



KANCO ENTERPRISES LIMITED

ANNUAL REPORT & ACCOUNTS
for the year ended 31st March, 2019



KANCO ENTERPRISES LIMITED

(CIN : L51909WB1991PLC053283)

Annual Report & Accounts 2018-2019

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BOARD OF DIRECTORS

Mr. U. Kanoria
Chairman & Managing Director

Mr. K. K. Gupta
Ms. Z. Tabassum
Mr. S. K. Chaurasia
Directors

COMPANY SECRETARY

Mrs. Manisha Gupta

CHIEF FINANCIAL OFFICER

Mr. Murarilal B. Choudhury

AUDITORS

M/s. B. R. Shah & Associates
Chartered Accountants

REGISTERED OFFICE

Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata - 700 017
Telefax : +91 33 2281 5217
Email : compliance@kanco.in
Website : www.kanco.in

BRANCH OFFICE

207, Shitiratna, 2nd Floor
Panchavati Circle, Ahmedabad - 380 006

PLANT

Kanco Overseas
Village : Walthera
Taluka : Dholka - 387 810
Dist. : Ahmedabad (Gujarat)

SHARE REGISTRARS

CB Management Services (P) Ltd.
P-22, Bondel Road, Kolkata - 700 019
Phone : +91 33 2280 6692/93/94
E-mail : rta@cbmsl.com

Notice

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of the Members of Kanco Enterprises Limited will be held at Bharatiya Bhasha Parishad, 4th Floor, 36A Shakespeare Sarani, Kolkata- 700017 on Tuesday, 13th August, 2019 at 4:00 p.m. to transact the following business:

Ordinary Business :

1. To consider and adopt the Audited Financial Statement of the Company for the year ended 31st March, 2019 , the reports of the Board of Directors and Auditors thereon;
2. To appoint M/s Jain & Co, Chartered Accountants, (Registration No. 302023E) as Statutory Auditors of the Company from the conclusion of the 28th Annual General Meeting until the conclusion of the 33rd Annual General Meeting, to fix their remuneration and to pass the following ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with the Companies (Audit and Auditors) Rules, 2014, and other relevant Rules to the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. Jain & Co, Chartered Accountants (Firm Registration No. 302023E), be and is hereby appointed as Statutory Auditors of the Company, in place of retiring auditors M/s B.R Shah & Associates, Chartered Accountants (Firm Registration No. 129053W), to hold office from the conclusion of 28th Annual General Meeting until the conclusion of the 33rd Annual General Meeting at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company in consultation with the said Auditor.”

Special Business :

3. **Appointment of Mr. Sanjay Kumar Chaurasia as Non-Executive and Non-Independent Director of the Company.**

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

“RESOLVED THAT pursuant to Sections 152,161 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and the applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be in force from time to time, Mr. Sanjay Kumar Chaurasia (DIN: 08453443), who was appointed by the Board of Directors, as an Additional Director of the Company with effect from 15th May, 2019 and in respect of whom the Company has received from a Member a notice in writing under Section 160 of the Companies Act 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Non-Executive and Non-Independent Director of the Company, liable to retire by rotation.”

4. **Re-appointment of Mr. Krishna Kumar Gupta as an Independent Director of the Company**

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

“RESOLVED THAT pursuant to the provisions of Section 149,150,152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and on the recommendation of the Nomination and Remuneration Committee of the Company, Mr. Krishna Kumar Gupta (DIN:06657407), Independent Director of the Company, whose term of office as an Independent Director is liable to expire at the conclusion of the Annual General Meeting for the Financial Year ended 31st March, 2019, be and is hereby re-appointed as an Independent Director of the company to hold office for a further period of 5(five) years from the conclusion of this Annual General Meeting till the Annual General Meeting for the Financial Year ended 31st March, 2024, not liable to retire by rotation.”

Registered Office:
Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata – 700017
CIN: L51909WB1991PLC053283
Telefax: (033) 22815217
Email: compliance@kanco.in
Website: www.kanco.in
Dated: 20th June, 2019

By Order of the Board
For: **Kanco Enterprises Limited**

Manisha Gupta
Company Secretary
Membership No. : ACS47310

Notice (Contd.)**NOTES:**

- I. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The proxy form duly completed and signed, should be deposited with the company, at its registered office at least 48 hours before the time of the meeting. Proxies submitted on behalf of the Companies, societies, etc., must be supported by an appropriate resolution/authority as applicable. A proxy form for the Annual General Meeting is enclosed.

A person can act as a proxy on behalf of the members not exceeding fifty in number 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 members.

As per Secretarial Standard on General Meeting (SS-2), the Proxy-holders are requested to bring valid identity proofs (viz., PAN Card, Voter ID, Passport, Aadhar Card, Driving License, Bank Pass Book with attested customer photograph and signature etc.) at the venue of the meeting for identification.

- II. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf in the meeting.
- III. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013, in respect to the Ordinary Business –Item No. 2 and Special Business- Item No. 3 & 4 of the accompanying Notice is annexed hereto.
- IV. A brief resume of the directors proposed to be appointed and reappointed, nature of his expertise in specific functional areas, names of companies in which he holds directorship and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter se as stipulated under Regulation 36 of the SEBI(Listing Obligations and Disclosures Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard on General Meeting (SS-2) as amended, are provided in Details of Directors seeking reappointment at the Annual General Meeting annexed hereto.
- V. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 7th August, 2019 to Tuesday, 13th August, 2019 (both days inclusive) for the purpose of the Annual General Meeting.
- VI. Members are requested to bring their copy of Annual Report at the Meeting and produce the enclosed attendance slip at the entrance to the place of the meeting.
- VII. All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company on weekdays (3:00 p.m. to 5:00 p.m.) up to and including the date of the Annual General Meeting of the Company.
- VIII. 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 the members at the Annual General Meeting.
- IX. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
- X. Copies of the Annual Report for the year 1st April 2018 to 31st March, 2019, the Notice of the 28th Annual General Meeting, instructions for e-voting, Attendance Slip, Proxy Form and the route map to the venue are being sent by electronic mode only to the members whose email addresses 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 Annual Report for the year 1st April 2018 to 31st March, 2019, the Notice of the 28th Annual General Meeting, instructions for e-voting, Attendance Slip, Proxy Form and the route map to the venue are being sent by the permitted mode. Members may register their email address by visiting Website namely www.cbmsl.com/green.php of our Registrar and Share Transfer Agent.
- XI. Members may also note that the Notice of the Annual General Meeting and the Annual Report for the year 1st April 2018 to 31st March, 2019 will also be available on the Company's website www.kanco.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kolkata for inspection

Notice (Contd.)

during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send requests to the email id: compliance@kanco.in or rta@cbmsl.com.

- XII. Members seeking any information with regard to Accounts may write to the Company 7 (seven) days before the date of the Annual General Meeting.
- XIII. The Securities and Exchange Board of India (SEBI) has mandated the submission of 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 to the Company or its Registrar and Share Transfer Agent.
- XIV. As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 and further amendment vide Notification No. SEBI/ LAD-NRO/GN/2018/49 dated 30th November, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from 1st April, 2019 unless the securities are held in the dematerialised form with the depositories. Therefore, Shareholders are requested to take action to dematerialise the Equity Shares of the Company, promptly.
- XV. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website.
- XVI. Members are requested to furnish or update their e-mail IDs with the Registrar for sending the soft copies of the Annual Report of the Company as required vide circular no.17/2011 dated April 21, 2011 and circular no.18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs and to avail remote e-voting facility in respect of the resolutions, which would be passed at the General Meetings of the Company.
- XVII. Pursuant to prohibition imposed vide Secretarial Standard on General Meeting (SS-2) issued by The Institute of Company Secretaries of India and The Ministry of Corporate Affairs circular, no gifts/coupons shall be distributed at the Meeting.
- XVIII. Voting through electronic means:
- a) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company is pleased to provide its members the facility of remote e-voting to exercise their right to vote at the 28th Annual General Meeting ('AGM'). The business may be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL). The members may cast their votes using an electronic voting system from a place other than the venue of the AGM (remote e-voting).
 - b) The facility for voting through polling paper shall be made available at the venue of the AGM and the members attending the AGM who have not cast their vote by remote e-voting shall avail to exercise their right at the AGM.
 - c) The members who have cast their votes by remote e-voting may also attend the AGM but shall not be entitled to cast their vote at the AGM.
 - d) Mr. A.K.Labh, Practising Company Secretary (FCS – 4848 / CP-3238) (Address: A.K.Labh & Co, 40, Weston Street, 3rd Floor, Kolkata - 700013) has been appointed as the Scrutinizer for conducting the remote e-voting and voting process at the AGM in a fair and transparent manner.
 - e) The e-Voting procedure to be followed by the shareholders to cast their votes:

A. In case of Members who receive the Notice in electronic mode

- (i) The remote e-voting period begins on Saturday, 10th August, 2019 (9:00 a.m.) and ends on Monday, 12th August, 2019 (5:00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Tuesday, 6th August, 2019 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

Notice (Contd.)

- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - 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:

Particulars	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <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 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. e.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on the "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 to be also used by the demat holders for voting for resolution 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 resolution contained in this Notice.
- (xii) Click on the EVSN for the relevant <KANCO ENTERPRISES LIMITED>
- (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 "RESOLUTION 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 a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

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- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - 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 a 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 linked in the login 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.
- (xxi) 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.

B. In case of Members who receive the Notice by post:

- (i) User ID and initial password will be provided with the Notice for the AGM.
- (ii) Please follow the steps from Sl. Nos. (iii) to (xx) mentioned in (A) above, to cast your vote.

C. Members already registered with CDSL for remote e-voting can use their existing user ID and password for Login. Thereafter please follow the steps from Sl. Nos. (xii) to (xx) mentioned in (A) above, to cast your vote.**1. General Information**

- (a) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Tuesday, 6th August, 2019, may obtain the USER ID and password by sending an e-mail request to rta@cbmsl.com / compliance@kanco.in.
- (b) There will be one vote for every Client ID No. / Registered Folio No. irrespective of the number of joint holders.
- (c) The Results of voting will be declared within 48 hours from the conclusion of the AGM and the Resolution will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared Results, alongwith the Scrutinizer's Report, will be available forthwith on the Company's corporate website www.kanco.in and on the website of CDSL; such Results will also be forwarded to The Calcutta Stock Exchange Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**Item No. 2**

In terms of Section 139 of the Companies Act, 2013 ("the Act"), and the Companies (Audit and Auditors) Rules, 2014, made thereunder, the present Statutory Auditors of the Company, M/s B.R Shah & Associates, Chartered Accountants (Firm Registration No. 129053W), will hold office until the conclusion of the ensuing Annual General Meeting and will not seek re-appointment. The Company is required to appoint another Auditor for a period of 5(five) years to hold office from the conclusion of this Annual General Meeting till the conclusion of the thirty third Annual General Meeting.

The Board of Directors at its meeting held on 20th June, 2019, after considering the recommendations of the Audit Committee, had recommended the appointment of M/s Jain & Co Chartered Accountants, (Registration No. 302023E), as the Statutory Auditors of the Company for approval of the members. The proposed Auditors shall hold office for a period of 5(five) consecutive terms from the conclusion of the twenty eighth Annual General Meeting till the conclusion

Notice (Contd.)

of thirty third Annual General Meeting of the Company.

M/s Jain & Co, Chartered Accountants, have consented to the aforesaid appointment and confirmed that their appointment, if made, will be within the limits specified under Section 141(3)(g) of the Companies Act, 2013. They have further confirmed that they are not disqualified to be appointed as the Statutory Auditors in terms of the Companies Act, 2013 and the rules made thereunder.

Pursuant to Section 139 of the Companies Act, 2013, approval of the members is required for appointment of the Statutory Auditors and fixing their remuneration by means of an ordinary resolution.

Accordingly, approval of the members is sought for appointment of M/s Jain & Co, Chartered Accountants as the Statutory Auditors of the Company and to fix their remuneration.

None of the Directors or Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise, in the resolution. Mr. Manoj Kumar Jain is concerned or interested financially in the resolution.

The Board of Directors recommends the Ordinary Resolution set out at item No.2 of the accompanying Notice for approval of the Members.

Item No. 3

Pursuant to Article No.82 of the Articles of Association of the Company and in terms of Section 161 of the Companies Act, 2013 as amended and on the recommendation of the Nomination and Remuneration Committee of the Company Mr. Sanjay Kumar Chaurasia (DIN: 08453443), was appointed as an Additional Director of the Company in the Non-Executive and Non-Independent category with effect from 15th May, 2019 to hold office upto the date of 28th Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for appointment as director of the Company.

Mr. Chaurasia, born on 17th January, 1983 aged about 36 years holds Master in Business Administration and Bachelor of Commerce degree. Mr. Chaurasia has 17 years experience in the field of Accounts, Indirect Tax and Marketing. He holds Directorship in nil Companies. Mr. Sanjay Kumar Chaurasia does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Mr. Chaurasia is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 as amended.

It is proposed to appoint Mr. Chaurasia as Non-Executive and Non-Independent Director of the Company liable to retire by rotation. The Board considers that his association would be of immense benefit to the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, except Mr. Sanjay Kumar Chaurasia, is in any way concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution set out at item No. 3 of the accompanying Notice for approval of the Members.

Item No. 4

Mr. Krishna Kumar Gupta (DIN: 06657407) born on 9th April, 1952 aged about 67 years, is a Non Executive Independent Director of the Company.

He is a Graduate in Science form Calcutta University with robust understanding in the field of Administration and Human Resources Development (HRD) for over 40 years brings along vast experience in Human Relations. Mr. Krishna Kumar Gupta does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

He was appointed as an Independent Director for a period of 5 years at the 24th Annual General Meeting of the Company held on 6th February, 2015 which is liable to expire at the close of the Annual General Meeting for the Financial Year ended 31st March, 2019. The Board in its meeting held on 30th May, 2019 proposed his reappointment as an Independent Director for a further period of 5 years on the recommendation of Nomination and Remuneration Committee.

Mr. Krishna Kumar Gupta is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. The Company has received (i) form DIR-8 from him in terms of Section 164(2) of the Companies Act, 2013 and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 confirming his eligibility (ii) a declaration to the effect that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 read with rules and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended (iii) His consent letter to act as an Independent Director of the Company, if reappointed.

Notice (Contd.)

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Krishna Kumar Gupta being eligible and offering himself for reappointment, is proposed to be appointed as an Independent Director for the further period of five years, from the conclusion of this Annual General Meeting till the Annual General Meeting for the Financial Year ended 31st March, 2024, not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Gupta fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and is independent of the Management. Copy of the draft letter of appointment of Mr. Gupta as an Independent Director setting out the terms and conditions would be available for inspection by members at the Registered Office of the Company. The Board considers that his association would be of immense benefit to the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, except Mr. Krishna Kumar Gupta, is in any way concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Special Resolution set out at item No. 4 of the accompanying Notice for approval of the Members.

Details of Directors seeking appointment/reappointment at the Annual General Meeting pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard on General Meeting (SS-2) as amended.

Particulars	Mr. Sanjay Kumar Chaurasia	Mr. Krishna Kumar Gupta
Din	08453443	06657407
Date of Birth and Age	17th January, 1983 36 years	9th April, 1952 67 years
Date of first Appointment on the Board	15th May, 2019	13th August 2013
Qualifications	M.B.A, B.Com	B .S.C
Experience and Expertise	Mr. Sanjay Kumar Chaurasia holds Master in Business Administration and Bachelor of Commerce degree. He has 17 years experience in the field of Accounts, Indirect Tax and Marketing.	Mr. Krishna Kumar Gupta Graduate in Science form Calcutta University with robust understanding in the field of Administration and Human Resources Development (HRD) for over 40 years brings along vast experience in Human Relations.
Number of Meetings of the Board attended during the year	-	2 (Two)
List of Directorships of other Board	Nil	Nil
List of Membership/Chairmanship of Committees of other Board	Nil	Nil
Number of shares held by him in Kanco Enterprises Limited: Equity		
a) Own	Nil	Nil
b) Beneficial basis	Nil	Nil
Relationship with any Director(s) and KMPs of the Company	Nil	Nil

Registered Office:
Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata – 700017
CIN: L51909WB1991PLC053283
Telefax: (033) 22815217
Email: compliance@kanco.in
Website: www.kanco.in
Dated: 20th June, 2019

By Order of the Board
For: **Kanco Enterprises Limited**

Manisha Gupta
Company Secretary
Membership No. : ACS47310

Directors' Report

Dear Members,

The Directors of the Company present their 28th Annual Report and Company's Audited Financial Statement for the year ended 31st March, 2019.

FINANCIAL PERFORMANCE

Your Company's financial performance was as follows:

₹/Lakhs

Particulars	31st March 2019	31st March 2018
Profit before Interest, Depreciation, Exceptional Items and Tax	81.04	(102.40)
Less: Interest	237.12	-
Profit before Depreciation, Exceptional Items and Tax	(156.08)	(102.40)
Less: Depreciation	4.61	5.03
Profit before Exceptional Items and Tax	(160.69)	(107.43)
Exceptional Items	5342.80	-
Profit before Tax	5182.11	-
Less : Provision for Tax	-	-
Profit / (Loss) After taxation	5182.11	(107.43)
Balance Brought Forward from last Account	(11158.69)	(11051.26)
Balance Carried to Balance Sheet	(5976.58)	(11158.69)

Results of Operations and the State of the Company's Affairs

The Company was forced to suspend manufacturing operations from 30th September, 2015 in view of large scale resignations of staff and workmen at the Company's factory situated at "Kanco Overseas" Village: Walthera, Taluka: Dholka, Ahmedabad – 387810. Due to further deterioration in the industry scenario since then it has not been possible to revive operations.

The Company has reported a net profit of 5182.11 Lakhs. The profit is mostly on account of waiving off of outstanding amount in respect of loan taken from State Bank of India and IDBI Bank Limited as per One Time Settlement and reversal of interest provided on the same, which is notional in nature. This being non-recurring and onetime, has been disclosed as an Exceptional Item.

One Time Settlement with the secured lenders

The Company has paid the amounts due to State Bank of India and IDBI Bank limited as per the negotiated settlement.

In the best interest of the stakeholders, the Board of Directors of the Company, at their meeting held on 7th April, 2018 decided to sell / transfer / dispose of its textile unit either in whole or in part, comprising of all tangible assets, accessories or any item or parts directly or indirectly related with it in whole or in part pertaining to the said unit on an "as is where is" basis and the same was approved by the members of the Company at the extraordinary general meeting held on 16th May, 2018. The Company has started disposing off its plant & machinery. The net proceeds from the sale of the Textile Unit will be utilized to repay the unsecured lenders, from whom money was borrowed for making payment to the secured lenders.

Finance

During the year under review, the long term borrowings and short term borrowings of the Company stands at Rs.434.35 Lakhs and Rs.2336.88 Lakhs respectively as on 31st March 2019.

Dividend

The Directors of your Company do not recommend any dividend for the period under review.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form No. MGT-9 as required under Section 92 of the Companies Act, 2013 is annexed herewith marked as Annexure A to this report and is also available on the Company's website viz. www.kanco.in.

Directors' Report *(Contd.)*

Directors

During the year under review, the Board of Directors on recommendation of the Nomination and Remuneration Committee and approval of the members in the 27th Annual General Meeting appointed Ms. Zohra Tabassum (DIN: 08103558) as an Independent Director of the Company, to hold office for 5(five) consecutive years from the conclusion of 27th Annual General Meeting till the Annual General Meeting for the Financial Year ended 31st March, 2023, not liable to retire by rotation.

Further, the Board of Directors on recommendation of the Nomination and Remuneration Committee appointed Mr. Sanjay Kumar Chaurasia (DIN: 08453443) as an Additional Director with effect from 15th May, 2019. In terms of Section 161 of the Companies Act, 2013, Mr. Sanjay Kumar Chaurasia holds office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Mr. Sanjay Kumar Chaurasia's name for the office of Director. Accordingly, the Board recommends the resolution for appointment of Mr. Sanjay Kumar Chaurasia as a Non-Executive and Non-Independent Director of the Company, liable to retire by rotation for approval by the members of the Company. Brief profile of Mr. Sanjay Kumar Chaurasia has been given in the Notice convening the Annual General Meeting.

The Directors expressed their sorrow for the untimely death of Mr. Susanta Banerjee, Non-Executive and Non-Independent Director of the Company on 5th April, 2019. The Directors place on record their deep appreciation for his valuable guidance and assistance received during the tenure as a Director and Member of various committees of the Board of Directors of the Company.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, Mr. Krishna Kumar Gupta (DIN : 06657407) being eligible has offered himself for re-appointment as an Independent Director for the further period of 5 (five) years at the ensuing Annual General Meeting.

The Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The Directors of the Company have confirmed that they have complied with the Company's Code of Conduct.

In the opinion of the Board, the Independent Directors, fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and on the recommendation of the Nomination and Remuneration Committee of the Company a structured questionnaire was prepared after taking into consideration the various aspects of the Boards' functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

On the basis of the Policy for Performance evaluation of Independent Directors, Board, Committees and other Individual Directors, the evaluation of performance of various committees of the Board, Individual Directors and the Board as a whole were carried.

The Nomination and Remuneration Committee also reviewed its implementation of the said policy and its compliance. The Board of Directors expressed their satisfaction with the evaluation process.

Policy on Directors' Appointment, Remuneration etc

Pursuant to Section 178(3) of the Companies Act, 2013 Nomination and Remuneration Committee formulated the criteria for identification and selection of the suitable candidates for various positions in senior management and also candidates who are qualified to be appointed as Director on the Board of the Company. The Committee also recommended a policy relating to the remuneration for the directors, key managerial personnel and other senior management personnel and a process by which the performance of the directors could be evaluated and the details of this policy are given in the Corporate Governance Report. The policy can be viewed at <http://kanco.in/pdf/Nomiantion%20and%20Remuneration%20Policy.pdf>.

Directors' Report *(Contd.)*

Key Managerial Personnel

The following persons are the Key Managerial Personnel (KMP) of the Company in compliance with the provisions of Section 203 of the Companies Act, 2013:

- a) Mr. Umang Kanoria (DIN:00081108), Chairman and Managing Director
- b) Mrs. Manisha Gupta, Company Secretary (w.e.f 15th May, 2019)
- c) Mr. Murarilal Bishwanath Choudhary, Chief Financial Officer (w.e.f 12th November, 2018)

Number of Meetings of the Board

5(five) meetings of the Board of Directors were held during the year under review.

Audit Committee

The Audit Committee comprises of Independent Directors namely Ms. Zohra Tabassum (Chairperson) and Mr. Krishna Kumar Gupta and Mr. Sanjay Kumar Chaurasia, Additional Director. All the recommendations made by the Audit Committee were accepted by the Board.

Directors' Responsibility Statement

The Directors hereby confirms that

- a) in the preparation of the Annual Accounts for the year ended 31st March, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the loss of the Company for the year ended on that date;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they had not prepared the annual accounts on a going concern basis;
- e) they had laid down internal financial control to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Statutory Auditors

The term of Messrs. B. R. Shah & Associates, Chartered Accountants, (Registration No. 129053W), Statutory Auditors of the Company will end at the ensuing Annual General Meeting. The Board of Directors has proposed to appoint M/s Jain & Co in terms of the first proviso to Section 139(1) of the Companies Act, 2013 as the Statutory Auditors of the Company in place of the retiring Statutory Auditors at their meeting held on 20th June, 2019 for a period of 5(five) years from the conclusion of the 28th Annual General Meeting to the conclusion of the 33rd Annual General Meeting of the Company subject to the approval of the members at the 28th Annual General Meeting of the Company. The matter relating to appointment of M/s Jain & Co as the Statutory Auditors of the Company has been placed for the approval by members.

The Company has received the consent and certificate from M/s Jain & Co, Chartered Accountants to the effect that their appointment is within the limits prescribed under Section 141 of the Companies Act, 2013 read with rules and that they are not disqualified within the meaning of Section 141 of the Companies Act 2013.

They have also confirmed that they hold a valid peer review certificate as prescribed under regulation 33(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Statutory Auditors' Report

The Auditors' have qualified their Report and the explanation in this regard forms part of the Directors' Report. The Statement on Impact of Audit Qualification as stipulated in Regulation 33(3)(d) is annexed herewith marked as Annexure B to this report.

Directors' Report (Contd.)**Qualified Opinion**

- a. The Company has not made provision for interest for delay in payment to vendors during the previous period as per agreed terms with vendors. Also trade Payables are subject to confirmations. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

As per the understanding reached with vendors, the Company has decided not to provide any interest on delayed payment due to financial constraints and closure of operation and during the year 2015-16 no such bill for interest has been raised by the vendors. Further, no legal action has also been taken by the vendors for not providing interest on delayed payment.

- b. The Company has not provided interest on unsecured inter-corporate loan of Rs.9,67,22,766 from related party and unsecured loan of Rs. 1,50,00,000/- 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. 1,15,84,464/- (PY Rs. 1,23,57,927/-)

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.

- c. The company has not provided depreciation of Rs. 47,39,059/- on building and plant & equipment in absence of active use of premises at factory location.

As the said assets were not used by the company for the year, the company has not provided depreciation for the same.

Secretarial Auditor and Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Asit Kumar Labh, Practicing Company Secretary (C.P No.14664) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith marked as Annexure C to this report.

The Secretarial Auditor has submitted his report with observation, the explanation to which is as under:

- (a) The Company's operation has been shut down since 30.09.2015.

The Company was forced to suspend manufacturing operations from 30th September, 2015 in view of large scale resignations of staff and workmen at the Company's factory situated at "Kanco Overseas" Village: Walthera, Taluka: Dholka, Ahmedabad – 387810. Due to further deterioration in the industry scenario since then it has not been possible to revive operations.

- (b) The Company has taken approval from the shareholders at an Extra-ordinary General Meeting of the Company held on 16.05.2018 for sale or transfer or disposal of the Textile Unit of the Company situated at Kanco Overseas, Ahmedabad, Gujarat.

The Company has started disposing off its plant & machinery. The net proceeds from the sale of the Textile Unit will be utilized to repay the unsecured loan taken to make payment to secured lenders.

Cost Audit

Manufacturing activities of the Company are under suspension since 30th September, 2015. The Company has therefore neither appointed a Cost Auditor to audit the cost records nor maintained cost records during the year under review in accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

Secretarial Standards

The Company has adhered to applicable Secretarial Standards i.e. SS-1 and SS-2, relating to 'Meeting of the Board of Directors' and 'General Meetings'.

Particulars of Loans, Guarantees or Investments by Company

The Company has not made any investments. The Company has neither given any loan & guarantee nor provided any security during the year under review.

Directors' Report (Contd.)

Contracts and Arrangements with Related Parties

During the year under review, the Company has not entered into any material related party transactions with promoters, the directors, relatives or the management, etc. that may have a potential conflict with the interests of the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable to your Company. All Related Party Transactions are placed before the Audit Committee for approval.

The Company has formulated a policy on Related Party Transactions. The link of the policy is <http://kanco.in/pdf/annual%20report/Policy%20on%20Related%20Party%20Transactions.pdf>

Material Changes and commitments occurred between the end of the Financial Year under Review and the date of this report.

No material changes and commitments have occurred between the end of the financial year under review and the date of this report.

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

A statement pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed herewith marked as Annexure D to this report.

Management Discussion and Analysis

Management Discussion and Analysis Report for the period under review, as stipulated under Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith marked as Annexure E to this report.

Corporate Governance

The report on Corporate Governance in accordance with Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 approved by the Board together with a Certificate from Mr. Asit Kumar Labh, Practicing Company Secretary, regarding compliance with the conditions of Corporate Governance is annexed herewith marked as Annexure F to this report.

Risk Management

As per requirement of Section 134(3) (n) of the Companies Act, 2013 the Board of Directors in its meeting held on 9th May, 2014 has approved the Risk Management Policy. The Board envisaged the following elements of risks which may threaten the existence of the Company-

Market Related Risk

The price of raw material and finished goods of KEL are volatile in nature and goes through many ups and downs. KEL has decided that: -

- a) The inventory level of raw material i.e. cotton stock will always be maintained at a maximum level of three months and minimum level of ten days. The exception for keeping stock at minimum level of ten days is during month of October and November during which new cotton crop comes in.
- b) KEL cannot enter into more than three months forward sale without permission of Board of Directors.
- c) Board of Directors has to be intimated if finished goods inventory touches two month production figure.
- d) The senior management of KEL gathers information from research report conducted by various agencies, report published by Chambers/Association representing the Industry, Statistics published by Ministry of Textiles, Government Policies and regulations affecting the Industry to arrive at appropriate decision to mitigate the risks on account of volatility in prices of raw materials and finished goods.

Risk due to Fraud

KEL has installed adequate internal control measures to minimise the occurrence of fraud and internal audit is also conducted at regular intervals by an external agency.

Directors' Report (Contd.)

Risk of Doubtful and Bad Debt

The credit worthiness of sundry debtors is checked by the senior management to fix the credit period, if any to be given. The background check of new party is also carried out before deciding on the credit period.

Deposits

During the period under review, the Company has not accepted any deposits, within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

Material Orders Passed by the Regulators /Courts/ Tribunals

There are no significant and material orders passed by the regulators or courts or tribunals.

Internal Controls

The Company has an effective Internal Control system with reference to Financial Statements. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of the Internal Control System. The Company's Internal Control System is commensurate with its size, scale and complexities of its operations.

Vigil Mechanism

The Company has a Vigil Mechanism/Whistle Blower policy to report genuine concerns and grievances. Protected disclosures can be made by a whistle blower through an email or dedicated telephone line or a letter to the Chairman of the Audit Committee. The policy can be viewed at http://kanco.in/pdf/VIGIL%20MECHANISM_WHISTLE%20BLOWER.PDF

Stock Exchange

The Company's equity shares are listed at the Calcutta Stock Exchange Limited (Scrip Code-21381 & 10021381). Listing Fees for the financial year 2019-2020 has been paid.

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

The following is the summary of Sexual Harassment complaints received and disposed off during the year 2018-2019 by the respective Internal Complaints Committee:

No. of Complaints pending as on 1st April, 2018: Nil

No. of Complaints received: Nil

No. of Complaints Disposed off: Nil

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year April, 2018 to March 2019, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year April, 2018 to March 2019:

Sl. No	Name of Director / KMP and Designation	Remuneration of Director/ KMP for F.Y April 2018 to March 2019	%increase in Remuneration in the F.Y April 2018 to March 2019	Ratio of remuneration of each Director to median remuneration of employees
1.	Mr. Umang Kanoria, Managing Director	-	-	
2.	Mr. Susanta Banerjee, Non-Executive Director	0.50	Nil	0.37
3.	Mr. Krishna Kumar Gupta, Independent Director	0.20	(50.00)	0.15
4.	Ms. Zohra Tabassum Independent Director (w.e.f 7.04.2018)	0.40	Refer Note - a	0.30

Directors' Report (Contd.)

5.	Mr. S. V Tewary, Chief Financial Officer (up to 31.05.2018)	3.10	Refer Note - b	2.31
6.	Mr. Murarilal Bishwanath Choudhury, Chief Financial Officer (w.e.f 12.11.2018)	3.27	Refer Note - c	2.44
7.	Ms. Sohini Shukla Company Secretary (up to 16.11.2018)	0.76	Refer Note -d	0.56

- ii) the percentage increase in median remuneration of the employees of the Company 26.95% figure is not comparable in view of Majority of the employees having resigned from services of the company)
- iii) Number of permanent employees on the rolls of the Company - 5
- iv) Average percentile increase already made in the last financial year
- In the salaries of employees other than the managerial personnel- N.A
 - Percentile increase in the managerial remuneration- NIL
 - Justification for such increase in remuneration & exceptional circumstances for increase in the managerial remuneration – N.A.

There has been no increase in the salaries of employees during the year.

- v) It is hereby affirmed that the remuneration paid to the directors, key managerial personnel and other employees is as per the remuneration policy of the company.

Note –

- Ms.Zohra Tabassum was not employed in the previous period.
- Mr. S. V. Tewary served as C.F.O. till 31/05/2019 and therefore current year salary is not comparable with previous year figure.
- Mr. Murarilal Bishwanath Choudhury was appointed as C.F.O. w.e.f. 12/11/2018 and therefore salary for current year is not comparable with previous year figure.
- Ms. Sohini Shukla served as Company Secretary till 16/11/2018 and therefore current year salary is not comparable with previous year figure.

Particulars of Employees

The Company has no employee who were in receipt of more than ₹ 1.02 Crores per annum during the year ended 31st March, 2019 or of more than ₹ 8.50 Lakhs per month during any part thereof. The disclosures pertaining to remuneration and other particulars as prescribed under the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are annexed herewith marked as Annexure G to this report.

Acknowledgement

Your Directors place on record their appreciation for the cooperation and support extended by the Employees, Banks/ Financial Institutions and all other business partners.

For and on behalf of the Board of Directors

U. Kanoria

Chairman & Managing Director

DIN: 00081108

Place: Kolkata

Dated: 20th June, 2019

Directors' Report (Contd.)

Annexure A

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- (i) CIN: L51909WB1991PLC053283
- (ii) Registration Dates: 04.10.1991
- (iii) Name of the Company: Kanco Enterprises Limited
- (iv) Category / sub-category of the Company: Company limited by shares/
Non-Government Company
- (v) Address of the Registered office and Contact details: Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata - 700017
Telefax: 033-22815217
E-mail Id: compliance@kanco.in /contact@kanco.in
- (vi) Whether listed company : Yes
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: C.B. Management Services (P) Ltd.
P-22, Bondel Road, Kolkata - 700019
Phone: 033-40116700,22806692-94
Fax No.: 033-22870263
Email id: rta@cbmsl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:- Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name & Address of the Company	CIN	Holding / Subsidiary/ Associate	% of shares held*	Applicable Section
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NOT APPLICABLE

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 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
(a) Individual/ HUF	4008929	-	4008929	22.36	4008929	-	4008929	22.36	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	7191345	-	7191345	40.11	7191345	-	7191345	40.11	-
(e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Any Other (specify)	-	-	-	-	-	-	-	-	-
Sub-Total(A)(1)	11200274	-	11200274	62.47	11200274	-	11200274	62.47	-

Directors' Report (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(e) Any Other (specify)	-	-	-	-	-	-	-	-	-
Sub-Total(A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter Group (A)=(A) (1)+(A)(2)	11200274	-	11200274	62.47	11200274	-	11200274	62.47	-
B. Public Shareholding									
(1) Institutions									
(a) Mutual funds	52685	1498	54183	0.30	52685	1498	54183	0.30	-
(b) Banks/ FI	-	1300	1300	0.01	1040	260	1300	0.01	-
(c) Central Govt / State Govt(s)	-	14976	14976	0.08	-	14976	14976	0.08	-
(d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e) Insurance Companies	100450	-	100450	0.56	100450	-	100450	0.56	-
(f) FIs	-	-	-	-	-	-	-	-	-
(g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	153135	17774	170909	0.95	154175	16734	170909	0.95	-
(2) Non- Institutions									
(a) Bodies Corporate									
(i) Indian	2979590	14250	2993840	16.70	2970978	14250	2985228	16.65	(0.05)
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individualshareholders holding nominal share capital upto ₹1 lakh	1177036	984675	2161711	12.05	1194918	967955	2162873	12.06	0.01
(ii) Individualshareholders holding nominal share capital in excess of ₹.1 lakh	1396897	-	1396897	7.80	1404282	0	1404282	7.83	0.04
(c) Others (specify)									
NRIs/OCBs	1127	5616	6743	0.03	1192	5616	6808	0.04	0.00
Clearing Members	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	5554650	1004541	6559191	36.58	5571370	987821	6559191	36.58	0.00
Total Public Shareholding (B)=(B)(1)+(B)(2)	5707785	1022315	6730100	37.53	5725545	1004555	6730100	37.53	0.00
C. Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	16908059	1022315	17930374	100.00	16925819	1004555	17930374	100.00	0.00

Directors' Report (Contd.)

(ii) Shareholding of Promoters

Sl. No	Shareholders Name Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of 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	% Change in shareholding during the year
1	Umang Kanoria	4008929	22.36	-	4008929	22.36	-	-
2	Kanco Tea & Industries Limited	3314291	18.48	17.21	3314291	18.48	17.21	-
3	B.T. Investments Private Limited	1528150	8.52	8.52	1528150	08.52	8.52	-
4	Cosmos Resources Private Limited	1326429	7.40	4.39	1326429	07.40	4.39	-
5	E.T. Resources Private Limited	422895	2.36	-	422895	02.36	-	-
6	Nidhi Private Limited	385075	1.73	-	385075	02.15	-	-
7	Innova Properties Private Limited	120000	0.67	-	120000	00.67	-	-
8	Facitcon Investments Private Limited	94505	0.53	-	94505	00.53	-	-
TOTAL		11200274	62.47	30.12	11200274	62.47	30.12	

(iii) Change in Promoters' Shareholding (Please specify, if there is no change): No Change

Name of the Shareholder	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
At the beginning of the year	11200274	62.47	11200274	62.47
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	-	-	-	-
At the end of the year	-	-	11200274	62.47

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholder	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.	Southern Lease Finance Limited				
	At the beginning of the year	2500000	13.94	2500000	13.94
	Purchase/Sale	-	-	-	-
	At the end of the year			2500000	13.94
2.	Deepa Bagla				
	At the beginning of the year	319404	1.78	319404	1.78
	Purchase/Sale	-	-	-	-
	At the end of the year			319404	1.78
3.	Dheeraj Kumar Lohia				
	At the beginning of the year	261570	1.46	261570	1.46
	Purchase/Sale	-	-	-	-
	At the end of the year			261570	1.46
4.	Raj Kumar Lohia				
	At the beginning of the year	237087	1.32	237087	1.32
	Purchase/Sale	-	-	-	-
	At the end of the year			237087	1.32

Directors' Report (Contd.)

Sl. No.	Name of the Shareholder	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
5.	Credwyn Holdings India				
	At the beginning of the year	190711	1.06	190711	1.06
	Purchase/Sale	-	-	-	-
	At the end of the year			190711	1.06
6.	Ashwini Designers Pvt Ltd				
	At the beginning of the year	100714	0.56	100714	0.56
	Purchase/Sale	-	-	-	-
	At the end of the year			100714	0.56
7.	Esbee Fiscal Services Pvt Ltd				
	At the beginning of the year	60082	0.34	60082	0.34
	Purchase/Sale	-	-	-	-
	At the end of the year			60082	0.34
8.	Apurva Consultants Private Limited				
	At the beginning of the year	60000	0.33	60000	0.33
	Purchase/ Sale	-	-	-	-
	At the end of the year			60000	0.33
9.	Gagan Ashok kumar Khemka				
	At the beginning of the year	54965	0.31	54965	0.31
	Purchase/ Sale	-	-	-	-
	At the end of the year			54965	0.31
10.	Cahrudatta Dattaray Vibhute				
	At the beginning of the year	51899	0.29	51899	0.29
	Purchase/ Sale	-	-	-	-
	At the end of the year			51899	0.29

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Name of the Directors/ Key Managerial Personnel (KMP)	No. of Shares	% of total Shares of the Company	No. of Shares
	DIRECTORS				
1.	Susanta Banerjee				
	At the Beginning of the year	65	0.00	65	0.00
	Purchase/Sale	-	-	-	-
	At the end of the year			65	0.00
2.	Krishna Kumar Gupta				
	At the Beginning of the year	-	-	-	-
	Purchase/Sale	-	-	-	-
	At the end of the year			-	-
3.	Puja Borar (resigned w. e.f 6.2.2018)				
	At the Beginning of the year	-	-	-	-
	Purchase/Sale	-	-	-	-
	At the end of the year			-	-

Directors' Report (Contd.)

Sl. 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
	KEY MANAGERIAL PERSONNEL				
1.	Umang Kanoria				
	At the Beginning of the year	4008929	22.36	4008929	22.36
	Purchase/Sale	-	-	-	-
	At the end of the year			4008929	22.36
2.	Sushil Vishwakant Tewary				
	At the Beginning of the year	600	0.00	600	0.00
	Purchase/Sale	-	-	-	-
	At the end of the year			600	0.00
3.	Sohini Shukla (w.e.f 15.05.2017)				
	At the Beginning of the year	-	-	-	-
	Purchase/Sale	-	-	-	-
	At the end of the year			-	-
4.	Murarilal Bishwanath Choudhury (w.e.f 12.11.2018)				
	At the Beginning of the year	-	-	-	-
	Purchase/Sale	-	-	-	-
	At the end of the year			-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued.

(Amount in ₹)

	Secured Loans excluding deposits	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount		33,44,92,836	15,06,42,766	48,51,35,602
(ii) Interest due but not paid		39,99,40,638	86,02,780	40,85,43,418
Total (i+ii)		73,44,33,474	15,92,45,546	89,36,79,020
Change in Indebtedness during the financial year				
Addition-Principal Amount		0	15,21,80,000	15,21,80,000
Interest due but not paid		0	1,35,71,872	1,35,71,872
Reduction-Principal Amount		33,44,92,836	2,57,00,000	36,01,92,836
Interest		39,99,40,638	0	39,99,40,638
Net Change		(73,44,33,474)	14,00,51,872	(59,43,81,602)
Indebtedness at the end of the financial year				
(i) Principal Amount		0	27,71,22,766	27,71,22,766
(ii) Interest due but not paid		0	2,21,74,652	2,21,74,652
Total (i+ii)		0	29,92,97,418	29,92,97,418

Directors' Report (Contd.)**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director/ Whole time Director and/or Manager:**

(In ₹)

Sl. No.	Particulars of Remuneration	Name of Managing Director- Umang Kanoria Total Amount (₹)
1.	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	-
	Total (A)	-
	Ceiling as per the Act	60,00,000

B. Remuneration of other Directors:

(In ₹)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Zohra Tabassun (resigned w.e.f. 6.02.2018)	Krishna Kumar Gupta	
1.	Independent Directors			
	Fee for attending Board/ Committee meetings	40,000	20,000	60,000
	Commission	-	-	-
	Others (please specify)	-	-	-
	Total (1)	40,000	20,000	60,000
2.	Other Non-Executive Directors	Susanta Banerjee		
	Fee for attending Board/ Committee meetings	50,000		50,000
	Commission	-		-
	Others (please specify)	-		-
	Total (2)	50,000		50,000
	Total (B)= (1+2)			1,10,000
	Total Managerial Remuneration			1,10,000
	Overall Ceiling as per the Act			60,00,000

Directors' Report (Contd.)

C. Remuneration to Key Managerial Personnel other than WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total (In ₹)
		Company Secretary Sohini Shukla (upto 16.11.2018) (In ₹)	CFO Sushil V. Tewary (upto 31.05.2018) (In ₹)	CFO Murarilal Bishwanath Choudhury (w.e.f 12.11.2018) (In ₹)	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	75,533	2,52,960	2,47,275	5,75,768
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		50,003	8,340	58,343
	(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	75,533	3,02,963	2,55,615	6,34,111

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Place: Kolkata
Dated: 30th May, 2019

U. Kanoria
Chairman & Managing Director
DIN: 00081108

Directors' Report (Contd.)

Annexure B

Statement on Impact of Audit Qualifications for the year ended on 31st March, 2019

I	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/Total Income	1,91,04,914	1,91,04,914
	2.	Total Expenditure	3,51,73,790	5,14,97,313
	3.	Exceptional items	53,42,79,569	53,42,79,569
	4.	Net Profit/(Loss)	51,82,10,693	50,18,87,170
	4.	Earnings Per Share	28.90	27.99
	5.	Total Assets	14,06,13,100	12,96,81,644
	6.	Total Liabilities	34,53,14,811	38,61,00,208
	7.	Net Worth	(20,47,01,711)	(25,64,18,564)
	8.	Any other financial item(s)(as felt appropriate by the management)		

II Audit Qualification (each audit qualification separately):

1. a. **Details of Audit Qualification:** The company has not made provision for interest for delay in payment to vendors during the previous period as per agreed terms with vendors. Also trade Payables are subject to confirmations. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.
 - b. Type of Audit Qualification: Qualified Opinion
 - c. Frequency of qualification: Appeared earlier in Annual Report for the year ended 31st March, 2017 and 31st March, 2018
 - d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable
 - e. For Audit Qualification(s) where the impact is not quantified by the auditor:
 - (i) Management's estimation on the impact of audit qualification: Not Applicable
 - (ii) If management is unable to estimate the impact, reasons for the same: As per the understanding reached with vendors, the Company has decided not to provide any interest on delayed payment due to financial constraints and closure of operation and during the year 2015-16 no such bill for interest has been raised by the vendors. Further, no legal action has also been taken by the vendors for not providing interest on delayed payment.
 - (iii) Auditors' Comments on (i) or (ii) above: In absence of vendor confirmations available with the company, we are not able to check the correctness and completeness of the same, and hence impact of the same cannot be ascertained.
2. a. **Details of Audit Qualification:** not provided interest on unsecured inter-corporate loan of ₹ 9,67,22,766 from related party and unsecured loan of ₹ 1,50,00,000/- 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 ₹ 1,15,84,464/- (PY ₹ 1,23,57,927/-)
 - b. Type of Audit Qualification: Qualified Opinion
 - c. Frequency of qualification: Appeared earlier in Annual Report for the year ended 31st March, 2017 and 31st March, 2018
 - 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

Directors' Report (Contd.)

3. a. Details of Audit Qualification: The company has not provided depreciation of ₹ 47,39,059/- on building and plant & equipment 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 31st March, 2018
- 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

<u>Signatories:</u>	
•	CEO/ Managing Director – U. Kanoria
•	CFO – M. Choudhary
•	Audit Committee Chair person – Zohra Tabassum
•	Statutory Auditor For B R Shah & Associates Firm Registration No. 129053W, Chartered Accountants Deval R Desai Partner Membership No. 132426
Date: May 30, 2019	

Annexure C

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2019

[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,
Kanco Enterprises Limited
Jasmine Tower, 3rd Floor
31, Shakespeare Sarani
Kolkata - 700017

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kanco Enterprises Limited** having its Registered Office at Jasmine Tower, 31, Shakespeare Sarani, 3rd Floor, Kolkata – 700017, West Bengal (hereinafter called the Company). 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 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 31.03.2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

Maintenance of Secretarial Records is the responsibility of the management of the Company. My responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on these secretarial records as shown to me during the said audit and also based on the information furnished to me by the officers' and the agents of the Company during the said audit.

I have followed the audit practices and processes as were appropriate to the best of my understanding to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.

Directors' Report (Contd.)

I have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. I have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of respective committees of the Board, of the Board, of the members of the Company and of other authorities as per the provisions of various statutes as mentioned hereinafter. Wherever required I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of compliance procedures on test basis. My report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

I report that, I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2019 according to the provisions of (as amended) :

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;
- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) 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;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further report that, having regard to the compliance system prevailing in the Company, my examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to me by the Company and its management and to the best of my judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of my knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

During the period under review, provisions of the following regulations/guidelines/standards were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018;
- (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

I further report that :

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (b) 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.
- (c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

Directors' Report (Contd.)

(d) 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:

- (c) The Company's operation has been shut down since 30.09.2015.
- (d) The Company has taken approval from the shareholders at an Extra-ordinary General Meeting of the Company held on 16.05.2018 for sale or transfer or disposal of the Textile Unit of the Company situated at Kanco Overseas, Ahmedabad, Gujarat.
- (e) The Company has paid in full to the lender Banks viz. State Bank of India ("SBI") and IDBI Bank Limited ("IDBI") as per the terms of One Time Settlement Agreement entered into with them and both SBI & IDBI have issued No Dues Certificate dated 13th March, 2019 and 7th May, 2019 respectively signifying full and final settlement of the dues pertaining to them.

Place: Kolkata
Dated: 20.06.2019

(Asit Kumar Labh)
Practicing Company Secretary
ACS – 32891 / CP No.- 14664

Annexure D**A statement pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption, foreign exchange earning & outgoings****a. Conservation of energy-**

- (i) the steps taken for conservation of energy: -

The Company has suspended operations since September, 2015 and therefore no step for conservation of energy has been undertaken during the year.

- (ii) the steps taken by the company for utilising alternate sources of energy: - Nil

- (iii) the capital investment on energy conservation equipment: - Nil

b. Technology absorption-

- (i) the efforts made towards technology absorption - Not Applicable

- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution - Not Applicable

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable

- (iv) the expenditure incurred on Research and Development: - Nil

c. Foreign exchange earnings and Outgo

Particulars	₹ in Lakhs
1. Foreign Exchange earned in terms of Actual Inflows	Nil
2. Foreign Exchange Outgo	Nil

For and on behalf of the Board of Directors

Place: Kolkata
Dated: 20th June, 2019

U. Kanoria
Chairman & Managing Director
DIN: 00081108

Directors' Report (Contd.)

Annexure E

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) **Industry structure and developments:** The robust export demand for cotton yarn reported last year has been short lived. The mood of cautious optimism has turned pessimistic. In spite of addition in Spindle capacity, proportionate increase in production is not observed. At present Spinning mills are working at around 80% capacity utilization one of the lowest in last 3 decades.

b) **Opportunities & Threats:**

India is one of the largest producers of cotton and cotton yarn in the world. It has a very large spinning industry which is quite modern. The availability of cotton along with huge manufacturing capacity of all kinds of cotton yarn enable it to produce a large exportable surplus.

China used to be a major importer of Indian yarn, India is now facing a big threat from cotton yarn produced in Vietnam and Bangladesh.

MSP (minimum support price) of Indian cotton has been continuously rising. The yarn prices do not rise commensurately with cotton prices leading to pressure on margins for yarn manufacturers.

Slowdown in demand growth in domestic market and negative growth in value terms in export market is leading to low capacity utilization in spinning industry.

Low capacity utilization, high raw material prices continue to remain the major threats for the industry

c) **Segment analysis and review:**

Particulars	Units	April 2018 to March 2019	April 2017 to March 2018	% Change
Production of Cotton Yarn	Kgs	Nil	Nil	N.A.
Sale of Cotton Yarn	Kgs	Nil	Nil	N.A.
Average Realisation	₹/Kg.	N.A.	N.A.	N.A.
Average Cost of Cotton	₹/Ton	N.A.	N.A.	N.A.
Profit/(Loss)before Interest but after Depreciation	₹ in Lacs	5182.11	(107.43)	N.A.

d) **Outlook:** The outlook for cotton yarn spinning industry remains grim. Vietnam and Bangladesh have emerged as big competitors to Indian spinning industry due to low cost producer advantage. The Company had suspended operations in September 2015 and has decided to continue the same in view of overall negative outlook of the Textile Industry. The Company had reached an amicable settlement with Bankers and concluded the same. It does not intend to restart operations due to prevailing grim outlook.

e) **Risks & Concerns:** Under utilised excess capacity coupled with unbridled capacity creation purely for the sake of availing incentives is proving counterproductive. Addition of new capacity is rendering existing capacity redundant. Stagnant domestic consumption, negative export growth, high input costs and shortage of skilled workforce are common concerns.

f) **Internal control systems and their adequacy:** The Company has suspended operations since September 2015. The Company has adequate system of internal controls and necessary checks and balances are introduced/strengthened so as to ensure:-

- that its assets are safeguarded and protected against losses.
- that all transactions are authorised, recorded and reported properly.
- that accounting records are properly maintained and its financial statements are reliable.

The significant findings, if any, are placed before the Audit Committee of the Board and corrective measures are recommended for implementation. The Company appoints external firms of Auditors to conduct internal audit and their reports are reviewed by the management and Audit Committee.

g) **Discussion on financial performance with respect to operational performance:**

The Company did not have any operations during the year. The Profit after interest and depreciation was ₹ 5182.11 lacs as compared to loss of ₹ 107.43 lacs for the previous period.

Directors' Report (Contd.)

h) Information regarding Human Resources/Industrial Relations: Industrial relations at the Company remain cordial. Manpower employed with the Company as at 31st March, 2019 was 5 compared to 8 as on 31st March, 2018.

i) Details of Significant Changes in Key Financial Ratios

Sl.	Key Financial Ratios	2018-19	2017-18	Difference
1	Current Ratio	0.09	0.01	800%

The main difference is on account of fixed assets held for sale shown under Current Assets as compared to previous year.

Cautionary Statement

The statements in this report describing the company's policy, strategy, projections, estimation and expectations may appear forward looking statements within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events and the actual results could materially differ from those expressly mentioned in this Report or implied for various factors including those mentioned in the paragraph "Risks and Concerns" herein above and subsequent developments, information or events.

For and on behalf of the Board of Directors

U. Kanoria

Chairman & Managing Director

DIN: 00081108

Place: Kolkata

Dated: 20th June, 2019

Directors' Report (Contd.)

Annexure F

REPORT ON CORPORATE GOVERNANCE

1. Corporate Governance philosophy

The Company's corporate culture vests in the strictest standards of integrity and transparency by adhering to the policies laid down by the Board of Directors comprising of Industrialists and Professionals. The corporate governance is based on the two most important principles of team-work and professionalism where the Shareholders, Customers, Financial Institutions/Banks, Employees and other Stakeholders are the main constituents of the 'team'. The Company has adopted a Code of Conduct for the Independent Directors, Senior Management and other Employees of the Company and a Vigil Mechanism/Whistle Blower Policy is in place for the employees of the Company under the Chairmanship of the Audit Committee Chairman.

Kanco Enterprises Limited's business objective is to manufacture and market the products where quality deservingly receives all the attention on a consistent basis with the ultimate aim of bringing full satisfaction to all concerned.

2. Board of Directors

Composition, Attendance at the Board Meetings and the last Annual General Meeting ('AGM'), Outside Directorships and other Board Committees:

Name of Directors	Category of Director	Other Listed Entities where the person is director	Category of Directorship in the Listed Entities	No. of other directorships ^a	No. of other Board Committees ^b in which he /she is		Attendance at previous AGM on 19/9/2018	No. of Board Meetings attended
					Member	Chairman		
Mr. Umang Kanoria DIN:00081108	Promoter-Chairman and Managing Director	Stel Holdings Limited Saregama India Limited Kanco Tea & Industries Limited	Independent Non-Executive Director Independent Non-Executive Director Promoter-Chairman and Non-Executive Director	5	2	3	Present	5
Mr. Krishna Kumar Gupta DIN:06657407	Independent Non-Executive Director	--	--	--	--	--	Present	2
Ms. Zohra Tabassum ^c DIN:08103558	Independent Non-Executive Director	--	--	--	--	--	Present	4
Mr. Susanta Banerjee ^d DIN:01173116	Non-Executive Director	Orchid Securities Limited	Independent Non-Executive Director	1	1	--	Present	5
Mr. Sanjay Kumar Chaurasia ^e DIN:08453443	Additional Non-Executive Director	--	--	--	--	--	--	--

(a) Directorship excludes Private Companies, Foreign Companies and Section 8 Companies.

(b) Chairmanship/Membership of Audit Committee & Stakeholders Relationship Committee only.

(c) Ms. Zohra Tabassum was appointed Independent Category with effect from 7th April, 2018.

(d) Mr. Susanta Banerjee, Non-Executive Director passed away on 5th April, 2019, hence ceases to be a Director.

(e) Mr. Sanjay Kumar Chaurasia was appointed as Additional Non-Executive Director with effect from 15th May, 2019.

Directors' Report (Contd.)

Details of Directors appointed/reappointed are given in the notice to the Annual General Meeting.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in Regulation 26 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. Independent Directors do not serve in more than 7 listed companies.

None of the Directors in the Board are related.

The details of Familiarisation Programme imparted to Independent Directors can be viewed at [http://kanco.in/pdf/Disclosure%20pursuant%20to%20Regulation%2046%20of%20SEBI\(LODR\)Regulations,%202015-%20Familiarisation%20Programme.PDF](http://kanco.in/pdf/Disclosure%20pursuant%20to%20Regulation%2046%20of%20SEBI(LODR)Regulations,%202015-%20Familiarisation%20Programme.PDF)

Meetings of the Board

During the year 2018-2019, the Board of Directors met 5(five) times on the following dates: 7th April, 2018, 26th May, 2018, 14th August, 2018, 12th November, 2018 and 11th February, 2019.

Information about the Directors seeking reappointment

The Board of Directors on 15th May, 2019 have appointed Mr. Sanjay Kumar Chaurasia (DIN: 08453443) as Additional Non-Executive Director to hold office upto the date of the 28th Annual General Meeting (AGM). Subject to the approval of the Members at the ensuing Annual General Meeting, the Board has proposed to appoint Mr. Chaurasia as Non-Executive Director of the Company liable to retire by rotation.

The Board in its meeting held on 30th May, 2019 proposed the reappointment of Mr. Krishna Kumar Gutpa (DIN: 06657407) as an Independent Director for a further period of 5 years on the recommendation of Nomination and Remuneration Committee.

Brief resume of the Directors retiring or being reappointed has been provided in the Explanatory Statement and Annexure to the Notice of the 28th AGM of the Company.

Skills / Expertise / Competence of the Board of Directors

The following is the list of Skills / Expertise / Competence identified by the Board of Directors as required in the context of the Company's business:

- i) Possess positive attributes/qualities such as leadership, accumenship, experience in running industrial units and entrepreneurship.
- ii) Possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, corporate governance, technical operations, infrastructure or such other areas or disciplines which are relevant for the Company's business.

3. Audit Committee

Audit Committee of the Board of Directors consists of 3 (three) Directors namely, Ms. Zohra Tabassum, Non-Executive Independent Director, Mr. Krishna Kumar Gupta, Non-Executive Independent Director and Mr. Sanjay Kumar Chaurasia, Additional Non-Executive Director. All the members of the Audit Committee possess financial/accounting expertise/exposure. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 read with rules made thereunder and the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

The Audit Committee acts as a link between the Internal and Statutory Auditors and the Board of Directors. Ms. Zohra Tabassum, Non-Executive Independent Director is the Chairperson of the Audit Committee. The Company Secretary of the Company acts as the Secretary of the Committee.

Terms of Reference-

- oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

Directors' Report *(Contd.)*

- (b) changes, if any, in accounting policies and practices and reasons for the same;
- (c) major accounting entries involving estimates based on the exercise of judgment by management;
- (d) significant adjustments made in the financial statements arising out of audit findings;
- (e) compliance with listing and other legal requirements relating to financial statements;
- (f) disclosure of any related party transactions;
- (g) modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the listed entity with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the listed entity, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors of any significant findings and follow up there on;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- Reviewing the following information:
 - (1) management discussion and analysis of financial condition and results of operations;
 - (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
 - (4) internal audit reports relating to internal control weaknesses; and
 - (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

Directors' Report (Contd.)

(6) statement of deviations:

- (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Attendance at and dates of Audit Committee meetings held are as follows:

Name of Directors	Attendance at the Meeting				
	14.05.2018	26.05.2018	14.08.2018	12.11.2018	11.02.2019
Ms. Zohra Tabassum*	Present	Present	Present	Present	Present
Mr. Susanta Banerjee**	Present	Present	Present	Absent	Absent
Mr. Krishna Kumar Gupta	Present	Present	Present	Present	Present
Mr. Sanjay Kumar Chaurasia***					

* Ms. Zohra Tabassum was inducted as the Chairperson of the Audit Committee with effect from 7th April, 2018.

** Mr. Susanta Banerjee, Non-Executive Director passed away on 5th April, 2019, hence ceases to be a Director.

***Mr. Sanjay Kumar Chaurasia was inducted in the Audit Committee with effect from 15th May, 2019.

4. Nomination and Remuneration Committee

Nomination and Remuneration Committee of the Board of Directors consists of the Directors namely, Mr. Krishna Kumar Gupta, Non-Executive Independent Director, Ms. Zohra Tabassum, Non-Executive Independent Director and Mr. Sanjay Kumar Chaurasia, Additional Non-Executive Director. Mr. Krishna Kumar Gupta, Non-Executive Independent Director is the Chairman of the Nomination and Remuneration Committee. The Committee's constitution and terms of reference are in compliance with Section 178 of the Companies Act, 2013 read with rules made thereunder and Regulation 19 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Terms of Reference-

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the board all remuneration, in whatever form, payable to senior management

Attendance at and date of Nomination and Remuneration Committee meeting held is as follows:

Name of Directors	Attendance at the Meeting	
	14.05.2018	5.11.2018
Mr. Krishna Kumar Gupta	Present	Present
Mr. Susanta Banerjee*	Present	Present
Ms. Zohra Tabassum**	Present	Present
Mr. Sanjay Kumar Chaurasia***	--	--

* Ms. Zohra Tabassum was inducted in the Nomination and Remuneration Committee with effect from 7th April, 2018.

** Mr. Susanta Banerjee, Non-Executive Director passed away on 5th April, 2019, hence ceases to be a Director.

***Mr. Sanjay Kumar Chaurasia was inducted in the Nomination and Remuneration Committee with effect from 15th May, 2019.

Remuneration policy of the Company is based on the need to attract the best available talent and is in line with the Industry. The Company pays sitting fees at the rate of ₹ 10,000/- (Rupees Ten Thousand only) per meeting to the Non-

Directors' Report (Contd.)

Executive Directors for attending Meeting of the Board. No remuneration is paid to the Non-Executive Directors for attending Committee Meetings and any other Meetings.

Remuneration of Directors for the financial year ended 31st March, 2019 and their shareholding in the Company:

Name of Directors	Sitting Fees	Salaries and Perquisites	Total	Service Contract / Notice Period	No. of Shares held
Mr. Umang Kanoria	--	--	--	6 months	4008929
Mr. Krishna Kumar Gupta	20000	--	20000	--	--
Mr. Susanta Banerjee	50000	--	50000	--	65
Ms. Zohra Tabassum**	40000	--	40000	--	--
Mr. Sanjay Kumar Chaurasia***	--	--	--	--	--

* Ms. Zohra Tabassum was inducted in the Nomination and Remuneration Committee with effect from 7th April, 2018.

** Mr. Susanta Banerjee, Non-Executive Director passed away on 5th April, 2019, hence ceases to be a Director.

*** Mr. Sanjay Kumar Chaurasia was inducted in the Nomination and Remuneration Committee with effect from 15th May, 2019.

The Policy on Nomination, Remuneration and Performance Evaluation of Directors as framed by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company is as follows:

I. Criteria for selection of members on the board of directors and senior management

The Committee has adopted the following criteria for selection of members on the Board of the Company and also candidates eligible to be appointed in the senior management of the Company.

A) **Criteria for Selection of Directors**

Before making any recommendation to the Board for appointment of any director, the Committee shall ensure that the candidate:

- possess positive attributes/qualities such as leadership, accumenhip, and experience in running industrial units, entrepreneurship or such other attributes which in the opinion of the Committee the candidate possess, and are in the interest of the Company.
- is not disqualified under Sections 164 and 167 of the Companies Act, 2013
- complies with the conditions of being independent as stipulated under the Companies Act, 2013 and Listing Agreement entered into with Stock Exchanges in case of appointment as an independent director.
- possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, corporate governance, technical operations, infrastructure or such other areas or disciplines which are relevant for the Company's business.

B) **Criteria for selection of Senior Management Personnel**

The term Senior Management shall have the same meaning as provided under the explanation to Section 178 of the Companies Act, 2013. The Committee shall, before making any recommendation to the Board for appointment should ensure that the candidate has the following attributes:

- rich experience in any of the areas viz. banking, financial management, legal, sales, marketing, administration, corporate governance, technical operations, or such other areas or disciplines which in the opinion of the management and committee are relevant for the Company's business.
- possesses qualities that demonstrate leadership skills, decision making skills, effective communication, hard work, commitment and such other attributes which in the opinion of the Committee the candidate possess and are in the interest of the Company.

If the Committee after due deliberation finds that the candidate meets the above criteria for appointment (as director on the Board or in senior management), hen it shall make its recommendation to the Board.

Any amendment to the above criteria for directors and senior management shall be subject to the prior approval of the Committee and any such amendment shall be informed to the Board of Directors.

Directors' Report (Contd.)

II. Remuneration policy for directors, senior management and Key managerial Personnel

A) Remuneration of Managing Director, Whole Time Director and Manager:

The Committee while considering the remuneration of the Managing Director, the Whole Time Director and Manager (wherein there is no Managing Director), may take into consideration the performance, the experience of the person, his/her background, job-profile and suitability, his/her past remuneration, the comparative remuneration profile in the industry, size of the company, responsibilities shouldered by the Managing Director / Whole Time Director etc., provided that any remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Companies Act, 2013.

B) Remuneration of Non – Executive Director (NED)

- a) The remuneration to the NEDs may be restricted to the sitting fees being paid for attendance of the meeting of the Board of the Directors
- b) The Independent Directors of the Company shall be entitled to remuneration restricted to the sitting fees being paid for attendance of the meeting of the Board of the Directors provided that any sitting fees paid to the Independent Director shall not be less than the sitting fees paid to non-executive directors.
- c) Independent Directors shall not be eligible for stock options of the Company, if any.

C) Remuneration of Senior Management Personnel and KMPs

The Remuneration of the Senior Management Personnel and KMPs shall be in accordance with the policy of the Company which is applicable to the employees. The Committee may consider the remuneration of a Senior Management Personnel keeping in view of the achieving yearly targets, Performance of Business/Functions under his control, contribution for long term & strategic growth of the Company.

III. Evaluation of performance of Directors

A) Evaluation of the performance of Managing Director / Whole Time Director

The performance of the Managing Director/Whole Time Director of the Company may be carried out taking into consideration the performance of the Company vis-à-vis the budgets as well as performance of its competitors, emphasis on achieving top line and bottom line targets, influencing the executives to achieve specific and predetermined goals during the financial year, looking after the interest of Shareholders and ensuring sustained long-term goals.

B) Evaluation of the performance of Non-Executive Directors and Independent Directors (NEDs and IDs)

The Committee while evaluating the performance of the NEDs and IDs may take into consideration various factors as mentioned below:

- a) Attendance at Meetings – attendance at Board Meetings, AGMs, Committee Meetings
- b) Other Directorships held by the NED – in listed or unlisted companies
- c) Other companies in which NED is a Chairperson
- d) Participation at Board/Committee Meetings
- e) Input in strategy decisions
- f) Review of Financial Statements, risks and business performance
- g) Time devoted towards discussion with Management
- h) Review of Minutes – Board Minutes, Committee Meeting Minutes and AGM Minutes.

The policy can be viewed at <http://kanco.in/pdf/Nomiantion%20and%20Remuneration%20Policy.pdf>

5. Stakeholders Relationship Committee

Stakeholders Relationship Committee of the Board consists of the Directors Mr. Krishna Kumar Gupta, Non-Executive Independent Director, Mr. Sanjay Kumar Chaurasia, Additional Non-Executive Director and Mr. Umang Kanoria, Managing Director. Mr. Krishna Kumar Gupta, Non-Executive Independent Director is the Chairman of the Stakeholders Relationship Committee. The Committee's constitution and terms of reference are in compliance with Section 178 of the Companies Act, 2013 read with rules made thereunder and Regulation 20 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Directors' Report (Contd.)

Terms of Reference-

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

During the year 2018-2019, the Company has received NIL complaints from the Shareholders.

Attendance at and date of Stakeholders Relationship Committee meeting held is as follows:

Name of Directors	Attendance at the Meeting
	14.05.2018
Mr. Umang Kanoria	Present
Mr. Krishna Kumar Gupta	Present
Mr. Susanta Banerjee*	Present
Mr. Sanjay Kumar Chaurasia**	--

* Mr. Susanta Banerjee, Non-Executive Director passed away on 5th April, 2019, hence ceases to be a Director.

** Mr. Sanjay Kumar Chaurasia was inducted in the Stakeholders Relationship Committee with effect from 15th May, 2019.

6. Share Transfer Committee

Board of Directors has delegated power of approving transfer/transmission/ Remat/ Demat of shares, to a Share Transfer Committee. The Share Transfer Committee of the Board of Directors consists of the Directors namely, Mr. Umang Kanoria, Managing Director, Mr. Krishna Kumar Gupta, Non-Executive Independent Director and Mr. Sanjay Kumar Chaurasia, Additional Non-Executive Director (w.e.f 15th May, 2019). Mr. Umang Kanoria is the Chairman of the Share Transfer Committee.

During the year under review, the Committee met 18 (eighteen) times on 5th April, 2018, 14th May, 2018, 26th May, 2018, 13th July, 2018, 30th July, 2018, 14th August, 2018, 6th September, 2018, 25th September, 2018, 23rd October, 2018, 12th November, 2018, 29th November, 2018, 12th December, 2018, 24th December, 2018, 7th January, 2019, 30th January, 2019, 14th February, 2019, 6th March, 2019 and 30th March, 2019.

Attendances at the Share Transfer Committee meeting held are as follows:

Name of Directors	No. of Meetings Attended
Mr. Umang Kanoria	18
Mr. Krishna Kumar Gupta	18
Mr. Susanta Banerjee	16

Mrs. Manisha Gupta, Company Secretary is the Compliance Officer of the Company.

All valid requests for transfer and transmission of shares received during the financial year ended 31st March, 2019 have been acted upon by the Company and no such transfer or transmission is pending.

7. Finance and Investment Committee

The Board of Directors has delegated powers specified under Section 179(3)(d), Section 179(3)(e) and Section 179(3)(f) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 with regard to borrowing, investing the fund and granting loans or giving guarantee or providing security in respect of loans. The Committee comprises of the following Directors viz, Mr. Umang Kanoria, Mr. Krishna Kumar Gupta and Mr. Sanjay Kumar Chaurasia.

Directors' Report (Contd.)

8. General Body Meetings:

a) Location, Venue, Dates and time of last three Annual General Meetings(AGM) held:-

Year	Kind of Meeting	Venue	Date	Time	No. of special resolutions passed
April'17- March'18	27th Annual General Meeting	Bharatiya Bhasha Parishad, 36A Shakespeare Sarani, Fourth Floor, Kolkata-17	19th September, 2018	4:00 p.m.	Nil
April'16- March'17	26th Annual General Meeting	Shripati Singhanian Hall, Rotary Sadan, 94/2 Chowringhee Road, Kolkata-20	3rd August, 2017	4:00 p.m.	Nil
October' 14 – March' 16	25th Annual General Meeting	Bharatiya Bhasha Parishad, 36A Shakespeare Sarani, Kolkata-17	29th July, 2016	4:00 p.m.	Nil

b) An Extra-Ordinary General Meeting of the shareholders was held on 16th May, 2018 wherein special resolution was passed to sell/transfer/dispose of the Textile unit either in whole or in part, comprising of all tangible assets, accessories or any item or parts directly or indirectly related with it in whole or in part pertaining to the said unit, to such person, at such consideration and on such terms and conditions as may be deemed fit by the Board from time to time.

c) No Postal ballot was conducted during the Year. None of the resolutions proposed at the ensuing Annual General Meeting need to be passed by Postal Ballot.

9. Means of Communication

Half-yearly report to shareholders, Quarterly Results, Newspaper in which published, Website etc.

The Quarterly, Half-yearly and Annual Results are generally published by the Company in English (Financial Express/Business Standard) and Vernacular (Sukhabar/Arthik Lipi) dailies. Official news releases/ notices etc, the Quarterly and Annual Results as well as the Quarter end shareholding pattern are sent to the Calcutta Stock Exchange Limited, where shares of the Company are listed and the Bombay Stock Exchange Limited, where the shares of the Company are traded, immediately on approval from the Board of Directors and are also posted on the Company's web site i.e. www.kanco.in.

Annual Report containing Notice of the Annual General Meeting, Annual Audited Financial Statement, Directors' Report, Auditors' Report alongwith the disclosures and reports required to form part of the Annual Report is circulated to the Members and those entitled thereto. The Annual Report is displayed on the Company's Website www.kanco.in.

10. General Shareholder Information

Annual General Meeting	
Date and Time	13th August, 2019 at 4:00 p.m.
Venue	Bharatiya Bhasha Parishad, Fourth Floor, 36A Shakespeare Sarani, Kolkata-700017

Financial Year : 1st April, 2018 to 31st March, 2019
 Dates of Book Closure : 7th August, 2019 to 13th August, 2019
 (both days inclusive)

Listing on Stock Exchange and Stock Code

Equity Shares of the Company are listed at The Calcutta Stock Exchange Ltd
 7, Lyons Range,
 Kolkata – 700001
 (Scrip Codes 21381 & 10021381).

Listing Fees for the financial year 2019-2020 has been paid to The Calcutta Stock Exchange Ltd.

ISIN for Dematerialisation: INE 248D01011

Registrar and Transfer Agent ('RTA'): Share Transfer System

M/s C.B. Management Services (P) Limited, P-22 Bondel Road, Kolkata – 700019 is the RTA for both physical shares and electronic connectivity. Share transfers are generally affected within 15 days of lodgment in the normal course, if the documents are valid and complete in all respects.. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Regulations, a Practicing Company Secretary carries out audit of the System of Transfer and a certificate to that effect is issued.

However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities

Directors' Report (Contd.)

(except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialised form with the depositories. Shareholders are requested to take action to dematerialize the Equity Shares of the Company.

Categories of Shareholding as on 31st March, 2019

Category	Number of Shares held	% of Total Shares
Promoters including Persons deemed to be Acting in Concert	11200274	62.47
Mutual Funds/ UTI	54183	0.30
Financial Institutions/Banks	1300	0.01
State Government	14976	0.08
Others (including Corporate Bodies)	6659641	37.14
Total	17930374	100.00

* includes 5400636(30.12%) pledged shares

Dematerialisation of Shares and Liquidity:

As on 31st March, 2019, 16925819 Equity Shares of the Company of ₹ 10/ each, representing 94.40% of the total paid up Equity Capital of the Company stands dematerialised.

The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialise their shares with either of the Depositories.

Dematerialization of Shares – Process

Shareholders who continue to hold shares in physical form are requested to dematerialize their

Shares at the earliest and avail the benefits of dealing in shares in demat form. For convenience of shareholders, the process of getting the shares dematerialized is given hereunder:

- Demat account should be opened with a Depository Participant (DP).
- Shareholders should submit the Dematerialization Request Form (DRF) along with share certificates in original, to their DP.
- DP will process the DRF and will generate a Dematerialization Request Number (DRN).
- DP will submit the DRF and original share certificates to the Registrar and Transfer Agents (RTA).
- RTA will process the DRF and confirm or reject the request to DP/ depositories.
- Upon confirmation of request, the shareholder will get credit of the equivalent number of shares in his demat account maintained with the DP.

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: - Not Applicable.

Distribution of Shareholding as on 31st March, 2019

Category	Shares		Shareholders	
	Numbers	% to Shares	Number	% of Shareholders
1 to 500	1292461	7.21	16166	96.57
501 to 1000	202387	1.13	274	1.64
1001 to 2000	201704	1.12	139	0.83
2001 to 3000	105746	0.59	42	0.25
3001 to 4000	66637	0.37	19	0.11
4001 to 5000	75902	0.42	16	0.10
5001 to 10000	284576	1.59	37	0.22
10001 to 50000	665320	3.71	29	0.17
50001 to 100000	320386	1.79	5	0.03
100001 and above	14715255	82.07	14	0.08
Total	17930374	100.00	16741	100.00

Directors' Report (Contd.)**Plant Location: The Company's plant is located at:**

Kanco Overseas

Village: Walthera, Taluka: Dholka

Dist.: Ahmedabad, Gujarat

Telephone: (02714) 247 404/05

Address for correspondence:

Kanco Enterprises Limited

Jasmine Tower, 3rd Floor

31 Shakespeare Sarani,

Kolkata-700017

Telefax (033) 2281 5217

Email for investors: compliance@kanco.in

C.B. Management Services (P) Limited

P-22 Bondel Road, Kolkata – 700 019

Phone: 2280 6692/93/94

email: rta@cbmsl.com

11. Disclosures**a. Compliances with Governance Framework**

The Company is in compliance with all mandatory requirements under the Listing Regulations.

b. Related party transactions

There were no materially significant transactions with Related Parties during the financial year. Related party transactions have been disclosed under significant accounting policies and notes forming part of the Financial Statements in accordance with "IND AS". As required under Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company viz. www.kanco.in. The policy can be viewed at <http://kanco.in/pdf/annual%20report/Policy%20on%20Related%20Party%20Transactions.pdf>.

c. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during last three Financial Years.

The Company has complied with all requirements specified under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three Financial years.

d. Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website viz. www.kanco.in. The Vigil Mechanism/Whistle Blower policy can be viewed at http://kanco.in/pdf/VIGIL%20MECHANISM_WHISTLE%20BLOWER.PDF

e. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

f. Commodity price risk and Commodity hedging activities

The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/000000141 dated November 15, 2018.

g. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A). Not Applicable

Directors' Report (Contd.)

h. A certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

The Certificate of Company Secretary in practice is annexed herewith as a part of the report.

i. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year. Not Applicable

j. Total fees for all services paid by the listed entity to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

Details relating to fees paid to the Statutory Auditors are given in Note 18 to the Financial Statements.

k. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The details of number of complaints filed and disposed of during the year and pending as on March 31, 2019 is given in the Directors' report.

l. In compliance to Regulation 26(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the affirmation of compliance of Code of Conduct for the year 2018-2019 has been received from all the Board Members and Senior Management Personnel.

m. There are no pecuniary relationships or transactions with Non-Executive Independent Directors, other than those disclosed in this report.

n. Non-mandatory requirement

- The Company has not adopted the practice of sending out half-yearly declaration of financial performance to shareholders. Quarterly results as approved by the Board are disseminated to Stock Exchanges and updated on the website of the Company.

- In accordance with the provisions of Section 138 of the Companies Act, 2013, the Company has appointed an Internal Auditor who reports to the Audit Committee. Internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.

For and on behalf of the Board of Directors

U. Kanoria

Chairman & Managing Director

DIN: 00081108

Place: Kolkata

Dated: 20th June, 2019

Compliance with the Code of Conduct

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2019.

For and on behalf of the Board of Directors

Place: Kolkata
Dated: 20th June, 2019

U. Kanoria
Chairman & Managing Director
DIN: 00081108

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
Kanco Enterprises Limited
Jasmine Tower, 31, Shakespeare Sarani
3rd Floor, Kolkata - 700 017

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kanco Enterprises Limited having CIN: L51909WB1991PLC053283 and having registered office at Jasmine Tower, 31, Shakespeare Sarani, 3rd Floor, Kolkata – 700017, West Bengal (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Umang Kanoria	00081108	08.07.1997
2.	Krishna Kumar Gupta	06657407	13.08.2013
3.	Susanta Banerjee	01173116	26.06.2013
4.	Zohra Tabassum	08103558	07.04.2018

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

Kolkata, 20th June, 2019

(Asit Kumar Labh)
ACS - 32891 | C P No. 14664
Practicing Company Secretary

CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF KANCO ENTERPRISES LIMITED

To the Members of Kanco Enterprises Limited

I have examined the compliance of conditions of Corporate Governance by Kanco Enterprises Limited ("the Company") in terms of Regulation 15(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("Listing Regulations") for the year ended 31.03.2019.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

Place: Kolkata

Dated: 20th June, 2019

(Asit Kumar Labh)

Practicing Company Secretary

ACS – 32891 / CP No.- 14664

CEO/CFO Certification

We the undersigned in our respective capacities as Managing Director and Chief Financial Officer of Kanco Enterprises Limited ("the Company") to the best of our knowledge and belief certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief we state that:-
 - these statements do not contain any materially untrue statement or omit any material fact nor contain statements that might be misleading;
 - these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. We further state that 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.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
 - I. that there are no significant changes in internal control over reporting period during the year;
 - II significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - III. that there are no instances of significant fraud of which we have become aware.

Kolkata, 30th May, 2019

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

Murarilal Bishwanath Choudhury
C.F.O

Annexure G

Disclosures in Directors' Report pursuant to Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014

Sl. No.	Employee Name	Designation	Remuneration Received	Qualification	Total Experience	Date of Commencement of Employment	Age	Particulars of Previous Employment		% of Shareholding
								Organisation	Designation	
1	Sushil V Tewary (upto 31/05/2018)	C.O.O. & C.F.O.	310201	B.Com., LLB, C.A.	32	06.05.1997	59	Kilima Bottling Ltd. Tanzania	Chief Accountant	
2	Umang Kanoria	M.D.	0	B.Com (Hons.), ACMA, MBA	36	16.05.1998	59	Bengal Tea & Fabrics Ltd.	Jt. Managing Director	22.356
3	Madanlal Sharma	Manager Purchase	821614	B.A.	41	01.07.1978	63	-	-	-
4	Murarilal Choudhary As Manager Accounts till 11/11/2018 and as C.F.O. w.e.f. 12/11/2018	Manager Accounts	810251	B.COM.	41	15.06.1978	59	-	-	-
5	Jayanti Desai (upto 31/10/2018)	Driver #	105196	SSC	10	01.07.2009	44	-	-	-
6	Devabhai Bharwad	Watchman	195216	9th Standrad	25	02.08.1994	49	-	-	-
7	Jayanti Vaishnav	Peon	135148	9th Standrad	14	01.08.2005	41	-	-	-
8	Sohini Shukla (upto 16/11/2018)	Company Secretary \$	75333	B.Com (Hons.), ACS	2	15.05.2017	33	-	-	-

Notes:-

1. Nature of employment is Contractual in the case of Managing Director.
2. In respect of all the other employees, the nature of employment is non-contractual, terminable by notice on either side.
3. None of the employees mentioned above is relative of any Director of the Company.

Independent Auditors' Report

To the Members of Kanco Enterprises Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

Qualified Opinion

We have audited the accompanying Ind AS financial statements of Kanco Enterprises Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019 the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of the 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid 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 state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

- (a) *The Company has not made provision for interest for delay in payment to vendors during the previous periods as per agreed terms with vendors. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.*
- (b) *As referred in note no. 10 (1) (F), the company has not provided interest on unsecured inter-corporate loan of ₹ 9,67,22,766 from related party and unsecured loan of ₹ 1,50,00,000/- 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 ₹ 1,15,84,464/- (PY ₹ 1,23,57,927/-)*
- (c) *As referred in note no. 2, the company has not provided depreciation of ₹ 47,39,059 on building (PY ₹ 61,92,397/- on building and plant & equipment) in absence of active use of premises at factory.*

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.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 20 (13) in the financial statements which indicates that Company net worth as at March 31, 2019 has been completely eroded on account of accumulated losses of ₹ 59,76,58,388/-. Further due to operational difficulties and to curtail the loss, company has suspended its manufacturing operation from September 30, 2015. The financial statements as at 31-03-2016 and onwards have been therefore been prepared on non-going concern basis and assets are stated at lower of carrying value or net realisable value.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditors' Report (Contd.)

Sl. No.	Key audit matter	How our audit addressed the key audit matter
1.	<p>Treatment of Waiver of Loan Amount and Interest Accrued thereon in respect of loan taken for purchase of capital assets & working capital facility</p> <p>The company's proposal for One Time Settlement (OTS) with SBI & IDBI has been accepted for ₹ 23,75,00,000 vide letters dated February 23, 2018 and February 07, 2018 respectively. The Company after making OTS payments has passed the necessary accounting entries Refer Note 19 to the Ind AS financial statements</p>	<p>Principal Audit Procedures</p> <p>Our procedures included, but were not limited to the following:</p> <p>Obtained OTS and other related supporting documents. We have reviewed the nature of the amount of loans waived along with scrutiny of necessary documentation and obtained the managements' representation. The amount waived has been treated in the accounts in accordance with Ind AS 109.</p>
2.	<p>Transfer of Plant and Machinery</p> <p>The Board of directors of Kanco Enterprises Limited ('Company') at its meeting held on April 7, 2018 had approved sale/transfer of the Company's Spinning Machinery ('P&M') located at Walthera for consideration of ₹ 12.01 crores plus GST. Invoices for ₹ 4,15,32,914/- (exclusive of GST) were raised during FY 2018-19, which represents approx. 34.58% of the total transaction value. Accordingly, proportionate cost has been reduced from the value of Property, Plant & Equipment. The remaining 65.42% value of the Plant and Machinery has been shown under Other Current Assets as Asset held for Sale in accordance with Ind AS 105-"Non-current Assets Held for Sale and Discontinued Operations".</p> <p>Refer Note 8 to the Ind AS financial statements</p>	<p>Principal Audit Procedures</p> <p>Our procedures included, but were not limited to the following:</p> <p>Obtained and verified Sale Agreement along with Sale Invoices and other supporting documents. We have involved ourselves to review the Sale Invoices generated, calculation of proportionate cost of Plant and Machinery sold along with scrutiny of necessary documentation and obtained the managements' representation. The said amount has been treated in accordance with Ind AS 16 and Ind AS 105.</p>

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Responsibilities of Management and Those Charged with Governance for the Ind AS 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 including other comprehensive income, 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

Independent Auditors' Report (Contd.)

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

1. 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.
2. **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 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 Ind As 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, 2019 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 – Refer Note 20.1 to the 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 **B. R. Shah & Associates**
Chartered Accountants
Firm Registration Number: 129053W

Deval R Desai
Partner
Membership Number: 132426

Ahmedabad
May 30, 2019

Annexure A to the Independent Auditors' Report

Referred to in Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of Kanco Enterprises Limited on the financial statements as of and for the year ended March 31, 2019

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have not been physically verified by the management. In the absence of physical verification, we are not in a position to comment on the discrepancies, if any, between physical and book balances and the impact thereof.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the company.
- ii. Physical verification of inventory has been conducted by Management at reasonable intervals. In our opinion, the frequency of verification is reasonable. On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (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, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any deposits from the public.
- vi. Manufacturing activities of the Company are under suspension since 30th September, 2015. The Company has not maintained the cost records as prescribed under sub-section (1) of Section 148 of the Act.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including tax deducted at source, income tax, Goods and Service tax, and other statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, during the year the Company has no debentures and loan from financial institution or government. Till the previous year the company had made Principle Instalments Default of ₹ 33,44,92,836. However, the company has made payment as per negotiated Settlement approved by SBI and IDBI Banks.
- ix. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) any term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year nor have we been informed of any such case by the Management.
- xi. The company has not paid any managerial remuneration during the year.
- xii. The company is not a Nidhi Company. Accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. All transaction with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financials Statements as required by the applicable accounting standards.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. According to the information and explanations given to us and the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or any person connected to him.
- xvi. The company is not required to be registered under sections 45-IA of the Reserve Bank of India Act, 1934.

For **B. R. Shah & Associates**
Chartered Accountants
Firm Registration Number: 129053W

Deval R Desai
Partner

Membership Number: 132426

Ahmedabad
May 30, 2019

Annexure B to Independent Auditors' Report

Referred to in Annexure referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of Kanco Enterprises Limited on the financial statements as of and for the year ended March 31, 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Kanco Enterprises Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 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 qualified 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

Annexure A to Independent Auditors' Report

Referred to in Annexure referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of Kanco Enterprises Limited on the financial statements as of and for the year ended March 31, 2019

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.

Annexure B to Independent Auditors' Report *(Contd.)*

Qualified of Opinion

According to information and explanation given to us and based on our audit, the following material weakness have been identified as at 31 March 2019.

a) The Company has during the year not carried out physical verification of its fixed assets as defined in their internal control policy.

In our opinion, except for the effects of the material weakness describe above on the achievement of the objective of the control criteria, the Company has maintained, 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and this material weakness does not affect our opinion on the financial statements of the Company.

For **B. R. Shah & Associates**
Chartered Accountants
Firm Registration Number: 129053W

Deval R Desai
Partner
Membership Number: 132426

Ahmedabad
May 30, 2019

Balance Sheet as at March 31, 2019

(Amount in ₹)

Particulars	Note	As at March 31, 2019	As at March 31, 2018
A ASSETS			
1 Non-current assets			
a) Property, plant and equipment	2	11,23,51,703	15,82,72,035
b) Financial assets			
i) Other financial assets	3	4,17,568	4,29,568
c) Deferred tax assets (net)	4	-	-
d) Other non-current assets	5	18,25,194	86,27,016
Total non-current assets		11,45,94,465	16,73,28,619
2 Current assets			
a) Inventories	6	24,05,898	24,05,898
b) Financial assets			
i) Cash and cash equivalents	7	14,16,678	31,86,594
ii) Other financial assets	3	-	-
c) Other current assets	5	5,65,412	16,85,962
d) Assets classified as held for sale	8	2,16,30,647	-
Total current assets		2,60,18,635	72,78,454
Total assets		14,06,13,100	17,46,07,073
B EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	8	17,93,03,740	17,93,03,740
b) Other equity	9	(38,40,05,451)	(90,22,16,144)
Total equity		(20,47,01,711)	(72,29,12,404)
Liabilities			
1 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	10	4,34,34,766	4,34,34,766
Total non-current liabilities		4,34,34,766	4,34,34,766
2 Current liabilities			
a) Financial liabilities			
i) Borrowings	10	23,36,88,000	23,69,95,941
ii) Trade payables	13	-	5,52,625
iii) Other financial liabilities	11	4,16,00,664	61,50,10,708
b) Other current liabilities	14	2,62,02,967	9,15,329
c) Employee benefit obligations	12	3,88,414	6,10,108
Total current liabilities		30,18,80,045	85,40,84,711
Total liabilities		34,53,14,811	89,75,19,477
Total equity and liabilities		14,06,13,100	17,46,07,073

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **B. R. Shah & Associates**
 Firm Registration No: 129053W
 Chartered Accountants

Deval Desai
 Partner
 Membership No : 132426

U. Kanoria
 Managing Director
 (DIN: 00081108)

M. Choudhary
 Chief Financial Officer

M. Gupta
 Company Secretary
 Place: Kolkata
 Date: May 30, 2019

Place: Ahmedabad
 Date: May 30, 2019

Statement of Profit and Loss for the year ended March 31, 2019

(Amount in ₹)

Particulars	Note	2018-19	2017-18
Revenue			
Other income	15	1,91,04,914	15,27,520
Total Income		1,91,04,914	15,27,520
Expenses			
Employee benefit expense	16	51,60,451	84,90,975
Finance costs	17	2,37,12,309	–
Depreciation and amortisation expense	2	4,60,892	5,02,971
Other expenses	18	58,40,138	32,76,549
Total expenses		3,51,73,790	1,22,70,495
Profit before exceptional items and tax		(1,60,68,876)	(1,07,42,975)
Exceptional items	19	53,42,79,569	–
Profit before tax		51,82,10,693	(1,07,42,975)
Tax expense			
Current tax	20.4	–	–
Deferred tax	20.4	–	–
Total tax expense		–	–
Profit / (loss) for the year		51,82,10,693	(1,07,42,975)
Other comprehensive income			
A) Items that will not be reclassified to profit and loss		–	–
B) Items that will be reclassified to profit and loss		–	–
Total Other comprehensive income, net of tax		–	–
Total comprehensive income/loss		51,82,10,693	(1,07,42,975)
No. of Shares		1,79,30,374	1,79,30,374
Basic and diluted earning ₹ per Equity share of ₹ 10 each	20.10	28.90	(0.60)

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **B. R. Shah & Associates**
Firm Registration No: 129053W
Chartered Accountants

Deval Desai
Partner
Membership No : 132426

U. Kanoria
Managing Director
(DIN: 00081108)

M. Choudhary
Chief Financial Officer

M. Gupta
Company Secretary
Place: Kolkata
Date: May 30, 2019

Place: Ahmedabad
Date: May 30, 2019

Statement of Cash Flows for the year ended March 31, 2019

(Amount in ₹)

Particulars	2018-19	2017-18
A. Cash flow from operating activities		
Profit before tax	51,82,10,693	(1,07,42,975)
Adjustments for:		
Add: Depreciation and amortisation expenses	4,60,892	5,02,971
Finance costs	2,37,12,309	–
	2,41,73,201	5,02,971
	54,23,83,894	(1,02,40,004)
Less: Interest received	8,66,979	14,95,333
Liabilities / Provision no longer required	5,33,814	–
Secured Loan Payable written back (OTS)	13,43,38,931	–
Interest accrued and due written back (OTS)	39,99,40,638	–
Surplus on sales of property, plant and equipments	1,77,04,121	–
Operating profit before working capital changes	(1,10,00,589)	(1,17,35,337)
Adjustments for: Other current assets	11,20,550	1,89,044
Other non-current financial assets	12,000	–
Other non-current assets	68,01,822	1,01,11,660
Trade payables	(18,811)	(38,99,999)
Other current financial liabilities	1,76,63,617	33,180
Other current liabilities	21,75,322	1,07,818
Short-term Employee benefit obligations	(2,21,694)	73,927
	2,75,32,806	66,15,630
Cash generated from operations	1,65,32,217	(51,19,707)
Less: Direct taxes net of refund	–	(3,929)
Net cash flow from operating activities	1,65,32,217	(51,23,636)
B. Cash flow from investing activities		
Property, Plant and Equipment Sold	4,15,32,914	–
Capital Advance Received	2,31,12,316	–
Interest received	8,66,979	14,95,333
Net cash from / (used in) investing activities	B 6,55,12,209	14,95,333
C. Cash flow from financing activities		
Increase / (Repayment) in borrowings	(7,36,73,905)	27,88,000
Interest Paid	(1,01,40,437)	–
Net cash used in financing activities	C (8,38,14,342)	27,88,000
Net change in cash and cash equivalents	A+B+C (17,69,916)	(8,40,303)
Opening balance - cash and cash equivalents	31,86,594	40,26,897
Closing balance - cash and cash equivalents	14,16,678	31,86,594

The accompanying notes form an integral part of the Financial Statements.

1. The above Cash Flow statement has been prepared under the 'Indirect Method' as set out in the IND AS 7 on statement of Cash Flow as notified under companies (Accounts) Rules, 2015.

As per our attached report of even date

For and on behalf of the Board of Directors

For **B. R. Shah & Associates**
Firm Registration No: 129053W
Chartered Accountants

Deval Desai
Partner
Membership No : 132426

U. Kanoria
Managing Director
(DIN: 00081108)

M. Choudhary
Chief Financial Officer

M. Gupta
Company Secretary
Place: Kolkata
Date: May 30, 2019

Place: Ahmedabad
Date: May 30, 2019

Statement of changes in Equity for the year ended March 31, 2019

A. Equity share capital

(Amount in ₹)

	Notes	Amount
As at April 01, 2017		17,93,03,740
Changes in Equity share capital		-
As at March 31, 2018		17,93,03,740
Changes in Equity share capital		-
As at March 31, 2019	8	17,93,03,740

B. Other equity

(Amount in ₹)

Particulars	Notes	Reserves and surplus				Total Other Equity
		Securities Premium Account	General Reserves	Capital Reserves	Retained earnings	
As at April 01, 2017		2,50,00,000	18,61,52,937	25,00,000	(1,10,51,26,106)	(89,14,73,169)
Profit for the year					(1,07,42,975)	(1,07,42,975)
Total comprehensive income for the year		-	-		(1,07,42,975)	(1,07,42,975)
As at March 31, 2018		2,50,00,000	18,61,52,937	25,00,000	(1,11,58,69,081)	(90,22,16,144)
Profit for the year					51,82,10,693	51,82,10,693
Total comprehensive income for the year		-	-		51,82,10,693	51,82,10,693
As at March 31, 2019		2,50,00,000	18,61,52,937	25,00,000	(59,76,58,388)	(38,40,05,451)

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **B. R. Shah & Associates**
Firm Registration No: 129053W
Chartered Accountants

Deval Desai
Partner
Membership No : 132426

U. Kanoria
Managing Director
(DIN: 00081108)

M. Choudhary
Chief Financial Officer

M. Gupta
Company Secretary

Place: Ahmedabad
Date: May 30, 2019

Place: Kolkata
Date: May 30, 2019

Notes to the Financial Statements

Background

Kanco Enterprises Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at Jasmine Tower, 3rd Floor 31, Shakespear Sarani Kolkata-700017, India. The company engaged in manufacturing of textile products in India. The company suspended its operations in September 2015 to contain losses due to un-favourable market conditions. 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 have been therefore prepared on non going concern basis.

Note 1 Significant Accounting Policies

1. Basis of preparation:

The Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Financial Statements have been prepared on a historical cost basis, except financial assets.

The financials statements have been prepared on non-going concern basis and assets are stated at lower of carrying value or net realisable value. No material adjustment arose as a result of ceasing to apply the going concern basis.

All the assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2 Fixed Assets:

Tangible Assets:

Fixed assets are carried at cost of acquisition construction including incidental expenses directly attributable to the acquisition construction activity, as the case may be, less accumulated depreciation, amortisation and impairment as necessary as per "Cost Model".

3 Depreciation :

Depreciation:

- (a) Depreciation is being provided on a pro-rata basis on the 'Straight Line Method' over the estimated useful lives of the assets.
- (b) Depreciation is being calculated on a pro-rata basis from the date of acquisition installation till the date the assets are sold or disposed of.
- (c) useful lives of the assets as prescribed under part C of Schedule II to the Companies Act, 2013 are applied except plant and equipment, for which the management has estimated 10 years useful life of assets based on technical assessment.
- (d) The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

4 Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal external factors. Considering the discontinued operation, an impairment loss on such assessment will be recognised wherever the carrying amount of an asset exceeds its fair value less costs to sell.

5 Borrowing Costs:

Borrowing costs in relation to acquisition and construction of qualifying assets are capitalised as part of cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as expense in the year in which these are incurred.

Notes to the Financial Statements (Contd.)

6 Inventories:

- a) Raw materials, packing materials, work-in-progress, finished goods, fuel, stores and spares are valued at cost or net realisable value whichever is lower. Cost is arrived at on First in First Out (FIFO) basis.
- b) Goods-in-transit are stated at the cost to the date of Balance Sheet.
- c) Scrap materials are valued at net realisable value.
- d) 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition.
- e) Due allowances are made for obsolete inventory based on technical estimates made by the Company.

7 Foreign Currency Transactions:

- a) Initial recognition:
Transactions denominated in foreign currencies are recorded at the rate prevailing on the date of the transaction.
- b) Conversion:
At the year end, monetary items denominated in foreign currencies remaining unsettled are converted into Indian rupee equivalents at the year end exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- c) Exchange differences:
All exchange differences arising on settlement and conversion of foreign currency transactions are included in the Statement of Profit and Loss.

8 Revenue Recognition:

Revenue from sales is recognised when all significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

- a) Sale of Goods and Services:
 - i) Domestic sales are accounted for on dispatch from the point of sale except in case of consignment sales in which revenue is recognised when the goods are sold to a third party.
 - ii) Export sales are accounted on the basis of dates of on board Bill of Lading and or Air Way Bill.
 - iii) Service income is recognised, when the related services are rendered.
- b) Other Revenues:
 - i) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

9 Employee benefits:

a) Defined contribution plan:

Contribution paid/payable by the Company during the period to Provident Fund, Superannuation Fund, Employees' State Insurance Corporation, National Pension Scheme, EDLI and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

Provident Fund

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the Financial Statements (Contd.)

b) Defined benefit plan:

Gratuity:

Gratuity liability is a defined benefit obligation and is computed on the actual basis at the end of each financial year. Any shortfall in the value of assets over the defined benefit obligation is recognised as a liability with a corresponding charge to the Statement of Profit and Loss.

Short-term leave encashment:

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur. The Company has unfunded Defined Benefit Plans in the form of Compensated Absences, as per Company Policy.

10 Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provision is not discounted to its present value and is determined based on the best estimate required to settle an obligation at the year end. These are reviewed every year end and adjusted to reflect the best current estimate. Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

11 Taxation:

- a) Income tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.
- b) Deferred tax asset and deferred tax liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets on account of timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. Deferred tax assets are reviewed at each Balance Sheet date to reassure realisation.

12 Critical estimates and judgments:

The preparation of Financial Statements requires the use of accounting estimates which, by definition, will seldom equal

The areas involving critical estimates or judgments are:

- Estimation of current tax expense and payable – Note 20.4
- Estimated useful life of Plant & equipment – Note 2
- Estimation of defined benefit obligation – Note 12
- Recognition of deferred tax assets – Note 4

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the Financial Statements (Contd.)

2 Property, Plant and Equipment												Amount in ₹	
Particulars	Gross Block				Depreciation				Net Block As At		March 31, 2018	March 31, 2019	
	As at April 1, 2018	Additions during the year	Disposal	As at March 31, 2019	As at April 1, 2018	For the year	On disposals	Asstes Classified as held for sale	As at March 31, 2019	March 31, 2019			
Land	40,76,694	-	-	40,76,694	-	-	-	-	-	40,76,694	40,76,694		
Buildings	11,23,68,886	-	-	11,23,68,886	49,62,213	1,11,577	-	-	50,73,790	10,72,95,096	10,74,06,673		
Plant and Equipment	6,65,49,270	-	3,23,59,269	3,41,90,001	2,11,12,523	-	85,53,169	1,25,59,354	-	-	4,54,36,747		
Furniture and Fixtures	2,37,268	-	-	2,37,268	1,90,550	11,203	-	-	2,01,753	35,515	46,718		
Vehicles	16,95,585	-	22,694	16,72,892	6,36,924	2,66,470	-	-	9,03,394	7,69,498	10,58,661		
Office equipment	4,97,590	-	-	4,97,590	2,51,048	71,642	-	-	3,22,690	1,74,900	2,46,542		
Current Year	18,54,25,293	-	3,23,81,962	11,88,53,330	2,71,53,258	4,60,892	85,53,169	1,25,59,354	65,01,627	11,23,51,703	15,82,72,035		
Previous year	18,54,25,293	-	-	18,54,25,293	2,66,50,287	5,02,971	-	-	2,71,53,258	15,82,72,035	15,87,75,006		
Particulars	Gross Block				Depreciation				Net Block As At		March 31, 2017	March 31, 2018	
	As at April 1, 2017	Additions during the year	Disposal	As at March 31, 2018	As at April 1, 2017	For the year	On disposals	Asstes Classified as held for sale	As at March 31, 2018	March 31, 2018			
Land	40,76,694	-	-	40,76,694	-	-	-	-	-	40,76,694	40,76,694		
Buildings	11,23,68,886	-	-	11,23,68,886	48,50,636	1,11,577	-	-	49,62,213	10,74,06,673	10,75,18,250		
Plant and Equipment	6,65,49,270	-	-	6,65,49,270	2,11,12,523	-	-	-	2,11,12,523	4,54,36,747	4,54,36,747		
Furniture and Fixtures	2,37,268	-	-	2,37,268	1,57,141	33,409	-	-	1,90,550	46,718	80,127		
Vehicles	16,95,585	-	-	16,95,585	3,61,902	2,75,022	-	-	6,36,924	10,58,661	13,33,683		
Office equipment	4,97,590	-	-	4,97,590	1,68,085	82,963	-	-	2,51,048	2,46,542	3,29,505		
Current Year	18,54,25,293	-	-	18,54,25,293	2,66,50,287	5,02,971	-	-	2,71,53,258	15,82,72,035	15,87,75,006		
Previous year	1,00,41,58,076	-	5,51,075	1,00,36,07,001	81,86,11,817	2,66,81,753	4,61,575	-	84,48,31,995	15,87,75,006	18,55,46,259		

Note: The Company has not provided depreciation on Building, Plant & Equipments for the year ended March 31, 2019 and March 31, 2018 in absence of active use of the same.

Notes to the Financial Statements (Contd.)

Amount in ₹

	As at March 31, 2019		As at March 31, 2018	
	Current	Non current	Current	Non current
Note 3 Other financial assets				
a) Security deposits		4,17,568		4,29,568
	-	4,17,568	-	4,29,568

	As at March 31, 2019		As at March 31, 2018	
	Note 4 Deferred tax assets (net)			
Deferred tax assets Related to Fixed Assets				
(a) Property, plant and equipment		1,33,677		10,30,87,573
		1,33,677		10,30,87,573
Deferred tax liability:				
on account of timing difference in				
(a) Provision for Bonus		32,690		53,171
(b) Provision for Leave Encashment		1,00,988		49,687
(c) Interest on Term Loan		-		10,29,84,714
		1,33,677		10,30,87,573
Total Deferred tax assets (net)		-		-

In absence of reasonable certainty, the company has recognised deferred tax assets only to the extent of deferred tax liability.

	As at March 31, 2019		As at March 31, 2018	
	Current	Non current	Current	Non current
Note 5 Other assets				
a) Balances with the Government department				
i) Tax paid in advance, net of provisions	-	13,85,398	-	13,85,398
ii) Balances with the statutory authorities	-	4,39,796	10,83,988	69,98,858
b) Advances				
i) Related parties	-	-	-	-
ii) Others	5,65,412	-	5,78,974	-
c) Others	-	-	23,000	2,42,760
	5,65,412	18,25,194	16,85,962	86,27,016

	As at March 31, 2019		As at March 31, 2018	
	Note 6 Inventories			
a) Stores and spares ⁽¹⁾		24,05,898		24,05,898
		24,05,898		24,05,898

(1) Valued at cost or net realizable value whichever is lower

	As at March 31, 2019		As at March 31, 2018	
	Note 7 Cash and cash equivalents			
a) Balances with banks				
i) In current accounts		12,70,711		31,19,923
b) Cash on Hand		1,45,967		66,671
		14,16,678		31,86,594

Notes to the Financial Statements (Contd.)

Amount in ₹

There are no repatriations restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.

	As at March 31, 2019	As at March 31, 2018
Note 8 Assets classified as held for sale		
a) Plant & Machinery ⁽¹⁾	2,16,30,647	-
	2,16,30,647	-

In April 2018, the director of the company decided to sell plant & machineries. The company has started selling its plant and machineries and expected to be completed before the end of March 31, 2020. Plant & Machinery classified as held for sale during the reporting period measured at the lower its carrying amount and fair value less cost to sell at the time of reclassifications.

	As at March 31, 2019	As at March 31, 2018
Note 8 Equity share capital		
Authorised		
1,85,00,000 (1,85,00,000) Equity shares of ₹ 10 each	18,50,00,000	18,50,00,000
	18,50,00,000	18,50,00,000
Issued		
1,79,30,374 (1,79,30,374) Equity shares of ₹ 10 each	17,93,03,740	17,93,03,740
	17,93,03,740	17,93,03,740
Subscribed		
1,79,30,374 (1,79,30,374) Equity shares of ₹ 10 each, fully paid	17,93,03,740	17,93,03,740
	17,93,03,740	17,93,03,740

a) Movement in Equity share capital

	Number of shares	Equity share capital
As at March 31, 2017	1,79,30,374	17,93,03,740
As at March 31, 2018	1,79,30,374	17,93,03,740
As at March 31, 2019	1,79,30,374	17,93,03,740

b) Terms and rights attached to equity shares

The Company has one class of shares referred to as Equity shares having a par value of ₹ 10. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Details of Shareholders holding more than 5% of Equity shares:

No	Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
		Holding %	Number of shares	Holding %	Number of shares
1	Umang Kanoria	22.36%	40,08,929	22.36%	40,08,929
2	Kanco Tea & Industries Limited	18.48%	33,14,291	18.48%	33,14,291
3	B.T Investments Pvt Ltd	8.52%	15,28,150	8.52%	15,28,150
4	Cosmos Resources Pvt Ltd	7.40%	13,26,429	7.40%	13,26,429
5	Southern Lease Finance Ltd	13.94%	25,00,000	13.94%	25,00,000

Notes to the Financial Statements (Contd.)

Amount in ₹

(ii) Terms of Re-payment of Loan

Particulars	Repayment Terms	Original Loan
I.D.B.I. Rupee Term Loan	32 Quarterly Installment of varying amount starting from October, 2007 interest rate 10.25%	15,00,00,000
I.D.B.I. Rupee Term Loan (WCTL)	18 Monthly Installment of varying amount starting from ,April 2010 interest rate 15.25%	3,00,00,000
S.B.I. Rupee Term Loan	32 Quarterly Installment of varying amount starting from December, 2007 interest rate 15.25%	11,58,00,000
S.B.I. Corporate Loan	10 Quarterly Installment of equal amount starting from December, 2010 interest rate 15.75%	3,00,00,000
S.B.I. Rupee Term Loan (F.I.T.L.)	24 Quarterly Installment of varying amount starting from June, 2010 interest rate 12.75%	4,70,00,000
I.D.B.I. Line of Credit	6 Monthly Installment of equal amount starting from April, 2011 Interest rate 15.25%	
State Bank of India	Repayable on demand	
S.B.I. (Export Packing Credit)	Repayable on demand	

(iii) The company's proposal for One Time Settlement (OTS) with SBI & IDBI has been accepted for ₹ 23,75,00,000 by them vide letter dated February 23, 2018 and February 07, 2018 respectively. The company has made payments as per negotiated settlement with the bankers during the year and no due certificate received.

	As at March 31, 2019		As at March 31, 2018	
	Current	Non current	Current	Non current
Note 11 Other financial liabilities				
a) Current maturities of long-term debt (refer Note 10)	-	-	20,47,04,895	-
b) Security deposits	1,80,00,000	-	-	-
c) Interest accrued and due on borrowing	2,21,74,652	-	40,85,43,418	-
d) Accrued compensation to employees	4,55,444	-	6,76,164	-
e) Others	9,70,568	-	10,86,231	-
	4,16,00,664	-	61,50,10,708	-

Others financials liability includes ₹ 25,000 (PY: ₹ 25,000) payable to director.

	As at March 31, 2019		As at March 31, 2018	
	Current	Non current	Current	Non current
Note 12 Employee benefit obligations				
a) Provision for leave entitlement	3,88,414	-	6,10,108	-
b) Provision for Gratuity (refer note 20.5)	-	-	-	-
	3,88,414	-	6,10,108	-

	As at	As at
	March 31, 2019	March 31, 2018
Note 13 Trade payables		
a) Related party (refer note 20.3)	-	-
b) Others (refer note 20.11)	-	5,52,625
	-	5,52,625

Notes to the Financial Statements (Contd.)

Amount in ₹

	As at March 31, 2019		As at March 31, 2018	
	Current	Non current	Current	Non current
Note 14 Other current liabilities				
a) Statutory dues	30,90,651	–	6,15,385	–
b) Advances received from customers	–	–	2,99,944	–
c) Advance Received from Fixed Assets Buyer	2,31,12,316	–	–	–
	2,62,02,967	–	9,15,329	–

	2018-19	2017-18
Note 15 Other income		
Interest Income	8,66,979	14,95,333
Liabilities / Provision no longer required	5,33,814	–
Other non-operating income	–	32,187
Surplus on sale of Property, Plant and Equipment	1,77,04,121	–
	1,91,04,914	15,27,520

	2018-19	2017-18
Note 16 Employee benefit expense		
Salaries wages and bonus	45,51,280	70,48,626
Contributions to Provident and other funds	3,70,415	9,90,713
Staff welfare expenses	2,38,756	4,51,636
	51,60,451	84,90,975

	2018-19	2017-18
Note 17 Finance costs		
Interest expense	2,37,12,309	–
	2,37,12,309	–

	2018-19	2017-18
Note 18 Other expenses		
Power and Fuel	5,08,225	4,36,445
Repairs to buildings	71,731	46,727
Repairs to others	52,247	56,858
Rates and Taxes	2,60,357	2,78,390
Legal and professional fees	19,00,486	2,49,951
Travelling and conveyance	1,26,721	1,00,200
Vehicle Expenses	5,39,501	4,48,651
Director's Sitting Fees	1,10,000	1,20,000
Payment to Auditors	1,10,000	1,31,992
a) Audit fees	95,000	95,000
b) Other matters	15,000	17,100
c) Service tax / GST	–	19,892
Miscellaneous Expenses	18,92,548	14,07,335
	58,40,138	32,76,549

Notes to the Financial Statements (Contd.)

Amount in ₹

	2018-19	2017-18
Note 19 Exceptional Items		
Secured Loan Payable written back (OTS)	13,43,38,931	–
Interest accrued and due written back (OTS)	39,99,40,638	–
	53,42,79,569	–

Note 20.1 Contingent liabilities**a) Claims against the Company not acknowledged as debts in respects of Labour matter**

The disputed demands for other matters amounts as of the reporting period ends are respectively as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Claims against the Company not acknowledged as debts in respects of:		
i) Labour matter Note: Future cash outflows above are determinable on receipt of judgements decisions pending with authority	4,75,843	4,75,843
ii) Losses on account of foreign exchange difference, excluding interest, if any, on unilateral cancellation of Forward Contract by State Bank of India without authorisation form the Company for which the Company has filed a suit in the Hon'ble High Court at Calcutta and subsequent transferred to the Hon'ble City Civil Court at Ahmedabad against the Bank .	–	11,78,81,338

Note 20.2 Commitments**a) Capital commitments**

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances): Property, plant and equipment	–	–

Note 20.3 (A) Related Party information

Name of the Related Party and nature of relationship

No.	Name of the Related Party	Description of relationship
01	Mr. Umang Kanoria	Key Management Personnel and their relatives
02	Mrs. Anuradha Kanoria	
03	Ms. Stuti Kanoria	
04	Mr. Satvik Kanoria	
01	B.T.Investments Pvt. Ltd	Enterprises over which the key management personnel and/or their relatives have significant influence
02	Cosmos Resources Pvt. Ltd	
03	Kanco Tea & Industries Limited	
04	E.T.Resources Pvt. Ltd	
05	Facitcon Investments Pvt. Ltd.	
06	Innova Properties Pvt. Ltd.	
07	Milan Agencies Pvt. Ltd.	

Notes to the Financial Statements (Contd.)

Amount in ₹

	2018-19	2017-18
Note 20.3 (B) Transactions with Key Management Personnel and their relatives		
a) Purchases and expenses		
01 Remuneration		17,19,060
Mr. Umang Kanoria	–	17,19,060
	March 31, 2019	March 31, 2018
a) Outstanding balances as at year end		
01 Payables	25,000	25,000
Mr. Umang Kanoria	25,000	25,000
	2018-19	2017-18
Note 20.3 (C) Transactions with organisations over which significant influence exercised		
a) Other transactions		
01 Intercorporate Loan Received	15,21,80,000	4,36,88,000
S. T. Investment Private Limited	15,17,00,000	4,00,50,000
Nidhi Pvt. Ltd	4,80,000	36,38,000
02 Intercorporate Loan Repaid	2,57,00,000	15,00,000
S. T. Investment Private Limited	2,57,00,000	–
Nidhi Pvt. Ltd	–	15,00,000
03 Interest Expenses	1,50,79,858	–
S. T. Investment Private Limited	1,50,79,858	–
b) Outstanding balances as at year end	March 31, 2019	March 31, 2018
01 Payables	28,42,97,419	14,42,45,547
Kanco Tea & Industries Ltd.	4,69,52,982	4,69,52,982
S. T. Investment Private Limited	23,37,06,436	9,41,34,564
Nidhi Private Limited	36,38,000	31,58,000

*Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors.

Note 20.4 Current and Deferred tax

The major components of income tax expense for the year ended March 31, 2019 and March 31, 2018 are:

a) Income tax expense

Particulars	2018-19	2017-18
i) Current tax	–	–
ii) Deferred tax		
(Decrease) / Increase in deferred tax liabilities	(10,29,53,895)	(2,69,13,784)
Decrease / (Increase) in deferred tax assets	10,29,53,895	2,69,13,784
Total deferred tax expense / (benefit)	–	–
Income tax expense	–	–

b) No deferred tax has been recorded for recognised in other comprehensive income during the reporting year.

c) Current tax liabilities (Receivable)

Particulars	2018-19	2017-18
Opening balance	(13,85,398)	(13,81,469)
Add: Current tax payable for the year	–	–
Less: Taxes paid / TDS Deducted	–	(3,929)
Closing balance	(13,85,398)	(13,85,398)

Notes to the Financial Statements (Contd.)

Amount in ₹

Note 20.5 Employee benefit obligations

Funded schemes

a) Defined benefit plans:

Gratuity

The Company operates a gratuity plan through the LIC of India. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972 or Company scheme whichever is beneficial. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

The Company has suspended its operations at the Company's factory since September 30, 2015 and majority of the workers and staff have left the Company. For remaining few employees, gratuity and leave encashment liability determined on the actual basis. Hence, disclosures as required by Ind As 19 - Employee Benefits are not provided herewith.

Amount of Rs. Nil written back (previous year (1,07,776)/- written back) is recognised as expense and included in "Employee benefits expenses" in Note - 16 to the Statement of Profit & Loss.

Major category of plan assets are as follows:

Particulars	March 31, 2019			
	Quoted	Unquoted	Total	in %
Investment funds				
Pension and Group Scheme fund of LIC		24,45,412	24,45,412	100%
	-	24,45,412	24,45,412	100%

b) Defined contribution plans:

The Company pays provident fund contributions to registered provident fund administered by the government at the rate of 12% of basic salary as per regulations. The company also pays super annuation fund contribution to LIC of India at the rate of 15% of basic salary and dearness allowance. The company pays Gujarat labour welfare fund to government department as per regulations. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expenses recognised during the period towards defined contribution plan is of ₹ 3,70,415/- (PY ₹ 9,90,713).

c) Amount recognised as an expense in respect of Compensated Leave Absences is ₹ 1,03,794/- (Previous year ₹ 1,92,959/-)

Note 20.6 Fair value measurements

Financial Instruments by Category:

Amount in ₹

Particulars	March 31, 2019			March 31, 2018		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
i) Loans	-	-	-	-	-	-
ii) Trade receivables	-	-	-	-	-	-
i) Cash and cash equivalents	-	-	14,16,678	-	-	31,86,594
ii) Other financial assets	-	-	4,17,568	-	-	4,29,568
Total financial assets	-	-	18,34,246	-	-	36,16,162
Financial liabilities						
i) Borrowings	-	-	27,71,22,766	-	-	28,04,30,707
ii) Other financial liabilities	-	-	4,16,00,664	-	-	61,50,10,708
iii) Trade payables	-	-	-	-	-	5,52,625
Total financial liabilities	-	-	31,87,23,430	-	-	89,59,94,040

Notes to the Financial Statements (Contd.)

Amount in ₹

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(ii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	March 31, 2019		March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
i) Loans	–	–	–	–
ii) Trade receivables	–	–	–	–
i) Cash and cash equivalents	14,16,678	–	31,86,594	–
ii) Other financial assets	4,17,568	–	4,29,568	–
Total financial assets	18,34,246	–	36,16,162	–
Financial Liabilities				
i) Borrowings	27,71,22,766	–	28,04,30,707	–
ii) Other financial liabilities	4,16,00,664	–	61,50,10,708	–
iii) Trade payables	–	–	5,52,625	–
Total financial liabilities	31,87,23,430	–	89,59,94,040	–

The carrying amounts of trade receivables, trade payables, other receivables, loan, borrowings, capital creditors and cash and cash equivalents including bank balances other than cash and cash equivalents are considered to be the same as their fair values due to the current and short term nature of such balances.

Note 20.7 Financial risk management

As the Company has suspended operations it is not exposed to any material credit risk, however it has limited exposure to the following financial risks:

- Credit risk
- Liquidity risk

Risk Management

The company manages its risks under policies approved by the Board of Directors.

Credit Risk: As the operations are suspended the company does not foresee any credit risk due to a customer default. In case of planned disposal of assets the company will formulate necessary policy to safeguard its receivables.

Liquidity Risk: It is the risk that the company will encounter difficulty in meeting the financial obligations that are settled by delivering cash or its equivalent. The company endeavours to have sufficient liquidity to meet its liabilities as and when they are due.

Note 20.8 Capital management

Due to adverse external business environment prevailing in the industry since long capital of the company has been completely eroded. The company is making all efforts to minimize any further losses.

Note 20.9 Segment information

As the Company's business activity falls within a single primary segment viz. Textile Products, the disclosure requirement of IND AS - 108 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015, is not applicable. Further, since the revenue generated and assets within India are greater than 90% of the total revenue and total assets respectively of the Company, the disclosure requirement of geographical segments as per the aforesaid Standard is not applicable.

Significant clients

The Company has suspended its operations at the Company's factory since September 30, 2015 the revenue for current year and previous year is nil and hence there are no significant clients during the year.

Notes to the Financial Statements (Contd.)

Amount in ₹

Note 20.10 Earning per share

Earning per share (EPS) - The numerators and denominators used to calculate basic and diluted EPS:

Particulars		2018-19	2017-18
Profit for the year attributable to the Equity Shareholders	₹	51,82,10,693	(1,07,42,975)
Basic Weighted average number of Equity shares outstanding during the year	Number	1,79,30,374	1,79,30,374
Nominal value of Equity share	₹	10	10
Basic and diluted Earning per Equity share	₹	28.90	(0.60)

Note 20.11 Disclosure requirement under MSMED Act, 2006

The Company has not received any intimation from the suppliers regarding status under the Micro, Small & Medium Enterprises Development Act, 2006 (The Act) and hence disclosures regarding : a) Amount due and outstanding to suppliers as at the accounting period, b) Interest paid during period, c) Interest payable at the end of the accounting period and d) Interest accrued at the end of accounting period, has not been disclosed or provided.

Note 20.12 Net debt reconciliation

Particulars	March 31, 2019	March 31, 2018
Cash and cash equivalents	14,16,678	31,86,594
Current borrowings	(23,36,88,000)	(23,69,95,941)
Non-current borrowings	(4,34,34,766)	(4,34,34,766)
Current maturities of long-term debt	–	(20,47,04,895)
Interest accrued and due on borrowing	(2,21,74,652)	(40,85,43,418)
Net Debt	(29,78,80,740)	(89,04,92,426)

Particular	Other Assets	Liabilities from financing activities			Total
	Cash and cash equivalents	Current borrowings	Non-current borrowings	Other financial liability	
Net debt as at 1 April 2018	31,86,594	(23,69,95,941)	(4,34,34,766)	(61,32,48,313)	(89,04,92,426)
Cash flows	(17,69,916)	33,07,941		20,47,04,895	20,62,42,920
Interest Written Back	–	–	–	39,99,40,638	–
Net debt as at 1 April 2019	14,16,678	(23,36,88,000)	(4,34,34,766)	(86,02,780)	(28,43,08,868)

Note 20.12 Regrouped / Recast / Reclassified

Figures of the earlier year have been regrouped / recast / reclassified wherever necessary.

Note 20.13

The Company suspended operations in September, 2015 to contain losses due to un-favourable market conditions. 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 have been therefore been prepared on non going concern basis.

As per our attached report of even date

For and on behalf of the Board of Directors

For **B. R. Shah & Associates**
Firm Registration No: 129053W
Chartered Accountants

Deval Desai
Partner
Membership No : 132426

U. Kanoria
Managing Director
(DIN: 00081108)

M. Choudhary
Chief Financial Officer

M. Gupta
Company Secretary
Place: Kolkata
Date: May 30, 2019

Place: Ahmedabad
Date: May 30, 2019

**KANCO ENTERPRISES LIMITED**

(CIN L51909WB1991PLC053283)

Regd Office: "Jasmine Tower", 3rd Floor, 31 Shakespeare Sarani, Kolkata- 700017

Website: www.kanco.in E-mail: compliance@kanco.in Telefax: +91 33 2281-5217

PROXY FORM**(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014**

Name of the Member(s)	
Registered Address	
E-mail Id	
Folio No/* Client Id	
*DP Id	

I/We, being the member(s) of _____ shares of the above named Company, hereby appoint:

1. Name : _____
 Address: _____
 Email Id: _____
 Signature : _____, or failing him/her

2. Name : _____
 Address: _____
 Email Id: _____
 Signature : _____, or failing him/her

1. Name : _____
 Address: _____
 Email Id: _____
 Signature : _____, or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on Tuesday, 13th August, 2019 at 4:00 p.m. at **Bharatiya Bhasha Parishad**, Fourth Floor, 36A Shakespeare Sarani, Kolkata- 700017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	For	Against
Ordinary Business			
1.	To consider and adopt the Audited Financial Statement of the Company for the year ended 31st March, 2019, the reports of the Board of Directors and Auditors thereon		
2.	To appoint M/s Jain & Co, Chartered Accountants, (Registration No. 302023E) as Statutory Auditors of the Company		
Special Business			
3.	To appoint Mr. Sanjay Kumar Chaurasia (DIN: 08453443) as Non-Executive and Non-Independent Director of the Company.		
4.	To reappoint Mr. Krishna Kumar Gupta (DIN:06657407) as an Independent Director of the Company		

Signed this _____ day of _____, 2019 Signature of Shareholder _____

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, at "Jasmine Tower", 3rd Floor, 31, Shakespeare Sarani, Kolkata-700 017 not less than FORTY EIGHT HOURS before the meeting. The proxy holder shall prove his identity at the time of attending the meeting.



KANCO ENTERPRISES LIMITED

(CIN L51909WB1991PLC053283)

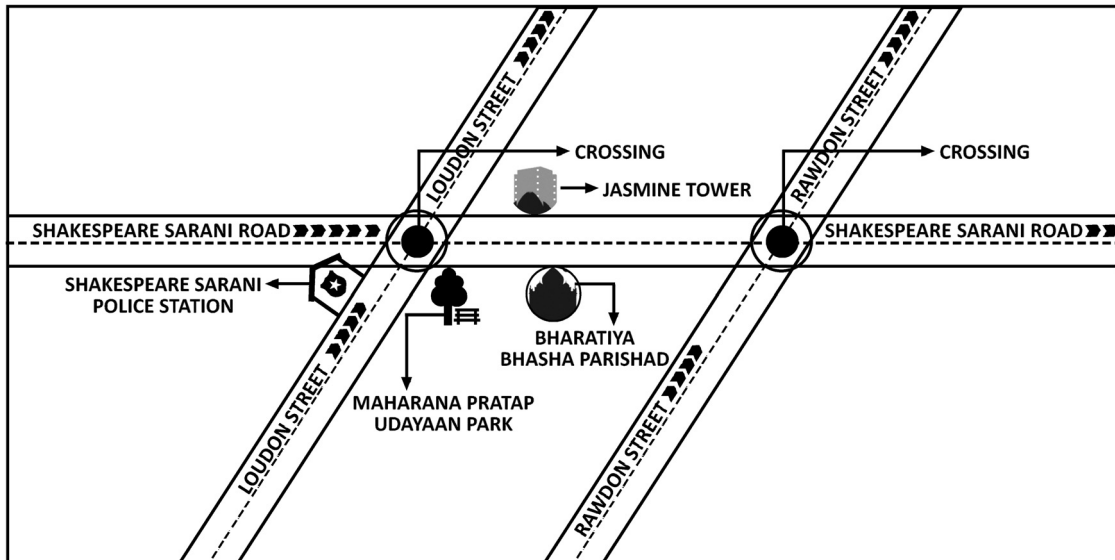
Regd Office: "Jasmine Tower", 3rd Floor, 31 Shakespeare Sarani, Kolkata- 700017

Website: www.kanco.in E-mail: compliance@kanco.in Telefax: +91 33 2281-5217

28TH ANNUAL GENERAL MEETING

Date & Time : Tuesday, 13th, August, 2019 at 4:00 p.m.

Venue : Bharatiya Bhasha Parishad, Fourth Floor, 36A Shakespeare Sarani, Kolkata- 700017



Map not to scale

**KANCO ENTERPRISES LIMITED**

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Website: www.kanco.in E-mail: compliance@kanco.in Telefax: +91 33 2281-5217

ATTENDANCE SLIP

DP id*		Folio No.	
Client Id*		No. of Shares	

I hereby record my presence at the 28th Annual General Meeting of the Company held on Tuesday, 13th August, 2019 at 4:00 p.m. at Bharatiya Bhasha Parishad, Fourth Floor, 36A Shakespeare Sarani, Kolkata- 700017

*Applicable for investors holding shares in electronic form.

Signature of Shareholder / Proxy



KANCO ENTERPRISES LIMITED

(CIN L51909WB1991PLC053283)

Regd Office: "Jasmine Tower", 3rd Floor, 31 Shakespeare Sarani, Kolkata- 700017

Website: www.kanco.in E-mail: compliance@kanco.in Telefax: +91 33 2281-5217

Registration of e-mail address for future communication

DP id*		Folio No.	
Client Id*		No. of Shares	

Name of the Shareholder _____

Registered Address _____

E-mail ID _____

Signature of Shareholder _____

