Change in Indebtedness during the financial year				
* Addition	47,95,00,000	3,01,34,500	—	50,96,34,500
* Reduction	47,95,00,000	1,24,53,000	—	49,19,53,000
Net Change	—	1,76,81,500	—	1,76,81,500
Indebtedness at the end of the financial year				
i) Principal Amount	25,00,00,000	5,80,85,000	—	30,80,85,000
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	25,00,00,000	5,80,85,000	—	30,80,85,000

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/MTD/MANAGER		Total Amount
		Mr. Premjibhai Kanani	Mr. Harshil Kanani	
1	Gross salary			
	(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	—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission			
	- as % of profit	—	—	—
	- others, specify...	—	—	—
5	Others, please specify	—	—	—
	Total (A)	4,99,200	5,01,000	10,00,200
	Ceiling as per the Act	The Remuneration paid to Managing Director and Whole-time Director is within the ceiling prescribed under the Companies Act, 2013.		

B. Remuneration to other directors:

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

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

(Amount in ₹)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	2,16,000	4,20,000	6,36,000
	(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.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– as % of profit	–	–	–	–
	Others, specify...	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	–	2,16,000	4,20,000	6,36,000

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

III. 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)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

For and On behalf of the Board of Directors

 PREMJBHAI KANANI
 CHAIRMAN, WHOLE-TIME DIRECTOR
 DIN : 01567443

 Place: Mumbai
 Date: 14-08-2019

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, 2019
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	US \$ To INR – 69.15
Share capital	28,55,22,581
Reserves & surplus	3,22,85,644
Total assets	79,67,06,015
Total Liabilities	47,88,97,790
Investments	–
Turnover	261,01,05,237
Profit before taxation	5,31,107
Provision for taxation	2,12,456
Profit after taxation	161,17,759
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
14-08-2019

For & behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

HARSHIL KANANI
Managing Director
Mumbai
14-08-2019

MEHUL KUNDARIYA
Company Secretary

DARSHAK PANDYA
Chief Finance Officer

SECRETARIAL AUDIT REPORT
For the financial year ended March 31, 2019

*[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). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my 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 31st March 2019 ('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 31st March 2019 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.

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**

**Place: Mumbai
Date: 14/08/2019**

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**

Place: Mumbai

Date: 14/08/2019

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, 2019, 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 2018-2019, 4 (Four) Board Meetings were held on **30th May 2018, 13th August 2018, 30th October, 2018, and 7th February 2019**. 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 **29th September 2018**, 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, 2018	Attendance previous AGM Held on the 29th September 2018 (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	4	80,06,130	N	2	—	—
Mr. Harshil Kanani	Managing Director	3	6,29,47,500	Y	1	—	—
*Mr. Devendra Kumar Kikani	Independent Director	1	NIL	N	—	—	—
Mrs. Ami D. Jariwala	Independent Director	4	NIL	N	—	—	—
**Mr. Kautilbhai Popatbhai Patel	Independent Director	3	0	N	—	—	—
**Mr. Tejas Molidhar Choksi	Independent Director	3	0	Y	—	—	—

* Resigned from directorship of the Company w.e.f. 10th August, 2018.

** Appointed w.e.f. 13th August, 2018

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.

KANANI INDUSTRIES LIMITED

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 2018-2019, 4 (Four) Meetings were held on **30th May 2018, 13th August 2018, 30th October, 2018, and 7th February 2019**. 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
*Mr. Devendra Kumar Kikani	Chairman, Independent Director	01
**Mr. Tejas Choksi	Member, Independent Director	03
Mr. Harshil Kanani	Member, Executive Director	03
Mrs. Ami Jariwala	Member, Independent Director	04

*Resigned w.e.f. 10th August, 2018

** Appointed w.e.f. 13th August, 2018

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 2018-2019, 4 (Four) Meetings were held on **30th May 2018, 13th August 2018, 30th October, 2018, and 7th February 2019**.

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

Name of the Director	Category	No. of Meetings Attended
*Mr. Devdendra Kumar Kikani	Chairman, Independent Director	01
**Mr. Tejas Choksi	Chairman, Independent Director	03
Mrs. Ami D. Jariwala	Member, Independent Director	04
Mr. Premjibhai Kanani	Member, Executive Director	04

*Resigned w.e.f. 10th August, 2018

** Appointed w.e.f. 13th August, 2018

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.

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.	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	2,16,000	—	2,16,000	—	—	2,16,000

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 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 2018-2019, 4 (Four) Meetings were held on **30th May 2018, 13th August 2018, 30th October, 2018, and 7th February 2019**. The details of composition of the Committee and attendance during the year are as under:

Name of the Director	Category	No. of Meetings Attended
*Mr. Devendra Kumar Kikani	Chairman, Independent Director	01
** Mr. Kautilbhai Patel	Member, Independent Director	03
Mr. Harshil Kanani	Member, Executive Director	03
Mrs. Ami Jariwala	Member, Independent Director	04

*Resigned w.e.f. 10th August, 2018

** Appointed w.e.f. 13th August, 2018

The details of complaints received and resolved during the Financial Year ended March 31, 2019 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 2018-19:

Particulars	Number of Compliant
Opening as on April 1, 2018	—
Received during the year	—
Resolved during the year	—
Closing as on March 31, 2019	—

GENERAL BODY MEETINGS

Financial Year	Date	Location of the Meeting	Time	Special Resolution(s) Passed
2015-2016	26 th September, 2016	Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007	10 A.M	NIL
2016-2017	28 th September, 2017	Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007	10 A.M	2
2017-2018	29 th September, 2018	Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007	10 A.M	2

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.

General Shareholder Information
i. Annual General Meeting:

Day, Date & Time	Monday, 30th September, 2019 at 10.00 AM (IST)
Venue	Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai - 400007, Maharashtra, India

ii. Financial year - April 1, 2019 to March 31, 2020

Financial Calendar (Tentative) – Financial Year 2019-20

1 st Quarter	On or before 15 th August, 2019
2 nd Quarter	On or before 15 th November, 2019
3 rd Quarter	On or before 15 th February, 2019
4 th Quarter	On or before 30 th May, 2020
	Audited yearly result for the year ended March 2019 - End of May 2019

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 2019-20 to BSE and NSE where the Company's Equity Shares are listed.

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-2018	10.75	8.00	108.00
May-2018	9.40	7.00	81.00
Jun-2018	8.15	5.86	116.00
Jul-2018	8.10	5.61	120.00
Aug-2018	8.29	5.38	92.00
Sep-2018	8.00	5.65	58.00
Oct-2018	6.99	5.10	67.00
Nov-2018	6.60	5.01	44.00
Dec-2018	6.00	4.86	21.00
Jan-2019	5.50	4.03	51.00
Feb-2019	5.50	4.00	22.00
Mar-2019	7.50	4.31	135.00

* Source: BSE Website

KANANI INDUSTRIES LIMITED

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	
April, 2018	9.55	7.70	704.00
May, 2018	8.70	6.70	646.00
June, 2018	8.00	6.30	1,038.00
July, 2018	8.60	6.00	836.00
August, 2018	7.95	6.10	556.00
September, 2018	7.15	5.70	483.00
October, 2018	6.75	5.25	660.00
November, 2018	6.85	5.30	566.00
December, 2018	5.95	4.50	626.00
January, 2019	5.50	4.50	392.00
February, 2019	5.05	4.00	257.00
March, 2019	7.50	4.35	1,488.00

* 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	2586	94.31
5,001-10,000	46	1.68
10,001-1,00,000	82	2.99
1,00,001 and above	28	1.02
TOTAL	2742	100.00

KANANI INDUSTRIES LIMITED

xi. Top 10 Shareholders as on March 31, 2019

Sr. No.	For each of the Top 10 Shareholders	Shareholding as on 31st March, 2019	
		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 Vaghasiy	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 31st March, 2019, 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, WHOLE-TIME DIRECTOR
DIN : 01567443

Place: Mumbai
Date: 14-08-2019

CSR POLICY
(Approved by the Board of Directors on 19th 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.

KANANI INDUSTRIES LIMITED

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

To
The Members of
Kanani Industries Limited
Mumbai

We have examined the compliance of the conditions of Corporate Governance, by Kanani Industries Limited having its Registered Office at 915C, Capital Building, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 0051, Maharashtra, India for the year ended March 31, 2019 as stipulated in SEBI (Prohibition of Insider Trading) Regulations, 2015 entered into by the said Company with the Stock exchange viz. BSE Ltd (BSE) and National Stock Exchange of India Limited (NSE), for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has not entirely complied with the conditions of Corporate Governance as stipulated in SEBI (Prohibition of Insider Trading) Regulations, 2015. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which 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

Place: Mumbai
Date: 14-08-19

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, 2019 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 : 14-08-19

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

HARSHIL KANANI
MANAGING DIRECTOR
DIN : 01568262

Place : Mumbai

Date : 14-08-19

○ 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, 2019, 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, 2019, 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.

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**
None
 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:**
 - (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.
 - (b) 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.
 - (c) 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.
 - (d) 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.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) 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".
 - (g) 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:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. 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

Place: Mumbai
Date: May 30, 2019

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, 2019

- 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. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- 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.

KANANI INDUSTRIES LIMITED

- 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: May 30, 2019

“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 under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **KANANI INDUSTRIES LIMITED**. (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting 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”. 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 of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting 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 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on “the internal control over financial reporting 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”.

For Deepak Mehta & Associates

Chartered Accountants

(DEEPAK MEHTA)

Proprietor

M. No. 44141

ICAI Firm Regi. No. 102239W

Place: Mumbai**Date: May 30, 2019**

KANANI INDUSTRIES LIMITED

○ Standalone Balance Sheet as on 31st March, 2019

(₹ in Lakhs)

	<u>Notes</u>	<u>As at</u> <u>31.03.2019</u>	<u>As at</u> <u>31.03.2018</u>
I. ASSETS			
1. Non-current assets			
a. Property, Plant and Equipment	2	55.48	45.76
b. Capital Work in Progress		—	—
c. Investment in Property		—	—
d. Goodwill		—	—
e. Other Intangible assets		—	—
f. Investment in Subsidiary	3	2133.59	2133.59
g. <u>Financial Assets</u>			
i. Investments		—	—
ii. Trade Receivable		—	—
iii. Loans		—	—
iv. Others		—	—
h. Deferred Tax Assets		—	—
i. Other Non-Current Assets	4	2.51	1.76
		2191.58	2181.10
2. Current assets			
a. Inventories	5	1215.84	653.82
b. <u>Financial Assets</u>			
i. Investments		—	—
ii. Trade Receivable	6	4740.42	4645.54
iii. Cash & Cash Equivalents	7	996.66	947.30
iv. Bank Balance other than (iii) above		—	—
v. Loans		—	—
vi. Others	8	58.83	43.19
c. Current Tax Assets (Net)		—	—
d. Other Current Assets	9	26.19	46.24
		7037.94	6336.09
TOTAL		9229.52	8517.19
II. EQUITY AND LIABILITIES			
Equity			
a. Equity Share Capital	10	989.34	989.34
b. Other equity	11	3223.24	3166.49
		4212.58	4155.83
Liabilities			
1. Non Current Liabilities			
a. <u>Financial Liabilities</u>			
i. Borrowings	12	580.85	404.04
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		—	—
		580.85	404.04
2. Current Liabilities			
a. <u>Financial Liabilities</u>			
i. Borrowing	13	2500.00	2500.00
ii. Trade Payables	14	1920.61	1445.80
iii. Other Financial liabilities (Other than those specified in item(c))		—	—
b. Other Current Liabilities	15	15.48	11.53
c. Provision		—	—
d. Current tax liabilities (Net)		—	—
		4436.09	3957.33
TOTAL		5016.94	4361.36
		9229.52	8517.19

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
May 30, 2019

For & on behalf of Board of Directors
PREMJIBHAI KANANI
Chairman

HARSHIL KANANI
Managing Director

MEHUL KUNDARIYA
Company Secretary

DARSHAK PANDYA
Chief Finance Officer
Mumbai
May 30, 2019

Los Angeles
May 30, 2019

○ Standalone Statement of Profit & Loss for the year ended 31st March, 2019

(₹ in Lakhs)

	<u>Notes</u>	As at 31.03.2019	As at 31.03.2018
INCOME			
I. Revenue from operations	16	8312.78	7924.08
II. Other income	17	1.27	141.47
III. Total Revenue (I + II)		8314.06	8065.48
IV. EXPENSES			
Cost of raw material consumed		8079.19	8097.47
Purchases of traded goods		—	—
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	18	(47.23)	(297.50)
Employees benefit expenses	19	41.18	34.85
Finance Cost	20	78.27	103.89
Depreciation and amortization expense	2	26.04	8.53
Other expenses	21	65.87	68.46
TOTAL EXPENSES		8243.41	8015.69
V. Profit/(Loss) before exceptional and extraordinary items and tax (III–IV)		70.75	49.79
VI. Exceptional Items		—	—
VII. Profit/(Loss) before extraordinary items and tax–(V–VI)		70.75	49.79
VIII. Extraordinary Items		—	—
IX. Profit/(Loss) before tax (VII–VIII)		70.75	49.79
X. Tax Expense			
(1) Current tax		(14.00)	(9.50)
(2) Deferred tax (Net)		—	—
(3) Excess/(Short) Provision of previous years		—	—
XI. Profit/(Loss) for the period from continuing operations (IX–X)		56.75	40.29
XII. Profit/(Loss) from Discontinued operations		—	—
XIII. Tax Expense of Discontinued operations		—	—
XIV. Profit/(Loss) from Discontinued operations (after tax) (XII–XIII)		—	—
XV. Profit/(Loss) for the period (XI + XIV)		56.75	40.29
XVI. Other Comprehensive Income			
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. Total Comprehensive income for the period (XV + XVI)		56.75	40.29
(Comprising Profit (Loss) and Other Comprehensive Income for the period)			
XVIII. Earnings per equity share (for continuing operations):*			
1. Basic		0.06	0.04
2. Diluted		0.06	0.04
XIX. Earning per equity share (for discontinued operations):			
1. Basic		—	—
2. Diluted		—	—
XX. Earnings per equity share (for discontinued & continuing operations)*			
1. Basic		0.06	0.04
2. Diluted		0.06	0.04

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

(DEEPAK MEHTA)
Proprietor
M. No. 44141
Mumbai
May 30, 2019

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

HARSHIL KANANI
Managing Director

MEHUL KUNDARIYA
Company Secretary

DARSHAK PANDYA
Chief Finance Officer
Mumbai
May 30, 2019

Los Angeles
May 30, 2019

○ Standalone Cash Flow Statement for the year ended 31st March, 2019

(₹ in Lakhs)

		As at 31.03.2019	As at 31.03.2018
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net profit before tax and extra-ordinary items		70.75	49.79
<u>Adjustments for :</u>			
Depreciation		26.04	8.53
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :		96.79	58.32
<u>Adjustments for :</u>			
Trade receivables		(94.88)	(747.95)
Other receivables		4.41	3.54
Inventories		(562.02)	(39.50)
Trade Payables & Other Liabilities		478.76	101.49
CASH GENERATED FROM OPERATIONS		(76.94)	(624.10)
Direct taxes paid		(14.75)	(6.85)
Income tax refund		—	—
Net cash from operating activities	(A)	(91.69)	(630.95)
B. CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of property, plant and equipment		(35.77)	(1.71)
Net cash used in investment activities	(B)	(35.77)	(1.71)
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds/(Repayment) of Short Term Borrowings		—	413.50
Proceeds/(Repayment) of Long-Term Borrowings		176.82	232.19
Net cash used in financing activities	(C)	176.82	645.69
Net Increase / (Decrease) in cash and cash equivalents	(A+B+C)	49.36	13.02
Opening balance of Cash & cash equivalents		947.30	934.28
Closing balance of Cash & cash equivalents		996.66	947.30

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

(DEEPAK MEHTA)
Proprietor
M. No. 44141
Mumbai
May 30, 2019

For & on behalf of Board of Directors
PREMJIBHAI KANANI
Chairman

HARSHIL KANANI
Managing Director

MEHUL KUNDARIYA
Company Secretary

DARSHAK PANDYA
Chief Finance Officer
Mumbai
May 30, 2019

Los Angeles
May 30, 2019

○ Standalone for the year ended 31st March, 2019

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2019

(₹ in Lakhs)

A. Equity share Capital	
As on 31st March, 2017	989.34
Changes in Equity Share Capital	—
As on 31st March, 2018	989.34
Changes in Equity Share Capital	—
As on 31st March, 2019	989.34

B. Other Equity (₹ in Lakhs)

Particulars	Reserves and Surplus			
	General Reserve	SEZ Re-Investment Reserve	Retained earnings	Total other equity
Balance as at April 01, 2017	87.30	74.47	2964.43	3126.20
Profit for the year	—	—	40.29	40.29
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)	24.16	(24.16)	—	—
Balance as at March 31, 2018	111.46	50.31	3004.72	3166.49
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)	—	—	—	—
Balance as at March 31, 2019	111.46	50.31	3061.47	3223.24

NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

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

- 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.
- The Financial statements have been prepared on the historical cost basis except certain financial assets & liabilities which are measured at fair value wherever applicable:
- 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.
- 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 straight line method.
- (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. 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.

1.7. 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.

1.8. 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.

1.9. 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.

1.10. 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.

1.11. 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.

1.12. 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.

1.13. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset(s) and the arrangement conveys a right to use the asset(s), even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or operating lease. Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease period.

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. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss.

1.14 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.

1.15. **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 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.

Empolyee 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. **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.

1.17. 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.

1.18. 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.

1.19. 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.

KANANI INDUSTRIES LIMITED

NOTE '2' : PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

	Lease Hold Land	Factory Building	Plant & Machinery	Generator	Office Equipment	Air Condi- tioner	Computer	Refrige- rator	Television (TV)	Weighing Scale	Motor Car	CCTC Camera	Total
Gross Carrying amount													
Deemed cost as at 1st April, 2017	47.00	59.70	37.63	1.40	1.35	3.04	3.01	0.08	-	-	-	-	153.21
Additions	-	-	0.38	-	-	-	-	-	0.82	0.52	-	-	1.71
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	47.00	59.70	38.01	1.40	1.35	3.04	3.01	0.08	0.82	0.52	-	-	154.92
Additions	-	-	0.25	-	-	-	0.18	-	-	-	34.00	1.33	35.77
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	47.00	59.69	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, 2017	28.20	34.77	29.60	1.04	0.84	1.70	2.58	0.05	-	-	-	-	98.78
Depreciation during the year	3.13	2.45	1.95	0.08	0.08	-	0.18	0.02	0.40	0.24	-	-	8.53
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	31.33	37.22	31.55	1.12	0.92	1.70	2.76	0.07	0.40	0.24	-	-	107.30
Additions	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	34.47	39.42	33.08	1.18	0.95	1.70	2.93	0.08	0.61	0.37	17.92	0.64	133.34
Retained Earning	-	-	-	-	0.36	1.34	0.16	-	-	-	-	-	1.86
Net Carrying Amount													
Balance as at 31st March, 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

NOTE NO.3: INVESTMENTS IN SUBSIDIARY

(₹ in Lakhs)

Name of the Company	Face Value	Paid up Value	As at 31st March, 2019		As at 31st March, 2018	
			No. / Units	Amount	No. / Units	Amount
Investment in Un-Quoted Shares						
Investment in wholly owned Subsidiary						
Investment in Equity Instruments						
[Equity Shares of KIL International Ltd. fully paid up]	1	1	3,20,00,000	2133.59	3,20,00,000	2133.59
			3,20,00,000	2133.59	3,20,00,000	2133.59

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 31.03.2019	As at 31.03.2018
	0.33	0.33
	2.18	1.43
	2.51	1.76
	870.39	354.95
	0.71	1.36
	-	-
	344.74	297.50
	1215.84	653.82
	4047.08	4645.54
	693.33	-
	4740.42	4645.54

(₹ in Lakhs)

NOTE '7' : CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS
Cash and Cash equivalents

Balance with Bank in current accounts	3.36	11.93
Deposits with original maturity of less than 12 months	989.32	931.18
Cash on hand	3.98	4.20
	996.66	947.30

NOTE '8' : CURRENT FINANCIAL ASSETS - OTHER
Unsecured, Considered good
Other

Interest accrued on Fixed Deposit with Bank	38.18	35.50
GST	20.65	7.69
	58.83	43.19

NOTE '9' : OTHER CURRENT ASSETS

(Unsecured & considered good)

Advance other than Capital Advance

Advance to suppliers

Other

Prepaid Expenses	19.08	39.12
Desposit- Wadhwa Group Holding Pvt. Ltd.	0.37	0.36
Desposit- Radius Realty Pvt. Ltd.	6.75	6.75
Other Receivables	—	—
	26.19	46.24

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

As at 31.03.2019	As at 31.03.2018
3.36	11.93
989.32	931.18
3.98	4.20
996.66	947.30
38.18	35.50
20.65	7.69
58.83	43.19
—	—
19.08	39.12
0.37	0.36
6.75	6.75
—	—
26.19	46.24
1500.00	1500.00
1500.00	1500.00
989.34	989.34
989.34	989.34

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

Particulars	31st March, 2019		31st March, 2018	
	No. of Shares	Amount ₹ in Lakhs	No. of Shares	Amount ₹ in Lakhs
At the beginning of the period	9,89,34,000	989.34	9,89,34,000	989.34
Issued during the period Bonus Issue	—	—	—	—
Outstanding at the end of the year	9,89,34,000	989.34	9,89,34,000	989.34

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

Particulars	31st March, 2019		31st March, 2018	
	No. of Shares	%	No. of 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%
	7,09,53,630	71.72%	7,09,53,630	71.72%

(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.

KANANI INDUSTRIES LIMITED

NOTE '11' : OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus			
	General Reserve	SEZ Re-Investment Reserve	Retained earnings	Total other equity
Balance as at April 01, 2017	87.30	74.47	2964.43	3126.20
Profit for the year	—	—	40.29	40.29
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)	24.16	(24.16)	—	—
Balance as at March 31, 2018	111.46	50.31	3004.72	3166.49
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)	—	—	—	—
Balance as at March 31, 2019	111.46	50.31	3061.47	3223.24

(₹ 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
(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

NOTE '16' : REVENUE FROM OPERATIONS

Sale of products

Diamond studded Jewellery

NOTE '17' : OTHER INCOME

Gain/ (loss) in exchange rate fluctuation

As at 31.03.2019	As at 31.03.2018
580.85	404.04
580.85	404.04
2500.00	2500.00
2500.00	2500.00
—	—
1920.61	1445.80
1920.61	1445.80
—	—
0.72	0.72
12.76	6.54
1.93	4.21
0.07	0.06
15.48	11.53
8312.79	7924.02
8312.79	7924.02
1.27	141.47
1.27	141.47

(₹ 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 cost

NOTE '21' : OTHER EXPENSES

Consumption of Stores & Consumables

Power & Fuel

Audit fees

Insurance

Rates and Taxes

Travelling Expenses

Legal & Professional Fee

Bank Charges

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 (₹)

Basic Earnings Per Share (₹)

Diluted Earnings per Share (₹)

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 31.03.2019	As at 31.03.2018
297.50	—
(344.74)	(297.50)
—	—
—	—
(47.23)	(297.50)
40.66	34.54
0.51	0.31
41.18	34.85
75.00	100.50
3.27	3.39
78.27	103.89
0.94	0.07
1.68	1.19
1.25	1.25
1.57	0.46
—	2.46
7.70	13.05
7.40	7.01
16.88	15.71
28.44	27.25
65.87	68.46
1.00	1.00
0.25	0.25
1.25	1.25
56.75	40.29
989.34	989.34
1.00	1.00
0.06	0.04
0.06	0.04
70.75	49.79
19.055%	19.055%
13.48	9.49
—	—
0.01	0.01
—	—
—	—
—	—
13.49	9.50

As at 31.03.2019		As at 31.03.2018	
%	₹ in Lakhs	%	₹ in Lakhs
99.93	8073.52	99.95	8093.31
0.07	5.67	0.07	4.16
	8079.19		8097.47
—	—	—	—
100.00	0.94	100.00	0.07
	0.94		0.07

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)

Contingent Liability
Bank Guarantee

As at 31.03.2019	As at 31.03.2018
750.00	650.00

- 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)

- b) Transactions with related parties

Loan from Director

Loan repayment to Director

Bank guarantee given on behalf of subsidiary

Payment to Key Managerial personnel/Relative

- c) Balances at the year end

Remuneration to Director Payable

Investment in Subsidiary

Loan from Director

- d) Disclosure in Respect of Major Related Party Transactions during the year

Payment to Key Managerial Personnel/Relative

Premjibhai D. Kanani

Harshil P. Kanani

Darshak A. Pandya

Mehul S. Kundariya

As at 31.03.2019	As at 31.03.2018
301.35	513.41
124.53	281.22
656.93	619.21
16.36	16.36
9.33	3.20
2133.59	2133.59
580.85	404.04
4.99	4.99
5.01	5.01
4.20	4.20
2.16	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, 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	—

Forward contracts entered into by the company and outstanding as on 31st March, 2018 :

Particulars	Nominal Value \$	Quantity	
		Long	Short
USD Forward Contract 16.04.2018 –30.04.2018	1,23,500.00	1.00	–
USD Forward Contract 16.05.2018 –31.05.2018	4,32,200.00	1.00	–
USD Forward Contract 16.05.2018 –31.05.2018	1,01,000.00	1.00	–
USD Forward Contract 16.05.2018 –31.05.2018	3,12,600.00	1.00	–
USD Forward Contract 01.06.2018 –29.06.2018	2,45,000.00	1.00	–
USD Forward Contract 01.06.2018 –29.06.2018	3,70,800.00	1.00	–
USD Forward Contract 15.06.2018 –30.06.2018	8,35,500.00	1.00	–
USD Forward Contract 16.08.2018 –31.08.2018	7,65,000.00	1.00	–
USD Forward Contract 04.09.2018 –28.09.2018	3,20,500.00	1.00	–
USD Forward Contract 04.09.2018 –28.09.2018	3,15,000.00	1.00	–

22.13 FAIR VALUATION MEASUREMENT HIERARCHY

(₹ in Lakhs)

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	Carrying amount	Level of Input used in		Carrying amount	Level of Input used in	
		Level 1	Level 2		Level 1	Level 2
Financial Assets						
At Amortised cost						
Trade Receivable	4740.42			4645.54		
Cash & Bank Balance	996.66			947.30		
Financial Liabilities						
At Amortised cost						
Borrowing	3080.85			2904.03		
Trade Payable	1920.61			1445.80		
Other Financial Liabilities	15.48			11.53		

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
May 30, 2019

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

HARSHIL KANANI
Managing Director

MEHUL KUNDARIYA
Company Secretary

DARSHAK PANDYA
Chief Finance Officer
Mumbai
May 30, 2019

Los Angeles
May 30, 2019

CONSOLIDATED FINANCIAL STATEMENT

○ Consolidated Auditors Report

To the member
Kanani Industries Limited
 Mumbai

1. **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 subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year then ended, and 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, 2019, 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.

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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to 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 ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS 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 Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of a subsidiary, the aforesaid consolidated Ind AS 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, of the consolidated state of affairs of the Group and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 7967.06 lacs as at 31 March 2019, total revenues of Rs. 26101.05 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 and on the consideration of report of the other auditor on separate financial statements and the other financial information of a subsidiary as noted in the 'other matter' paragraph, 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 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- f. 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 on the consolidated financial position of the Group
 - ii. There are no long-term contracts including derivative contracts for which there were any material foreseeable losses as it relates to the Group.
 - 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 2019;

For Deepak Mehta & Associates

Chartered Accountants

(DEEPAK MEHTA)

Proprietor

M. No. 44141

ICAI Firm Regi. No. 102239W

Place: Mumbai

Date: May 30, 2019

KANANI INDUSTRIES LIMITED

○ Consolidated Balance Sheet as on 31st March, 2019

(₹ in Lakhs)

	<u>Notes</u>	<u>As at</u> <u>31.03.2019</u>	<u>As at</u> <u>31.03.2018</u>
I. ASSETS			
1. Non-current assets			
a. Property, Plant and Equipment	2	55.48	45.76
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	4.65	3.78
		60.13	49.53
2. Current assets			
a. Inventories	4	3039.27	2634.03
b. <u>Financial Assets</u>			
i. Investments		—	—
ii. Trade Receivable	5	10859.18	12237.05
iii. Cash & Cash Equivalents	6	1019.38	953.92
iv. Bank Balance other than (iii) above		—	—
v. Loans		—	—
vi. Others	7	58.83	43.19
c. Current Tax Assets (Net)		—	—
d. Other Current Assets	8	26.19	46.24
		15002.86	15914.43
TOTAL		15062.99	15963.97
II. EQUITY AND LIABILITIES			
Equity			
a. Equity Share Capital	9	989.34	989.34
b. Other equity	10	4267.73	3985.86
		5257.07	4975.20
Liabilities			
1. Non Current Liabilities			
a. <u>Financial Liabilities</u>			
i. Borrowings	11	580.85	404.04
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		—	—
		580.85	404.04
2. Current Liabilities			
a. <u>Financial Liabilities</u>			
i. Borrowing	12	3156.93	3119.21
ii. Trade Payables	13	6048.66	7448.16
iii. Other Financial liabilities (Other than those specified in item(c))		—	—
b. Other Current Liabilities	14	17.36	13.29
c. Provision	15	2.12	4.07
d. Current tax liabilities (Net)		—	—
		9225.07	10584.73
TOTAL		9805.92	10988.77
		15062.99	15963.97

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
May 30, 2019

For & on behalf of Board of Directors
PREMJIBHAI KANANI
Chairman

HARSHIL KANANI
Managing Director

MEHUL KUNDARIYA
Company Secretary

DARSHAK PANDYA
Chief Finance Officer
Mumbai
May 30, 2019

Los Angeles
May 30, 2019

○ Consolidated Statement of Profit & Loss for the year ended 31st March, 2019

(₹ in Lakhs)

	<u>Notes</u>	As at 31.03.2019	As at 31.03.2018
INCOME			
I. Revenue from operations	16	34413.84	38559.63
II. Other income	17	1.28	141.47
III. Total Revenue (I + II)		34415.12	38701.10
IV. EXPENSES			
Cost of raw material consumed		8079.19	8097.47
Purchases of traded goods	18	25636.40	30578.44
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	19	104.53	(444.97)
Employees benefit expenses	20	132.58	141.55
Finance Cost	21	99.06	124.04
Depreciation and amortization expense	2	26.04	8.53
Other expenses	22	103.26	101.76
TOTAL EXPENSES		34181.07	38606.83
V. Profit/(Loss) before exceptional and extraordinary items and tax (III – IV)		234.05	94.27
VI. Exceptional Items		–	–
VII. Profit/(Loss) before extraordinary items and tax – (V – VI)		234.05	94.27
VIII. Extraordinary Items		–	–
IX. Profit/(Loss) before tax (VII – VIII)		234.05	94.27
X. Tax Expense			
(1) Current tax		(16.12)	(13.57)
(2) Deferred tax (Net)		–	–
(3) Excess/(Short) Provision of previous years		–	–
XI. Profit/(Loss) for the period from continuing operations (IX – X)		217.92	80.70
XII. Profit/(Loss) from Discontinued operations		–	–
XIII. Tax Expense of Discontinued operations		–	–
XIV. Profit/(Loss) from Discontinued operations (after tax) (XII – XIII)		–	–
XV. Profit/(Loss) for the period (XI + XIV)		217.92	80.70
XVI. Other Comprehensive Income			
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. Total Comprehensive income for the period (XV + XVI)		217.92	80.70
(Comprising Profit (Loss) and Other Comprehensive Income for the period)			
XVIII. Earnings per equity share (for continuing operations):*			
1. Basic		0.22	0.08
2. Diluted		0.22	0.08
XIX. Earning per equity share (for discontinued operations):			
1. Basic		–	–
2. Diluted		–	–
XX. Earnings per equity share (for discontinued & continuing operations)*			
1. Basic		0.22	0.08
2. Diluted		0.22	0.08
* Weighted Average			

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
May 30, 2019

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

HARSHIL KANANI
Managing Director

MEHUL KUNDARIYA
Company Secretary

DARSHAK PANDYA
Chief Finance Officer
Mumbai
May 30, 2019

Los Angeles
May 30, 2019

KANANI INDUSTRIES LIMITED

○ Consolidated Cash Flow Statement for the year ended 31st March, 2019

(₹ in Lakhs)

		As at 31.03.2019	As at 31.03.2018
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net profit before tax and extra-ordinary items		234.05	94.27
<u>Adjustments for :</u>			
Depreciation		26.04	8.53
Foreign currency translation reserve		63.95	5.21
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :		324.03	108.00
<u>Adjustments for :</u>			
Trade receivables		1377.87	(178.17)
Other receivables		4.28	3.53
Inventories		(405.24)	(186.96)
Trade Payables & Other Liabilities		(1395.43)	(392.15)
CASH GENERATED FROM OPERATIONS		(94.48)	(645.75)
Direct taxes paid		(18.83)	(14.57)
Income tax refund		—	—
Net cash from operating activities	(A)	(113.30)	(660.33)
B. CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of property, plant and equipment		(35.77)	(1.71)
Net cash used in investment activities	(B)	(35.77)	(1.71)
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from Short-Term Borrowings		37.72	416.64
Proceeds/(Repayment) from Long-Term Borrowings		176.82	232.19
Net cash used in financing activities	(C)	214.53	648.82
Net Increase / (Decrease) in cash and cash equivalents	(A+B+C)	65.46	(13.22)
Opening balance of Cash & cash equivalents		953.92	967.14
Closing balance of Cash & cash equivalents		1019.38	953.92

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

(DEEPAK MEHTA)
Proprietor
M. No. 44141
Mumbai
May 30, 2019

For & on behalf of Board of Directors
PREMJIBHAI KANANI
Chairman

HARSHIL KANANI
Managing Director

MEHUL KUNDARIYA
Company Secretary

DARSHAK PANDYA
Chief Finance Officer
Mumbai
May 30, 2019

Los Angeles
May 30, 2019

○ Consolidated Schedule for the year ended 31st March, 2019

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 lineby- 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. 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.

1.7. 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.

1.8. 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.

1.9. 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.

1.10. 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.

1.11. **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.

1.12. **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.

1.13. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset(s) and the arrangement conveys a right to use the asset(s), even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or operating lease. Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease period.

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. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss.

1.14 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.

1.15. 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 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. 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.

1.17. 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.

1.18. 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.

1.19. 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 Condi- tioner	Computer	Refrige- rator	Television (TV)	Weighing Scale	Motor Car	CCTC Camera	Total
Gross Carrying amount													
Deemed cost as at 1st April, 2017	47.00	59.70	37.63	1.40	1.35	3.04	3.01	0.08	-	-	-	-	153.21
Additions	-	-	0.38	-	-	-	-	-	0.82	0.52	-	-	1.71
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	47.00	59.70	38.01	1.40	1.35	3.04	3.01	0.08	0.82	0.52	-	-	154.92
Additions	-	-	0.25	-	-	-	0.18	-	-	-	34.00	1.33	35.77
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	47.00	59.69	38.26	1.40	1.35	3.04	3.19	00.7	0.82	0.52	34.00	1.33	190.69
Accumulated Depreciation													
Balance as at 1st April, 2017	28.20	34.77	29.60	1.04	0.84	1.70	2.58	0.05	-	-	-	-	98.78
Depreciation during the year	3.13	2.45	1.95	0.08	0.08	-	0.18	0.02	0.40	0.24	-	-	8.53
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	31.33	37.22	31.55	1.12	0.92	1.70	2.76	0.07	0.40	0.24	-	-	107.30
Additions	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	34.47	39.42	33.08	1.18	0.95	1.70	2.93	0.08	0.61	0.37	17.92	0.64	133.34
Retained Earning	-	-	-	-	0.36	1.34	0.16	-	-	-	-	-	1.86
Net Carrying Amount													
Balance as at 31st March, 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

(₹ 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)

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

As at 31.03.2019	As at 31.03.2018
2.47	2.35
2.17	1.43
4.65	3.78
870.39	354.95
0.70	1.36
-	-
344.74	297.50
1823.44	1980.21
3039.27	2634.03
10165.85	12237.05
693.33	-
10859.18	12237.05
26.08	18.55
989.32	931.18
3.98	4.20
1019.38	953.92

(₹ in Lakhs)

NOTE '7' : CURRENT FINANCIAL ASSETS – OTHER
Unsecured, Considered good
Other

Interest accrued on Fixed Deposit with Bank

GST

As at 31.03.2019	As at 31.03.2018
38.18	35.50
20.65	7.69
58.83	43.19
–	–
19.08	39.12
0.37	0.37
6.75	6.75
–	–
26.19	46.24
1500.00	1500.00
1500.00	1500.00
989.34	989.34
989.34	989.34

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.

Other Receivables

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

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

Particulars	31st March, 2019		31st March, 2018	
	No. of Shares	Amount ₹ in Lakhs	No. of Shares	Amount ₹ in Lakhs
At the beginning of the period	9,89,34,000	989.34	9,89,34,000	989.34
Issued during the period Bonus Issue	–	–	–	–
Outstanding at the end of the year	9,89,34,000	989.34	9,89,34,000	989.34

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

Particulars	31st March, 2019		31st March, 2018	
	No. of Shares	%	No. of 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%
	7,09,53,630	71.72%	7,09,53,630	71.72%

(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
Balance as at April 01, 2017	87.30	46.60	74.47	3691.59	3899.95
Profit for the year	—	—	—	80.70	80.70
Other comprehensive income for the year, net of tax	—	—	—	—	—
Creation of General Reserve	—	—	—	—	—
Transferred from Profit & Loss Account	—	—	—	—	—
Written back in current year	24.16	5.21	(24.16)	—	5.21
Balance as at March 31, 2018	111.46	51.80	50.31	3772.29	3985.86
Profit for the year	—	—	—	217.92	217.92
Other comprehensive income for the year, net of tax	—	—	—	—	—
Creation of General Reserve	—	—	—	—	—
Transferred from Profit & Loss Account	—	—	—	—	—
Written back in current year	—	63.94	—	—	63.95
Balance as at March 31, 2019	111.46	115.75	50.31	3990.21	4267.73

(₹ in Lakhs)

NOTE '11' : BORROWINGS

Unsecured

From related party

Shri Premjibhai Kanani

NOTE '12' : SHORT-TERM BORROWINGS

Secured

 i) From Banks
Post Shipment Credit Facility

Dena Bank

(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.)

DBS Bank

(Prime Security: Fixed Deposit lien by wholly owned holding company)

(The above facility are further secured by personal guarantees of Directors of wholly owned holding company)

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

As at 31.03.2019	As at 31.03.2018
580.85	404.04
580.85	404.04
2500.00	2500.00
656.93	619.21
3156.93	3119.21
—	—
6048.66	7448.16
6048.66	7448.16
—	—
0.72	0.72
12.76	6.54
3.80	5.97
0.07	0.06
17.36	13.29

(₹ 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

Rates and Taxes

Travelling Expenses

Legal & Professional Fee

Bank Charges

Miscellaneous Expenses

As at 31.03.2019	As at 31.03.2018
2.12	4.07
2.12	4.07
8312.79	7924.02
26101.05	30635.61
34413.84	38559.63
1.28	141.47
1.28	141.47
25636.40	30578.44
25636.40	30578.44
297.50	—
—	—
1975.20	(1832.75)
—	—
1677.70	(1832.75)
344.74	(297.50)
1823.44	(1980.21)
—	—
2168.17	(2277.72)
104.53	(444.97)
115.45	125.14
0.51	0.31
16.62	16.11
132.58	141.55
95.79	120.65
3.27	3.39
99.06	124.04
0.94	0.07
1.68	1.19
1.98	1.95
1.57	0.46
—	2.46
9.88	14.96
7.40	7.01
18.67	17.21
61.14	56.44
103.26	101.76

(₹ in Lakhs)

NOTE '23' NOTES TO ACCOUNTS
23.1 AUDITORS' REMUNERATION

Audit Fee
Tax Audit Fee

As at 31.03.2019	As at 31.03.2018
1.70	1.71
0.25	0.25
1.95	1.96
80.70	50.29
989.34	989.34
1.00	1.00
0.08	0.05
0.08	0.05

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 (₹)

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.

(₹ in Lakhs)

Contingent Liability
Bank Guarantee

As at 31.03.2019	As at 31.03.2018
750.00	650.00

- 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)

- b) Transactions with related parties
Loan from Director
Loan repayment to Director
Bank guarantee given on behalf of subsidiary
Payment to Key Managerial personnel/Relative
- c) Balances at the year end
Remuneration to Director Payable
Investment in Subsidiary
Loan from Director
- d) Disclosure in Respect of Major Related Party Transactions during the year
Payment to Key Managerial Personnel/Relative
Premjibhai D. Kanani
Harshil P. Kanani
Darshak A. Pandya
Mehul S. Kundariya

As at 31.03.2019	As at 31.03.2018
513.41	76.15
281.22	98.95
656.92	616.07
14.55	16.36
3.20	10.99
2133.59	2133.59
404.03	171.85
4.99	4.99
5.01	5.01
4.20	4.20
0.35	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.

KANANI INDUSTRIES LIMITED

23.10 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	–

Forward contracts entered into by the company and outstanding as on 31st March, 2018 :

Particulars	Nominal Value \$	Quantity	
		Long	Short
USD Forward Contract 16.04.2018 –30.04.2018	1,23,500.00	1.00	–
USD Forward Contract 16.05.2018 –31.05.2018	4,32,200.00	1.00	–
USD Forward Contract 16.05.2018 –31.05.2018	1,01,000.00	1.00	–
USD Forward Contract 16.05.2018 –31.05.2018	3,12,600.00	1.00	–
USD Forward Contract 01.06.2018 –29.06.2018	2,45,000.00	1.00	–
USD Forward Contract 01.06.2018 –29.06.2018	3,70,800.00	1.00	–
USD Forward Contract 15.06.2018 –30.06.2018	8,35,500.00	1.00	–
USD Forward Contract 16.08.2018 –31.08.2018	7,65,000.00	1.00	–
USD Forward Contract 04.09.2018 –28.09.2018	3,20,500.00	1.00	–
USD Forward Contract 04.09.2018 –28.09.2018	3,15,000.00	1.00	–

23.11 FAIR VALUATION MEASUREMENT HIERARCHY

(₹ in Lakhs)

Particulars	As at 31st March, 2019			As at 1st April, 2018		
	Carrying amount	Level of Input used in		Carrying amount	Level of Input used in	
		Level 1	Level 2		Level 1	Level 2
Financial Assets						
At Amortised cost						
Trade Receivable	10859.18			12237.05		
Cash & Bank Balance	1019.38			953.92		
Financial Liabilities						
At Amortised cost						
Borrowing	3737.78			3523.25		
Trade Payable	6048.66			7448.16		
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

May 30, 2019

For & on behalf of Board of Directors

PREMJIBHAI KANANI

Chairman

HARSHIL KANANI

Managing Director

MEHUL KUNDARIYA

Company Secretary

DARSHAK PANDYA

Chief Finance Officer

Mumbai

May 30, 2019

Los Angeles

May 30, 2019

36th Annual General Meeting

KANANI INDUSTRIES LIMITED

ATTENDANCE SLIP

[CIN : L51900MH1983PLC029598]

REGISTERED OFFICE: 915C, The Capital, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051

Maharashtra, India • Phone: +91 22 4005 0222

Website: www.kananiindustries.com • email: investorgrievances@kananiindustries.com

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Date	Venue	Time
September 30, 2019	Krishna Palace Residency Hotel, 96/98, Grant Road (West), Mumbai – 400007	10.00 A.M.

Folio No. _____ *DP ID No. _____ *Client ID No. _____

Name of the Member Mr./Mrs. _____ Signature _____

Name of the Proxyholder Mr./Mrs. _____ Signature _____

** Applicable for investors holding shares in electronic form.*

I certify that I am the registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 36th Annual General Meeting of the Company held on **Monday, September, 30th 2019 at 10.00 a.m (IST)** at Krishna Palace Residency Hotel, 96/98, Grant Road (West), Mumbai – 400007, Maharashtra, India

Signature of the Member/ Proxy

Note: Electronic copy of the Annual Report for 2019 and Notice of the 36th Annual General Meeting with the Attendance slip and Proxy form is being sent to all the members whose email id is registered with the Company/ Depository Participant unless any meeting has been requested for a hard copy of the same. Shareholders receiving electronic copy and attending the Annual General Meeting can print copy of this Attendance Slip.

Physical copy of the Annual Report for 2019 and Notice of the 36th Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email Id is not registered or has requested for hard copy.

36th Annual General Meeting
KANANI INDUSTRIES LIMITED

[CIN : L51900MH1983PLC029598]

REGISTERED OFFICE: 915C, The Capital, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051
Maharashtra, India • Phone: +91 22 4005 0222

Website www.kananiindustries.com • email: investorgrievances@kananiindustries.com

Form No. MGT-11
FORM OF PROXY

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s) :	Email Id :
Registered Address :	Folio No. :
	*DP Id. :
No. of Shares held :	*Client Id. :

* Applicable for investors holding shares in electronic form.

I/We, being a member(s) of _____ shares of Kanani Industries Limited hereby appoint:

1. Mr./Mrs. _____ Email Id: _____
Address _____
Signature: _____
2. Mr./Mrs. _____ Email Id: _____
Address _____
Signature: _____
3. Mr./Mrs. _____ Email Id: _____
Address _____
Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th Annual General Meeting of the Company to be held on Monday, September 30, 2019 at 10.00 a.m. at Krishna Palace Residency Hotel, 96/98, Grant Road (West), Mumbai – 400007, Maharashtra, India and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Sr.No.	Resolutions	No. of Shares held	For	Against
	Ordinary Business			
1.	To Adopt Standalone and Consolidated Audited Financial Statements for the financial year ended March 31, 2019 and reports of the Board of Directors and the Auditors thereon;			
2.	To appoint a Director in a place of Mr. Harshil Premjibhai Kanani (DIN : -1568262), who retires by rotation and being eligible offers himself for reappointment;			
3.	To ratify the appointment of M/s. Deepak Mehta & Associates, Chartered Accountants as the Statutory Auditors of the Company.			

** This is optional. Please put a tick mark (✓) in the appropriate column against the resolutions indicated in the box. If a member leaves the "For" or "Against" column blank against any or all of the Resolutions, the proxy will be entitled to vote in the manner he/ she thinks appropriate. If a member wishes to abstain from voting on particular resolution, he/she should write "Abstain" across the boxes against the Resolution.

Signature(s) of the Member(s)

1. _____
2. _____
3. _____

Signed this _____ day of _____ 2019

- Notes:
1. The Proxy to be effective should be deposited at the registered office of the company not less than Forty Eight (48) Hours before commencement of the meeting.
 2. A proxy need not be a member of the company.
 3. In the case of the Joint holders, the vote of the senior who tenders vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of the Members.
 4. The form of proxy confers authority to demand or join in demanding a poll.
 5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
 6. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.

Affix ₹ 1
Revenue
Stamp

If undelivered, please return to :

KANANI INDUSTRIES LIMITED

REGISTERED OFFICE: 915C, THE CAPITAL, G-BLOCK, BANDRA KURLA COMPLEX, BANDRA (EAST), MUMBAI - 400051