

**ANNUAL REPORT  
& ACCOUNTS**  
for the year ended  
30th September

2014



**KANCO ENTERPRISES LIMITED**



## KANCO ENTERPRISES LIMITED

(CIN:L51909WB1991PLC053283)

### Annual Report & Accounts for the year ended 30th September, 2014

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#### **BOARD OF DIRECTORS**

**Mr. U. Kanoria**

*Chairman & Managing Director*

**Mr. Susanta Banerjee**

**Mr. Krishna Kumar Gupta**

**Ms. Puja Borar**

*Directors*

#### **CHIEF FINANCIAL OFFICER**

**Mr. Sushil V. Tewary**

#### **COMPANY SECRETARY**

**Ms. Charulata Kabra**

#### **AUDITORS**

**M/s. B. R. Shah & Associates**

*Chartered Accountants*

#### **BANKERS**

**State Bank of India**

**IDBI Bank Ltd.**

#### **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**

**C B Management Services (P) Ltd.**

P-22, Bondel Road, Kolkata 700 019

Phone : +91 33 2280 6692/93/94

Email : rta@cbmsl.com

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 24th Annual General Meeting of KANCO ENTERPRISES LIMITED will be held at "Kalakunj", 48, Shakespeare Sarani, Kolkata-700017 on Friday, the 6th day of February 2015 at 11:30 A.M. to transact the following business:-

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Statement of Profit & Loss for the financial year ended 30th September, 2014, the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Susanta Banerjee (DIN: 01173116), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Messrs B. R. Shah & Associates, Chartered Accountants, (Registration No. 129053W) as Statutory Auditors of the Company and fix their remuneration.

### **SPECIAL BUSINESS**

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149,150,152 and any other applicable provisions of the Companies Act, 2013, read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in source) and Clause 49 of the Listing Agreement, Ms. Puja Borar (DIN: 06873157), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and Article 82 of the Articles of Association of the Company on 12th August 2014 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, to hold office for five consecutive years from the conclusion of this Annual General Meeting and she shall not be liable to retire by rotation."
5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149,150,152 and any other applicable provisions of the Companies Act, 2013, read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in source) and Clause 49 of the Listing Agreement, Mr. Krishna Kumar Gupta (DIN: 06657407), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a Member of the Company 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 an Independent Director of the Company, to hold office for five consecutive years from the conclusion of this Annual General Meeting and he shall not be liable to retire by rotation."
6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:  
"RESOLVED THAT pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in source), approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any Committee thereof) to the creation of Charges, Mortgages and Hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such of the Assets of the Company, both present and future, in such manner as the Board/Committee of the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of financial institutions, foreign financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, any other bodies corporate (herein after referred to as the "Lending Agencies") and Trustees for the holders of debentures/ bonds/ and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/ foreign currency loans/ working capital loans/ debentures, bonds and other instrument of an outstanding value



## **NOTICE OF ANNUAL GENERAL MEETING (Contd.)**

of ₹ 75 Crores (Rupees Seventy Five Crores only) over and above the aggregate of the paid up capital and free reserves of the Company together with interest thereon at the agreed rates, further interest, liquidated damages, premium on re-payment or redemption, costs, charges, expenses and all other money payable by the Company to the trustees under the Trust deed and to the Lending Agencies under their respective Agreement/ Loan Agreement/ Debenture Trust Deeds entered/ to be entered into by the Company in respect of the said borrowings.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to negotiate and finalise all the documents for creating the aforesaid mortgage and/or charge and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient, for giving effect to this resolution.”

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

“RESOLVED THAT pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in source), approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any Committee thereof), to borrow , for the purposes of the Companies business, any sum or sums of money together with the moneys already borrowed by the Company (apart from temporary loan obtained from time to time from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves excluding the reserves set apart for any specific purpose, provided that the aggregate of all sums borrowed by the Board from time to time and remaining outstanding shall not exceed, at any point of time, ₹ 75 Crores (Rupees Seventy Five Crores only) over and above the aggregate of the paid up capital and free reserves of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to negotiate and finalise all the terms and conditions of all such moneys to be borrowed from time to time as to interest, repayment, securities, etc and to do all such acts, deeds, matters and things as it may, in its absolute discretion deem fit, necessary, desirable or expedient for giving effect to this resolution.”

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

“RESOLVED THAT subject to the approval of Central Government and pursuant to the provisions of Sections 196,197 and 203, Schedule V to the Companies Act, 2013 and all the applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the approval of the Company be and is hereby accorded to the re-appointment of Mr. Umang Kanoria (DIN: 00081108) as the Managing Director of the Company for a period of three years with effect from 1st January, 2015, upon the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee and set out in the Explanatory Statement annexed hereto, with a liberty to the Board of Directors to alter and vary the terms and conditions of the appointment and/or of the agreement in such a manner, as may, from time to time, be stipulated by the Central Government or to be in consonance with any revised terms and conditions as may be prescribed by the Central Government in the Schedule V or any modification(s) thereto, as may be agreed to between the Board of Directors and Mr. Umang Kanoria.”

“RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits, in any financial year of the Company, during the term of Mr. Umang Kanoria as Managing Director, the remuneration including perquisites stipulated in the aforesaid agreement shall be paid to Mr. Umang Kanoria as the minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling as provided in Section II of Part II of Schedule V as may be amended from time to time.”

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

“RESOLVED THAT pursuant to Section 186 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in source), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee

## **NOTICE OF ANNUAL GENERAL MEETING (Contd.)**

constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to invest/acquire the securities of any other Body Corporate by way of subscription/purchase or otherwise, upto a sum of ₹ 10,00,000/- (Rupees Ten Lacs only) notwithstanding that the aggregate of the investments so far made or to be made exceeds the limits/will exceed the limits laid down by the Act.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of the Company be and is hereby authorised to take from time to time all decisions and such steps as may be necessary for making such investments and to execute such documents, deeds, writings, papers and/or agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion, deem fit, necessary or appropriate.”

*Registered Office :*

Jasmine Tower, 3rd Floor  
31, Shakespeare Sarani, Kolkata 700 017  
(CIN : L51909WB1991PLC053283)  
Telefax: +91 33 2281-5217  
Email id: [compliance@kanco.in](mailto:compliance@kanco.in) • Website: [www.kanco.in](http://www.kanco.in)  
Dated, November 29, 2014

By Order of the Board  
For KANCO ENTERPRISES LIMITED

CHARULATA KABRA  
*Company Secretary*

**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 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.
- 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 pursuant to Section 102 of the Companies Act, 2013 in relation to the Special Business of the Meeting is annexed hereto and forms part of this notice.
- IV. 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 4th February, 2015 to 6th February, 2015 (both days inclusive) for the purpose of the Annual General Meeting.
- V. 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.
- VI. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company on weekdays (3.00 p.m. to 5 p.m.) up to and including the date of the Annual General Meeting of the Company.
- VII. 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 AGM.
- VIII. 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 AGM.
- IX. As per Clause 49 of the Listing Agreement with the Stock Exchanges, the brief resume of the director(s) proposed for re-appointment/appointment is included in the Report on Corporate Governance.

## **NOTICE OF ANNUAL GENERAL MEETING (Contd.)**

- X. Copies of the Annual Report for the year ended October 2013-September 2014, the Notice of the 24th Annual General Meeting, instructions for e-voting, Attendance Slip and Proxy Form, are being sent by electronic mode only to all 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 ended October 2013-September 2014, the Notice of the 24th Annual General Meeting, instructions for e-voting, Attendance Slip and Proxy Form are being sent by the permitted mode. Members may register their email address by visiting Website namely [www.cbmsl.com/green.php](http://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 ended October 2013-September 2014 will also be available on the Company's website [www.kanco.in](http://www.kanco.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kolkata for inspection 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](mailto:compliance@kanco.in) or [rta@cbmsl.com](mailto: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. 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.
- XV. Voting through electronic means :
- a. Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their rights to vote at the 24th Annual General Meeting by electronic means. The business may be transacted through e-voting Services provided by Central Depository Services (India) Limited (CDSL).
  - b. The e-Voting procedure to be followed by the shareholders to cast their votes:
    - A. In case of members receiving e-mail:**
      - (i) Open your web browser during the voting period, from 27th January, 2015 (9.00 a.m.) to 29th January, 2015 (6.00 p.m.).
      - (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
      - (iii) Click on "Shareholders" tab.
      - (iv) Now, select the Company Name- "**KANCO ENTERPRISES LIMITED**" from the drop down menu and click on "SUBMIT".
      - (v) Now Enter your User ID
        - a. For **CDSL**: 16 digits beneficiary ID,
        - b. For **NSDL**: 8 Character DP ID followed by 8 Digits Client ID,
        - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
      - (vi) Next enter the Image Verification as displayed and Click on Login.
      - (vii) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

## NOTICE OF ANNUAL GENERAL MEETING (Contd.)

(viii) If you are a first time user follow the steps given below :

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>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.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If 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 (viii).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <KANCO ENTERPRISES LIMITED> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

## **NOTICE OF ANNUAL GENERAL MEETING (Contd.)**

(xix) Note for Institutional Shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to log on to <https://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](mailto:helpdesk.evoting@cdslindia.com) or [aklabhcs@gmail.com](mailto:aklabhcs@gmail.com).
- After receiving the login details, compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)/[compliance@kanco.in](mailto:compliance@kanco.in)/[rt@cbmsl.com](mailto:rt@cbmsl.com).

### **B. In case of members receiving the physical copy:**

(i) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.

XVI. The e-voting commences on 27th January, 2015 (9.00 a.m.) and ends on 29th January, 2015 (6.00 p.m.). The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

XVII. As the voting would be through electronic means, the members who do not have access to e-voting may requisite a Physical Ballot Form from the Company. You are required to fill in the ballot form and enclose it in a sealed envelope and send it to the Scrutinizer. Unsigned, incomplete or incorrectly ticked forms shall be rejected. The ballot must be received by the Scrutinizer on or before 29th January, 2015 (6.00 pm). The Scrutinizer's decision on the validity of the forms will be final. Members are required to vote only through the electronic system or through ballot only and in no other form. In the event a member casts his votes through both the processes, the votes in the electronic system would be considered and the ballot vote would be ignored.

XVIII. You can also update your mobile number and email id in the user profile details of the folio which may be used for sending future communication(s).

XIX. The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date of 26th December, 2014.

XX. Mr. A. K. Labh, Practising Company Secretary (Membership No. 4848/CP No.3238) (Address: A. K. Labh & Co., Company Secretaries, 40, Weston Street, 3rd Floor, Kolkata - 700013) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

XXI. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

XXII. The Results shall be declared on or after the Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kanco.in](http://www.kanco.in) and on the website of CDSL within two (2) days of passing of the resolutions at the Annual General Meeting of the Company and communicated to the Stock Exchanges.





## **NOTICE OF ANNUAL GENERAL MEETING (Contd.)**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

#### **Item No. 4**

Pursuant to Article 82 of the Articles of Association of the Company and in terms of Section 161 of the Companies Act, 2013, Ms. Puja Borar was appointed as an Additional Director of the Company on 12th August 2014 by the Board of Directors of the Company and holds office as Director up to the date of ensuing Annual General Meeting.

Ms. Puja Borar, born on 22nd March, 1989 is a practising Chartered Accountant by profession. She has got rich experience in Accounts, Taxation and Corporate Laws.

Ms. Puja Borar does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

It is proposed to appoint Ms. Puja Borar as Independent Director under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for five consecutive years from the conclusion of this Annual General Meeting not liable to retire by rotation. Ms. Puja Borar is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

The Company has received notice in writing from a member along with the deposit of ₹ 1,00,000/- (Rupees One Lac Only) under Section 160 of the Companies Act, 2013 proposing the candidature of Ms. Puja Borar for the office of Director of the Company.

In the opinion of the Board, Ms. Puja Borar fulfills the conditions specified in the Companies Act, 2013 and the Listing Agreement and is Independent of the Management. The Board considers that her continued association would be of immense benefit to the Company and recommends the Resolution to be passed as an Ordinary Resolution by the Members.

Copy of the draft letter for the appointment of Ms. Puja Borar as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Ms. Puja Borar is concerned or interested in the resolution set out at Item No. 4, which pertains to her appointment. The relatives of Ms. Puja Borar may be deemed interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.4 of the Notice.

#### **Item No. 5**

Mr. Krishna Kumar Gupta is a Non-Executive Independent Director of the Company since 13th August 2013.

Mr. Krishna Kumar Gupta, born on 9th April, 1952 is a Graduate in Science from Calcutta University with robust understanding in the field of Administration and Human Resources Development (HRD) for over 35 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.

Mr. Krishna Kumar Gupta is a director whose period of office is liable to determination of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. It is proposed to appoint Mr. Krishna Kumar Gupta as Independent Director under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for five consecutive years from the conclusion of this Annual General Meeting not liable to retire by rotation. 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 notice in writing from a member along with the deposit of ₹ 1,00,000/- (Rupees One Lac Only) under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Krishna Kumar Gupta for the office of Director of the Company.

In the opinion of the Board, Mr. Krishna Kumar Gupta fulfills the conditions specified in the Companies Act, 2013 and the Listing Agreement and is Independent of the Management.

The Board considers that his continued association would be of immense benefit to the Company and recommends the Resolution to be passed as an Ordinary Resolution by the Members.

Copy of the draft letter for the appointment of Mr. Krishna Kumar Gupta as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.



## **NOTICE OF ANNUAL GENERAL MEETING (Contd.)**

Mr. Krishna Kumar Gupta is concerned or interested in the resolution set out at Item No. 5, which pertains to his appointment. The relatives of Mr. Krishna Kumar Gupta may be deemed interested in the resolution set out at item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the Notice.

### **Item No. 6**

At the Extra Ordinary General Meeting held on 30th March 1998, the members had, by way of an Ordinary Resolution and in pursuance of provisions of Section 293(1)(a) of the Companies Act, 1956, accorded consent to the Board of Directors for creating mortgage or charge on its movable or immovable properties, for an amount not exceeding ₹ 75 Crores (Rupees Seventy Five Crores only) over and above the aggregate of the paid up capital and free reserves of the Company.

Under Section 180(1)(a) of the Companies Act, 2013, the Board of Directors shall not create mortgage or charge on its movable or immovable properties, except with the consent of the members accorded by way of a special resolution.

It is therefore necessary for the members to pass a Special Resolution under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 6 of the Notice, to enable the Board of Directors to create mortgage or charge on its movable or immovable properties, approval of members is being sought.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board therefore, recommends the Resolution to be passed as Special Resolution by the Members.

### **Item No. 7**

The members of the Company at the Extra ordinary General Meeting held on 30th March 1998 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956, borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 75 Crores (Rupees Seventy Five Crores only).

Under Section 180(1)(c) of the Companies Act, 2013, the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 7 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto ₹ 75 Crores (Rupees Seventy Five Crores only) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.7 of the Notice.

The Board therefore, recommends the Resolution to be passed as Special Resolution by the Members.

### **Item No. 8**

Mr. Umang Kanoria was reappointed as the Chairman and Managing Director of the Company with effect from 1st January, 2012 for a period of 3 years. On expiry of the said term, he is proposed to be re-appointed as the Chairman and Managing Director for a further period of 3 years with effect from 1st January, 2015. The Board of Directors in their Meeting dated 29th November 2014 have approved the re-appointment of Mr. Umang Kanoria as the Chairman and managing Director of the Company for a further period of three years from 1st January, 2015 on the re-appointment, remuneration and the perquisites recommended by the Nomination and Remuneration Committee in their meeting held on 24th November 2014. He is holding 4008929 number of equity shares in the Company.

The remuneration of Mr. Umang Kanoria as the Chairman and Managing Director, with effect from 1st January, 2015 is given below :-

1. Salary (Basic) per month: ₹ 2,00,000/-
2. Allowances/Perquisites:



## **NOTICE OF ANNUAL GENERAL MEETING (Contd.)**

### **Housing**

Expenditure incurred by the Company on hiring furnished accommodation for the Managing Director subject to a maximum of 15% of the basic salary relevant for the concerned period.

OR

In case Company owned and furnished accommodation is provided no allowance shall be paid.

OR

In case no accommodation- owned or hired-is provided by the Company, the Managing Director shall be entitled to 25% of the basic salary relevant for the concerned period as and by way of House Rent Allowance.

### **Gas/Electricity/ Water and Furniture/fixtures**

Expenditure incurred to be valued as per Income Tax Rules, 1962

### **Medical Reimbursement**

Expenditure incurred by the Managing Director and his family, subject to a ceiling of one month's salary (basic) in a year or three months salary (basic) over a period of three years.

### **Leave Travel Concession**

For Self and family in accordance with the Rules of the Company.

### **Personal Accident Insurance**

As per the scheme of the Company provided the Annual Premium does not exceed ₹ 10,000/-.

### **Club Fees**

Actual Fees for a maximum of two clubs. Admission fee and life membership fee shall not be paid by the Company.

3. The following shall not be included in the computation of ceiling on remuneration specified above :
  - (a) Contribution to Provident Fund and Superannuation / Annuity Fund will be as per Scheme of the Company but restricted to the amount not taxable under the Income Tax Act, 1962.
  - (b) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company.
  - (c) One and a Half month's leave with full pay and perquisites, subject to a maximum accumulation of leave for 180 days.
  - (d) Encashment of un-availed leave at the end of the tenure or at specified intervals will be as per Scheme of the Company.
  - (e) Provision of car for use in relation to Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.
4. Mr. Umang Kanoria shall not be paid any sitting fee for attending the meeting of the Board of Directors or any committee thereon.
5. Minimum Remuneration :

The remuneration specified herein above subject to approval of Central Government should continue to be paid to Mr. U. Kanoria as and by way of Minimum Remuneration notwithstanding the loss or inadequacy of profit during the relevant period of tenure of his office as the remuneration proposed is in accordance with the provisions of Schedule V of the Companies Act, 2013.
6. General :
  - (i) That the Managing Director will perform his duties with regard to all work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
  - (ii) That the Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
  - (iii) That the Managing Director shall not be liable to determination by retirement of directors by rotation in accordance with the provisions of Section 152 of the Companies Act, 2013 read with rules made thereunder.
  - (iv) That the Managing Director will be reimbursed by the Company all entertainment and other expenses actually incurred by his in connection with the business of the Company, subject to such limits as may be fixed by

## NOTICE OF ANNUAL GENERAL MEETING (Contd.)

the Board from time to time. Entertainment expenses so reimbursed shall not be included in the computation of the ceiling on perquisites.

- (v) That during the tenure of employment, the Managing Director shall not be interested or otherwise concerned directly or indirectly or through any of his relatives in any selling or buying agency or any of the suppliers/vendors of the Company except to the extent permissible by the laws prevailing at that time or is reasonable enough to carry on his duties.
- (vi) That the Managing Director and the Company shall have the rights to terminate the appointment by giving six months notice in writing to the other.
- (vii) That the terms and conditions of this agreement of service may be varied from time to time by the Board of Directors of the Company, within the maximum amount payable to the Managing Director in accordance with the applicable provisions of the Companies Act, 2013.
- (viii) That subject to supervision, direction and control of the Board, the Managing Director would be entrusted with power of management. His powers shall be such as are necessary for the overall general management of the Company and such as may be conferred upon his by the Board from time to time as it may deem fit/expedient.

Mr. Umang Kanoria is interested in the resolution set out at Item No. 8 which pertains to his re-appointment and remuneration payable to him as a Managing Director. The relatives of Mr. Umang Kanoria may be deemed interested in the resolution set out at Item No. 8 of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.8 of the Notice.

The Board therefore, recommends the Resolution to be passed as Special Resolution by the Members.

### INFORMATION REQUIRED PURSUANT TO THE PROVISIONS OF SCHEDULE V TO THE COMPANIES ACT, 2013 READ WITH CLAUSE 49 OF THE LISTING AGREEMENT IS FURNISHED AS UNDER:

#### I. GENERAL INFORMATION:

##### (i) Nature of Industry

Kanco Enterprises Limited is engaged in the manufacturing and marketing of Combed Yarn and Fabrics and is having a turnover of ₹ 160 Crores. The Company operates through its textile unit at Walthera at Ahmedabad.

##### (ii) Date or expected date of commencement of commercial production

The Company took over the manufacturing unit at Ahmedabad in the year 1998 under a Scheme of Arrangement, which were operational a long time before that.

##### (iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable

##### (iv) Financial performance based on given indicators

₹ in lacs

Particulars	As on 30th Sep, 2014	As on 30th Sep, 2013	As on 30th Sep, 2012
Gross Revenue	16003.26	14600.31	12382.50
Profit Before Tax & Extraordinary items	(985.52)	(110.94)	(1030.50)
Profit After Tax & Extraordinary items	(985.52)	(110.94)	(1030.50)
Gross Fixed Assets	2361.97	2723.38	3077.63
Equity Share Capital	1793.04	1793.04	1793.04
Reserves & Surplus (excluding revaluation reserve)	(5494.48)	(4508.96)	(4398.02)
Net Worth	(3701.44)	(2715.92)	(2604.98)

##### (v) Export performance and net foreign exchange collaborations :

₹ in lacs

Particulars	As on 30th Sep, 2014	As on 30th Sep, 2013	As on 30th Sep, 2012
Foreign Exchange Earnings	-	-	926.80
Foreign Exchange Outgo	48.05	38.53	51.32

## NOTICE OF ANNUAL GENERAL MEETING (Contd.)

The Company manufactures cotton yarn and Knitted Fabrics and is accredited with ISO 9000:2001 certification by the Bureau of Indian Standards.

(vi) **Foreign Investments or collaborators, if any** : Not Applicable.

### II. INFORMATION ABOUT THE APOINTEE :

#### a) Background details :

Mr. Umang Kanoria is a Commerce Graduate with Honours from St. Xavier's College, Kolkata and an Associate Member of the Institute of Cost Accountants of India. He also holds a Masters in Business Administration from International Institute for Management Development, Switzerland. He has vast experience in Tea and Textile Industry and has served as past president of Indian Chamber of Commerce and Tea Associations of India. He is pivotal for enhancing the performance, efficient management and future growth of the Company.

Mr. Kanoria holds directorship/committee membership in the following Public Companies in addition to his directorship in Kanco Enterprises Limited :

1. Harrisons Malayalam Limited
2. Spencer and Company Limited
3. STEL Holdings Limited
4. Kanco Tea & Industries Limited

#### Committee positions

Sl. No.	Name of Company	Nature of Office
1.	Kanco Enterprises Limited	Chairman - Share Transfer Committee Member - Stakeholders Relationship Committee Member - Finance and Investment Committee
2.	Kanco Tea & Industries Limited	Chairman - Share Transfer Committee Chairman - Stakeholders Relationship Committee Chairman - CSR Committee Member - Finance and Investment Committee
3.	Harrisons Malayalam Limited	Member - Audit Committee Member - Nomination and Remuneration Committee Member - Stakeholders Relationship Committee Member - CSR Committee
4.	STEL Holdings Limited	Chairman - Audit Committee Member - Stakeholders Relationship Committee

#### b) Past remuneration

Mr. U. Kanoria is entitled to a remuneration of ₹ 18 Lakhs at present pursuant to approval of the Central Government obtained under the erstwhile Section 269, 198/309 & 637AA of the Companies Act, 1956. The said remuneration does not include Contribution to Provident Fund and Superannuation Fund, Gratuity payable at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company, Earned/Privilege leave as per rules of the Company.

#### c) Recognition

The Textile unit had been granted Energy Conservation award from the Ministry of Power, Government of India and was rated amongst Top 500 manufacturing SMB's in India.

#### d) Job Profile and his suitability

Mr. Kanoria has managed the Company ably since last Sixteen years. He has successfully led the Company with major expansions. The Company, at present, is going through difficult times and needs someone with strong leadership qualities who can take the company out of this situation and in the opinion of the Board of Directors, Mr. Kanoria is eminently suited for this position.

## **NOTICE OF ANNUAL GENERAL MEETING (Contd.)**

**e) Remuneration proposed**

As mentioned in the Resolution proposed as Item No. 8 of the Notice.

**f) Comparative remuneration Profile with respect to industry, size of the company, profile of the position and person**

The substantive remuneration of Mr. Umang Kanoria is not out of tune with the remuneration in similar sized industries in same segment of business.

**g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any :**

Other than the remuneration stated above, Mr. U. Kanoria has no pecuniary relationship directly or indirectly with the Company. Relationships by way of Accounting Standard (AS-18) are disclosed in the Annual Report.

### **III. OTHER INFORMATION**

The current year has been difficult for the textile industry due to several economic effects, which were out of control of the management of the Company. The overcapacity in spinning industry coupled with subdued demand led to continuous fall in price realization of cotton yarn. Raw material prices however witnessed steep increase. The yarn prices did not move in tandem with increase in raw material prices, which led to huge loss in the current year. The detailed information is available in the Director's Report and Management & Discussion Analysis annexed to the Director's Report.

#### **Item No. 9**

The Company is required to obtain prior approval of its members by way of special resolution for giving any loan/guarantee/providing any security and acquisition by way of subscription/purchase/otherwise, the securities of any other body corporate, where the amount exceeds "60% of its paid-up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more" under Section 186 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in source). Based on its financials as on 30th September, 2014, 60% of the paid-up share capital plus free reserves including securities premium and 100% of free reserves including securities premium is negative. As such, any investment in securities of other companies would require approval by way of a Special Resolution of the Members in general meeting.

Accordingly, the approval of the Members is being sought pursuant to the provisions of Section 186 of the Companies Act, 2013 to give powers to the Board of Directors, including any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution for investing /acquiring the securities of any other Body Corporate by way of subscription/purchase or otherwise, for an amount not exceeding ₹ 10,00,000/- (Rupees Ten Lacs only).

These investments are proposed to be made out of own/surplus funds/internal accruals and or any other sources including borrowings, if necessary, to achieve long term strategic and business objectives. The Board recommends the Resolution at Item No.9 of the accompanying Notice for approval by the Members of the Company. None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution except as members.

*Registered Office :*

Jasmine Tower, 3rd Floor

31, Shakespeare Sarani, Kolkata 700 017

(CIN : L51909WB1991PLC053283)

Telefax: +91 33 2281-5217

Email id: [compliance@kanco.in](mailto:compliance@kanco.in) • Website: [www.kanco.in](http://www.kanco.in)

Dated, November 29, 2014

By Order of the Board  
For KANCO ENTERPRISES LIMITED

CHARULATA KABRA  
*Company Secretary*

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present their Twenty Fourth Annual Report and Audited accounts for the year ended 30th September, 2014.

### FINANCIALS

Your Company's financial performance was as follows :

₹ /lacs

Particulars	30.09.2014	30.09.2013
Profit before Interest, Depreciation and Tax	318.61	1195.88
Less : Interest	930.81	920.16
Gross Profit/ (Loss) for the Year	(612.20)	275.72
Less : Depreciation	373.32	386.66
Profit/(Loss) Before Tax	(985.52)	(110.94)
Less : Provision for Tax	-	-
Profit / (Loss) After Taxation	(985.52)	(110.94)
Balance Brought Forward from last Account	(6645.49)	(6534.55)
Balance Carried to Balance Sheet	(7631.01)	(6645.49)

### DIVIDEND

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

### OPERATIONS

Current year started with cotton prices ruling quite high and yarn prices were not able to keep pace with increase in raw material prices. In the second half of the year, the cotton prices started to decline and the future markets indicated further decline in cotton prices and this led to sentiments of extreme weakness resulting in decline of yarn prices. The yarn prices kept pace with the cotton prices in future market, rather than the current market prices which were higher. The incentives announced by various state governments has resulted in expansion and set up of new units, which have resulted in excess supply. These factors resulted in huge losses.

### FINANCE

During the year under review, the long term borrowings and short term borrowings of the Company stands at ₹434.35 Lakhs and ₹5573.44 Lakhs respectively as on 30th September, 2014.

### REFERENCE TO THE BOARD OF INDUSTRIAL AND FINANCIAL RECONSTRUCTION

The accumulated losses of the Company at the end of financial year September 30, 2014, have resulted in erosion of 100% of its peak net worth in the current year. The Company's reference bearing no.06/2013 filed with Board for Industrial and Financial Reconstruction under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 for the year ended 30th September, 2012 is still pending and therefore the Board has decided not to file any fresh reference under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 in the current year.

The Company's appeal under Section 25(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 against the order passed by the BIFR for reference no.3/2012 filed u/s 15(1) of the SICA, 1985 on 13/01/2012 is in final hearing stage.

### DIRECTORS

Mr. Susanta Banerjee(DIN:01173116), Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## **DIRECTORS' REPORT (Contd.)**

Pursuant to Section 161(1) of the Companies Act, 2013 and Article 82 of the Articles of Association of the Company, Ms. Puja Borar (DIN: 06873157), who was appointed as an Additional Director designated as an Independent Director with effect from 12th August 2014 and shall hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Ms. Puja Borar for appointment as an Independent Director.

As per the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Krishna Kumar Gupta (DIN: 06657407) and Ms. Puja Borar (DIN: 06873157), directors of the Company, are being appointed as Independent Directors for five consecutive years from the conclusion of this Annual General Meeting not liable to retire by rotation.

Subject to the approval of the shareholders in the general meeting and the Central Government, the Board of Directors on 29th November 2014 re-appointed Mr. Umang Kanoria (DIN: 00081108), as the Managing Director of the Company for a period of three years with effect from 1st January, 2015 on the terms and conditions agreed to by the Board of Directors and Mr. Umang Kanoria.

The Company has received declarations from the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement. The Company has also received intimation in Form DIR-8 under Section 164(2) of the Companies Act, 2013 read with rules made thereunder from its Directors.

Necessary resolutions for the appointment/re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM and details of the proposal for appointment / re-appointment are mentioned in the explanatory statement of the notice.

Mr. Atul Doshi has tendered his resignation from the Directorship of the Company with effect from 27th November 2014, due to his preoccupation and inability to devote time to discharge his responsibilities. The Board of Directors in their meeting took note of the same and placed their appreciation of the valuable contribution made by him.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the Annual Accounts for the financial year ended 30th September, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) they have selected such Accounting Policies and applied them consistently and made judgements and estimates that they are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of Financial Year and of the profit or loss of the Company for that period.
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- (iv) they have prepared the annual accounts for 30th September, 2014 on a going concern basis.

### **PUBLIC DEPOSITS**

The Company did not accept any deposit under Section 58A of the Companies Act 1956, during the year under review.

### **AUDITORS & AUDITORS' REPORT**

Messrs B. R. Shah & Associates, Chartered Accountants, (Registration No. 129053W), retire at the ensuing Annual General Meeting and being eligible, have expressed their willingness to continue as Auditors of the Company, if so appointed by the members. Your Company has received the consent and certificate from Messrs. B. R. Shah & Associates, Chartered Accountants to the effect that their re-appointment if made, would be within the limits prescribed



## **DIRECTORS' REPORT (Contd.)**

under the Section 141 of the Companies Act, 2013 read with rules and that they are not disqualified for reappointment 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 Clause 41(1) (h) of the Listing Agreement.

The Auditors' have qualified their Report and the explanation in this regard forms part of the Annexure to Directors' Report.

### **COST AUDIT**

The Cost Audit Report for the financial year ended 30th September 2013 was filed with the Ministry of Corporate Affairs on 13th March 2014, due date being 29th March 2014.

### **REPORTS ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT**

Your Company has fully complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance. Report on Corporate Governance Practices, the Auditors' Certificate on compliance of mandatory requirements thereof and Report on Management Discussion & Analysis Report are given as annexure and forms part of this report.

### **EMPLOYEE PARTICULARS**

The particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1975, as amended by Companies(Particulars of Employees)Amendment Rules 2011, are not applicable as no employee was in receipt of remuneration to the extent laid down in the said Rules.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

A statement pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 on conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed to and forms part of 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.

Kolkata,  
November 29, 2014

For and on behalf of the Board  
U. KANORIA  
*Chairman & Mg. Director*

## Annexure to the Directors' Report

INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER, 2014

### A. Conservation of Energy

#### Energy Conservation measures taken :

The Company has implemented the following power saving measures by way of :

	<b>Savings</b>
1. Replacement of 50 no. of street lights with CFL fitting	300 Kwh/Month
2. Installed energy efficient Inverters in KTTM Ring Frame	540 Kwh/Month
3. Re-use of rejected water of RO plant in Toilets 40000 Ltr / Day	600 Kwh/Month

Total energy consumption per unit of production is furnished in the prescribed Form "A" annexed hereto.

#### FORM-A

### PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### (A) POWER & FUEL CONSUMPTION

	<u>Current Year</u>	<u>Previous Year</u>	
<b>(1) Electricity</b>			
(a) Purchased (Units)	2,62,43,960	2,56,51,652	
Total Amount (₹)	16,74,26,307	15,02,18,151	
Rate/Unit (₹)	6.38	5.86	
(b) Own Generation			
Through LDO/FO/Diesel (Units)	1,264	2,942	
Unit per Ltr.	2.42	1.06	
Cost/Unit (₹)	24.97	44.16	
<b>(2) Furnace Oil</b>			
Quantity (K. Ltr.)	—	—	
Total Amount (₹)	—	—	
Average Rate (₹/K. Ltr.)	—	—	
<b>(3) Others/Internal Generation</b>			
(a) Gas			
Quantity (cm <sup>3</sup> )	—	—	
Total Cost (₹)	—	—	
Rate/Unit (₹/cm <sup>3</sup> )	—	—	
(b) LDO/Diesel			
Quantity (K. Ltr.)	0.52	2.78	
Total Cost (₹)	31,558	1,29,920	
Average (₹/K. Ltr.)	60,688	46,700	
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>	<u>Unit</u>	<u>Current Year</u>	<u>Previous Year</u>
Yarn & Fabrics	Kgs	67,34,682	63,99,430
Electricity	Unit	3.90	4.01

For the above, there is no prescribed standard.

### B. Technology Absorption

#### FORM-B

#### RESEARCH & DEVELOPMENT (R & D)

(1) Specific areas in which R & D carried out by the Company	Not applicable	
(2) Benefits derived as a result of the above R & D	Not applicable	
(3) Future plan of action	Not applicable	
(4) Expenditure on R & D	<u>Current Year (₹)</u>	<u>Previous Year (₹)</u>
(a) Capital	Nil	Nil
(b) Recurring	21,66,844	19,91,572
(c) Total	21,66,844	19,91,572
(d) Total R & D Expenditure as a percentage of total turnover	0.13%	0.13%

## Annexure to the Directors' Report (Contd.)

### C. Foreign Exchange Earnings and Outgo

	Current Year (₹)	Previous Year (₹)
1. Foreign Exchange Earnings	Nil	Nil
2. Foreign Exchange Outgo	48,04,784	38,53,207

### D. Explanations for Auditors Qualification in Auditors' Report

#### Emphasis of Matter

Please refer to note no. 24 (2) (j) of the financial statements. The Company has no plan for winding up of its business in near future. The Company has run its factory at optimum capacity and has no statutory liabilities. The Company has filed rehabilitation scheme with the Board of Industrial and Financial Reconstruction (BIFR) and is already involved in discussions with its lenders for this purpose. The sanction of the said scheme will effect in turnaround of the present situation.

#### Qualified Opinion

During the year ended September 30, 2012, State Bank of India (SBI) has unilaterally cancelled the forward contracts and debited ₹ 1178.81 lacs, being the losses on account of foreign exchange difference excluding interest, if any, into our cash credit account without any authorization from us. The Company is not in agreement with the action taken by the SBI and has lodged its objection with SBI. The Company filed a suit in Hon'ble Court at Calcutta on 6th day of August 2013 against State Bank of India and therefore disputes the forex losses. The said suit has been transferred to the City Civil Court in Ahmedabad pursuant to the order dated 18th day of August 2014 of Hon'ble High Court at Calcutta. The Company therefore has not recognized the said forex loss in its books of accounts. The dispute is sub-judice.

#### Point no. 5 (vii) of the Auditor's Report

State Bank of India has not communicated any change in rate of interest to the Company and therefore Interest on loan accounts have been provided at the last communicated rate.

Kolkata,

November 29, 2014

For and on behalf of the Board

U. KANORIA

Chairman & Mg. Director

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### OVERVIEW

The recovery process seen throughout last year suffered a big setback due to continuous decline in yarn prices. Cotton prices remained relatively stable. Indian spinning industry suffered a competitive setback as raw material prices ruled higher than international prices. The last two quarters were marked by very poor off take in both the export and domestic market. This resulted in negative margins. The company concentrated on reducing the impact through improved productivity and capacity utilisation.

- Industry Outlook** : A lot of capacity addition is taking place in the cotton yarn spinning industry due to incentives announced by various state governments. This has resulted in a situation of excess supply due to enhanced capacity. The incentives are putting the existing players in a disadvantageous position vis-à-vis the new players. The outlook is expected to remain negative more so for the existing players till the supply – demand gap is bridged.
- Opportunities** : India is expected to harvest the highest ever crop of cotton in the current season. This is chiefly due to the good prices fetched by farmers in last three years. Availability is expected to be adequate due to anticipated reduction in quantity of exports. Raw material prices have declined and are in line with international prices of cotton. This will help Indian manufacturers to become price competitive.
- Challenges** : High Power cost, a major input for spinning industry is a major challenge. The industry also faces a shortage of skilled labour and high labour turnover. This results in drop in capacity utilisation. Demand from China the largest importing nation is expected to register a huge drop affecting realisations.
- Product Analysis & Review** :

Particulars	Units	Current Year	Previous Year	% Change
Production of Cotton Yarn/Fabrics	Kgs	67,20,784	63,99,430	5.24%
Sales of Cotton Yarn/Fabrics	Kgs	66,98,755	63,77,520	5.04%
Average Realisation	₹/Kg	214.57	204.47	4.94%
Average Cost of Cotton	₹/Ton	1,19,980	1,07,542	11.57%
Profit / (Loss) Before Interest but after Depreciation	₹ in Lacs	(54.71)	809.22	N.A.



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)**

**Review of Operations :** The improvement registered in 2012-13 did not continue in the current year. The Company concentrated on improving operations. Production and capacity utilization registered further improvements. Average realisations have improved marginally by 4.94 %, average raw material prices increased significantly by 11.57 %. Production and Sales registered growth of 5.24% and 5.04% respectively.

The current years' operations have resulted in losses of ₹ 985.52 lacs as compared to losses of ₹ 110.94 lacs in the previous year.

**Company Outlook :** The Company is working under severe financial strain due to losses suffered in the past years. Despite this due to concerted efforts the capacity utilization and production are at normal levels. Finished goods prices are expected to remain under pressure. The outlook for the Company looks negative due to cost disadvantage as compared to and competition from newly commissioned units.

**Risks & Concerns :** The Company was sourcing power from IEX making significant savings in power cost. Since last quarter the Company is not getting approval from the regulatory authority which has resulted in considerable increase in power costs. The industry also faces a shortage of skilled workforce.

### **INTERNAL CONTROL SYSTEM AND ADEQUACY**

The Company has adequate system of internal controls and necessary checks and balances are introduced/ strengthened so as to ensure :-

- a) that its assets are safeguarded.
- b) that all transactions are authorised, recorded and reported properly.
- c) 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 from time to time and their reports are reviewed by the management and Audit Committee.

### **HUMAN RESOURCES**

The Company is an ISO 9001:2000 certified Company. The Company has a favourable working environment that motivates performance, customer focus and innovation and adheres to the highest degree of quality and integrity amongst employees. Industrial relations at the Company remain cordial. Manpower employed with the Company as at 30th September, 2014 was 557 compared to 536 as on 30th September, 2013.

### **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.

## ANNEXURE-1

### REPORT ON CORPORATE GOVERNANCE for the financial year ended September 30, 2014

#### 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 the Directors	No. of Board Meetings attended	Attendance at previous AGM on 14/03/2014	No. of other Directorships <sup>(a)</sup>	No. of other Committee Membership <sup>(b)</sup>	No. of other Committee Chairmanships <sup>(b)</sup>	Promoter/ Executive/ Non-Executive Independent
Mr. Umang Kanoria	4	Present	4	3	2	Promoter & Executive
Mr. Atul Doshi***	4	Present	—	—	—	Non- Executive & Independent
Mr. Susanta Banerjee	4	Present	1	—	—	Non- Executive & Independent
Mr. Krishna Kumar Gupta	4	Present	—	—	—	Non- Executive & Independent
Ms. Puja Borar*	—	—	—	—	—	Non- Executive & Independent
Mr. Parag Keshar Bhattacharjee**	—	—	—	—	—	Non- Executive & Independent

[(a)-Directorship of Public Limited Companies only].

[(b)-Chairmanship/Membership of Audit Committee & Stakeholders Relationship Committee only]

\* Ms. Puja Borar has been appointed as Additional Director with effect from 12th August 2014.

\*\* Mr. Parag Keshar Bhattacharjee has resigned from the Board with effect from 25th November 2013.

\*\*\* Mr. Atul Doshi has resigned from the Board with effect from 27th November 2014.

None of the Directors in the Board is a member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 across all the companies in which he is a Director.

The information as required under Annexure IA to Clause 49 is being made available to the Board. As per revised Clause 49, none of the Independent Directors and Executive Director of the Company is related to each other.

#### Board Meetings held during the Financial Year ended 30th September, 2014

Dates for the Board Meetings in the ensuing year are decided well in advance and communicated to the Directors. Board Meetings are held at the Registered Office of the Company. The Agenda along with the explanatory notes are sent in advance to the Directors. Additional meetings of the Board are held when deemed necessary by the Board.

The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

During the Financial Year under review, meeting of the Board of Directors took place on 27th November, 2013, 11th February 2014, 9th May 2014 and 12th August 2014.

## ANNEXURE-1 (Contd.)

### Appointment/ Re-appointment of Directors

Mr. Susanta Banerjee (DIN: 01173116) is retiring by rotation and being eligible offer himself for reappointment.

Section 149 of the Companies Act, 2013 provides for appointment of Independent Directors. Independent Directors shall hold office for a term upto five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company. No Independent Director shall be eligible for more than two consecutive terms of five years on the Board of the Company. Further the provisions of retirement by rotation as per Section 152 of the Companies Act, 2013 shall not apply to such Independent Directors.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 read with rules made there under and subsequent notifications/clarifications issued by the Ministry of Corporate Affairs ("MCA") and any other applicable provisions of the Act, your Directors are seeking appointment of Mr. Krishna Kumar Gupta (DIN:06657407) and Ms. Puja Borar (DIN:06873157) as Independent Directors for a term up to five consecutive years from the conclusion of this Annual General Meeting not liable to retire by rotation.

Information under Clause 49(IV) (G) of the Listing Agreement with respect to Directors retiring by rotation and seeking reappointment /Directors sought to be appointed is as under :

**Mr. Susanta Banerjee (DIN: 01173116)** - Mr. Susanta Banerjee, born on March 13, 1947, holds a Bachelor of Commerce degree and has over 30 years of rich experience across a wide spectrum of functional areas. He holds 65 equity shares in the Company. The Directorships and Memberships of the Board Committees as on date are as follows :

Sl. No.	Name of Company	Nature of Office
1.	Kanco Enterprises Limited	Director Member- Audit Committee Member- Share Transfer Committee Member- Nomination and Remuneration Committee Member- Stakeholders Relationship Committee Member- Finance and Investment Committee
2.	Orchid Securities Limited	Director

**Ms. Puja Borar (DIN: 06873157)** - Ms. Puja Borar, born on 22nd March, 1989 is a Chartered Accountant by profession. She holds NIL equity shares in the Company. The Directorships and Memberships of the Board Committees as on date are as follows :

Sl. No.	Name of Company	Nature of Office
1.	Kanco Enterprises Limited	Director Chairperson- Audit Committee Member- Nomination and Remuneration Committee

**Mr. Krishna Kumar Gupta (DIN: 06657407)** - Mr. Krishna Kumar Gupta born on April 9, 1952 holds a Bachelor of Science degree. He holds NIL equity shares in the Company. The Directorships and Memberships of the Board Committees as on date are as follows :

Sl. No.	Name of Company	Nature of Office
1.	Kanco Enterprises Limited	Director Member- Audit Committee Chairman- Nomination and Remuneration Committee Member- Finance and Investment Committee Member- Share Transfer Committee Chairman- Stakeholders Relationship Committee

## ANNEXURE-1 (Contd.)

**Mr. Umang Kanoria (DIN: 00081108)** - Mr. Umang Kanoria, born on 2nd November, 1959, is a Commerce Graduate with honours from St. Xaviers College, Kolkata and at present he is a member of its committee and was the past President of Indian Chamber of Commerce (ICC). He is an Associate Member of the Institute of Cost Accountants of India. He also holds a Masters in Business Administration from International Institute for Management Development, Switzerland. He has vast experience in Tea and Textile Industry and has served as past president of Indian Chamber of Commerce and Tea Associations of India. He holds 4008929 equity shares in the Company. The Directorships and Memberships of the Board Committees as on date are as follows :

Sl. No.	Name of Company	Nature of Office
1.	Kanco Enterprises Limited	Managing Director Chairman- Share Transfer Committee Member- Stakeholders Relationship Committee Member- Finance and Investment Committee
2.	Kanco Tea & Industries Limited	Director Chairman- Share Transfer Committee Chairman- Stakeholders Relationship Committee Chairman- CSR Committee Member- Finance and Investment Committee
3.	Harrisons Malayalam Limited	Director Member- Audit Committee Member- Nomination and Remuneration Committee Member- Stakeholders Relationship Committee Member - CSR Committee
4.	Stel Holdings Limited	Director Chairman- Audit Committee Member- Stakeholders Relationship Committee
5.	Spencer and Company Limited	Director

### 3. Board Committees

#### 3.1 Audit Committee

Audit Committee of the Board of Directors comprised of the Directors namely, Mr. Atul Doshi, Mr. Susanta Banerjee and Mr. Krishna Kumar Gupta. Mr. Atul Doshi, Chairman of the Audit Committee resigned from the Directorship of the Company with effect from 27th November 2014.

The Audit Committee is re-constituted by the Board of Directors in their meeting held on 29th November 2014 and it comprises of the Directors namely, Ms. Puja Borar, Mr. Susanta Banerjee and Mr. Krishna Kumar Gupta. All the members of the Audit Committee possess financial/accounting expertise/exposure. The composition of the Audit Committee meets the requirement of Section 177 of the Companies Act, 2013 read with rules made thereunder and Clause 49 of the Listing Agreement with the Stock Exchanges.

Ms. Puja Borar, Non-Executive Independent Director is the Chairperson of the Audit Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

#### Terms of Reference-Role of Audit Committee

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

## **ANNEXURE-1 (Contd.)**

- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements and auditors' 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 sub-section (2AA) of Section 217 of the Companies Act, 1956.
  - 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. Qualifications 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 auditors' independence and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of Inter Corporate loans and investments.
- Evaluation of Internal Financial Controls and risk management systems.
- Reviewing, with the management, performance of statutory and internal auditors, and 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 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, in case the same is existing.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Reviewing the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.



## ANNEXURE-1 (Contd.)

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

Name of the Directors	Attendance at the Meeting			
	27.11.2013	11.02.2014	09.05.2014	12.08.2014
Mr. Atul Doshi*	Present	Present	Present	Present
Mr. Susanta Banerjee	Present	Present	Present	Present
Mr. Krishna Kumar Gupta	Present	Present	Present	Present
Ms. Puja Borar**	—	—	—	—

\* Mr. Atul Doshi resigned from the Board with effect from 27th November 2014.

\*\* Ms. Puja Borar is inducted in the Audit Committee as Chairperson with effect from 29th November 2014.

### 3.2 Nomination and Remuneration Committee

Nomination and Remuneration Committee of the Board of Directors comprised of the Directors namely, Mr. Atul Doshi, Mr. Susanta Banerjee and Mr. Krishna Kumar Gupta. With the resignation of Mr. Atul Doshi, from the Directorship of the Company with effect from 27th November 2014, the Board of Directors re-constituted the Nomination and Remuneration Committee in their meeting held on 29th November 2014.

The present Nomination and Remuneration Committee of the Board of Directors comprises of the Directors namely, Mr. Krishna Kumar Gupta, Mr. Susanta Banerjee and Ms. Puja Borar. 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 Clause 49 of the Listing Agreement with the Stock Exchanges.

#### Terms of Reference

- Identifying the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carrying out evaluation of every director's performance.
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a Policy on Board diversity.

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

Name of the Directors	Attendance at the Meeting		
	30.10.2013	12.05.2014	01.08.2014
Mr. Krishna Kumar Gupta*	Present	Present	Present
Mr. Atul Doshi**	Present	Present	Present
Mr. Susanta Banerjee	Present	Present	Present
Ms. Puja Borar***	—	—	—

\* Mr. Krishna Kumar Gupta, Non-Executive Independent Director is the Chairman of the Nomination and Remuneration Committee with effect from 9th May, 2014.

\*\* Mr. Atul Doshi resigned from the Board with effect from 27th November 2014.

\*\*\* Ms. Puja Borar is inducted in the Nomination and Remuneration Committee with effect from 29th November 2014.

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-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.

## ANNEXURE-1 (Contd.)

Remuneration of Directors for the financial year ended 30th September, 2014 and their shareholding in the Company :  
Amount in ₹

Name of the Directors	Sitting Fees	Salaries and Perquisites	Total	Service Contract/ Notice Period	No. of Shares held
Mr. Umang Kanoria	Nil	18,00,000	18,00,000	6 months	4008929
Mr. Atul Doshi**	40,000	—	40,000	—	10
Mr. Susanta Banerjee	40,000	—	40,000	—	65
Mr. Krishna Kumar Gupta	40,000	—	40,000	—	—
Ms. Puja Borar*	—	—	—	—	—

\* Ms. Puja Borar has been appointed as Additional Director with effect from 12th August 2014.

\*\* Mr. Atul Doshi resigned from the Board with effect from 27th November 2014.

### 3.3 Stakeholders Relationship Committee

Stakeholders Relationship Committee of the Board comprised of the Directors namely, Mr. Atul Doshi, Mr. Umang Kanoria and Mr. Susanta Banerjee. Mr. Atul Doshi, Chairman of the Stakeholders Relationship Committee had resigned from the Directorship of the Company with effect from 27th November 2014.

The Stakeholders Relationship Committee is re-constituted by the Board of Directors in their meeting held on 29th November 2014 and it comprises of the Directors namely, Mr. Umang Kanoria, Mr. Susanta Banerjee and Mr. Krishna Kumar Gupta. Mr. Krishna Kumar Gupta, Non-Executive Independent Director is the Chairman of the Committee. The Committee looks to the grievances of the Investors related to transfer of shares, non receipt of Balance Sheet, any complaint letter received from Stock Exchanges, SEBI etc.

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

Name of the Directors	Attendance at the Meeting
	30.10.2013
Mr. Atul Doshi*	Present
Mr. Umang Kanoria	Present
Mr. Krishna Kumar Gupta**	Present
Mr. Susanta Banerjee	Present

\* Mr. Atul Doshi resigned from the Board with effect from 27th November 2014.

\*\* Mr. Krishna Kumar Gupta is inducted in the Stakeholders Relationship Committee as Chairman with effect from 29th November, 2014.

### 3.4 Share Transfer Committee

Board of Directors has delegated power of approving transfer/transmission of shares to a Share Transfer Committee. The Share Transfer Committee of the Board of Directors comprised of the Directors namely, Mr. Atul Doshi, Mr. Umang Kanoria and Mr. Susanta Banerjee. With the resignation of Mr. Atul Doshi, from the Directorship of the Company with effect from 27th November 2014, the Board of Directors re-constituted the Share Transfer Committee in their meeting held on 29th November 2014.

The present Share Transfer Committee of the Board of Directors comprises of the Directors namely, Mr. Umang Kanoria, Mr. Susanta Banerjee and Mr. Krishna Kumar Gupta. Mr. Umang Kanoria is the Chairman of the Share Transfer Committee.

During the year under review, the Committee met Twelve (12) times on 8th October 2013, 30th October 2013, 16th December 2013, 14th January 2014, 31st January 2014, 27th February 2014, 20th March 2014, 31st March 2014, 21st May 2014, 24th July 2014, 12th August 2014, 24th August 2014.

## ANNEXURE-1 (Contd.)

The details of the Members and their attendance is as follows :

Name of the Directors	Chairman/Member	No. of Meetings Attended
Mr. Umang Kanoria	Chairman	12
Mr. Atul Doshi*	Member	12
Mr. Susanta Banerjee	Member	12
Mr. Krishna Kumar Gupta**	Member	—

\* Mr. Atul Doshi resigned from the Board with effect from 27th November 2014.

\*\* Mr. Krishna Kumar Gupta is inducted in the Share transfer Committee with effect from 29th November, 2014.

Ms. Charulata Kabra, Company Secretary is the Compliance Officer of the Company. During the year under review ended 30th September, 2014, there was no complaint received from the Shareholders.

All valid requests for transfer of shares received during the financial year ended 30th September, 2014 have been acted upon by the Company and no such transfer is pending.

### 3.5 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. Susanta Banerjee and Mr. Krishna Kumar Gupta.

## 4. General Body Meetings

a) Location, Venue, Date and Time of last three Annual General Meetings (AGM) held :

Year	Kind of Meeting	Venue	Date	Time	No. of Special Resolutions passed
Oct '12– Sept '13	23rd Annual General Meeting	'Bhartiya Bhasha Parishad', 36A, Shakespeare Sarani, Kolkata 700 017	14th March, 2014	10.00 A.M.	Nil
Oct '11– Sept '12	22nd Annual General Meeting	'Bhartiya Bhasha Parishad', 36A, Shakespeare Sarani, Kolkata 700 017	30th January, 2013	10.30 A.M.	Nil
April '11– Sept '11	21st Annual General Meeting	'Kalakunj', 48, Shakespeare Sarani, Kolkata 700 017	27th February, 2012	10.30 A.M.	One

b) No Extra-Ordinary General Meeting of the shareholders was held during the year.

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.

Special Resolutions passed in last three General Meetings :

- At the 23rd Annual General Meeting, the Company has not passed any special resolution.
- At the 22nd Annual General Meeting, the Company has not passed any special resolution.
- At the 21st Annual General Meeting, the Company passed a special resolution for the re-appointment of Mr. Umang Kanoria as the Managing Director of the Company.

## 5. Disclosures

There are no materially significant related party transactions made by the Company with its Promoters, Directors or the Management or relatives that may have potential conflict with the interests of the Company at large.

The related party transactions have been disclosed in point no. 24 (2)(h) of Significant Accounting Policies and other Notes to Account forming part of the Financial Statements for the financial year ended 30th September, 2014.

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchange(s), Securities and Exchange Board of India or any other statutory authority, on any matter relating to the capital markets, during the last 3 years.

The Company has complied with all the Mandatory Requirements.

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

## ANNEXURE-1 (Contd.)

### 6. Code of Conduct

In compliance to Clause 49 and to emphasize the importance of ethical behaviour and for protection of all stakeholders' interests, Code of Conduct for directors and senior management was laid down by the Board of Directors of the Company and is posted on the Company's website. The affirmation of compliance of Code of Conduct for the year October 2013- September 2014 has been received from all the Board Members and Senior Management Personnel.

### 7. CEO and CFO Certification

As per Clause 49(v) of the Listing Agreement, the Managing Director and the CFO of the Company certifies to the Board regarding the review of the financial statement, compliance with the accounting standard, maintenance of the Internal Control for financial reporting, accounting policies, etc.

### 8. 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 (Arthik Lipi/ Kalantar) 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 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](http://www.kanco.in).

Annual Report containing Notice of the Annual General Meeting, Audited Annual Accounts, Directors' Report, Auditors' Report alongwith the Management Discussion & Analysis Report is circulated to the Members and those entitled thereto. The Annual Report is displayed on the Company's Website [www.kanco.in](http://www.kanco.in).

### 9. Whistle Blower Policy

To achieve the objective of transparent culture wherein the concerns of employees at all levels can be expressed without any fear of retribution, Whistle Blower Policy formulated and adopted by the Board is looked into by the Audit Committee and no personnel has been denied access to the Audit Committee.

### 10. General Shareholder Information

Annual General Meeting	
Date and Time	6th February, 2015 at 11.30 A.M.
Venue	Kalakunj, 48, Shakespeare Sarani, Kolkata 700 017
Financial Year	: 1st October, 2014 to 30th September, 2015
Dates of Book Closure	: 4th February, 2015 to 6th February, 2015 (Both days inclusive)
Financial Calendar (Tentative)	
Quarter ending 31st December, 2014	15th February, 2015
Quarter ending 31st March, 2015	15th May, 2015
Quarter ending 30th June, 2015	14th August, 2015
Year ending 30th September, 2015	Last week of November, 2015

#### Listing on Stock Exchange and Stock Code

Equity Shares of the Company are listed at the Calcutta Stock Exchange Ltd. (Scrip Codes 21381 & 10021381). The Shares of the Company are traded at the Bombay Stock Exchange (Scrip Code 590084 & KANCOENT).

ISIN for Dematerialisation : INE 248D01011

**Market Price Data** : High/Low in each month of Financial Year ended 30th September, 2014

Month	Oct '13	Nov '13	Dec '13	Jan '14	Feb '14	Mar '14	Apr '14	May '14	Jun '14	Jul '14	Aug '14	Sep '14
High (₹)	1.05	1.00	0.87	0.78	0.75	0.79	0.84	1.29	2.19	1.96	2.74	3.41
Low (₹)	1.00	0.91	0.75	0.69	0.70	0.64	0.69	0.88	1.24	1.79	1.75	2.28
Volume	2195	1045	2906	3283	550	4465	1952	3043	16283	8278	16177	53450

## ANNEXURE-1 (Contd.)

### Registrars and Transfer Agents ('RTA') : Share Transfer System

M/s C.B. Management Services (P) Limited, P-22 Bondel Road, Kolkata 700 019 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.

### Categories of Shareholding as on 30th September, 2014

Category	Number of Shares held	% of Total Shares
Promoters including Persons deemed to be Acting in Concert	1,11,95,139*	62.44
Mutual Funds/ UTI	54,183	0.30
Financial Institutions/Banks	1,03,750	0.58
State Government	14,976	0.08
Others ( including Corporate Bodies )	65,62,326	36.60
<b>Total</b>	<b>1,79,30,374</b>	<b>100.00</b>

\* includes 54,00,636 (30.12%) pledged shares

**Dematerialisation of Shares and Liquidity** : The Shares of the Company are compulsory traded in the stock exchanges in the dematerialised mode and are available for trading under both the Depository Systems, i.e. National Securities Depository Limited and Central Depository Services (India) Limited.

As on 30th September, 2014, 1,68,75,038 equity shares of the Company of ₹ 10/- each, representing 94.11% of the total paid up equity capital of the Company stands dematerialised.

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

### Distribution of Shareholding as on 30th September, 2014

Category	Number of Shares	% of Total Shares	Number of Shareholders	% of Total Shareholders
1 to 500	13,22,490	7.38	16,509	96.60
501 to 1000	2,07,525	1.16	281	1.65
1001 to 2000	2,03,278	1.13	140	0.83
2001 to 3000	1,06,011	0.59	42	0.25
3001 to 4000	52,974	0.30	15	0.08
4001 to 5000	64,903	0.36	14	0.08
5001 to 10000	2,93,423	1.64	40	0.23
10001 to 50000	6,88,396	3.84	28	0.16
50001 to 100000	4,33,668	2.42	6	0.04
100001 and above	1,45,57,706	81.18	15	0.08
<b>Total</b>	<b>1,79,30,374</b>	<b>100.00</b>	<b>17,090</b>	<b>100.00</b>

**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 :

1. Kanco Enterprises Limited  
Jasmine Tower, 3rd Floor, 31, Shakespeare Sarani, Kolkata-700 017  
Telefax : (033) 2281 5217, Email for Investors : compliance@kanco.in  
Website : www.kanco.in

2. C. B. Management Services (P) Ltd.  
P-22, Bondel Road, Kolkata-700 019  
Phone : 2280 6692/93/94  
Email : rta@cbmsl.com

On behalf of the Board of Directors

Kolkata  
November 29, 2014

U. KANORIA  
Chairman & Mg. Director

## **ANNEXURE-1 (Contd.)**

### **Declaration by the CEO pursuant to Clause 49 of the Listing Agreement containing Corporate Governance**

I, Umang Kanoria, Chairman and Managing Director of the Company, to the best of my knowledge and belief, declare that all the Board members and senior managerial personnel have affirmed compliance with code of conduct for the financial year ended 30th September, 2014.

Kolkata,  
November 29, 2014

U. Kanoria  
*Chairman & Mg. Director*

### **Certificate by Chief Financial Officer (CFO) and Chief Executive Officer (CEO)**

We hereby certify

1. That we have reviewed the financial statements and the cash flow statement for the year ended 30th September, 2014 and that to the best of our knowledge and belief:-
  - these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - these statements 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. That there are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct;
3. That we accept the responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. That we have informed the auditors and the audit committee of:
  - I. significant changes in internal control during the year;
  - II significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - III. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Kolkata  
November 29, 2014

Sushil V Tewary  
*Chief Financial Officer*

U. KANORIA  
*Chairman & Mg. Director*

### **CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF KANCO ENTERPRISES LIMITED**

We have examined the compliance of conditions of Corporate Governance by KANCO ENTERPRISES LIMITED ("the Company") for the period ended on 30th September, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our 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 our opinion and to the best of our information and according to the explanation given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For B. R. SHAH & ASSOCIATES  
Firm Registration No. 129053W  
*Chartered Accountants*

DEVAL R. DESAI  
*Partner*

Place : Ahmedabad  
Date : November 29, 2014

Membership No. 132426

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF KANCO ENTERPRISES LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Kanco Enterprises Limited (the "Company"), which comprise the Balance Sheet as at September 30, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

#### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 of India (the "Act") read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Qualified Opinion**

We report the following observations:

- (a) *As referred to in note no. 24(2) (a) (i) (b) of financial statements, during the year ended September 30, 2012, the Company has not accounted for Foreign Exchange loss of ₹ 11,78,81,338/- arising out of Cancellation of Forward Contract and disclosed the same as contingent liability. On account of this, accumulated loss as at September 30, 2014 is lower by the said amount. The loss above does not include interest, if any.*
- (b) *Interest on Loan accounts with State Bank of India has been debited in the accounts as per last agreed rate. We have been explained that the Company has no information about any change in the rate of interest, so impact, if any, of the same in statement of profit and loss and Reserve and Surplus is not determinable.*

*Subject to Above,*

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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 :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Emphasis of Matter**

We draw attention to Note 24 (2) (j) in the financial statements which indicates that the Company incurred a net loss of ₹ 76,31,01,034/- as on year ended September 30, 2014. These conditions, along with other matters as set forth in Note 24 (2) (j), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

#### **Report on Other Legal and Regulatory Requirements**

As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

## **INDEPENDENT AUDITORS' REPORT (Contd.)**

### **TO THE MEMBERS OF KANCO ENTERPRISES LIMITED**

As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- (e) On the basis of written representations received from the directors as on September 30, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on September 30, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For B. R. SHAH & ASSOCIATES  
Firm Registration No. 129053W  
Chartered Accountants

DEVAL R. DESAI  
Partner

Place : Ahmedabad  
Date : November 29, 2014

Membership No. 132426

### **ANNEXURE TO 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 September 30, 2014**

- i.
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- ii.
  - (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) 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.
  - (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, Clause (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the order are not applicable.
  - (b) The Company has taken unsecured loan from one Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance amounts to ₹ 4,34,34,766/-.
  - (c) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
  - (d) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, wherever applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.





**ANNEXURE TO AUDITORS' REPORT (Contd.)**

- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements and exceeding the value of ₹ Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the Books of Account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (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 investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues as applicable, with the appropriate authorities. According to the information and explanations given to us, there are no statutory dues outstanding as at September 30, 2014 for a period of more than six months from the date they became payable.
- (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, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- x. *The Company's accumulated losses at the end of the year are more than fifty percent of its net worth. The Company has incurred cash losses during the current year and in the immediately preceding financial year.*
- xi. *According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or debenture holders as at the balance sheet date. However, Company has defaulted in repayment of dues to bank as detailed below :*

Particulars	Outstanding Since	Period of Default as on September 30, 2014 (In days)	Amount of Default - Loan (₹ )
IDBI - Rupee Loan	Oct-11	1,096	54,00,000
	Jan-12	1,004	54,00,000
	Apr-12	913	54,00,000
	Jul-12	822	54,00,000
	Oct-12	730	54,00,000
	Jan-13	638	54,00,000
	Apr-13	548	68,02,500
	Jul-13	457	68,02,500
	Oct-13	365	68,02,500
	Jan-14	273	68,02,500
	Apr-14	183	68,02,500
	Jul-14	92	68,02,500
	SBI - Rupee Loan	Sep-11	1,097
Dec-11		1,005	37,50,000
Mar-12		914	37,50,000
Jun-12		823	42,50,000
Sep-12		731	42,50,000
Dec-12		639	42,50,000
Mar-13		549	42,50,000
Jun-13		458	45,00,000

**ANNEXURE TO AUDITORS' REPORT (Contd.)**

Particulars	Outstanding Since	Period of Default as on September 30, 2014 (In days)	Amount of Default - Loan (₹)
	Sep-13	366	45,00,000
	Dec-13	274	45,00,000
	Mar-14	184	45,00,000
	Jun-14	93	50,00,000
	Sep-14	1	50,00,000
S.B.I. Corporate Loan	Sep-11	1,097	30,00,000
	Dec-11	1,005	30,00,000
	Mar-12	914	30,00,000
	Jun-12	823	30,00,000
	Sep-12	731	30,00,000
	Dec-12	639	30,00,000
	Mar-13	549	30,00,000
S.B.I. -Rupee Loan (FITL)	Sep-12	731	15,00,000
	Dec-12	639	20,00,000
	Mar-13	549	20,00,000
	Jun-13	458	20,00,000
	Sep-13	366	20,00,000
	Dec-13	274	20,00,000
	Mar-14	184	20,00,000
	Jun-14	93	22,50,000
	Sep-14	1	22,50,000
I.D.B.I. Line Of Credit	Aug-11	1,157	50,00,000
	Sep-11	1,126	50,00,000
I.D.B.I. Rupee Term Loan (WCTL)	Aug-11	1,157	16,70,000
	Sep-11	1,126	16,10,000

- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
- xiv. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi. The Company has not received any term loans during the year.
- xvii. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix. The Company has not issued debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. 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 instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For B. R. SHAH & ASSOCIATES  
Firm Registration No. 129053W  
Chartered Accountants

DEVAL R. DESAI  
Partner

Place : Ahmedabad  
Date : November 29, 2014

Membership No. 132426

**BALANCE SHEET as at September 30, 2014**

(Amount in ₹)

Particulars	Note	As at September 30, 2014	As at September 30, 2013
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	1	17,93,03,740	17,93,03,740
(b) Reserves and Surplus	2	(54,94,48,097)	(45,08,96,170)
		(37,01,44,357)	(27,15,92,430)
<b>2 Non-current Liabilities</b>			
(a) Long-term Borrowings	3	4,34,34,766	4,34,34,766
(b) Long-term Provisions	4	80,14,994	78,82,005
		5,14,49,760	5,13,16,771
<b>3 Current Liabilities</b>			
(a) Short-term Borrowings	5	20,77,87,941	21,77,87,941
(b) Trade Payables	6	7,38,17,338	7,35,43,514
(c) Other Current Liabilities	7	45,67,64,444	39,15,29,588
(d) Short-term Provisions	8	44,01,963	29,24,237
		74,27,71,686	68,57,85,280
		42,40,77,089	46,55,09,621
<b>II ASSETS</b>			
<b>1 Non-current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9	23,61,97,483	27,23,38,046
(ii) Work in Progress		—	5,83,995
(b) Deferred Tax Assets (net)	10	—	—
(c) Long-term Loans and Advances	11	4,39,20,953	3,98,43,881
		28,01,18,436	31,27,65,922
<b>2 Current Assets</b>			
(a) Current Investments	12	3,76,500	3,60,500
(b) Inventories	13	8,21,01,483	8,97,41,562
(c) Trade Receivables	14	1,34,41,238	74,95,453
(d) Cash and Bank Balances	15	93,02,798	41,50,144
(e) Short-term Loans and Advances	16	3,87,36,634	5,09,96,040
		14,39,58,653	15,27,43,699
		42,40,77,089	46,55,09,621

 Significant Accounting Policies and  
other Notes to Account 24

The notes are an integral part of these financial statements.

 As per our report of even date.  
For B. R. SHAH & ASSOCIATES  
Firm Registration No. 129053W  
Chartered Accountants

 DEVAL R DESAI  
Partner  
Membership No. 132426  
Place : Ahmedabad  
Dated : November 29, 2014

 CHARULATA KABRA  
Company Secretary

**For and on behalf of the Board of Directors of  
Kanco Enterprises Limited**

 U. KANORIA  
Chairman & Managing Director

 SUSANTA BANERJEE  
Director

 SUSHIL V. TEWARY  
Chief Financial Officer

**STATEMENT OF PROFIT & LOSS for the year ended September 30, 2014**

		(Amount in ₹)	
Particulars	Note	Year ended on September 30, 2014	Year ended on September 30, 2013
Revenue from Operations	17	159,80,32,450	145,46,68,295
Other Income	18	22,93,385	53,62,368
<b>Total Revenue</b>		<u>160,03,25,835</u>	<u>146,00,30,663</u>
<b>Expenses</b>			
Cost of Materials Consumed	19	118,52,46,625	99,49,61,998
Changes in Inventories of Finished Goods and Work-in-Progress	20	7,80,883	16,29,897
Employee Benefits Expense	21	11,12,97,368	10,55,40,335
Finance Costs	22	9,30,80,548	9,20,15,900
Depreciation	9	3,73,32,145	3,86,65,980
Other Expenses	23	27,11,40,193	23,83,10,132
<b>Total Expenses</b>		<u>169,88,77,762</u>	<u>147,11,24,242</u>
<b>Loss before Tax</b>		<u>(9,85,51,927)</u>	<u>(1,10,93,579)</u>
<b>Tax Expenses</b>			
(1) Current tax		—	—
(2) Deferred tax	10	—	—
<b>Loss for the year</b>		<u>(9,85,51,927)</u>	<u>(1,10,93,579)</u>
<b>Earnings per Equity Share</b>			
Equity Share of par value of ₹ 10/- each			
Basic and Diluted		(5.50)	(0.62)

Significant Accounting Policies and other Notes to Account 24  
The notes are an integral part of these financial statements.

As per our report of even date.  
For B. R. SHAH & ASSOCIATES  
Firm Registration No. 129053W  
*Chartered Accountants*  
DEVAL R DESAI  
*Partner*  
Membership No. 132426  
Place : Ahmedabad  
Dated : November 29, 2014

CHARULATA KABRA  
*Company Secretary*

**For and on behalf of the Board of Directors of  
Kanco Enterprises Limited**  
U. KANORIA  
*Chairman & Managing Director*  
SUSANTA BANERJEE  
*Director*  
SUSHIL V. TEWARY  
*Chief Financial Officer*

**CASH FLOW STATEMENT for the year ended September 30, 2014**

(Amount in ₹)

Particulars	September 30, 2014	September 30, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Tax	(9,85,51,927)	(1,10,93,579)
<b>Add/Less : Adjustments</b>		
Interest Paid	9,30,80,548	9,20,15,900
Depreciation	3,73,32,145	3,86,65,980
Interest Received	(17,94,067)	(32,43,307)
Liabilities / Provision no longer required	(4,36,449)	(13,54,459)
Provision / (Written Back) for Diminutions in the value of Investment (Profit) / Loss on Fixed Assets Sold	(16,000)	47,500
	—	(37,829)
<b>Operating Profit Before Working Capital Changes</b>	<u>2,96,14,250</u>	<u>11,50,00,206</u>
<b>ADJUSTMENT FOR :</b>		
Trade & Other Receivables	24,10,251	(95,40,026)
Inventories	76,40,079	6,42,72,093
Trade & Other Payables	(59,16,605)	(9,02,86,569)
<b>Cash Generated From Operations</b>	<u>3,37,47,975</u>	<u>7,94,45,704</u>
Income Tax Paid (Net of Refund)	(1,73,702)	(1,78,755)
<b>Net Cash Flow From Operating Activities</b>	<u>3,35,74,273</u>	<u>7,92,66,949</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(6,07,587)	5,42,606
Fixed Assets Sold	—	95,049
Interest Received	17,94,067	32,43,307
<b>Net Cash Flow from Investing Activities</b>	<u>11,86,480</u>	<u>38,80,962</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Repayment) in Borrowings	(1,00,00,000)	(4,88,38,115)
Interest Paid	(1,96,08,099)	(3,45,78,677)
<b>Net Cash Used in Financing Activities</b>	<u>(2,96,08,099)</u>	<u>(8,34,16,792)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	51,52,654	(2,68,881)
Cash and Cash Equivalents as at (Opening Balance)	41,50,144	44,19,025
Cash and Cash Equivalents as at (Closing Balance)	<u>93,02,798</u>	<u>41,50,144</u>

- Notes : 1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 - Cash Flow Statement referred to in "The Companies (Accounting Standards) Rules, 2006."  
 2. Cash and Cash Equivalents represent cash and bank balances only.

As per our report of even date.  
 For B. R. SHAH & ASSOCIATES  
 Firm Registration No. 129053W  
 Chartered Accountants

DEVAL R DESAI  
 Partner  
 Membership No. 132426  
 Place : Ahmedabad  
 Dated : November 29, 2014

CHARULATA KABRA  
 Company Secretary

**For and on behalf of the Board of Directors of  
 Kanco Enterprises Limited**

U. KANORIA  
 Chairman & Managing Director

SUSANTA BANERJEE  
 Director

SUSHIL V. TEWARY  
 Chief Financial Officer

**Notes '1' to '24' annexed to and forming part of the Balance Sheet as at and Statement of Profit and Loss for the year ended September 30, 2014**

	(Amount in ₹)			
	As at September 30, 2014		As at September 30, 2013	
	Number	Amount (₹)	Number	Amount (₹)
<b>1 SHARE CAPITAL</b>				
<b>(a) Details of Authorised, Issued, Subscribed and fully Paid up Shares</b>				
<b>Authorised</b>				
Equity Shares of ₹ 10 each	1,85,00,000	18,50,00,000	1,85,00,000	18,50,00,000
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of ₹ 10 each fully paid	1,79,30,374	17,93,03,740	1,79,30,374	17,93,03,740
	<u>1,79,30,374</u>	<u>17,93,03,740</u>	<u>1,79,30,374</u>	<u>17,93,03,740</u>

**(b) Terms/Rights attached to Equity Shares**

The Company has one class of equity shares having a par value of ₹ 10 per share. 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 Five Percent of Shares**

Name of Shareholder	September 30, 2014		September 30, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Umang Kanoria	40,08,929	22.36%	40,08,929	22.36%
Kanco Tea & Industries Limited	33,14,291	18.48%	33,14,291	18.48%
B.T. Investments Pvt. Ltd.	15,28,150	8.52%	15,28,150	8.52%
Cosmos Resources Pvt. Ltd.	13,26,429	7.40%	13,26,429	7.40%

**2 RESERVES & SURPLUS**

	As at September 30, 2014	As at September 30, 2013
<b>a. Capital Reserves</b>	25,00,000	25,00,000
<b>b. Securities Premium Account</b>	2,50,00,000	2,50,00,000
<b>c. General Reserves</b>	18,61,52,937	18,61,52,937
<b>d. Surplus : Opening Balance</b>	(66,45,49,107)	(65,34,55,528)
Add : Profit / (Loss) transferred from Statement of Profit and Loss	(9,85,51,927)	(1,10,93,579)
<b>Closing Balance</b>	<u>(76,31,01,034)</u>	<u>(66,45,49,107)</u>
	<u>(54,94,48,097)</u>	<u>(45,08,96,170)</u>

**3 LONG TERM BORROWINGS**
**Unsecured**

Term Loans from Related Parties (Interest free)	4,34,34,766	4,34,34,766
(Please refer note no. 24(2)(h))	<u>4,34,34,766</u>	<u>4,34,34,766</u>

**Term for repayment of Loan -**

Loan is payable on demand not earlier than September 30, 2015

**4 LONG TERM PROVISIONS**
**Provision for Employee Benefits**

Unavailed Leave	27,15,346	27,12,408
Gratuity [Refer note 24(1)(h) & 24(2)(g)]	52,99,648	51,69,597
	<u>80,14,994</u>	<u>78,82,005</u>

**NOTES 1 to 24 (Contd.)**

(Amount in ₹)

	As at	
	September 30, 2014	September 30, 2013
<b>5 SHORT TERM BORROWINGS</b>		
<b>I Secured<sup>(i) &amp; (ii)</sup></b>		
Loan from Banks		
S.B.I. (Export Packing Credit)	9,00,16,384	9,00,16,384
I.D.B.I. Line of Credit	1,00,00,000	1,00,00,000
State Bank of India	<u>2,97,71,557</u>	<u>2,97,71,557</u>
	<u>12,97,87,941</u>	<u>12,97,87,941</u>
<b>II Unsecured</b>		
(a) Term Loans from Related Parties	6,30,00,000	6,80,00,000
(b) Term Loans from Other Parties	<u>1,50,00,000</u>	<u>2,00,00,000</u>
	<u>7,80,00,000</u>	<u>8,80,00,000</u>
	<u>20,77,87,941</u>	<u>21,77,87,941</u>

**Nature of Security**

- (i) Secured by hypothecation of all tangible assets including movable machinery, stock in trade, stores, book debts, etc and second charge on entire fixed assets, present and future, and guaranteed by Managing Director.
- (ii) Terms of Re-payment of Loan

Particulars	Repayment Terms
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

**6 TRADE PAYABLES**

Payable to Micro, Small and Medium Enterprises <sup>(1)</sup>	-	-
Payable to Others	<u>7,38,17,338</u>	<u>7,35,43,514</u>
	<u>7,38,17,338</u>	<u>7,35,43,514</u>

- (1) 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.

**7 OTHER CURRENT LIABILITIES**

(a) Current Maturities of Long-term Debt		
<b>Term Loans from Banks</b>		
I.D.B.I. Rupee Term Loan <sup>(A) &amp; (B)</sup>	10,04,25,000	10,04,25,000
S.B.I. Rupee Term Loan <sup>(A) &amp; (B)</sup>	8,49,00,000	8,49,00,000
S.B.I. Corporate Loan <sup>(A) &amp; (B)</sup>	2,10,00,000	2,10,00,000
I.D.B.I. Rupee Term Loan (WCTL) <sup>(A) &amp; (B)</sup>	32,80,000	32,80,000
S.B.I. Rupee Term Loan (F.I.T.L.) <sup>(A) &amp; (B)</sup>	<u>3,44,99,895</u>	<u>3,44,99,895</u>
	<u>24,41,04,895</u>	<u>24,41,04,895</u>
(b) Interest accrued and due on Borrowings	18,34,50,954	10,99,78,505
(c) Accrued Salaries and Benefits		
Salaries	1,44,50,183	1,34,85,158
Contribution of Provident and Other Funds	<u>5,22,573</u>	<u>7,67,073</u>
	<u>1,49,72,756</u>	<u>1,42,52,231</u>
Carried forward	44,25,28,605	36,83,35,631

**NOTES 1 to 24 (Contd.)**

(Amount in ₹)

	As at	
	September 30, 2014	September 30, 2013
<b>7 OTHER CURRENT LIABILITIES (Contd.)</b>		
Balance Brought Forward	44,25,28,605	36,83,35,631
(d) Other Payables		
Statutory Obligation	17,86,132	20,04,670
Advance from Customers	51,48,255	60,79,732
Others Payable <sup>(v)</sup>	73,01,452	1,51,09,555
	<u>1,42,35,839</u>	<u>2,31,93,957</u>
	<u>45,67,64,444</u>	<u>39,15,29,588</u>

**(i) Nature of Security**

(A) Secured against joint equitable mortgage of all immovable properties both present and future ranking pari passu inter se and Hypothecation of all movable properties both present and future (Save and Except Book Debts) including movable machinery, machinery spares, tools and accessories, subject to prior charge created and/or to be created in favour of Company's Bankers for Working Capital Facilities.

(B) Loans are guaranteed by the Managing Director.

**(ii) Terms of Re-payment of Loan**

Particulars	Original Loan Amount	Repayment Terms
I.D.B.I. Rupee Term Loan	15,00,00,000	32 Quarterly Installment of varying amount starting from October, 2007 interest rate 10.25%
I.D.B.I. Rupee Term Loan (WCTL)	3,00,00,000	18 Monthly Installment of varying amount starting from April 2010 interest rate 15.25%
S.B.I. Rupee Term Loan	11,58,00,000	32 Quarterly Installment of varying amount starting from December, 2007 interest rate 15.25%
S.B.I. Corporate Loan	3,00,00,000	10 Quarterly Installment of equal amount starting from December, 2010 interest rate 15.75%
S.B.I. Rupee Term Loan (F.I.T.L.)	4,70,00,000	24 Quarterly Installment of varying amount starting from June, 2010 interest rate 12.75%

**(iii) Details of continuing default as on the balance sheet date in repayment of loans and interest**

Particulars	Outstanding Since	Period of Default as on September 30, 2014 (In days)	Amount of Default - Loan (₹)
IDBI - Rupee Loan	Oct-11	1,096	54,00,000
	Jan-12	1,004	54,00,000
	Apr-12	913	54,00,000
	Jul-12	822	54,00,000
	Oct-12	730	54,00,000
	Jan-13	638	54,00,000
	Apr-13	548	68,02,500
	Jul-13	457	68,02,500
	Oct-13	365	68,02,500
	Jan-14	273	68,02,500
	Apr-14	183	68,02,500
	Jul-14	92	68,02,500



**NOTES 1 to 24 (Contd.)**

(Amount in ₹)

**7 OTHER CURRENT LIABILITIES (Contd.)**

Particulars	Outstanding Since	Period of Default as on September 30, 2014 (In days)	Amount of Default - Loan(₹)
SBI - Rupee Loan	Sep-11	1,097	26,50,000
	Dec-11	1,005	37,50,000
	Mar-12	914	37,50,000
	Jun-12	823	42,50,000
	Sep-12	731	42,50,000
	Dec-12	639	42,50,000
	Mar-13	549	42,50,000
	Jun-13	458	45,00,000
	Sep-13	366	45,00,000
	Dec-13	274	45,00,000
	Mar-14	184	45,00,000
	Jun-14	93	50,00,000
	Sep-14	1	50,00,000
S.B.I. - Corporate Loan	Sep-11	1,097	30,00,000
	Dec-11	1,005	30,00,000
	Mar-12	914	30,00,000
	Jun-12	823	30,00,000
	Sep-12	731	30,00,000
	Dec-12	639	30,00,000
	Mar-13	549	30,00,000
S.B.I. - Rupee Loan (FITL)	Sep-12	731	15,00,000
	Dec-12	639	20,00,000
	Mar-13	549	20,00,000
	Jun-13	458	20,00,000
	Sep-13	366	20,00,000
	Dec-13	274	20,00,000
	Mar-14	184	20,00,000
	Jun-14	93	22,50,000
Sep-14	1	22,50,000	
I.D.B.I. Line of Credit	Aug-11	1,157	50,00,000
	Sep-11	1,126	50,00,000
I.D.B.I. Rupee Term Loan (WCTL)	Aug-11	1,157	16,70,000
	Sep-11	1,126	16,10,000
Total Principle Installments Default			18,06,45,000
Interest accrued and due on above loans			17,90,70,999
Total			35,97,15,999

(iv) During the previous year State Bank of India and IDBI bank has recalled the loan on account of breach of loan covenant, while, so the same loans have been classified as current maturities of long term borrowings for the current year. Interest has been provided as per last communicated rates or at the rate debited by Bank.

(v) Includes ₹ 25,000/- (Previous Year ₹ 25,000/-) payable to Director.

**NOTES 1 to 24 (Contd.)**

(Amount in ₹)

 As at  
September 30, 2014    September 30, 2013
**8 SHORT TERM PROVISIONS**
**Provision for Employee Benefits**

Unavailed Leave	2,22,038	4,81,576
Gratuity (Refer Note 24(1)(h) & 24(2)(g))	41,79,925	24,42,661
	<u>44,01,963</u>	<u>29,24,237</u>

**9 FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.10.2013	Additions during the year	Disposal during the year	As at 30.09.2014	As at 01.10.2013	For the year	On Disposals	As at 30.09.2014	As at 30.09.2014	As at 30.09.2013
<b>Tangible Assets</b>										
Land	40,76,694	—	—	40,76,694	—	—	—	—	40,76,694	40,76,694
Buildings <sup>(1)</sup>	19,16,82,367	6,18,640	—	19,23,01,007	5,73,56,717	54,90,437	—	6,28,47,154	12,94,53,853	13,43,25,650
Plant and Equipment	79,06,00,036	—	—	79,06,00,036	66,16,29,173	3,11,22,550	—	69,27,51,723	9,78,48,313	12,89,70,863
Furniture and Fixtures	35,40,065	21,220	—	35,61,285	29,46,197	87,632	—	30,33,829	5,27,456	5,93,868
Vehicles	56,49,552	4,77,972	—	61,27,524	27,79,634	4,43,575	—	32,23,209	29,04,315	28,69,918
Office Equipment	54,88,528	73,750	—	55,62,278	39,87,475	1,87,951	—	41,75,426	13,86,852	15,01,053
	<u>100,10,37,242</u>	<u>11,91,582</u>	<u>—</u>	<u>100,22,28,824</u>	<u>72,86,99,196</u>	<u>3,73,32,145</u>	<u>—</u>	<u>76,60,31,341</u>	<u>23,61,97,483</u>	<u>27,23,38,046</u>
Previous year	99,84,94,100	32,96,929	7,53,787	100,10,37,242	69,07,29,783	3,86,65,980	6,96,567	72,86,99,196	27,23,38,046	—

(1) Buildings include cost of Ownership Premises ₹ 71,37,356/- ( Previous Year ₹ 71,37,356/- ) and cost of Shares in Co-operative Society ₹ 2,000/- (Previous Year ₹ 2,000/-)

**10 DEFERRED TAX**

	As at September 30, 2013	Charge/ Credit During the Year	As at September 30, 2014
<b>Deferred Tax Liability Related to Fixed Assets</b>			
Depreciation (Including unabsorbed)	(4,11,10,288)	(2,34,63,385)	(6,45,73,673)
<b>Deferred Tax Assets on Account of Following</b>			
Provision for Bonus	22,48,322	1,97,084	24,45,406
Provision for Gratuity	24,69,797	6,05,850	30,75,647
Provision for Leave Encashment	10,36,288	(83,254)	9,53,034
Provision for Superannuation Fund	97,923	(97,923)	—
Interest on Term Loan	3,52,57,958	2,28,41,628	5,80,99,586
<b>Deferred Tax Assets (Net)</b>	<u>—</u>	<u>—</u>	<u>—</u>

(i) In absence of virtual certainty, the Company has recognised deferred tax assets only to the extent of deferred tax liability.

 As at  
September 30, 2014    September 30, 2013
**11 LONG TERM LOANS AND ADVANCES**

Prepaid Expenses	47,805	72,895
Deposits	2,24,63,067	2,06,07,822
Amount with Government Authorities	2,14,10,081	1,91,63,164
	<u>4,39,20,953</u>	<u>3,98,43,881</u>

**12 CURRENT INVESTMENTS**
**Current Investment <sup>(1)</sup>**

Investments in Mutual Funds - SBI Infrastructure Fund (No. of Units 50,000 P.Y. 50,000)	5,00,000	5,00,000
Less: Provision for Diminution	1,23,500	1,39,500
	<u>3,76,500</u>	<u>3,60,500</u>

(1) Valued at lower of cost or fair value

**NOTES 1 to 24 (Contd.)**

(Amount in ₹)

	As at	
	September 30, 2014	September 30, 2013
<b>13 INVENTORIES</b>		
a. Raw Materials and Components <sup>(1)(a)</sup>	95,87,631	1,47,99,082
b. Work-in-Progress <sup>(1)(b)</sup>	1,47,64,409	1,54,61,271
c. Finished Goods <sup>(1)(b)</sup>	4,50,24,351	4,21,30,874
d. Stores and Spares <sup>(2)</sup>	1,08,12,399	1,24,60,144
e. Waste <sup>(3)</sup>	19,12,693	48,90,191
	<u>8,21,01,483</u>	<u>8,97,41,562</u>
(1) Valued at cost or net realizable value whichever is lower		
(2) Valued at cost		
(3) At Net realisable value		
(a) Excludes inventory of cotton ₹ 5,37,18,385/- (net of VAT ₹ 26,66,596/-) [P.Y. ₹ 6,82,80,224/- (net of VAT ₹ 34,14,012/-)] for the current year, lying with the Company in respect of which, as per the terms of purchase agreement, the property in and title of goods shall continue with the suppliers until and to the extent payment is not made to them.		
(b) in view of (a) above, unpaid suppliers of cotton as at September 30, 2014 amounting ₹ 5,99,99,140/- (P.Y. ₹ 6,98,03,788/-) whose material have been consumed on or before September 30, 2014 have lien over the work-in-progress and finished goods produced out of consumption of those cotton, to the extent of the outstanding amount due to them.		
<b>Details of Inventory</b>		
<b>i) Goods manufactured</b>		
Yarn/Knitted Fabrics	4,50,24,351	4,21,30,874
<b>ii) Work-in-progress</b>		
Yarn/Knitted Fabrics	1,47,64,409	1,54,61,271
<b>14 TRADE RECEIVABLES</b>		
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they become due for payment	—	2,52,286
Other receivables	1,34,41,238	72,43,167
	<u>1,34,41,238</u>	<u>74,95,453</u>
<b>15 CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Cash in hand	5,13,866	4,12,378
<b>Balances with Banks</b>		
In Current Accounts	87,88,932	37,37,766
	<u>93,02,798</u>	<u>41,50,144</u>
<b>16 SHORT TERM LOANS AND ADVANCES</b>		
<b>Others - Unsecured, considered good</b>		
Prepaid Expenses	7,22,240	10,22,106
Amount with Government Authorities	2,93,09,866	2,84,31,154
Advances to Suppliers	51,72,258	46,59,450
Advances to Staff	3,45,493	2,98,769
Advance Income Tax	9,91,435	8,17,733
Others	21,95,342	1,57,66,828
	<u>3,87,36,634</u>	<u>5,09,96,040</u>

**NOTES 1 to 24 (Contd.)**

	Year ended on September 30, 2014	(Amount in ₹) Year ended on September 30, 2013
<b>17 REVENUE FROM OPERATIONS</b>		
Sale of Products	159,66,27,301	145,35,18,952
Sale of Services	—	2,03,834
<b>Other Operating Revenues</b>		
Scrap Sales	14,05,149	9,45,509
	<u>159,80,32,450</u>	<u>145,46,68,295</u>
<b>Details of Goods Sold</b>		
Yarn/Knitted Fabrics	143,73,31,035	130,39,85,842
Others	15,92,96,266	14,95,33,110
	<u>159,66,27,301</u>	<u>145,35,18,952</u>
<b>18 OTHER INCOME</b>		
Interest Income	17,94,067	32,43,307
Liabilities / Provision no longer required	4,36,449	13,54,459
Other non-operating income	46,869	7,26,773
Surplus on sale of fixed assets	—	37,829
Provision written back for diminutions in the value of Investment	16,000	—
	<u>22,93,385</u>	<u>53,62,368</u>
<b>19 COST OF MATERIALS CONSUMED</b>		
<b>Raw Material Consumption</b>		
Opening Stock	1,47,99,082	7,89,08,944
Add: Purchases	118,00,35,174	93,08,52,136
Less: Closing Stock	95,87,631	1,47,99,082
<b>Total Cost of Material Consumed</b>	<u>118,52,46,625</u>	<u>99,49,61,998</u>
<b>Details of Raw Material Consumed</b>		
Cotton	118,22,60,081	99,49,61,998
Yarn	29,86,544	—
	<u>118,52,46,625</u>	<u>99,49,61,998</u>
<b>20 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
<b>Changes in Inventory</b>		
Work-in-Progress		
Opening	1,54,61,271	2,72,82,853
Closing	1,47,64,409	1,54,61,271
Finished Goods		
Opening	4,70,21,065	3,68,29,380
Closing	4,69,37,044	4,70,21,065
<b>(Increase) / Decrease in Inventory</b>	<u>7,80,883</u>	<u>16,29,897</u>
<b>21 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and Incentives	9,76,38,504	8,94,02,490
Contribution to Gratuity Fund	31,21,876	59,16,016
Contributions to Provident and other funds	66,99,302	63,53,416
Staff Welfare Expenses	38,37,686	38,68,413
	<u>11,12,97,368</u>	<u>10,55,40,335</u>

**NOTES 1 to 24 (Contd.)**

	Year ended on September 30, 2014	(Amount in ₹) Year ended on September 30, 2013
<b>22 FINANCE COSTS</b>		
Interest Expense	9,30,80,548	9,20,15,900
	<u>9,30,80,548</u>	<u>9,20,15,900</u>
<b>23 OTHER EXPENSES</b>		
Consumption of Store Materials	2,61,87,790	2,35,93,792
Power and Fuel	16,74,58,562	15,03,49,588
Repairs to Buildings	7,14,164	19,12,905
Repairs to Machinery	3,51,49,981	2,71,89,899
Repairs to others	5,82,740	10,72,637
Insurance	8,22,529	7,58,202
Rates and Taxes	5,39,618	5,08,389
Legal and Professional Fees	62,74,548	24,33,576
Commission and Discount	1,13,67,276	1,05,72,114
Freight and Despatch Charges	72,19,766	42,19,749
Travelling and Conveyance	49,12,528	58,57,318
Vehicle Expenses	24,70,552	22,69,992
Director's Sitting Fees	1,20,000	1,70,000
Payment to Auditors	2,30,338	2,25,573
Provision for Diminutions in the value of Investment	—	47,500
Miscellaneous Expenses	70,89,801	71,28,898
	<u>27,11,40,193</u>	<u>23,83,10,132</u>

**24 SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNT**
**1. SIGNIFICANT ACCOUNTING POLICIES**
**a) Basis of Accounting**

These financial statements have been prepared on accrual basis and under historical cost convention and in compliance, in all material aspects, with the generally accepted accounting principals in India. Consequent to the clarification issued by the Ministry of Corporate Affairs, Government of India vide General Circular 08/2014 dated April 04, 2014, these financial statements have been prepared in accordance with the relevant provisions/schedules/rules of the Companies Act, 1956, which inter-alia include the applicable Accounting Standards notified under Section 211(3C). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

**b) Fixed Assets and Depreciation**

Fixed Assets : Fixed Assets are stated at cost / book value less depreciation and net of cenvat and subsidy except on freehold land.

Depreciation : (i) Depreciation is being provided on Straight Line Method in terms of Section 205(2) (b) of the Companies Act, 1956 at the rates and in the manner specified in Schedule XIV to the said Act.

(ii) In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis.

**c) Investments**

All long term investments are stated at cost unless there is a permanent fall in the value of Investments. All current investment are stated at cost or realisable value which ever is lower.

## **NOTES 1 to 24 (Contd.)**

### **24 SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNT (Contd.)**

#### **d) Inventories**

- (i) Stores and Spares are valued at cost. Cost is arrived at on F.I.F.O. basis.
- (ii) Raw Materials are valued at cost or net realisable value whichever is lower. Cost is arrived at on the basis of cost of respective lots remaining in stock and related expenses.
- (iii) Materials in Process is valued at cost (\*) or net realisable value whichever is lower.
- (iv) Yarn and Knitted Fabrics are valued at cost (\*) or net realisable value whichever is lower.
- \* (v) Cost of Valuation of materials in process and yarn has been arrived at 'by adding direct cost & relevant overhead cost' in accordance with the revised Accounting Standard (AS-2) "Valuation of Inventories", issued by the Institute of Chartered Accountants of India.
- (vi) Waste is valued at estimated realisable value.
- (vii) Materials in transit are valued at cost to date of the Balance Sheet.

#### **e) Exchange Fluctuations**

Monetary Current Assets and Liabilities in foreign currency outstanding at the close of the financial year are valued at the appropriate exchange rates at the close of the year. The loss or gain due to fluctuation of exchange rates is charged to Statement of Profit & Loss.

#### **f) Revenue Recognition**

- (i) Sale of goods is recognised at the point of transfer of significant risk and rewards to the customers.
- (ii) Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book" under the "Duty Exemption Scheme" and "Duty Draw Back Scheme" are accounted in the year of export.

#### **g) Government Grants and Subsidy**

Revenue Grants and Subsidy received during the year have been shown by way of deduction from related expenses.

#### **h) Employee Benefits**

- (i) Defined Contribution Plan : The Company has defined contribution plans in the form of Provident Fund, Pension Scheme, EDLI, Super Annuation Fund and Labour Welfare Fund and the contributions are charged to the Statement of Profit and Loss of the year when the contribution to the respective funds are due. There are no other contributions other than the contributions payable to the respective funds.
- (ii) Defined Benefit Plan :
  - Funded Plan : The Company has defined benefit plans in the form of Gratuity and Leave Encashment the liability for which is determined on the basis of actuarial valuation at the end of the year. Gains and losses arising out of actuarial valuation are recognised immediately to the Statement of Profit and Loss as income or expense.
  - Unfunded Plan : The Company has unfunded Defined Benefit Plans in the form of Compensated Absences, as per Company Policy.
- (iii) Other Defined Benefits : Provision for other defined benefit for long term leave encashment is made based on an independent actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss as income or expenses. Company recognised the undiscounted amount of short term employee benefits during the accounting period based on service rendered by an employee.

#### **i) Borrowing Cost**

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

## NOTES 1 to 24 (Contd.)

### 24 SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNT (Contd.)

#### j) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

#### k) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital.

## 2. OTHER NOTES TO ACCOUNTS

### (a) Contingent Liabilities and Commitments (to the extent not provided for) (Amount in ₹)

	As at	
	30.09.2014	30.09.2013
<b>(i) Contingent Liabilities</b>		
(a) Claims against the Company not acknowledged as debt - Labour Matters	10,27,271	5,65,877
(b) Losses on account of foreign exchange difference, excluding interest, if any, on unilateral cancellation of Forward Contract by State Bank of India without authorisation from the Company for which the Company has filed a suit in the Hon'ble High Court at Calcutta against the Bank. The said suit has been transferred to the City Civil Court in Ahmedabad pursuant to the order dated 18th day of August 2014 of Calcutta High Court.	11,78,81,338	11,78,81,338
	<u>11,89,08,609</u>	<u>11,84,47,215</u>
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for	15,00,000	—
	<u>15,00,000</u>	<u>—</u>
	<u>12,04,08,609</u>	<u>11,84,47,215</u>

(b) As of the Balance Sheet date, the Company's net foreign currency exposures that are not hedged by a derivative instrument or otherwise is ₹ Nil (PY ₹ Nil)

### (c) Segment Reporting

In accordance with the requirements of Accounting Standard 17 - 'Segment Reporting' the Company has determined its business segment as Textile Products. Since 100% of the Company's business is from Textile Products, there are no other primary reportable segments. Thus the segment revenue, segment results, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, the total amount of charge for depreciation and amortisation during the year are all as reflected in the financial statements for the year ended September 30, 2014 and as on that date. Also there being no business outside India, the entire business has been considered as single geographic segment.

**NOTES 1 to 24 (Contd.)**
**24 SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNT (Contd.)** (Amount in ₹)

**(d) Payment to Auditors**

	As at	
	30.09.2014	30.09.2013
<b>Auditor</b>		
a. For audit services	1,12,360	1,00,000
b. For taxation matters	16,854	16,854
c. For other services	65,731	63,326
	<u>1,94,945</u>	<u>1,80,180</u>
<b>Cost Auditor</b>		
a. Cost audit fees	33,708	33,708
b. For other services	—	10,000
c. For reimbursement of expenses	1,685	1,685
	<u>35,393</u>	<u>45,393</u>
	<u>2,30,338</u>	<u>2,25,573</u>

**(e) Earning Per Share**

Earning Per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted Earnings per Share

Particulars	As at	
	30.09.2014	30.09.2013
Profit/(Loss) for the year attributable to the Equity Shareholders	(9,85,51,927)	(1,10,93,579)
Basic/weighted average number of Equity Shares outstanding during the period	1,79,30,374	1,79,30,374
Nominal Value of Equity Share	₹ 10/-	₹ 10/-
Basic and Diluted Earning Per Share	(₹ 5.50)	(₹ 0.62)

**(f) Other Details**
**(i) Value of Raw Materials Consumed**

(Amount in ₹)

	September 30, 2014		September 30, 2013	
	Amount	%	Amount	%
Indigenous	118,52,46,625	100.00	99,49,61,998	100.00
	<u>118,52,46,625</u>	<u>100.00</u>	<u>99,49,61,998</u>	<u>100.00</u>

**(ii) Value of Spares Consumed**

	September 30, 2014		September 30, 2013	
	Amount	%	Amount	%
Imported	31,48,354	9.52	21,78,205	8.62
Indigenous	2,99,08,156	90.48	2,30,81,466	91.38
	<u>3,30,56,510</u>	<u>100.00</u>	<u>2,52,59,671</u>	<u>100.00</u>

**(iii) Value of Imports on C.I.F. Basis**

	30.09.2014	30.09.2013
	Amount	Amount
Spare Parts	31,46,513	15,40,157
	<u>31,46,513</u>	<u>15,40,157</u>

**(iv) Expenditure in Foreign Currency**

	30.09.2014	30.09.2013
	Amount	Amount
Travelling	16,58,271	23,13,050
	<u>16,58,271</u>	<u>23,13,050</u>

**(v) Export Sales**

	30.09.2014	30.09.2013
	Amount	Amount
Through Export House	124,06,53,935	104,35,20,470
	<u>124,06,53,935</u>	<u>104,35,20,470</u>





**NOTES 1 to 24 (Contd.)**

**24 SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNT (Contd.)**

**(g) Disclosure pursuant to Accounting Standard -15 (Revised) "Employee Benefits":**

**a. Defined Contribution Plans :**

Amount of ₹ 66,99,302/- (Previous year ₹ 63,53,416/-) is recognised as expense and included in "Employee Benefits Expenses" in Note - 21 to the Statement of Profit & Loss.

**b. Defined Benefit Plans :**

(Amount in ₹)

**i. Reconciliation of opening and closing balances of the Present Value of the Defined Benefit Obligation:**

Particulars	Gratuity as at	
	30.09.2014	30.09.2013
a. Present value of Defined Benefit obligation at the beginning of the year	1,38,17,043	89,18,568
b. Interest cost	12,30,526	6,72,333
c. Current service cost	18,77,438	15,91,329
d. Actuarial Losses/(Gains)	5,98,328	41,72,967
e. Benefits paid	(10,28,112)	(15,38,154)
f. Present value of Defined Benefit Obligation at the close of the year	1,64,95,223	1,38,17,043

**ii. Changes in the fair value of Plan Assets and the reconciliation thereof:**

a. Fair value of Plan Assets at the beginning of the year	62,04,785	55,72,326
b. Add: Expected Return on Plan Assets	5,84,416	5,20,613
c. Add/Less: Actuarial Losses/(Gains)	—	—
d. Add: Contributions	12,54,561	16,50,000
e. Less: Benefits Paid	(10,28,112)	(15,38,154)
f. Fair value of Plan Assets at the close of the year	70,15,650	62,04,785

**iii. Amount Recognised in the Balance Sheet including a reconciliation of the present value of the defined obligation in ( i ) and the fair value of the plan assets in (ii) to assets and liabilities recognised in the Balance Sheet.**

a. Present value of Defined Benefit obligation	1,64,95,223	1,38,17,043
b. Less: Fair value of plan Assets	70,15,650	62,04,785
c. Present value of unfunded obligation	94,79,573	76,12,258
d. Net Liability/(Asset) recognised in the Balance Sheet	94,79,573	76,12,258

**iv. Amount recognised in the Statement of Profit and Loss are as follows:**

a. Current Service Cost	18,77,438	15,91,329
b. Interest Cost	12,30,526	6,72,333
c. Expected Return on Plan Assets	5,84,416	5,20,613
d. Actuarial Losses/(Gains)	5,98,328	41,72,967
e. Past services costs	—	—
f. Effect of Curtailment/Settlement	—	—
g. Adjustments for earlier years	—	—
h. Recognised in the Statement of Profit and Loss	31,21,876	59,16,016

**v. Actuarial Assumptions at the Balance Sheet date:**

a. Discount Rate	9.00%	9.25%
b. Expected Rate of Return on Plan Assets	9.25%	9.25%
c. Salary Escalation Rate - Management Staff	7%	7%
d. Salary Escalation Rate - Non Management Staff	7%	7%

**NOTES 1 to 24 (Contd.)**
**24 SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNT (Contd.)** (Amount in ₹)

Particulars	Gratuity as at	
	30.09.2014	30.09.2013
vi. Experience Adjustments :		
a. Defined Benefit Obligation	1,64,95,223	1,38,17,043
b. Plant Assets	70,15,650	62,04,785
c. (Surplus) / Deficit	94,79,573	76,12,258
d. Experience adjustments on plan liabilities (gain) / loss	2,39,920	41,72,967
e. Experience adjustments on plan assets (gain) / loss	3,58,408	—

The Estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

vii. Amount recognised as an expense in respect of Compensated Leave Absences is ₹ 7,15,454/- (Previous year ₹ 19,60,242/-)

**(h) Related Party Disclosures**

Related party disclosures, as required by AS-18 "Related Party Disclosures", are given below:

**1. Relationships:**

(i) Key Management Personnel and their relatives :

Mr. Umang Kanoria	Ms. Stuti Kanoria
Mrs. Anuradha Kanoria	Master Satvik Kanoria

(ii) Enterprises over which the key management personnel and/or their relatives have significant influence :

B.T. Investments Pvt. Ltd.	Innova Properties Pvt. Ltd.
Cosmos Resources Pvt. Ltd.	Milan Agencies Pvt. Ltd.
Kanco Tea & Industries Ltd.	Nidhi Pvt. Ltd.
E.T. Resources Pvt. Ltd.	OCL Investments & Leasing Ltd.
Facitcon Investments Pvt. Ltd.	S.T. Investment Pvt. Ltd.
Suryasakti Commodities Pvt. Ltd.	

**2. The following transactions were carried out with the related parties in the ordinary course of business :**

**Details relating to parties referred to in item 1(i) and 1 (ii) above:** (Amount in ₹)

Particulars	September 30, 2014		September 30, 2013	
	In Relation to Item 1(i)	In Relation to Item 1(ii)	In Relation to Item 1(i)	In Relation to Item 1(ii)
<b>Intercorporate Loan Repaid</b>				
Nidhi Pvt. Ltd.	—	50,00,000	—	—
Kanco Tea & Industries Ltd. (net)	—	—	—	37,28,225
S.T. Investment Pvt. Ltd.	—	—	—	1,60,00,000
<b>Remuneration</b>	22,90,348	—	31,56,901	—
<b>Interest Paid</b>				
Nidhi Pvt. Ltd.	—	8,50,685	—	9,00,000
S.T. Investment Pvt. Ltd.	—	74,05,000	—	88,73,725
<b>Outstanding Balances at the end (Payable)/ Receivable (Net)</b>				
Umang Kanoria	(25,000)		(25,000)	
Kanco Tea & Industries Ltd.		(4,34,34,766)		(4,34,34,766)
S. T. Investment Pvt. Ltd.		(6,23,41,380)		(5,90,00,000)
Nidhi Pvt. Ltd.		(43,61,726)		(94,06,110)



## NOTES 1 to 24 (Contd.)

### 24 SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNT (Contd.)

- (i) The Company's appeal filed on 18/01/2013 in Appellate Authority for Industrial and Financial Reconstruction u/s 25(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA, 1985) for reference bearing no.3/2012 filed u/s 15(1) of the SICA, 1985 against the order passed by the Board of Industrial and Financial Reconstruction (BIFR) is pending. The Company's reference bearing no.6/2014 filed u/s 15(1) of SICA, 1985 filed with BIFR is also pending.
- (j) The Company has accumulated losses of ₹ 76,31,01,034/- as on September 30, 2014, resulting in complete erosion of its net worth. The Company has no specific plan to wind up its operations in the near future. The management is of the view that long term prospects of the Company appear better with overall turnaround in the textile industry, stability in the cotton price. In view of this the financial statement have been prepared on a going concern basis.
- In addition to this management also expect reliefs/concessions on sanction of rehabilitation/ revival package by the Board of Industrial and Financial Reconstructions ( BIFR) as company is already involved in discussion with its lenders for this purpose which will help the Company to run its operations in coming years.
- (k) The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation.

As per our report of even date.  
For B. R. SHAH & ASSOCIATES  
Firm Registration No. 129053W  
*Chartered Accountants*  
DEVAL R DESAI  
*Partner*  
Membership No. 132426  
Place : Ahmedabad  
Dated : November 29, 2014

CHARULATA KABRA  
*Company Secretary*

**For and on behalf of the Board of Directors of  
Kanco Enterprises Limited**

U. KANORIA  
*Chairman & Managing Director*

SUSANTA BANERJEE  
*Director*

SUSHIL V. TEWARY  
*Chief Financial Officer*



**KANCO ENTERPRISES LIMITED**

(CIN:L51909WB1991PLC053283)

Registered Office : Jasmine Tower, 3rd Floor, 31, Shakespeare Sarani, Kolkata 700 017

Telefax: +91 33 2281-5217 • Email id: compliance@kanco.in • Website: www.kanco.in

**ATTENDANCE SLIP**

Registered Folio/DP ID & Client ID	
Name & Address of the Member	
E-mail ID :	

- I hereby record my presence at the 24th Annual General Meeting of the Company, to be held on Friday, the 6th day of February, 2015 at 11.30 A.M. at Kalakunj, 48, Shakespeare Sarani, Kolkata- 700017.
- Signature of the Member/ Proxy Present .....



**KANCO ENTERPRISES LIMITED**

(CIN L51909WB1991PLC053283)

Registered Office : Jasmine Tower, 3rd Floor, 31, Shakespeare Sarani, Kolkata 700 017

Telefax: +91 33 2281-5217 • Email id: compliance@kanco.in • Website: www.kanco.in

**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule (19) 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.

- Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
Email Id : \_\_\_\_\_  
Signature : \_\_\_\_\_, or failing him/her
- Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
Email Id : \_\_\_\_\_  
Signature : \_\_\_\_\_, or failing him/her
- Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
Email Id : \_\_\_\_\_  
Signature : \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on Friday, 6th day of February, 2015 at 11.30 A.M. at Kalakunj, 48, Shakespeare Sarani,

Kolkata 700 017 and at any adjournment thereof in respect of such resolutions as are indicated below :

Sl. No.	Resolution	Sl. No.	Resolution
1.	Adoption of the Audited Statement of Profit & Loss for the year ended 30th September, 2014, the Audited Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon	4.	Appointment of Ms. Puja Borar (DIN: 06873157) as Independent Director.
		5.	Appointment of Mr. Krishna Kumar Gupta (DIN: 06657407) as Independent Director.
2.	To appoint a director in place of Mr. Susanta Banerjee (DIN: 01173116), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.	6.	Consent u/s 180 (1) (a) of Companies Act, 2013 – Creation of charge
		7.	Consent u/s 180 (1) (c) of Companies Act, 2013 – Borrowing Powers
3.	To appoint Messrs B. R Shah & Associates, Chartered Accountants (Firm Registration No: 129053W) as Statutory Auditors of the Company and fix their remuneration	8.	Re-appointment of Mr. Umang Kanoria (DIN: 00081108) as Managing Director
		9.	Consent u/s 186 of Companies Act, 2013- Investment in securities

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of Shareholder: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

Affix Revenue Stamp
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**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.**