

JAIN & CO.
Chartered Accountants

P 21/22 Radha Bazar Street, Kolkata – 700 001

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**AUDITOR'S REPORT ON QUARTERLY FINANCIAL RESULTS AND YEAR TO
DATE RESULTS OF THE COMPANY PURSUANT TO THE REGULATION 33 OF
THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)
REGULATIONS, 2015**

TO THE BOARD OF DIRECTORS OF KANCO ENTERPRISES LIMITED

1. We have audited accompanying the Statement of the Quarterly Financial Results of Kanco Enterprises Limited ("the Company") for the quarter & year ended March 31, 2020, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('SEBI regulations'). The quarterly financial results derived figures between audited figures in respect of the year ended March 31, 2020 and the published year-to-date figures up to December 31, 2019, being the date of the end of the third quarter for the current financial year, which were subject to limited review. The financial results for the quarter & year ended March 31, 2020 have been prepared on the basis of the financial results for the nine-month period ended December 31, 2019, the Audited Annual IND AS Financial Statements as at and for the year ended March 31, 2020, and the relevant requirements of SEBI Regulations, which are the responsibility of the company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31, 2019 which were prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (IND AS) 34 for Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; and other accounting principles generally accepted in India; our audit of the Annual IND AS Financial Statements as at and



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for the year ended March 31, 2020; and the relevant requirement of SEBI Regulations.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

3. (i) *The company has not provided Interest on Unsecured Inter-Corporate Loan of Rs 434 lakhs (PY Rs.967 lakhs) from related party and unsecured loan of Rs. 683 lakhs(PY Rs 150 lakh)s received from non-related party. Amount of the Interest for the current year on the said loan as per last agreed rate with the parties is Rs. 116.22 lakhs (PY Rs. 115.84 lakhs)*

(ii) *The company has not provided depreciation of Rs. 47.39 lakh on building in absence of active use of premises at factory location.*

In our opinion and to the best of our information and according to the explanations given to us except for the possible effects of the matter described in the paragraph 3, these quarterly financial results as well as the year to date results:

(i) are presented in accordance with the requirements of Regulation in this regard; and

(ii) give a true and fair view of the net profit and other financial information for the quarter ended March 31, 2020 and the net loss and other financial information the year ended March 31, 2020



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Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2020 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2020 and the published year-to-date figures upto December 31, 2019, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under Regulation.

For Jain & Co.

Chartered Accountants

(Registration No. 302023E)

UDIN: 20055048AAAACN2764



(CA M.K.Jain)

Partner

(Membership No. 055048)

P-21/22, Radha Bazar Street,
Kolkata – 700001

Dated the 30th day of July, 2020



| PART I | | | | | | (₹. in Lakhs) |
|---|---|---------------------------|---------------------------|---------------------------|-------------------------|-------------------------|
| STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2020 | | | | | | |
| Sl. No. | Particulars | Quarter Ended | | | Year Ended | |
| | | 31.03.2020 (Unaudited) | 31.12.2019 (Unaudited) | 31.03.2019 (Unaudited) | 31.03.2020 (Audited) | 31.03.2019 (Audited) |
| 1. | Income from operations | - | - | - | - | - |
| | (a) Revenue from operations | - | - | - | - | - |
| | (b) Other income | 7 | 13 | 31 | 145 | 191 |
| | Total income | 7 | 13 | 31 | 145 | 191 |
| 2. | Expenses | | | | | |
| | (a) Employee benefits expense | 9 | 13 | 13 | 45 | 52 |
| | (b) Finance cost | 18 | 43 | 150 | 153 | 237 |
| | (c) Depreciation and amortisation expense | 1 | 1 | 2 | 4 | 5 |
| | (d) Other expenses | 4 | 13 | 14 | 55 | 58 |
| | Total expenses | 32 | 70 | 179 | 257 | 352 |
| 3. | Profit / (Loss) before exceptional items and tax (1-2) | (25) | (57) | (148) | (112) | (161) |
| 4. | Exceptional items- income/(expense) | - | - | 5,343 | - | 5,343 |
| 5. | Profit / (Loss) before tax (3-4) | (25) | (57) | 5,195 | (112) | 5,182 |
| 6. | Tax expenses | - | - | - | - | - |
| 7. | Net Profit/(Loss) for the period (5-6) | (25) | (57) | 5,195 | (112) | 5,182 |
| 8. | Other comprehensive income (net of tax expenses) | - | - | - | - | - |
| 9. | Total comprehensive income for the period (7+8) | (25) | (57) | 5,195 | (112) | 5,182 |
| 10. | Paid -up equity share capital (Face value per share ₹. 10/-) | 1,793 | 1,793 | 1,793 | 1,793 | 1,793 |
| 11. | Other Equity (as per balance sheet of previous accounting year) | | | | (3,952) | (3,840) |
| 12. | Earning per share (EPS) of ₹. 10 per share | | | | | |
| | Basic & Diluted EPS (₹. per share) (Not annualised*) | (0.14)* | (0.32)* | 28.97* | (0.63) | 28.90 |

Part II - Statement of Assets and Liabilities

| | | (₹. in Lakhs) | |
|---------|--|---------------------|---------------------|
| Sl. No. | Particulars | As at 31/03/2020 | As at 31/03/2019 |
| | | (Audited) | (Audited) |
| A. | Assets | | |
| 1 | Non-Current Assets | | |
| | (a) Property, plant and equipment | 1,114 | 1,124 |
| | (b) Financial assets | | |
| | Others | 4 | 4 |
| | (c) Other non-current assets | 18 | 18 |
| | Sub-total Non-Current Assets (A) | 1,136 | 1,146 |
| 2 | Current Assets | | |
| | (a) Inventories | 24 | 24 |
| | (b) Financial assets | | |
| | Cash and cash equivalents | 8 | 14 |
| | (c) Other current assets | 6 | 6 |
| | (d) Assets classified as held for sale | 122 | 216 |
| | Sub-Total Current Assets (B) | 160 | 260 |
| | Total Assets (A + B) | 1,296 | 1,406 |
| B | Equity and Liabilities | | |
| 1 | Equity | | |
| | (a) Equity share capital | 1,793 | 1,793 |
| | (b) Other equity | (3,952) | (3,840) |
| | Sub-total - Equity (A) | (2,159) | (2,047) |
| 2 | Non-Current Liabilities | | |
| | (a) Financial liabilities | | |
| | Borrowing | 434 | 434 |
| | Sub-total - Non-Current Liabilities (B) | 434 | 434 |
| 3 | Current Liabilities | | |
| | (a) Financial liabilities | | |
| | Borrowing | 2,167 | 2,337 |
| | Trade payable | - | - |
| | Other financial liabilities | 556 | 416 |
| | (b) Other current liabilities | 298 | 262 |
| | (c) Provisions | - | 4 |
| | Sub-total - Current Liabilities (C) | 3,021 | 3,019 |
| | Total Equity and Liabilities (A + B + C) | 1,296 | 1,406 |



Statement of Cash Flows for the period ended 30th September, 2019

(₹. in Lakhs)

| Particulars | As at 31/03/2020 | As at 31/03/2019 |
|--|---------------------|---------------------|
| | (Audited) | (Audited) |
| A. Cash Flow from operating activities | | |
| Profit before tax | (112) | 5,182 |
| Depreciation and amortisation expenses | 4 | 5 |
| Finance Cost | 153 | 237 |
| | 45 | 5,424 |
| Less: | | |
| Interest Received | - | 9 |
| Liabilities/Provisions no longer required written back | - | 5 |
| Secured Loan Written Bank | - | 1,343 |
| Interest Accrued and Due on Secured Loan Written Back | - | 4,000 |
| Surplus on Sale of Property, Plant & Equipments | 145 | 177 |
| | 145 | 5,534 |
| Operating profit before working capital changes | (100) | (110) |
| Adjustments for: | | |
| Other Current Assets | - | 11 |
| Other non-current assets | - | 68 |
| Other current financial liabilities | 140 | 177 |
| Other current liabilities | (13) | 22 |
| Short-term Employee benefit obligations | (4) | (3) |
| Cash Generated from operations | 23 | 165 |
| Less: Direct Taxes net of refund | - | - |
| Net Cash Flow from Operating Activities | 23 | 165 |
| B. Cash flow from investing activities | | |
| Property, Plant and Equipment Sold | 245 | 415 |
| Capital Advance Received | 49 | 231 |
| Interest Received | - | 9 |
| Net cash from / (used in) investing activities | 294 | 655 |
| C. Cash flow from financing activities | | |
| Increase / (Repayment) in borrowings | (170) | (737) |
| Interest Paid | (153) | (101) |
| Net Cash used in financing activities | (323) | (838) |
| Net change in cash and cash equivalents | (6) | (18) |
| Opening balance - cash and cash equivalents | 14 | 32 |
| Closing balance - cash and cash equivalents | 8 | 14 |

Notes:

- The above results were reviewed by the Audit Committee and approved at the meeting of Board of Directors held on July 30, 2020 ; and the Statutory Auditors have qualified their Audit Report in the matter stated in Note No. 5 below which are self explanatory.
- These results has been prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standard) Rules 2015.
- The Company is engaged in the business of manufacturing of cotton yarn & knitted fabrics. Since the Company's business falls within a single business segment, disclosure under Indian Accounting Standard (Ind AS) -108 Operating Segments is not applicable.
- In absence of probable future taxable profit, the Company has recognised deferred tax assets only to the extent of deferred tax liability, as
- The company has not provided interest on unsecured intercorporate loan of Rs.434 lakhs from related party and unsecured loan of Rs.683 lakhs received from non-related party.
- The Company suspended operations in September, 2015 to contain losses due to un-favourable market conditions and financial constraints. The incentives given to new cotton spinning units under the state textile policy created an uneven playing field making it difficult for the older units to compete in times of general lack of demand and a situation of oversupply in the market. The financial statements as at 30-09-2015 and afterwards have been therefore been prepared on non going concern basis.
- The Company's offices at Kolkata and Ahmedabad were closed down due to Government's directive pertaining to PANDEMIC COVID-19. The employees are working from home as per the guidelines and norms prescribed by the Government Authorities. The Company has also considered the possible effects of PANDEMIC COVID 19 on the carrying amount of inventories and relevant liabilities using reasonably available information, estimates and judgement and has determined that none of these balances require a material adjustment to their carrying values.
- Company has not provided depreciation on Building for the year ended March 31, 2018 and afterwards in absence of active use of the same.
- The figures for the quarter ended 31-03-2020 and 31-03-2019 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures upto nine months of the respective years which were subject to limited review.
- The figures have been re-grouped and re-classified, wherever necessary to make them comparable.

By the order of the Board

U. Kanoria
 U. Kanoria
 Chairman & Managing Director
 DIN:00081108

Kolkata, the 30th July, 2020



Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results

Statement on Impact of Audit Qualifications for the year ended on 31 st March, 2020

| I | SI No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
|----|--|--|--|--|
| | 1. | Turnover/Total Income | 1,44,51,284 | 1,44,51,284 |
| | 2. | Total Expenditure | 2,56,70,559 | 4,20,31,910 |
| | 3. | Net Profit/(Loss) | (1,12,19,275) | (2,75,80,626) |
| | 4. | Earnings Per Share | (0.63) | (1.54) |
| | 4. | Total Assets | 12,95,53,763 | 11,38,83,248 |
| | 5. | Total Liabilities | 34,54,74,749 | 39,78,82,438 |
| | 6. | Net Worth | (21,59,20,986) | (28,39,99,190) |
| | 7. | Any other financial item(s)(as felt appropriate by the management) | - | - |
| II | <u>Audit Qualification (each audit qualification separately):</u> | | | |
| 1. | a. Details of Audit Qualification: not provided interest on unsecured inter-corporate loan of Rs.4,34,34,766/- from related party and unsecured loan of Rs. 6,82,88,000/- received from non-related party. Amount of the Interest for the current year on the said loan as per last agreed rate with the parties is Rs. 1,16,22,292/- (PY Rs. 1,15,84,464/-) | | | |
| | b. Type of Audit Qualification: Qualified Opinion | | | |
| | c. Frequency of qualification: Appeared earlier in Annual Report for the year ended 31 st March, 2017, 31 st March, 2018 and 31 st March, 2019. | | | |
| | d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: The Company has shut down its operation in September, 2015 and lenders have recalled the loan and the loan accounts was declared NPA. The company has paid OTS to the bankers and it is facing acute liquidity crunch and therefore unable to make any payment to its lenders at the moment and therefore no interest has been provided on unsecured loans. | | | |
| | e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable | | | |
| 3. | a. Details of Audit Qualification: The company has not provided depreciation of Rs. 47,39,059/- on building in absence of active use of premises at factory location. | | | |
| | b. Type of Audit Qualification: Qualified Opinion | | | |
| | c. Frequency of qualification: Appeared earlier in Annual Report for the year ended 31 st March, 2018 and 31 st March, 2019 | | | |
| | d. For Audit Qualification(s) where the impact is quantified by the auditor, | | | |



| | |
|-----|---|
| | Management's Views: As the said assets were not used by the company for the year, the company has not provided depreciation for the same. |
| | e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable |
| III | <u>Signatories:</u> |
| | <ul style="list-style-type: none"> CEO/ Managing Director – U. Kanoria DIN: 00081108 <i>U. Kanoria</i> CFO – Madanlal Sharma <i>M.L. Sharma</i> Audit Committee Chair person – Zohra Tabassum DIN: 08103558 <i>Zohra Tabassum</i> Statutory Auditor For Jain & Co. Chartered Accountants Firm Registration No. 302023E CA. M.K. Jain Partner Membership No. 055048 <i>M.K. Jain</i> |
| | Date: July 30, 2020 |



Kanco Enterprises Limited

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Extract of Audited Financial Results for the Quarter and Year ended 31st March, 2020

| Sl. No. | Particulars | Standalone | | | | | |
|---------|---|-------------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | Quarter Ended | | | Year Ended | | |
| | | 31/03/2020 (Audited) | 31/12/2019 (Unaudited) | 31/03/2019 (Audited) | 31/03/2020 (Audited) | 31/03/2019 (Audited) | 31/03/2019 (Audited) |
| 1. | Total Income from Operations | 7 | 13 | 31 | 145 | 191 | 191 |
| 2. | Net Profit/(Loss) for the period before tax | (25) | (57) | 5195 | (112) | 5182 | 5182 |
| 3. | Net Profit/(Loss) for the period after tax | (25) | (57) | 5195 | (112) | 5182 | 5182 |
| 4. | Total Comprehensive Income for the period (Comprising Profit/(Loss) for the period (after tax) and Other Comprehensive Income (after tax) | (25) | (57) | 5195 | (112) | 5182 | 5182 |
| 5. | Equity Share Capital | 1793.00 | 1793.00 | 1793.00 | 1793.00 | 1793.00 | 1793.00 |
| 6. | Other Equity | | | | (3,952) | (3,840) | (3,840) |
| 7. | Earning Per Share (of ₹10/- each) (for continuing and discontinued operations) | | | | | | |
| a) | Basic (*not annualised) | (0.14)* | (0.32)* | 28.97* | (0.63) | 28.90 | 28.90 |
| b) | Diluted (*not annualised) | (0.14)* | (0.32)* | 28.97* | (0.63) | 28.90 | 28.90 |

Note:

- The above is an extract of the detailed format of Quarterly Results filed with the Calcutta Stock Exchange Limited, under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The full format of the Quarterly Results along with Report of the Statutory Auditors are available on the Stock Exchange website: <http://www.cse-india.com> and on the Company website: <http://kanco.in>
- The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30th July, 2020. The Statutory Auditors have audited this result as required under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By the order of the Board

U. Kanoria
U. Kanoria

Chairman & Managing Director
DIN : 00081108

Kolkata, the 30th July, 2020