



KANCO ENTERPRISES LIMITED



KANCO ENTERPRISES LIMITED

(CIN : L51909WB1991PLC053283)

Annual Report & Accounts 2016-2017

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BOARD OF DIRECTORS

Mr. U. Kanoria

Chairman & Managing Director

Mr. S. Banerjee

Mr. K. K. Gupta

Ms. P. Borar

Directors

COMPANY SECRETARY

Ms. S. Shukla

CHIEF FINANCIAL OFFICER

Mr. S. V. Tewary

AUDITORS

M/s. B. R. Shah & Associates

Chartered Accountants

BANKER

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

CB Management Services (P) Ltd.

P-22, Bondel Road, Kolkata 700 019

Phone : +91 33 2280 6692/93/94

E-mail : rta@cbmsl.com



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Members of KANCO ENTERPRISES LIMITED will be held at "Shripati Singhanian Hall, ROTARY SADAN, 94/2, Chowringhee Road, Kolkata-700020" on Thursday, 3rd August, 2017 at 4:00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the year ended 31st March, 2017, the reports of the Board of 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 for the financial year 2017-2018 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 196,197,203 and all the applicable provisions, if any, Schedule V of the Companies Act, 2013, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended and such approvals, permissions and sanctions, as may be required, on the recommendation of the Nomination and Remuneration Committee of the Company, the approval of the Company is 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 five years with effect from 1st January, 2018 to 31st December, 2022, without remuneration and he shall have the right to manage the day to day business and affairs of the Company subject to the superintendence, guidance, control and direction of the Board of Directors of the Company."

"RESOLVED FURTHER THAT Mr. Umang Kanoria (DIN: 00081108) shall have the right to exercise such powers of Management of the Company as may be delegated to him by the Board of Directors, from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Sohini Shukla, Company Secretary of the Company be and hereby authorised severally to take all such steps as it may consider necessary, proper or expedient to give effect to the aforesaid resolution."

Registered Office:

Jasmine Tower, 3rd Floor

31, Shakespeare Sarani, Kolkata - 700017

CIN: L51909WB1991PLC053283

Telefax: (033) 22815217

Email: compliance@kanco.in

Website: www.kanco.in

Dated: 29th May, 2017

By Order of the Board
For KANCO ENTERPRISES LIMITED

SOHINI SHUKLA
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.

NOTICE (Contd.)

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.

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

- II. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf in the meeting.
- III. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013, in respect to the Special Business under Item No. 4 of the accompanying Notice is annexed hereto.
- IV. A brief resume of each of the directors proposed to be reappointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter se as stipulated under Regulation 36 of the SEBI(Listing Obligations and Disclosures Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard on General Meeting (SS-2), are provided in Details of Directors seeking reappointment at the Annual General Meeting annexed hereto.
- V. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from 28th July, 2017 to 3rd August, 2017 (both days inclusive) for the purpose of the Annual General Meeting.
- VI. Members are requested to bring their copy of Annual Report at the Meeting and produce the enclosed attendance slip at the entrance to the place of the meeting.
- VII. All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company on weekdays (3:00 p.m. to 5:00 p.m.) up to and including the date of the Annual General Meeting of the Company.
- VIII. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
- IX. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
- X. Copies of the Annual Report for the year 1st April 2016 to 31st March, 2017, the Notice of the 26th Annual General Meeting, instructions for e-voting, Attendance Slip, Proxy Form and the route map to the venue are being sent by electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for the year 1st April 2016 to 31st March, 2017, the Notice of the 26th Annual General Meeting, instructions for e-voting, Attendance Slip, Proxy Form and the route map to the venue are being sent by the permitted mode. Members may register their email address by visiting Website namely [www.cbmsl.com /green.php](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 1st April 2016 to 31st March, 2017 will also be available on the Company's website www.kanco.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kolkata for inspection during normal business hours on working days. Even after registering for e-communication, members



NOTICE (Contd.)

are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send requests to the email id: compliance@kanco.in or rta@cbmsl.com.

- XII. Members seeking any information with regard to Accounts may write to the Company 7 (seven) days before the date of the Annual General Meeting.
- XIII. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Registrar and Share Transfer Agent.
- XIV. 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. Members are requested to furnish or update their e-mail IDs with the Registrar for sending the soft copies of the Annual Report of the Company as required vide circular no.17/2011 dated April 21, 2011 and circular no.18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs and to avail remote e-voting facility in respect of the resolutions which would be passed at the General Meetings of the Company.
- XVI. Pursuant to prohibition imposed vide Secretarial Standard on General Meeting (SS-2) issued by The Institute of Company Secretaries of India and The Ministry of Corporate Affairs circular, no gifts/coupons shall be distributed at the Meeting.
- XVII. 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 Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended from time to time, the Company is pleased to provide its members facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 26th Annual General Meeting. The business may be transacted through e-voting Services provided by Central Depository Services (India) Limited (CDSL).
 - b. The facility for voting either through ballot/polling papers shall also be made available at the venue of the 26th Annual General Meeting. The members attending the meeting, who have not cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.
 - c. Mr. A.K.Labh, Practising Company Secretary (Membership No. 3238) (Address: A.K.Labh & Co, 40, Weston Street, 3rd Floor, Kolkata - 700013) has been appointed as the Scrutinizer for conducting the remote e-voting and voting process at the AGM in a fair and transparent manner.
 - d. The e-Voting procedure to be followed by the shareholders to cast their votes:
A. In case of Members who receive the Notice in electronic mode:
 - (i) The voting period begins 31st July, 2017 (9.00 am) and ends on 2nd August, 2017 (5.00 pm). During this period the shareholders' of the company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 27th July, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 pm on 2nd August, 2017.

**NOTICE (Contd.)**

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Log on to the e-voting website www.evotingindia.com
- (iv) Click on "Shareholders" tab.
- (v) Now Enter your User ID
 - a. For **CDSL**: 16 digits beneficiary ID,
 - b. For **NSDL**: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

Particulars	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "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.



NOTICE (Contd.)

- (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>.
- (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 votes cast by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Institutional Shareholders and Custodians
 - Non-Individual shareholders - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

**NOTICE (Contd.)****B. In case of Members who receive the Notice by post:**

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

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

- (a) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 27th July, 2017, may obtain the USER ID and password by sending an e-mail request to rta@cbmsl.com / compliance@kanco.in.
- (b) There will be one vote for every Client ID No. / Registered Folio No. irrespective of the number of joint holders.
- (c) The Results of voting will be declared within 48 hours from the conclusion of the AGM and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared Results, alongwith the Scrutinizer's Report, will be available forthwith on the Company's corporate website www.kanco.in and on the website of CDSL; such Results will also be forwarded to The Calcutta Stock Exchange Limited and The Bombay Stock Exchange Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**Item No. 4**

Mr. Umang Kanoria (DIN:00081108), born on 2nd November, 1959, 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 achieving a negotiated settlement with the bankers and then shaping the future growth and efficient management of the Company.

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

- 1. Kanco Tea & Industries Limited
- 2. STEL Holdings Limited
- 3. Saregama India Limited
- 4. Spencer and Company 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

NOTICE (Contd.)

2.	Kanco Tea & Industries Limited	Chairman- Share Transfer Committee Chairman- Stakeholders Relationship Committee Chairman- CSR Committee Member- Finance and Investment Committee
3.	Stel Holdings Limited	Chairman- Audit Committee Member- Stakeholders Relationship Committee Chairman- Nomination and Remuneration Committee
4.	Saregama India Limited	Member- Audit Committee Member- Nomination and Remuneration Committee Member- Stakeholders Relationship Committee Member- CSR Committee

Mr. U. Kanoria was reappointed as the Managing Director of the Company with effect from 1st January, 2015 for a period of 3 years and his tenure would expire on 31st December, 2017. He is holding 4008929 number of equity shares in the Company.

Considering his vast experience in Textile Industry and his long association with the Company, the Board of Directors of the Company in its meeting held on 29th May, 2017 has reappointed Mr. U. Kanoria as Managing Director of the Company for a further period of 5 (five) years w.e.f 1st January, 2018 without remuneration as recommended by the Nomination and Remuneration Committee and on such terms and conditions, as mentioned in the draft agreement, to be entered into between the Company and Mr. U. Kanoria, subject to approval of the Shareholders.

The abstract of the terms and conditions governing the reappointment of Mr. U. Kanoria as the Managing Director of the Company is as under:

- (a) Tenure: 1st January 2018 to 31st December, 2022
- (b) Remuneration: Nil
- (c) The Managing Director shall have the rights to manage the day-to -day business and affairs of the Company subject to the superintendence, guidance, control and direction of the Board of Directors of the Company.
- (d) 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.
- (e) 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.
- (f) The Managing Director shall adhere to the Company's Code of Conduct & Ethics for Directors and Management Personnel.
- (g) The Managing Director and the Company shall have the rights to terminate the appointment by giving six months notice in writing to the other.

Mr. U. Kanoria shall not be paid any sitting fee for attending the meeting of the Board of Directors or any committee thereon.

Mr. U. Kanoria is interested in the resolution set out at item No. 4 which pertains to his re-appointment as the Managing Director of the Company. The relatives of Mr. U. Kanoria 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.

**NOTICE (Contd.)**

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.

The Board therefore, recommends the Resolution to be passed as Ordinary Resolution by the Shareholders.

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

For Item no. 2 of the Notice is as follows:

Particulars	Mr. Susanta Banerjee
Din	01173116
Date of Birth	13.03.1947
Date of Appointment	26.03.2013
Qualifications	B .Com
Experience in specific functional areas	Mr. Susanta Banerjee a graduate in Commerce from Calcutta University has over 30 years of rich experience across a wide spectrum of functional areas.
Directorship held in other listed entities	Orchid Securities Limited
Membership/Chairmanship of Committees of listed entities (includes only Audit Committee and Stakeholders' Relationship Committee)	Member of Audit Committee & Stakeholders' Relationship Committee of Kanco Enterprises Limited and also in Stakeholders' Relationship Committee of Orchid Securities Limited
Number of shares held in the company	65 Equity Shares
Relationship with any Director(s) of the Company	Nil

For Item No. 4 of the Notice, details have been provided in Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 to the notice of the 26th AGM of the Company.

Registered Office:

Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata - 700017
CIN: L51909WB1991PLC053283
Telefax: (033) 22815217
Email: compliance@kanco.in
Website: www.kanco.in
Dated: 29th May, 2017

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

SOHINI SHUKLA
Company Secretary

**DIRECTORS' REPORT**

Dear Shareholders,

The Directors of the Company present their 26th Annual Report and Company's Audited Financial Statement for the year ended 31st March, 2017.

FINANCIAL PERFORMANCE

Your Company's financial performance was as follows :

₹/Lakhs

Particulars	31st March 2017	31st March, 2016
Profit before Interest, Depreciation and Tax	(140.69)	(74.07)
Less: Interest	967.08	1426.50
Gross Profit/ (Loss) for the Year	(1107.77)	(1500.57)
Less: Depreciation	266.82	431.69
Profit/(Loss) Before Tax	(1374.59)	(1932.26)
Less : Provision for Tax	-	-
Profit / (Loss) After taxation	(1374.59)	(1932.26)
Depreciation transferred on account of change in useful life of Property, Plant and Equipment	-	(113.40)
Balance Brought Forward from last Account	(9676.67)	(7631.01)
Balance Carried to Balance Sheet	(11051.26)	(9676.67)

RESULTS OF OPERATIONS AND THE STATE OF THE COMPANY'S AFFAIRS

The Cotton Yarn industry continues to struggle with cotton prices shooting up and Yarn export demand remains tepid. Export of Yarn is on a downward trend.

The Company was forced to suspend manufacturing operations from September 30, 2015 in view of large scale resignations of staff and workmen at the Company's factory situated at "Kanco Overseas" Village: Walthera, Taluka: Dholka, Ahmedabad - 387810.

The current Industry scenario is negative, in view of this the company has decided to continue the Suspension. The management is watching the developments and will take appropriate decision as and when the markets improve and the supply / demand mis-match is bridged.

The current period operations have resulted in a net loss of ₹1374.59 Lakhs.

FINANCE

During the year under review, the long term borrowings and short term borrowings of the Company stands at ₹ 434.35 Lakhs and ₹ 1948.08 Lakhs respectively as on 31st March 2017.

DIVIDEND

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

**DIRECTORS' REPORT (Contd.)****EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form No. MGT-9 as required under Section 92 of the Companies Act, 2013 is annexed herewith marked as Annexure A to this report.

REFERENCE TO THE BOARD OF INDUSTRIAL AND FINANCIAL RECONSTRUCTION

The Government of India vide its notification dated 25th November 2016, has repealed SICA with effect from 1st December, 2016 by notifying and bringing into effect the provisions of the Sick Industrial Companies (Special Provisions) Repeal Act, 2003.

In view of the notification 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 and 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 stands abated.

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.

Subject to the approval of the Shareholders at the ensuing Annual General Meeting, the Board of Directors on 29th May, 2017 have proposed to reappoint Mr. Umang Kanoria (DIN:00081108) as Managing Director of the Company for a period of 5 years on such terms as set out in the Notice of the 26th Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

BOARD EVALUATION

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

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION ETC

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

KEY MANAGERIAL PERSONNEL

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

- a) Mr. U. Kanoria (DIN:00081108), Chairman and Managing Director

DIRECTORS' REPORT (Contd.)

- b) Ms. Anupama Goel, Company Secretary (upto 19th December 2016)
- c) Ms. Sohini Shukla, Company Secretary (w. e.f 14th May, 2017)
- d) Mr. S. V Tewary, Chief Financial Officer

NUMBER OF MEETINGS OF THE BOARD

Five meetings of the Board of Directors were held during the year under review.

AUDIT COMMITTEE

The Audit Committee comprises of Independent Directors namely Ms. Puja Borar (Chairperson) and Mr. Krishna Kumar Gupta and Mr. Susanta Banerjee, Non-Executive Director. All the recommendations made by the Audit Committee were accepted by the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby confirms that

- a) in the preparation of the Annual Accounts for the year ended 31st March, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the loss of the Company for the year ended on that date;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they had not prepared the annual accounts on a going concern basis;
- e) they had laid down internal financial control to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY AUDITORS

Messrs. B. R. Shah & Associates, Chartered Accountants, (Registration No. 129053W), Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have expressed their willingness to continue as Statutory Auditors of the Company, if so appointed by the Shareholders. The 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 under 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 regulation 33(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

STATUTORY AUDITORS' REPORT

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

DIRECTORS' REPORT (Contd.)

QUALIFIED OPINION

- (a) As referred to in note no. 21(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 March 31, 2017 is lower by the said amount. The loss above does not include interest, if any.

During the year ended September 30, 2012, State Bank of India (SBI) has unilaterally cancelled the forward contracts and debited ₹11,78,81,338/-, 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 Calcutta High Court. The Company therefore has not recognized the said forex loss in its books of accounts. The dispute is sub-judice.

- (b) As referred in note no. 6 (iii) & (iv) Company has stopped repaying Secured loan and interest thereon to State Bank of India and IDBI bank since 2011-2012. Interest charged on borrowing from State Bank of India has been accounted as per last agreed rate of 2011-2012. 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. The said loans have been recalled by the respective lenders and matter is sub-judice.

Company has stopped repaying Secured loan and interest thereon to State Bank of India and IDBI bank since 2011-2012. Interest charged on borrowing from State Bank of India has been accounted as per last agreed rate of 2011-2012. 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. The said loans have been recalled by the respective lenders and matter is sub-judice.

- (c) As referred in note no. 4(ii) balance of secured loan and Interest thereon from State bank of India and IDBI Bank are as per books of accounts and subject to confirmation by lenders.

Both SBI and IDBI have neither sent any statement of account nor issued any balance confirmation and therefore the management is unable to get the confirmation.

- (d) As referred in note no. 5 (2), the company has not made provision for interest for delayed in payment to vendors during the period as per agreed terms with vendors. Also trade Payables are subject to confirmations. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

As per the understanding reached with vendors, the Company has decided not to provide any interest on delayed payment due to financial constraints and closure of operation and during the year no such bill for interest has been raised by the vendors. Further, no legal action has also been taken by the vendors for not providing interest on delayed payment. The trade payable has been reduced from ₹ 95,55,027/- in March 2016 to ₹ 44,52,624/- in March, 2017.

- (e) As referred in note no. 21 (2) (j) the company has not provided interest for the period from April 1, 2015 to March 31, 2016 on unsecured intercorporate loan of ₹ 4,34,34,766/- from related party, from April 1, 2016 to March 31, 2017 on unsecured intercorporate loan of ₹ 9,24,34,766/- and unsecured loan of ₹ 10,20,000/- received during the current year from related party and unsecured loan of Rs.1,50,00,000/- received from non-related party from April 1, 2015 to March 31, 2017. Amount of the Interest for the current year on the said loan as per last agreed rate with the parties is ₹ 1,11,17,238/- (PY ₹ 57,25,768/-).

The Company has shut down its operation in September, 2015 and lenders have recalled the loan and the loan accounts have been declared NPA. The Company is facing acute liquidity crunch and therefore unable to make any payment to its lenders at the moment and therefore no interest has been provided on unsecured loans.

DIRECTORS' REPORT (*Contd.*)

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Asit Kumar Labh, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith marked as Annexure C to this report.

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

The Company has defaulted in repayment of the outstanding secured loans as it has suffered huge losses due to external factors and overall depression in the industry over last few years.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

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

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

The Company has not entered into any contracts/arrangements with related parties as defined under section 188 of the Companies Act, 2013 during the year under review.

MATERIAL CHANGES AND COMMITMENTS OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR UNDER REVIEW AND THE DATE OF THIS REPORT.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

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

RISK MANAGEMENT

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

MARKET RELATED RISK

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



DIRECTORS' REPORT (Contd.)

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

Risk due to Fraud

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

Risk of Doubtful and Bad Debt

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

DEPOSITS

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

MATERIAL ORDERS PASSED BY THE REGULATORS /COURTS/ TRIBUNALS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

INTERNAL CONTROLS

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

VIGIL MECHANISM

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

STOCK EXCHANGE

The Company's equity shares are listed at the Calcutta Stock Exchange Limited (Scrip Code-10021381). The Company's equity shares are traded under "Permitted Category" at the Bombay Stock Exchange Limited (Scrip Code- 590084) as per MOU signed between CSE and BSE. Listing Fees for the financial year 2017-2018 has been paid.

During the year under review, The Bombay Stock Exchange Limited had discontinued the trading permission of the company's equity shares on its platform with effect from 08.03.2017 due to procedural reasons. However, the trading permission on the Bombay Stock Exchange Limited resumed again from 26.04.2017 under Group XD vide Notice No. 20170424-27, dated 24.04.2017.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

No complaints have been received during the period under review by the respective Internal Complaints Committee.


DIRECTORS' REPORT (Contd.)

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

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year April, 2016 to March 2017, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year April, 2016 to March 2017:

Sl. No	Name of Director / KMP and Designation	Remuneration of Director/ KMP for F.Y April 2016 to March 2017	%increase in Remuneration in the F.Y April 2016 to March 2017	Ratio of remuneration of each Director to median remuneration of employees
1.	Mr. Umang Kanoria, Managing Director	22.86	(24.10%)	25.85
2.	Mr. Susanta Banerjee, Non-Executive Director	0.30	(40.00%)	0.34
3.	Mr. Krishna Kumar Gupta, Independent Director	0.30	(25.00%)	0.34
4.	Ms. Puja Borar, Independent Director	0.40	(33.33%)	0.45
5.	Mr. S. V Tewary, Chief Financial Officer (refer note)	20.26	(29.85%)	22.91
6.	Ms. Anupama Goel, Company Secretary (w.e.f. 14th May, 2016 to 19th December, 2016) (refer note)	1.08	Please refer Note Below	1.22

- ii) The median remuneration of employees of the Company during the financial year was ₹ 88,424/-
- iii) The percentage increase in median remuneration of the employees of the Company 3.59%.(The figure is not comparable in view of Majority of the employees having resigned from services of the company)
- iv) Number of permanent employees on the rolls of the Company - 7
- v) Average percentile increase already made in the last financial year
- In the salaries of employees other than the managerial personnel-
 - Percentile increase in the managerial remuneration-
 - Justification for such increase in remuneration & exceptional circumstances for increase in the managerial remuneration -

There has been no increase in the salaries of employees other than managerial personnel managerial personnel during the year.



DIRECTORS' REPORT (Contd.)

- vi) Key parameters for any variable component of remuneration availed by the directors- ₹ Nil for period under review.
- vii) It is hereby affirmed that the remuneration paid to the directors, key managerial personnel and other employees is as per the remuneration policy of the company.

Details not given as Ms. Anupama Goel was not employed in the previous period.

Note-The current period figures are for twelve months, whereas previous period figures are for eighteen months. Large scale resignation took place in September, 2015 and all but nine employees tendered resignation. On account of these factors, the median presents a distorted picture and the figures are not comparable.

- B. Disclosures pertaining to remuneration and other particulars as prescribed under the provisions of section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed herewith marked as Annexure G to this report.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place: Kolkata
Dated: 29th May, 2017

U.Kanoria
Chairman & Managing Director
DIN:00081108


DIRECTORS' REPORT (Contd.)
Annexure A
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]
I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of the main products / services	NIC Code of the Product / service	% of total turnover of the Company
1.	Cotton Yarn	13111	Nil
2.	Interest Income	66309	51.02%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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


DIRECTORS' REPORT (Contd.)
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
(a) Individual/ HUF	4008929	-	4008929	22.36	4008929	-	4008929	22.36	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	7191345	-	7191345	40.11	7191345	-	7191345	40.11	-
(e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Any Other (specify)	-	-	-	-	-	-	-	-	-
Sub-Total(A)(1)	11200274	-	11200274	62.47	11200274	-	11200274	62.47	-
2. Foreign									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(e) Any Other (specify)	-	-	-	-	-	-	-	-	-
Sub-Total(A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	11200274	-	11200274	62.47	11200274	-	11200274	62.47	-
B. Public Shareholding									
(1) Institutions									
(a) Mutual funds	52685	1498	54183	0.30	52685	1498	54183	0.30	-
(b) Banks/ FI	-	1300	1300	0.01	-	1300	1300	0.01	-
(c) Central Govt / State Govt(s)	-	14976	14976	0.08	-	14976	14976	0.08	-
(d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e) Insurance Companies	100450	-	100450	0.56	100450	-	100450	0.56	-
(f) FII's	-	-	-	-	-	-	-	-	-
(g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	153135	17774	170909	0.95	153135	17774	170909	0.95	-


DIRECTORS' REPORT (Contd.)
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise share Holding

Category of Shareholders		No. of Shares held at the beginning of the year (as on 01.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non- Institutions										
(a) Bodies Corporate										
(i) Indian		2938388	14250	2952638	16.47	3003920	14250	3018170	16.83	0.36
(ii) Overseas		-	-	-	-	-	-	-	-	-
(b) Individuals										
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh		1144964	998365	2143329	11.95	1187116	990763	2177879	12.15	0.20
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh		1442806	-	1442806	8.05	1356659	-	1356659	7.57	(0.48)
(c) Others (specify) NRIs/OCBs		769	5616	6385	0.03	867	5616	6483	0.03	(0.00)
Clearing Member		14033	-	14033	0.08	-	-	-	-	(0.08)
Sub-Total (B)(2)		5540960	1018231	6559191	36.58	5548562	1010629	6559191	36.58	-
Total Public Shareholding (B)=(B)(1)+(B)(2)		5694095	1036005	6730100	37.53	5701697	1028403	6730100	37.53	-
C. Shares held by Custodians for GDRs & ADRs		-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)		16894369	1036005	17930374	100.00	16901971	1028403	17930374	100.00	-


DIRECTORS' REPORT (Contd.)
(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
	Name of the Shareholder	No. of Shares	% of total Shares of the Company	% of Shares pledged/encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged/encumbered to total Shares	
1	Umang Kanoria	4008929	22.36	-	4008929	22.36	-	-
2	Kanco Tea & Industries Limited	3314291	18.48	17.21	3314291	18.48	17.21	-
3	B.T. Investments Private Limited	1528150	8.52	8.52	1528150	8.52	8.52	-
4	Cosmos Resources Private Limited	1326429	7.40	4.39	1326429	7.40	4.39	-
5	E.T. Resources Private Limited	422895	2.36	-	422895	2.36	-	-
6	Nidhi Private Limited	385075	1.73	-	385075	2.15	-	-
7	Innova Properties Private Limited	120000	0.67	-	120000	0.67	-	-
8	Facitcon Investments Private Limited	94505	0.53	-	94505	0.53	-	-
	TOTAL	11200274	62.47	30.12	11200274	62.47	30.12	-

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

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Umang Kanoria				
	At the beginning of the year	4008929	22.36	4008929	22.36
	Increase/Decrease	-	-	-	-
	At the end of the year	-	-	4008929	22.36
2	Kanco Tea & Industries Limited				
	At the beginning of the year	3314291	18.48	3314291	18.48
	Increase/Decrease	-	-	-	-
	At the end of the year	-	-	3314291	18.48
3	B.T. Investments Private Limited				
	At the beginning of the year	1528150	8.52	1528150	8.52
	Increase/Decrease	-	-	-	-
	At the end of the year	-	-	1528150	8.52
4	Cosmos Resources Private Limited				
	At the beginning of the year	1326429	7.40	1326429	7.40
	Increase/Decrease	-	-	-	-
	At the end of the year	-	-	1326429	7.40


DIRECTORS' REPORT (Contd.)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
5	E.T. Resources Private Limited				
	At the beginning of the year	422895	2.36	422895	2.36
	Increase/Decrease	-	-	-	-
	At the end of the year	-	-	422895	2.36
6	Nidhi Private Limited				
	At the beginning of the year	385075	2.15	385075	2.15
	Increase/Decrease	-	-	-	-
	At the end of the year	-	-	385075	2.15
7	Innova Properties Private Limited				
	At the beginning of the year	120000	0.67	120000	0.67
	Increase/Decrease	-	-	-	-
	At the end of the year	-	-	120000	0.67
8	Facitcon Investments Pvt. Ltd.				
	At the beginning of the year	94505	0.53	94505	0.53
	Increase/Decrease	-	-	-	-
	At the end of the year	-	-	94505	0.53

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

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Southern Lease Finance Limited				
	At the beginning of the year	2500000	13.94	2500000	13.94
	Purchase/Sale	-	-	-	-
	At the end of the year			2500000	13.94
2.	Deepa Bagla				
	At the beginning of the year	319404	1.78	319404	1.78
	Purchase/Sale	-	-	-	-
	At the end of the year			319404	1.78
3.	Dheeraj Kumar Lohia				
	At the beginning of the year	261570	1.46	261570	1.46
	Purchase/Sale	-	-	-	-
	At the end of the year			261570	1.46


DIRECTORS' REPORT (Contd.)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4.	Raj Kumar Lohia				
	At the beginning of the year	237087	1.32	237087	1.32
	Purchase/Sale	-	-	-	-
	At the end of the year			237087	1.32
5.	Credwyn Holdings India				
	At the beginning of the year	190711	1.06	190711	1.06
	Purchase/Sale	-	-	-	-
	At the end of the year			190711	1.06
6.	Sevanti Lal Anoopchand Shah				
	At the beginning of the year	95001	0.53	95001	0.53
	Sale of shares as on 01.07.2016	(95001)	(0.53)	-	-
	At the end of the year			-	-
7.	Esbee Fiscal Services Pvt Ltd				
	At the beginning of the year	60082	0.34	60082	0.34
	Purchase/Sale	-	-	-	-
	At the end of the year			60082	0.34
8.	Apurva Consultants Private Limited				
	At the beginning of the year	60000	0.33	60000	0.33
	Purchase/ Sale	-	-	-	-
	At the end of the year			60000	0.33
9.	Gagan Ashokkumar Khemka				
	At the beginning of the year	54965	0.31	54965	0.31
	Purchase/ Sale	-	-	-	-
	At the end of the year			54965	0.31
10.	Cahrudatta Dattaray Vibhute				
	At the beginning of the year	51899	0.29	51899	0.29
	Purchase/ Sale	-	-	-	-
	At the end of the year			51899	0.29
11	Ashwini Designers Pvt Ltd				
	At the beginning of the year	-	-	-	-
	Purchase of shares as on 08.07.2016	85765	0.48	85765	0.48
	Purchase of shares as on 15.07.2016	14949	0.08	100714	0.56
	At the end of the year			100714	0.56


DIRECTORS' REPORT (Contd.)
(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Directors/Key Managerial Personnel (KMP)	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	DIRECTORS				
1.	Susanta Banerjee				
	At the Beginning of the year	65	0.00	65	0.00
	Purchase/Sale	-	-	-	-
	At the end of the year			65	0.00
2.	Krishna Kumar Gupta				
	At the Beginning of the year	-	-	-	-
	Purchase/Sale	-	-	-	-
	At the end of the year			-	-
3.	Puja Borar				
	At the Beginning of the year	-	-	-	-
	Purchase/Sale	-	-	-	-
	At the end of the year			-	-
	KEY MANAGERIAL PERSONNEL				
1.	Umang Kanoria				
	At the Beginning of the year	4008929	22.36	4008929	22.36
	Purchase/Sale	-	-	-	-
	At the end of the year			4008929	22.36
2.	Sushil Vishwakant Tewary				
	At the Beginning of the year	600	0.00	600	0.00
	Purchase/Sale	-	-	-	-
	At the end of the year			600	0.00
3.	Anupama Goel (w.e.f 14.05.2016)				
	At the Beginning of the year	-	-	-	-
	Purchase/Sale	-	-	-	-
	Upto the 19.12.2016			-	-

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued :

(Amount in ₹)

Secured Loans excluding deposits		Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i)	Principal Amount	373892836	107434766	481327602
(ii)	Interest due but not paid	303233659	8602780	311836439
Total (i+ii)		677126495	116037546	793164041
Change in Indebtedness during the financial year				
Addition		96706979	1020000	97726979
Reduction		-	-	-
Net Change		96706979	1020000	97726979
Indebtedness at the end of the financial year				
(i)	Principal Amount	373892836	108454766	482347602
(ii)	Interest due but not paid	399940638	8602780	408543418
Total (i+ii)		773833474	117057546	890891020


DIRECTORS' REPORT (Contd.)
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Director and/or Manager : (Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Managing Director Umang Kanoria
1.	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,00,000
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	120,000
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	-
	Total (A) (This includes ₹120,000 which is excluded under schedule V to the Companies Act, 2013 for calculation of ceiling. The remuneration as per schedule V of the Companies Act, 2013 is ₹ 60,00,000/-)	19,20,000
	Ceiling as per the Act	60,00,000

B. Remuneration of other Directors :

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Puja Borar	Krishna Kumar Gupta	
1.	Independent Directors			
	Fee for attending Board/ Committee meetings	40,000	30,000	70,000
	Commission	-	-	-
	Others (please specify)	-	-	-
	Total (1)	40,000	30,000	70,000
2.	Other Non-Executive Directors	Susanta Banerjee		
	Fee for attending Board/ Committee meetings	30,000		30,000
	Commission	-		-
	Others (please specify)	-		-
	Total (2)	30,000		30,000
	Total (B)= (1+2)			1,00,000
	Total Managerial Remuneration			20,20,000
	Overall Ceiling as per the Act			60,00,000


DIRECTORS' REPORT (Contd.)
C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total (in ₹)
		Company Secretary Anupama Goel (14.05.2016 to 19.12.2016) (in ₹)	CFO Sushil V. Tewary (in ₹)	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,07,904	15,63,613	16,71,517
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		1,65,134	1,65,134
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission			
	- as % of profit			
	- others, specify			
5.	Others, please specify			
	Total	1,07,904	17,28,747	18,36,651

VII. Penalties/punishment/compounding of offences :

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

For and on behalf of the Board

Kolkata,
29th May, 2017

U. KANORIA
Chairman & Managing Director
DIN : 00081108


DIRECTORS' REPORT (Contd.)
Annexure B
The Statement on Impact of Audit Qualification as stipulated in Regulation 33(3)(d)

I	Sl No.	Particulars	Audited Figures (₹) (as reported before adjusting for qualifications)	Adjusted Figures (₹) (audited figures after adjusting for qualifications)
	1.	Turnover/Total Income	45,69,004	45,69,004
	2.	Total Expenditure	14,20,27,717	15,31,44,955
	3.	Net Profit/(Loss)	(19,32,26,303)	(14,85,75,951)
	4.	Earnings Per Share	(7.67)	(8.29)
	5.	Total Assets	18,62,47,122	18,62,47,122
	6.	Total Liabilities	89,84,16,551	1,03,31,40,895
	7.	Net Worth	(71,21,69,429)	(84,68,93,773)
	8.	Any other financial item(s) (as felt appropriate by the management)		
II	Audit Qualification (each audit qualification separately):			
1.	a.	Details of Audit Qualification: The Company has not accounted for Foreign Exchange loss of ₹11,78,81,338/- arising out of Cancellation of Forward Contract during the year ended September 30, 2012, and disclosed the same as contingent liability. On account of this, accumulated loss as at March 31, 2017 is lower by the said amount. The loss above does not include interest, if any.		
	b.	Type of Audit Qualification: Qualified Opinion		
	c.	Frequency of qualification: Appeared earlier in Annual Report for the period ended 30th September, 2012, 30th September, 2013, 30th September, 2014 and 31st March, 2016		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: During the year ended September 30, 2012, State Bank of India (SBI) has unilaterally cancelled the forward contracts and debited ₹11,78,81,338/-, 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 Calcutta High Court. The Company therefore has not recognized the said forex loss in its books of accounts. The dispute is sub-judice.		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification: Not Applicable		
	(ii)	If management is unable to estimate the impact, reasons for the same: The company has disputed the principal amount of forward contract losses of ₹ 11,78,81,338/-The Company is of the opinion that the principal amount is not payable and consequently payment of interest on principal does not arise.		
	(iii)	Auditors' Comments on (i) or (ii) above: In absence of adequate information and communication from bank regarding interest charged till date if any, impact of the same cannot be ascertained.		



DIRECTORS' REPORT (Contd.)

2.	a. Details of Audit Qualification: Company has stopped repaying Secured loan and interest thereon to State Bank of India and IDBI bank since 2011-2012. Interest charged on borrowing from State Bank of India has been accounted as per last agreed rate of 2011-2012. 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. The said loans have been recalled by the respective lenders and matter is sub-judice.
	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of qualification: Appeared earlier in Annual Report for the period ended 30th September, 2012, 30th September, 2013 30th September, 2014 and 31st March, 2016
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: Not Applicable
	(ii) If management is unable to estimate the impact, reasons for the same: SBI has not communicated any changes in the rate of interest to the Company and therefore Interest on loan accounts with State Bank of India has been provided at the last communicated rate.
	(iii) Auditors' Comments on (i) or (ii) above: In absence of adequate information and communication from bank regarding changes in interest rate if any, impact of the same cannot be ascertained.
3.	a. Details of Audit Qualification: Balance of secured loan and Interest thereon from State bank of India and IDBI Bank are as per books of accounts and subject to confirmation by lenders.
	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of qualification: Appeared earlier in Annual Report for the period ended 31st March, 2016.
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: Not Applicable
	(ii) If management is unable to estimate the impact, reasons for the same: Both SBI and IDBI have neither send any statement of account nor issued any balance confirmation and therefore the management is unable to get the confirmation.
	(iii) Auditors' Comments on(i) or (ii) above: In absence of bank confirmation, we are not able to check correctness and completeness of the same and impact if any cannot be ascertained.
4.	a. Details of Audit Qualification: The company has not made provision for interest for delayed in payment to vendors during the previous period as per agreed terms with vendors. Also trade Payables are subject to confirmations. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.
	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of qualification: Appearing for the first time
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: Not Applicable



DIRECTORS' REPORT (Contd.)

	(ii) If management is unable to estimate the impact, reasons for the same: As per the understanding reached with vendors, the Company has decided not to provide any interest on delayed payment due to financial constraints and closure of operation and during the year no such bill for interest has been raised by the vendors. Further, no legal action has also been taken by the vendors for not providing interest on delayed payment. The trade payable has been reduced from ₹ 95,55,027/- in March 2016, to ₹ 44,52,624/- in March, 2017.
	(iii) Auditors' Comments on(i) or (ii) above: In absence of vendor confirmations available with the company, we are not able to check the correctness and completeness of the same, and hence impact of the same cannot be ascertained.
5.	a. Details of Audit Qualification: Not provided interest for the period from April 1, 2015 to March 31, 2016 on unsecured intercorporate loan of ₹ 4,34,34,766 from related party from April 1, 2016 to March 31, 2017 on unsecured intercorporate loan of ₹ 9,24,34,766/- and unsecured loan of ₹ 10,20,000/- received during the current year from related party and unsecured loan of ₹ 1,50,00,000/- received from non-related party from April 1, 2015 to March 31, 2017. Amount of the Interest for the current year on the said loan as per last agreed rate with the parties is ₹ 1,11,17,238/- (P.Y ₹ 57,25,768/-)
	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of qualification: Appearing for the first time
	d. For Audit Qualification(s) where the impact is quantified by the auditor,
	Management's Views: The Company has shut down its operation in September, 2015 and lenders have recalled the loan and the loan accounts have been declared NPA. The Company is facing acute liquidity crunch and therefore unable to make any payment to its lenders at the moment and therefore no interest has been provided on unsecured loan.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable.
	<u>Signatories:</u>
	• CEO/ Managing Director- U. Kanoria (DIN:00081108)
	• CFO- S V Tewary
	• Audit Committee Chairperson- P Borar (DIN:06873157)
	• Statutory Auditor- For B. R Shah & Associates Firm Registration No. 129053W, Chartered Accountants Deval R Desai Partner Membership No. 132426
	Date: May 29, 2017

DIRECTORS' REPORT (Contd.)

Annexure C

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

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

To
The Members,
Kanco Enterprises Limited
Jasmine Tower, 3rd Floor
31, Shakespeare Sarani
Kolkata - 700017

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kanco Enterprises Limited having its Registered Office at Jasmine Tower, 3rd Floor, 31, Shakespeare Sarani, Kolkata - 700017, West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31.03.2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

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

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

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

Wherever required I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of compliance procedures on test basis.

My report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

DIRECTORS' REPORT (Contd.)

I report that, I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards (SS - 1 and SS-2) as issued by The Institute of Company Secretaries of India.
- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 :
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further report that, having regard to the compliance system prevailing in the Company, my examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to me by the Company and its management and to the best of my judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of my knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environments laws, etc.

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

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

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

I further report that :

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**DIRECTORS' REPORT (Contd.)**

- (c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- (d) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that :

- (a) The Company's appeal under Section 25(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) against the order passed by the Board for Industrial and Financial Reconstruction (BIFR) for reference no. 3/2012 filed under Section 15(1) of the SICA on 13.01.2012 stands abated in terms of Section 252 read with the Eight Schedule of the Insolvency and Bankruptcy Code, 2016.
- (b) The Company in general is defaulter in repayment of the outstanding loans/borrowings.
- (c) The Company's operation has been shutdown since 30.09.2015.

Place : Kolkata
Dated : 29th May, 2017

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

Annexure D

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

a. Conservation of energy-

- (i) the steps taken for conservation of energy: -
The Company has suspended operations since September, 2015 and therefore no step for conservation of energy has been undertaken during the year.
- (ii) the steps taken by the company for utilising alternate sources of energy: - Nil
- (iii) the capital investment on energy conservation equipment: - Nil

b. Technology absorption-

- (i) the efforts made towards technology absorption - Not Applicable
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution - Not Applicable
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable
- (iv) the expenditure incurred on Research and Development: - Nil

c. Foreign exchange earnings and Outgo

The Company has not made any direct export but its product are sold to merchant exporters.

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

Kolkata,
29th May, 2017

For and on behalf of the Board
U. KANORIA
Chairman & Managing Director
DIN : 00081108


DIRECTORS' REPORT (Contd.)
Annexure E
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- a) **Industry structure and developments:** The cotton yarn industry is facing problems both in the domestic and export markets. In the domestic market increase in cotton prices is eroding the profit margins limiting growth and capital expenditure. The exports of cotton yarn have registered negative growth of around 2% in the year 2016-17. This is primarily due to poor off take in world markets especially reduced imports by China. Projections for the future are not very bright for the Indian cotton yarn industry. Poor export and domestic demand, high raw material prices are likely to affect capacity utilization and realizations.
- b) **Opportunities & Threats:** India has emerged as the largest cotton producing country in the world. Farmers have been realizing better prices for their crop. Many states are incentivizing investment in garments and madeups which is expected to boost demand for cotton yarn. The proposed implementation of GST is expected to spur growth in the industry. Poor export demand, low capacity utilization, high raw material prices continue to remain the major threats for the industry.
- c) **Segment analysis and review:**

Particulars	Units	April 2016 to March 2017	October 2014- March-2016	% Change
Production of Cotton Yarn	Kgs	Nil	67,93,932	N.A.
Sale of Cotton Yarn	Kgs	Nil	70,28,366	N.A.
Average Realisation	₹/Kg.	N.A.	183.95	N.A.
Average Cost of Cotton	₹/Ton	N.A.	95,370	N.A.
Profit/(Loss)before Interest but after Depreciation *Not comparable the previous period figures are for 18 months and the Company has suspended operations since September 2015	₹ in Lacs	(407.51)*	(505.76)	N.A.

- d) **Outlook:** Cotton yarn exports turned negative in the year 2016-17. This was mainly due to decline in exports to China, Korea and Vietnam. Fortunately this was partly offset by increased exports to Pakistan, Bangladesh, and Germany. High cotton prices and lack of demand is expected to keep the margins under pressure. The Company had suspended operations in September 2015 and has decided to continue the same in view of overall negative outlook of the Textile Industry. The Company is in active discussions and negotiation with its lenders to reach an amicable settlement.
- e) **Risks & Concerns:** The proliferation of new manufacturing units purely on the consideration of availing incentives without correlating with future demand may actually result in overall loss of capacity due to shut downs and redundancy. It is estimated that approximately 10 million spindles have been rendered idle due to financial difficulties. Stagnant domestic consumption, limited growth in exports, high power cost and shortage of skilled workforce are common concerns.



DIRECTORS' REPORT (Contd.)

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

- a) that its assets are safeguarded and protected against losses.
- 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 and their reports are reviewed by the management and Audit Committee.

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

The Company did not have any operations during the year. The loss before interest and after depreciation was ₹ 407.51* lacs as compared to ₹ 505.76 lacs for the previous period.

*not comparable as the previous period was for 18 months.

h) Information regarding Human Resources/Industrial Relations: Industrial relations at the Company remain cordial. Manpower employed with the Company as at 31st March, 2017 was 7 compared to 9 as on 31st March, 2016.

Cautionary Statement

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

For and on behalf of the Board

Kolkata,
29th May, 2017

U. KANORIA
Chairman & Managing Director
DIN : 00081108

DIRECTORS' REPORT (Contd.)

Annexure F

REPORT ON CORPORATE GOVERNANCE

1. Corporate Governance philosophy

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

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

2. Board of Directors

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

Name of Directors	Promoter/ Executive/ Non-Executive Independent	No. of other directors hips ^a	No. of other Committee Membership ^b	No. of other Committee Chairmanships ^b	Attendance at previous AGM on 29/07/2016	No. of Board Meetings attended
Mr. Umang Kanoria	Promoter & Executive	4	5	2	Present	5
Mr. Krishna Kumar Gupta	Non-Executive & Independent	--	--	--	Present	3
Ms. Puja Borar	Non- Executive & Independent	--	--	--	Present	4
Mr. Susanta Banerjee	Non- Executive	1	1	--	Present	3

(a)-Directorship of Public Limited Companies only.

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

Details of Directors retiring or being reappointed are given in the notice to the Annual General Meeting.

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

None of the Directors in the Board are related.

The Company has formulated a policy on Familiarisation Programme for Independent Directors and can be viewed at <http://kanco.in/pdf/annual%20report/Policy%20on%20Familiarisation%20Programme%20for%20Independent%20Directors.pdf>.

DIRECTORS' REPORT (Contd.)

Meetings of the Board

During the year 2016-2017, the Board of Directors met 5(five) times on the following dates: 14th May, 2016, 30th May, 2016, 11th August, 2016, 11th November, 2016 and 14th February, 2017.

Information about the Directors seeking reappointment

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

The Board of Directors on 29th May, 2017 have reappointed Mr. Umang Kanoria (DIN:00081108) as the Managing Director of the Company for a period of 5 years, subject to approval of the Shareholders in the 26th Annual General Meeting.

Brief resume of the Directors retiring or being reappointed has been provided in the Explanatory Statement and Annexure to the Notice of the 26th AGM of the Company.

3. Audit Committee

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

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

Terms of Reference-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.
- 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.



DIRECTORS' REPORT (*Contd.*)

- 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

**DIRECTORS' REPORT (Contd.)**

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

Name of Directors	Attendance at the Meeting				
	15.04.2016	30.05.2016	11.08.2016	11.11.2016	14.02.2017
Ms. Puja Borar	Present	Present	Present	Present	Present
Mr. Susanta Banerjee	Present	Present	Present	Present	Present
Mr. Krishna Kumar Gupta	Present	Present	Present	Present	Present

4. Nomination and Remuneration Committee

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

Terms of Reference-

- 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 Directors	Attendance at the Meeting
	06.05.2016
Mr. Krishna Kumar Gupta	Present
Ms. Puja Borar	Present
Mr. Susanta Banerjee	Present

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.

**DIRECTORS' REPORT (Contd.)**

Remuneration of Directors for the financial year ended 31st March, 2017 and their shareholding in the Company:

Name of Directors	Sitting Fees (₹)	Salaries and Perquisites(₹)	Total (₹)	Service Contract/ Notice Period	No. of Shares held
Mr. Umang Kanoria	Nil	19,20,000	19,20,000	6 months	4008929
Mr. Krishna Kumar Gupta	30000	--	30000	--	--
Ms. Puja Borar	40000	--	40000	--	--
Mr. Susanta Banerjee	30000	--	30000	--	65

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

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

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

A) Criteria for Selection of Directors

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

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

B) Criteria for selection of Senior Management Personnel

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

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



DIRECTORS' REPORT (Contd.)

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

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

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

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

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

B) Remuneration of Non - Executive Director (NED)

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

C) Remuneration of Senior Management Personnel and KMPs

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

III. Evaluation of performance of Directors

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

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

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

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

- a) Attendance at Meetings - attendance at Board Meetings, AGMs, Committee Meetings
- b) Other Directorships held by the NED - in listed or unlisted companies
- c) Other companies in which NED is a Chairperson


DIRECTORS' REPORT (Contd.)

- d) Participation at Board/Committee Meetings
- e) Input in strategy decisions
- f) Review of Financial Statements, risks and business performance
- g) Time devoted towards discussion with Management
- h) Review of Minutes - Board Minutes, Committee Meeting Minutes and AGM Minutes

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

5. Stakeholders Relationship Committee

Stakeholders Relationship Committee of the Board consists of the Directors Mr. Krishna Kumar Gupta, Non-Executive Independent Director, Mr. Susanta Banerjee, Non-Executive Director and Mr. Umang Kanoria Executive Director. Mr. Krishna Kumar Gupta, Non-Executive Independent Director is the Chairman of the Nomination and Remuneration 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. During the year 2016-2017, the Company has received NIL complaints from the Shareholders.

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

Name of Directors	Attendance at the Meeting
	15.04.2016
Mr. Umang Kanoria	Present
Mr. Krishna Kumar Gupta	Present
Mr. Susanta Banerjee	Present

6. Share Transfer Committee

Board of Directors has delegated power of approving transfer/transmission/ Remat/ Demat of shares, to a Share Transfer Committee. The Share Transfer Committee of the Board of Directors consists of the Directors namely, Mr. Umang Kanoria, Executive Director, Mr. Krishna Kumar Gupta, Non-Executive Independent Director and Mr. Susanta Banerjee, Non-Executive Director. Mr. Umang Kanoria is the Chairman of the Share Transfer Committee.

During the year under review, the Committee met Thirteen (13) times on 15th April,2016, 1st June,2016, 4th July,2016, 11th August,2016, 31st August,2016, 15th September,2016, 29th September,2016,14th October, 2016, 30th November, 2016, 20th January,2017,21st February, 2017,6th March, 2017 and 22nd March,2017.

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

Name of Directors	No. of Meetings Attended
Mr. Umang Kanoria	13
Mr. Krishna Kumar Gupta	13
Mr. Susanta Banerjee	13

Ms. Sohini Shukla, Company Secretary is the Compliance Officer of the Company.

All valid requests for transfer and transmission of shares received during the financial year ended 31st March, 2017 have been acted upon by the Company and no such transfer or transmission is pending.

**DIRECTORS' REPORT (Contd.)****7. Finance and Investment Committee**

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

8. General Body Meetings:

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

Year	Kind of Meeting	Venue	Date	Time	No. of special resolutions passed
October' 14 - March' 16	25th Annual General Meeting	Bharatiya Bhasha Parishad, 36A Shakespeare Sarani, Kolkata-17	29th July, 2016	4:00P.M	Nil
October' 13 - September' 14	24th Annual General Meeting	Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata-17	6th February, 2015	11:30A.M	4
October '12- September '13	23rd Annual General Meeting	Bharatiya Bhasha Parishad, 36A Shakespeare Sarani, Kolkata-17	14th March, 2014	10:00A.M	Nil

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.

9. Means of Communication**Half-yearly report to shareholders, Quarterly Results, Newspaper in which published, Website etc.**

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

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

**DIRECTORS' REPORT (Contd.)****10. General Shareholder Information**

Annual General Meeting	
Date and Time	3rd August, 2017 at 4:00 p.m
Venue	"Shripati Singhanian Hall, ROTARY SADAN 94/2, Chowringhee Road, Kolkata-700020"

Financial Year : 1st April, 2016 to 31st March, 2017

Dates of Book Closure : 28th July, 2017 to 3rd August, 2017
(both days inclusive)

Listing on Stock Exchange and Stock Code

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

and traded under Permitted Category at The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400001
(Scrip Code/ID-590084 /KANCOENT)

Listing Fees for the financial year 2017-2018 has been paid to The Calcutta Stock Exchange Ltd .

ISIN for Dematerialisation: INE 248D01011

Market Price Data: High/Low in each month of Financial Year ended 31st March, 2017

Month	April' 16	May'16	June'16	July' 16	Aug'16	Sept'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb, 17	March' 17
High ₹	2.56	2.70	2.70	2.56	2.12	1.57	1.50	1.33	1.08	0.95	1.18	1.29
Low ₹	1.77	2.40	2.57	2.02	1.57	1.49	1.36	1.13	0.98	0.87	0.99	1.23
Volume	35,322	6,568	1,600	1,07,962	8,416	2,780	780	41,938	555	1,531	1,569	1,020

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

M/s C.B. Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700019 is the RTA for both physical shares and electronic connectivity. Share transfers are generally affected within 15 days of lodgment in the normal course, if the documents are valid and complete in all respects.


DIRECTORS' REPORT (Contd.)
Categories of Shareholding as on 31st March, 2017

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

* includes 5400636(30.12%) pledged shares

Dematerialisation of Shares and Liquidity:

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 31st March, 2017, 16901971 Equity Shares of the Company of ₹ 10/ each, representing 94.26% 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 31st March, 2017

Category	Shares		Shareholders	
	Numbers	% to Shares	Number	% of Shareholders
1 to 500	1301943	7.26	16277	96.61
501 to 1000	200162	1.12	270	1.60
1001 to 2000	203897	1.14	140	0.83
2001 to 3000	99465	0.55	39	0.23
3001 to 4000	73627	0.41	21	0.12
4001 to 5000	76339	0.42	16	0.09
5001 to 10000	304665	1.70	40	0.25
10001 to 50000	634635	3.54	27	0.16
50001 to 100000	320386	1.79	5	0.03
100001 and above	14715255	82.07	14	0.08
Total	17930374	100.00	16849	100.00



DIRECTORS' REPORT (Contd.)

Plant Location: The Company's plant is located at:

Kanco Overseas

Village: Walthera, Taluka: Dholka

Dist.: Ahmedabad, Gujarat

Telephone: (02714) 247 404/05

Address for correspondence:

Kanco Enterprises Limited

Jasmine Tower, 3rd Floor

31 Shakespeare Sarani,

Kolkata-700017

Telefax (033) 2281 5217

Email for investors: compliance@kanco.in

C.B. Management Services (P) Limited

P-22 Bondel Road, Kolkata - 700 019

Phone: 2280 6692/93/94

email: rta@cbmsl.com

11. Disclosures

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. 21(2)(h) of Significant Accounting Policies and other notes to Account forming part of the Financial Statement for the financial year ended 31st March, 2017. The policy on Related Party Transactions can be viewed at <http://kanco.in/pdf/annual%20report/Policy%20on%20Related%20Party%20Transactions.pdf>

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.

Pusuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors and makes provision for direct access to the Chairperson of the Audit Committee. No personnel has been denied access to the Audit Committee. The Vigil Mechanism/Whistle Blower policy can be viewed at http://kanco.in/pdf/VIGIL%20MECHANISM_WHISTLE%20BLOWER.PDF.

In compliance to Regulation 26(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the affirmation of compliance of Code of Conduct for the year 2016-2017 has been received from all the Board Members and Senior Management Personnel.

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

The Company has complied with all the Mandatory Requirements.

Kolkata,
29th May, 2017

For and on behalf of the Board
U. KANORIA
Chairman & Managing Director
DIN : 00081108


DIRECTORS' REPORT (Contd.)
Annexure 'G'
Disclosure in Directors' Report Pursuant to Section 197(12) of the Companies Act, 2013 Read with Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014

Sl. No.	Employee Name	Designation	Remuneration Received	Qualification	Total Experience	Date of Commencement of Employment	Age	Particulars of Previous Employment		% of Shareholding
								Organisation	Designation	
1.	Umang Kanoria	M.D.	2286000	B.Com (Hons.), ACMA, MBA	34	16.05.1998	57	Bengal Tea & Fabrics Ltd.	Jt. Managing Director	22.3583
2.	Sushil V Tewary	C.O.O. & C.F.O.	1861209	B.Com, LLB, C.A.	30	06.05.1997	57	Kilima Bottling Ltd. Tanzania	Chief Accountant	
3.	Madanlal Sharma	Manager Purchase	806514	B.A.	39	01.07.1978	61	-	-	
4.	Murarilal Choudhary	Manager Accounts	795470	B.Com	39	15.06.1978	57	-	-	
5.	Jayanti Desai	Driver	179575	SSC	8	01.07.2009	42	-	-	
6.	Jayanti Vaishnav	Peon	135545	9th Standard	12	01.08.2005	39	-	-	
7.	Devabhai Bharwad	Watchman	110555	9th Standard	23	02.08.1994	47	-	-	

Notes :

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

Compliance with the Code of Conduct

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2017.

For and on behalf of the Board

Kolkata,
29th May, 2017

U. KANORIA
Chairman & Managing Director
DIN : 00081108



DIRECTORS' REPORT (*Contd.*)

CEO/CFO Certification

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

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2017 and that to the best of our knowledge and belief we state that:-
 - these statements do not contain any materially untrue statement or omit any material fact nor contain statements that might be misleading;
 - these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We are responsible for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and 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.
4. We have indicated to the Auditors and the Audit Committee:
 - I. significant changes, if any, in internal control over reporting period during the year;
 - II significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - III. 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 over financial reporting.

Kolkata, 29th May, 2017

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

Sushil V Tewary
C.F.O



DIRECTORS' REPORT (Contd.)

CERTIFICATE

To the Members of **Kanco Enterprises Limited**

I have examined the compliance of conditions of Corporate Governance by KANCO ENTERPRISES LIMITED ("the Company") in terms of Regulation 15(2) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulation") for the year ended 31.03.2017.

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

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

I further state 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.

Place : Kolkata
Dated : 29-05-2017

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

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 March 31, 2017, 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for matters stated in Section 134(5) of the companies Act, 2013 (the "Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 qualified audit opinion on the financial statements.

INDEPENDENT AUDITORS' REPORT (Contd.)

Basis of Qualified Opinion

We report the following observations:

- (a) As referred to in note no. 21(2) (a) (i) (b) of financial statements, during the year ended September 30, 2012, the Company has not accounted for Foreign Exchange loss of ₹117,881,338/- arising out of Cancellation of Forward Contract and disclosed the same as contingent liability. On account of this, accumulated loss as at March 31, 2017 is lower by the said amount. The loss above does not include interest, if any.
- (b) As referred in note no. 6 (iii) & (iv) Company has stopped repaying Secured loan and interest thereon to State Bank of India and IDBI bank since 2011-2012. Interest charged on borrowing from State Bank of India has been accounted as per last agreed rate of 2011-2012. 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. The said loans have been recalled by the respective lenders and matter is sub-judice.
- (c) As referred in note no. 4(ii) balance of secured loan and Interest thereon from State bank of India and IDBI Bank are as per books of accounts and subject to confirmation by lenders.
- (d) As referred in note no. 5 (2), the company has not made provision for interest for delay in payment to vendors during the previous period as per agreed terms with vendors. Also trade Payables are subject to confirmations. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.
- (e) As referred in note no. 24 (2) (j) the company has not provided interest for the period from April 1, 2015 to March 31, 2016 on unsecured intercorporate loan of ₹4,34,34,766 from related party from April 1, 2016 to March 31, 2017 on unsecured intercorporate loan of ₹ 9,24,34,766 and unsecured loan of ₹10,20,000 received during the current year from related party and unsecured loan of ₹1,50,00,000/- received from non-related party from April 1, 2015 to March 31, 2017. Amount of the Interest for the current year on the said loan as per last agreed rate with the parties is ₹1,11,17,238/- (PY ₹ 57,25,768/-)

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2017, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 21 (2) (k) in the financial statements which indicates that Company net worth as at March 31, 2017 has been completely eroded on account of accumulated losses of ₹ 1,10,51,26,106/-. Further due to operational difficulties and curtail the loss, company has suspended its manufacturing operation from September 30, 2015. The financial statements as at 31-03-2016 and onwards have been therefore been prepared on non going concern basis and assets are stated at lower of carrying value or net realisable value.

Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2016' ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, 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-B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



INDEPENDENT AUDITORS' REPORT (Contd.)

2. As required by section 143 (3) of the Act, we report that:

- (a) We have sought and, except for possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) Except for the possible effects of the matter described in the basis for Qualified Opinion paragraph above, 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) Except for possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.- Refer Note 21(2) (a) (i) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management -Refer Note 21 (2) (l)

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

Deval R Desai
Partner
Membership Number : 132426

Ahmedabad
May 29, 2017

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in Annexure referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of Kanco Enterprises Limited on the financial statements as of and for the year ended March 31, 2017

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

We have audited the internal financial controls over financial reporting of Kanco Enterprises Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable



ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT (*Contd.*)

assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Qualified of Opinion

According to information and explanation given to us and based on our audit, the following material weakness have been identified as at 31 March 2017.

- a) The company's internal financial controls over balance confirmation procedures as on March 31, 2017 of vendor, loans and advances and unsecured and secured loan were not operating effectively.
- b) The Company has during the year not carried out physical verification of its fixed assets as defined in their internal control policy.

In our opinion, except for the effects of the material weakness describe above on the achievement of the objective of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Deval R Desai
Partner
Membership Number : 132426

Ahmedabad
May 29, 2017



ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of Kanco Enterprises Limited on the financial statements as of and for the year ended March 31, 2017

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have not been physically verified by the management. In the absence of physical verification, we are not in a position to comment on the discrepancies, if any, between physical and book balances and the impact thereof.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the company.
- ii. Physical verification of inventory has been conducted by Management at reasonable intervals. In our opinion, the frequency of verification is reasonable. On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any deposits from the public.
- vi. Manufacturing activities of the Company are under suspension since 30th September, 2015. The Company has not maintained the cost records as prescribed under sub-section (1) of Section 148 of the Act.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues in respect of tax deducted at source though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including income tax, sales tax, service tax, duty of custom, value added tax, cess and other statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, during the year the Company has no debentures and loan from financial institution or government. The Company has defaulted in repayment of dues to banks as detailed below:



ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

Particulars	Outstanding Since	Period of Default as on March 31, 2017 (In days)	Amount of Default - Loan Rupees
IDBI - Rupee Loan	Oct-11	2,009	54,00,000
	Jan-12	1,917	54,00,000
	Apr-12	1,826	54,00,000
	Jul-12	1,735	54,00,000
	Oct-12	1,643	54,00,000
	Jan-13	1,551	54,00,000
	Apr-13	1,461	68,02,500
	Jul-13	1,370	68,02,500
	Oct-13	1,278	68,02,500
	Jan-14	1,186	68,02,500
	Apr-14	1,096	68,02,500
	Jul-14	1,005	68,02,500
	Oct-14	913	68,02,500
	Jan-15	821	68,02,500
	Apr-15	731	68,02,500
	Jul-15	640	68,02,500
SBI - Rupee Loan	Sep-11	2,010	26,50,000
	Dec-11	1,918	37,50,000
	Mar-12	1,827	37,50,000
	Jun-12	1,736	42,50,000
	Sep-12	1,644	42,50,000
	Dec-12	1,552	42,50,000
	Mar-13	1,462	42,50,000
	Jun-13	1,371	45,00,000
	Sep-13	1,279	45,00,000
	Dec-13	1,187	45,00,000
	Mar-14	1,097	45,00,000
	Jun-14	1,006	50,00,000
	Sep-14	914	50,00,000



ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

Particulars	Outstanding Since	Period of Default as on March 31, 2017 (In days)	Amount of Default - Loan Rupees
	Dec-14	822	50,00,000
	Mar-15	732	50,00,000
	Jun-15	641	1,03,00,000
	Sep-15	549	94,50,000
S.B.I. Corporate Loan	Sep-11	2,010	30,00,000
	Dec-11	1,918	30,00,000
	Mar-12	1,827	30,00,000
	Jun-12	1,736	30,00,000
	Sep-12	1,644	30,00,000
	Dec-12	1,552	30,00,000
	Mar-13	1,462	30,00,000
S.B.I. -Rupee Loan (FITL)	Sep-12	1,644	14,99,895
	Dec-12	1,552	20,00,000
	Mar-13	1,462	20,00,000
	Jun-13	1,371	20,00,000
	Sep-13	1,279	20,00,000
	Dec-13	1,187	20,00,000
	Mar-14	1,097	20,00,000
	Jun-14	1,006	22,50,000
	Sep-14	914	22,50,000
	Dec-14	822	22,50,000
	Mar-15	732	22,50,000
	Jun-15	641	30,00,000
	Sep-15	549	30,00,000
	Dec-15	457	30,00,000
	Mar-16	366	30,00,000
I.D.B.I. Line Of Credit	Aug-11	2,070	50,00,000
	Sep-11	2,039	50,00,000
I.D.B.I. Rupee Term Loan (WCTL)	Aug-11	2,070	16,70,000
	Sep-11	2,039	16,10,000



ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

- ix. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) any term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year nor have we been informed of any such case by the Management.
- xi. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The company is not a Nidhi Company. Accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. All transaction with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financials Statements as required by the applicable accounting standards
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. According to the information and explanations given to us and the records of the Company examined by us, the company has not entered into any non-cash transactions with directors or any person connected to him.
- xvi. The company is not required to be registered under sections 45-IA of the Reserve Bank of India Act, 1934.

For B. R. SHAH & ASSOCIATES
Firm Registration Number : 129053W
Chartered Accountants

DEVAL R DESAI
Partner

Membership Number : 132426

Ahmedabad
May 29, 2017

**KANCO ENTERPRISES LIMITED****BALANCE SHEET as at March 31, 2017**

(Amount in ₹)

Particulars	Note	As at March 31, 2017	As at March 31, 2016
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	17,93,03,740	17,93,03,740
(b) Reserves and Surplus	2	(89,14,73,169)	(75,40,14,456)
		(71,21,69,429)	(57,47,10,716)
2 Non-current Liabilities			
(a) Long-term Borrowings	3	4,34,34,766	4,34,34,766
3 Current Liabilities			
(a) Short-term Borrowings	4	19,48,07,941	19,37,87,941
(b) Trade Payables	5		
(i) Total Outstanding Dues of Micro Enetrprises and Small Enterprises;and		-	-
(ii) Total Outstanding Dues of Creditors other than Micro Enetrprises and Small Enterprises		44,52,624	95,55,027
(c) Other Current Liabilities	6	65,51,85,039	56,35,13,928
(d) Short-term Provisions	7	5,36,181	4,65,426
		85,49,81,785	76,73,22,322
		18,62,47,122	23,60,46,372
II ASSETS			
1 Non-current Assets			
(a) Fixed Assets			
Property, Plant and Equipment	8	15,87,75,006	18,55,46,259
(b) Deferred Tax Assets (net)	9	-	-
(c) Long-term Loans and Advances	10	2,00,05,543	1,50,15,127
		17,87,80,549	20,05,61,386
2 Current Assets			
(a) Inventories	11	24,05,898	65,64,410
(b) Cash and Bank Balances	12	40,26,897	1,26,15,713
(c) Short-term Loans and Advances	13	10,33,778	1,63,04,863
		74,66,573	3,54,84,986
		18,62,47,122	23,60,46,372
Significant Accounting Policies and other Notes to Account	21		
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 : May 29, 2017

S. SHUKLA
Company Secretary

For and on behalf of the Board of Directors

U. KANORIA
Managing Director
(Din : 00081108)

S. V. TEWARY
Cheif Financial Officer

**STATEMENT OF PROFIT & LOSS for the period ended March 31, 2017**

(Amount in ₹)

Particulars	Note	Year ended on March 31, 2017	Eighteen Month ended on March 31, 2016
Income:			
Revenue from Operations	14	-	1,42,15,24,863
Other Income	15	45,69,004	72,89,422
Total Income		<u>45,69,004</u>	<u>1,42,88,14,285</u>
Expenses:			
Cost of Materials Consumed	16	-	93,55,63,361
Changes in Inventories of Finished Goods and Work-in-Progress	17	-	6,17,01,453
Employee Benefits Expense	18	96,41,642	12,68,45,641
Finance Costs	19	9,67,07,806	14,26,49,866
Depreciation	8	2,66,81,753	4,31,68,900
Other Expenses	20	89,96,516	31,21,11,367
Total Expenses		<u>14,20,27,717</u>	<u>1,62,20,40,588</u>
Loss before Tax		(13,74,58,713)	(19,32,26,303)
Tax Expenses:			
(1) Current Tax		-	-
(2) Deferred Tax	9	-	-
Loss for the year		<u>(13,74,58,713)</u>	<u>(19,32,26,303)</u>
Earnings per Equity Share:			
Equity Share of par value of ₹ 10/- each			
Basic and Diluted		(7.67)	(10.78)
Significant Accounting Policies and other Notes to Account	21		

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 : May 29, 2017

S. SHUKLA
Company Secretary

For and on behalf of the Board of Directors

U. KANORIA
Managing Director
(Din : 00081108)

S. V. TEWARY
Chief Financial Officer

**CASH FLOW STATEMENT for the period ended March 31, 2017**

(Amount in ₹)

Particulars	Note	Year ended on March 31, 2017	Eighteen Month ended on March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before tax		(13,74,58,713)	(19,32,26,303)
Add/Less : Adjustments			
Interest Paid		9,67,07,806	14,26,49,866
Depreciation		2,66,81,753	4,31,68,900
Exchange Rate Difference		-	11,087
Provision for demises value of store		24,05,897	-
Interest Received		(23,31,051)	(46,41,073)
Liabilities / Provision no longer required		(5,14,640)	(21,07,779)
Provision/ (Written Back) for Diminutions in the value of Investment		-	(1,23,500)
(Profit) / Loss on sales of Current Investment		-	(44,990)
(Profit) / Loss on Fixed Assets Sold		39,995	(2,47,742)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(1,44,68,953)	(1,45,61,534)
ADJUSTMENT FOR :			
Trade & Other Receivables		1,04,65,735	6,49,72,716
Inventories		17,52,615	7,55,37,073
Trade and Other Payables		(95,52,876)	(9,57,42,064)
CASH GENERATED FROM OPERATIONS		(1,18,03,479)	3,02,06,191
Income tax paid (Net of Refund)		(1,85,066)	(2,04,968)
NET CASH FLOW FROM OPERATING ACTIVITIES		(1,19,88,545)	3,00,01,223
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		-	(39,31,950)
Proceeds from Investment (Net)		-	5,44,990
Property, Plant and Equipment Sold		49,505	3,21,960
Interest Received		23,31,051	46,41,073
NET CASH FLOW FROM INVESTING ACTIVITIES		23,80,556	15,76,073
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase / (Repayment) in borrowings		10,20,000	(1,40,00,000)
Interest Paid		(827)	(1,42,64,381)
NET CASH USED IN FINANCING ACTIVITIES		10,19,173	(2,82,64,381)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(85,88,816)	33,12,915
CASH AND CASH EQUIVALENTS AS AT (OPENING BALANCE)		1,26,15,713	93,02,798
CASH AND CASH EQUIVALENTS AS AT (CLOSING BALANCE)		40,26,897	1,26,15,713

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 Standard 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 : May 29, 2017

S. SHUKLA
Company Secretary

For and on behalf of the Board of Directors

U. KANORIA
Managing Director
(Din : 00081108)

S. V. TEWARY
Chief Financial Officer


Notes '1' to '21' annexed to and forming part of the Balance Sheet as at and Statement of Profit and Loss for the year ended March 31, 2017

		(Amount in ₹)	
		As at March 31, 2017	As at March 31, 2016
		Number	Amount
		Number	Amount
1. SHARE CAPITAL			
(a) Details of Authorised, Issued, Subscribed and Fully Paid up Shares			
Authorised			
Equity Shares of ₹ 10 each	1,85,00,000	18,50,00,000	1,85,00,000
Issued, Subscribed and Paid up			
Equity Shares of ₹ 10 each fully paid	1,79,30,374	17,93,03,740	1,79,30,374
	1,79,30,374	17,93,03,740	1,79,30,374
(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			
		As at March 31, 2017	As at March 31, 2016
		No. of	% of
		Shares held	Holding
		No. of	% of
		Shares held	Holding
Name of Shareholder			
Umang Kanoria		40,08,929	22.36%
Kanco Tea & Industries Limited		33,14,291	18.48%
B.T Investments Pvt Ltd		15,28,150	8.52%
Cosmos Resources Pvt Ltd		13,26,429	7.40%
Southern Lease Finance Ltd		25,00,000	13.94%
2 Reserves and Surplus			
		As at	As at
		March 31, 2017	March 31, 2016
a. Capital Reserves		25,00,000	25,00,000
b. Securities Premium Account		2,50,00,000	2,50,00,000
c. General Reserves		18,61,52,937	18,61,52,937
d. Surplus: Opening balance		(96,76,67,393)	(76,31,01,034)
Less: Depreciation transferred to retained earning on account of change in useful life of assets		-	(1,13,40,056)
Add: Profit / (Loss) transferred from Statement of Profit and Loss	(13,74,58,713)		(19,32,26,303)
Closing Balance		(1,10,51,26,106)	(96,76,67,393)
		(89,14,73,169)	(75,40,14,456)
3 Long Term Borrowing			
Unsecured			
Term loans from related parties	4,34,34,766		4,34,34,766
(Please refer note no. 21(2)(h))	4,34,34,766		4,34,34,766

Terms of Re-payment of Loan - Loan is repayable on demand not earlier than March 31, 2018.


NOTES '1' to '21' (Contd.)

		(Amount in ₹)	
		As at	As at
4 Short Term Borrowings		<u>March 31, 2017</u>	<u>March 31, 2016</u>
(a) Secured⁽ⁱ⁾			
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	2,97,71,557	2,97,71,557	
	<u>12,97,87,941</u>	<u>12,97,87,941</u>	
(b) Unsecured			
Term Loans from related parties	5,00,20,000	4,90,00,000	
Term Loans from other parties	1,50,00,000	1,50,00,000	
	<u>6,50,20,000</u>	<u>6,40,00,000</u>	
	<u>19,48,07,941</u>	<u>19,37,87,941</u>	

Nature of Security

- 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.
- Balances of secured loans and interest thereon as mentioned in note 6 (a) & 6 (b) and note 4 (a) above are as per books of accounts and subject to confirmations from bankers.
- 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

5 Trade Payables

i) Total Outstanding Dues of Micro Enterprises and Small Enterprises ⁽¹⁾ and	-	-
ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises ⁽²⁾	44,52,624	95,55,027
	<u>44,52,624</u>	<u>95,55,027</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.

(2) During the previous period, the company has delayed in payment to its vendors which fetch interest for delay as per agreed terms with vendors. However, the company had not made provision for interest on such delay. Also the balances of trade payable as mentioned in note no. 5 are subject to confirmations.


NOTES '1' to '21' (Contd.)

		(Amount in ₹)	
		As at March 31, 2017	As at March 31, 2016
6 Other Current Liabilities			
(a) Current maturities of long-term debt			
Term loans from banks			
I.D.B.I. Rupee Term Loan (A)&(B)		10,04,25,000	10,04,25,000
S.B.I. Rupee Term Loan (A)&(B)		8,49,00,000	8,49,00,000
S.B.I. Corporate Loan (A)&(B)		2,10,00,000	2,10,00,000
I.D.B.I. Rupee Term Loan (WCTL) (A)&(B)		32,80,000	32,80,000
S.B.I. Rupee Term Loan (F.I.T.L.) (A)&(B)		3,44,99,895	3,44,99,895
		<u>24,41,04,895</u>	<u>24,41,04,895</u>
(b) Interest accrued and due on borrowings		40,85,43,418	31,18,36,439
(c) Accrued Salaries and benefits			
Salaries		5,30,495	9,28,539
Contribution of Provident and other funds		43,057	54,856
		<u>5,73,552</u>	<u>9,83,395</u>
(d) Other payables			
Statutory Obligation		4,64,510	9,31,867
Advance from Customers		2,99,944	4,09,220
Others Payable(v)		11,98,720	52,48,112
		<u>19,63,174</u>	<u>65,89,199</u>
		<u>65,51,85,039</u>	<u>56,35,13,928</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%	



NOTES '1' to '21' (Contd.)

(Amount in ₹)

6 Other Current Liabilities (Contd.)

(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 March 31, 2017 (In days)	Amount of Default - Loan
IDBI - Rupee Loan	Oct-11	2,009	54,00,000
	Jan-12	1,917	54,00,000
	Apr-12	1,826	54,00,000
	Jul-12	1,735	54,00,000
	Oct-12	1,643	54,00,000
	Jan-13	1,551	54,00,000
	Apr-13	1,461	68,02,500
	Jul-13	1,370	68,02,500
	Oct-13	1,278	68,02,500
	Jan-14	1,186	68,02,500
	Apr-14	1,096	68,02,500
	Jul-14	1,005	68,02,500
	Oct-14	913	68,02,500
	Jan-15	821	68,02,500
	Apr-15	731	68,02,500
	Jul-15	640	68,02,500
SBI - Rupee Loan	Sep-11	2,010	26,50,000
	Dec-11	1,918	37,50,000
	Mar-12	1,827	37,50,000
	Jun-12	1,736	42,50,000
	Sep-12	1,644	42,50,000
	Dec-12	1,552	42,50,000
	Mar-13	1,462	42,50,000
	Jun-13	1,371	45,00,000
	Sep-13	1,279	45,00,000
	Dec-13	1,187	45,00,000
	Mar-14	1,097	45,00,000
	Jun-14	1,006	50,00,000
	Sep-14	914	50,00,000
	Dec-14	822	50,00,000
	Mar-15	732	50,00,000
	Jun-15	641	1,03,00,000
	Sep-15	549	94,50,000
S.B.I. Corporate Loan	Sep-11	2,010	30,00,000
	Dec-11	1,918	30,00,000
	Mar-12	1,827	30,00,000
	Jun-12	1,736	30,00,000
	Sep-12	1,644	30,00,000
	Dec-12	1,552	30,00,000
	Mar-13	1,462	30,00,000


NOTES '1' to '21' (Contd.)

(Amount in ₹)

6 Other Current Liabilities (Contd.)

Particulars	Outstanding Since	Period of Default as on March 31, 2017 (In days)	Amount of Default - Loan
S.B.I. -Rupee Loan (FITL)	Sep-12	1,644	14,99,895
	Dec-12	1,552	20,00,000
	Mar-13	1,462	20,00,000
	Jun-13	1,371	20,00,000
	Sep-13	1,279	20,00,000
	Dec-13	1,187	20,00,000
	Mar-14	1,097	20,00,000
	Jun-14	1,006	22,50,000
	Sep-14	914	22,50,000
	Dec-14	822	22,50,000
	Mar-15	732	22,50,000
	Jun-15	641	30,00,000
	Sep-15	549	30,00,000
	Dec-15	457	30,00,000
	Mar-16	366	30,00,000
I.D.B.I. Line Of Credit	Aug-11	2,070	50,00,000
	Sep-11	2,039	50,00,000
"I.D.B.I. Rupee Term Loan (WCTL)	Aug-11	2,070	16,70,000
	Sep-11	2,039	16,10,000
Total Principle Installments Default			25,41,04,895
Interest accrued and due on above loans			39,99,40,638
			65,40,45,533

(iv) During the previous years State Bank of India and IDBI bank has recalled the loan on account of breach of loan covenant, so the same loans have been classified as current maturities of long term borrowings for the current year. In case of State Bank of India, Interest has been provided as per last communicated rates i.e 2011-2012 however in case of IDBI Bank Limited same has been provided as debited by the bank.

(v) Balances of term loans and interest thereon as mentioned in note 6 (a) & 6 (b) above are as per books of accounts and subject to confirmations from bankers.

(vi) Includes ₹ 25,000/- (Previous Year ₹ 25,000/-) Payable to Director.

7 Short Term Provisions

	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits		
Unavailed Leave	4,28,405	3,10,818
Gratuity (Refer note 21(1)(h) & 21(2)(g))	1,07,776	1,54,608
	5,36,181	4,65,426


NOTES '1' to '21' (Contd.)

(Amount in ₹)

8 Property, Plant and Equipment

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.04.2016	Additions during the year	Disposal	As at 31.03.2017	As at 01.04.2016	For the year Debited to Accumulated Loss(2)	For the Year	On disposals	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Land	40,76,694	-		40,76,694	-	-	-		-	40,76,694	40,76,694
Buildings(1)	19,23,01,007	-		19,23,01,007	7,99,32,121	-	48,50,636		8,47,82,757	10,75,18,250	11,23,68,886
Plant and Equipment	79,44,89,336	-		79,44,89,336	72,79,40,066	-	2,11,12,523		74,90,52,589	4,54,36,747	6,65,49,270
Furniture and Fixtures	35,61,285	-		35,61,285	33,24,017	-	1,57,141		34,81,158	80,127	2,37,268
Vehicles	41,24,826	-	5,51,075	35,73,751	23,08,275	-	3,93,368	4,61,575	22,40,068	13,33,683	18,16,551
Office equipment	56,04,928	-		56,04,928	51,07,338	-	1,68,085		52,75,423	3,29,505	4,97,590
Current Year	1,00,41,58,076	-	5,51,075	1,00,36,07,001	81,86,11,817	-	2,66,81,753	4,61,575	84,48,31,995	15,87,75,006	18,55,46,259
Previous year	1,00,22,28,824	39,31,950	20,02,698	1,00,41,58,076	76,60,31,341	1,13,40,056	4,31,68,900	19,28,480	81,86,11,817	18,55,46,259	23,61,97,483

- (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/-)
- (2) During the previous year company has changed the useful life of its assets in line with the requirement of schedule II of companies Act 2013. On account of such change company has charged depreciation of ₹ Nil (PY ₹ 1,13,40,056/-) to its reserves.

9 Deferred Tax	As on March 31, 2016	Charge/Credit During the year	As on March 31, 2017
Deferred Tax Liability Related to Fixed Assets			
Depreciation (Including unabsorbed)	(9,86,89,674)	(3,13,11,683)	(13,00,01,357)
Deferred Tax Assets on Account of Following			
Provision for Bonus	1,54,505	(87,852)	66,653
Provision for Gratuity	50,163	(15,195)	34,968
Provision for Leave Encashment	1,00,845	38,151	1,38,996
Provision for Super Annuation Fund	-	-	-
Interest on Term Loan	9,83,84,161	3,13,76,579	12,97,60,740
Deferred Tax Assets (Net)	-	-	-

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

10. Long Term Loans and Advances	As at March 31, 2017	As at March 31, 2016
Prepaid Expenses	-	22,000
Deposits	4,29,568	9,66,024
Amount with Government Authorities	1,81,94,506	1,28,30,700
Advance Income Tax	13,81,469	11,96,403
	2,00,05,543	1,50,15,127
11. Inventories		
a. Stores and spares ⁽¹⁾	24,05,898	65,64,410
	24,05,898	65,64,410

- (1) Valued at cost or net realizable value whichever is lower (valued at cost in previous year)


NOTES '1' to '21' (Contd.)

	(Amount in ₹)
	As at
	As at
	March 31, 2017
	March 31, 2016
12. Cash and Bank Balance	
Cash and Cash Equivalents	
Cash-in-hand	55,301
Balances with Banks	
In Current Accounts	39,71,596
	40,26,897
13. Short term loans and advances	
Others - Unsecured, considered good	
Prepaid Expenses	1,85,720
Amount with Government Authorities	-
Advances to suppliers	6,05,298
Others	2,42,760
	10,33,778
	1,63,04,863
	Year ended
	on March
	31, 2017
14. Revenue from Operation	
Sale of Products	-
Sale of Services	-
Other Operating Revenues	
Export Benefits received	-
Scrap Sales	-
	-
	1,42,16,71,344
Less: Excise Duty	-
	-
	1,42,15,24,863
Details of Goods Sold	
Yarn/Knitted Fabrics	-
Others	-
	-
	1,28,98,10,885
	12,73,95,138
	1,41,72,06,023
15. Other Income	
Interest Income	23,31,051
Liabilities / Provision no longer required	5,14,640
Other non-operating income	17,23,313
Surplus on sale of Property, Plant and Equipment	-
Provision written back for diminutions in the value of Investment	-
Profit on sales of current investment	-
	45,69,004
	72,89,422


NOTES '1' to '21' (Contd.)

		(Amount in ₹)
	Year ended on March 31, 2017	Eighteen Months ended on March 31, 2016
16. Cost of Materials consumed		
Raw Material Consumption		
Opening Stock	-	95,87,631
Add: Purchases	-	92,59,75,730
Less: Closing Stock	-	-
Total Cost of Material Consumed	-	93,55,63,361
Details of Raw Material Consumed		
Cotton	-	93,48,29,399
Yarn	-	7,33,962
	-	93,55,63,361
17. Changes in inventories of finished goods and work-in-progress		
Changes in Inventory		
Work-in-progress		
Opening	-	1,47,64,409
Closing	-	-
Finished goods		
Opening	-	4,69,37,044
Closing	-	-
(Increase) / Decrease in Inventory	-	6,17,01,453
18. Employee Benefit Expenses		
Salaries and incentives	80,28,366	11,05,24,377
Contribution to Gratuity Fund	(46,832)	46,02,857
Contributions to Provident and other funds	11,71,773	65,94,807
Staff welfare expenses	4,88,335	51,23,600
	96,41,642	12,68,45,641
19. Finance Cost		
Interest expense	9,67,07,806	14,26,49,866
	9,67,07,806	14,26,49,866

NOTES '1' to '21' (Contd.)

	(Amount in ₹)	
	Year ended on March 31, 2017	Eighteen Months ended on March 31, 2016
20. Othere expenses		
Consumption of Store Materials	6,80,386	2,66,80,379
Power and Fuel	8,87,830	19,89,93,483
Repairs to Buildings	1,09,490	17,38,274
Repairs to Machinery	-	3,24,40,311
Repairs to Others	90,564	7,01,108
Insurance	1,145	8,31,631
Rates and Taxes	2,90,612	6,73,288
Legal and Professional Fees	13,83,092	86,80,797
Commission and Discount	-	1,25,33,581
Freight and Despatch Charges	-	80,20,844
Travelling and Conveyance	1,60,530	40,99,425
Vehicle Expenses	6,67,636	24,69,407
Director's Sitting Fees	1,10,000	1,20,000
Loss on Sale of Fixed Assets	39,995	-
Sundry Balances Written Off	-	23,69,055
Payment to Auditors	2,83,523	3,19,856
Exchange Rate Difference	-	11,087
Provision for demises value of store	24,05,897	-
Prior Period Expense	-	19,59,919
Miscellaneous Expenses	18,85,816	94,68,922
	<u>89,96,516</u>	<u>31,21,11,367</u>

21. Significant accounting policies and other notes to account
1 Significant Accounting Policies
a Basis of Accounting

These financial statements have been prepared in accordance with generally accepted accounting principles in India under historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects, with Accounting Standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

The financials statements have been prepared on non-going concern basis (refer note 21 (2) (k)) and assets are stated at lower of carrying value or net realisable value. No material adjustment arose as a result of ceasing to apply the going concern basis.

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



NOTES '1' to '21' (Contd.)

b Property, Plant and Equipment and Depreciation

Property, Plant and Equipment :

Property, Plant and Equipment are stated at cost / book value less depreciation and net of cenvat and subsidy except on freehold land.

Depreciation :

(i) Useful lives/ rates

Depreciation is being provided on a pro-rata basis on the 'Straight Line Method' over the estimated useful lives of the assets as prescribed under Schedule II to the Companies Act, 2013 except plant and equipment, for which the management has estimated 10 years useful life of assets based on technical assessment, till the year ended 30 September 2014, depreciation was provided in the manner and rates prescribed under Schedule XIV to the Companies Act, 1956.

(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.

d Inventories

(i) Stores and spares are valued at cost or net realisable value whichever is lower. 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.


NOTES '1' to '21' (Contd.)
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:

Fund Plan: The Company has defined benefit plans in the form of Gratuity and Leave Encashment, the liability for which is determined on the actual basis at the end of the year.

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 leave encashment is made based on actual basis at the end of each financial year.

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.

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.

2 Other Notes to Accounts

		(Amount in ₹)	
		As at	As at
(a)	Contingent liabilities and commitments (to the extent not provided for)	March 31, 2017	March 31, 2016
(i) Contingent Liabilities			
(a)	Claims against the company not acknowledged as debt - Labour Matters	9,23,862	9,23,862
(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 and subsequent transferred to the Hon'ble City Civil Court at Ahmedabad against the Bank .	11,78,81,338	11,78,81,338
		<u>11,88,05,200</u>	<u>11,88,05,200</u>


NOTES '1' to '21' (Contd.)

		(Amount in ₹)	
		As at	As at
		March 31, 2017	March 31, 2016
2 Other Notes to Accounts (Contd.)			
(ii) Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for		-	-
		-	-
		11,88,05,200	11,88,05,200
(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 acquired 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 March 31, 2017 and as on that date.			
Also there being no business outside India, the entire business has been considered as single geographic segment.			
		(Amount in ₹)	
		Year ended	Eighteen Months
		on March 31, 2017	ended on March
d) Payment to Auditors			
Auditor			
a. For Audit Services		1,12,500	1,68,750
b. For Taxation Matters		20,000	20,000
c. For Other Services		1,07,500	97,500
d. Service Tax		43,523	28,213
		2,83,523	3,14,463
Cost Auditor			
a. Cost audit fees		-	-
b. For reimbursement of expenses		-	1,685
c. Service tax		-	3,708
		-	5,393
		2,83,523	3,19,856
(e) Earning Per Share			
Earning Per Share (EPS) - The numerators and denominators used to calculate Basic and diluted Earnings per Share			
Profit / (Loss) for the year attributable to the Equity Shareholders		(13,74,58,713)	(19,32,26,303)
Basic/weighted average number of Equity Shares outstanding during the period		1,79,30,374	1,79,30,374
Nominal Value of Equity Share		Rs. 10/-	Rs. 10/-
Basic and Diluted Earning Per Share		(7.67)	(10.78)


NOTES '1' to '21' (Contd.)

		(Amount in ₹)		
(f) Other Details	March 31, 2017		March 31, 2016	
	Amount	%	Amount	%
(i) Value of Raw Materials Consumed				
Indigenous	-	-	93,55,63,361	100.00
	-	-	93,55,63,361	100.00
(ii) Value of Spares Consumed				
Imported	-	-	38,81,540	12.63
Indigenous	-	-	2,68,40,666	87.37
	-	-	3,07,22,206	100.00
			31.03.2017	31.03.2016
			Amount	Amount
(iii) Value of Imports on C.I.F. Basis				
Spare Parts			-	32,40,646
			-	32,40,646
(iv) Expenditure in Foreign Currency				
Travelling			-	8,83,482
			-	8,83,482
(v) Export sales				
Direct Exports			-	10,59,84,210
Through Export House			-	1,00,67,57,115
			-	1,11,27,41,325

(g) Disclosure pursuant to Accounting Standard - 15 (Revised) "Employee Benefits":
a. Defined Contribution Plans:

Amount of ₹ 11,71,773/- (previous year ₹ 79,85,307/-) is recognised as expense and included in "Employee benefits expenses" in Note - 18 to the Statement of Profit & Loss.

b. Defined Benefit Plans:

The Company has suspended its operations at the Company's factory since September 30, 2015 and majority of the workers and staff have left the Company. For remaining few employees, gratuity and leave encashment liability determined on the actual basis. Hence, disclosures as required by Accounting Standard 15 - Employee Benefits are not provided herewith.

Amount of ₹ (46,832)/- written back (previous year ₹ 46,02,857/-) is recognised as expense and included in "Employee benefits expenses" in Note - 18 to the Statement of Profit & Loss.

c. Amount recognised as an expense in respect of Compensated Leave Absences is ₹ 1,95,810/- (Previous year ₹ 34,20,638/-)
(h) Related Party Disclosures

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

1. Relationships:
(i) Key Management Personnel and their relatives :

Mr. Umang Kanoria
Mrs. Anuradha Kanoria

Ms. Stuti Kanoria
Mr. Satvik Kanoria


NOTES '1' to '21' (Contd.)

- (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 Limited	Nidhi Pvt Limited
E. T. Resources Pvt. Ltd	OCL Investments & Leasing Ltd.
Facitcon Investments Private Limited	S.T.Investment Pvt. Ltd.
Winnow Investment and Securities Private Limited	Suryasakti Commodities Pvt. Ltd.
Dhanvaridhi Foods Private Limited	

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:

(f) Other Details	Amount in ₹			
	March 31, 2017		March 31, 2016	
	In Relation to Item 1 (i)	In Relation to Item 1 (ii)	In Relation to Item 1 (i)	In Relation to Item 1 (ii)
Intercompany Loan Repaid				
Nidhi Pvt. Ltd	-	-	-	40,00,000
S.T. Investment Pvt. Ltd	-	-	-	1,00,00,000
Intercompany Loan Received				
Nidhi Pvt. Ltd	-	10,20,000	-	-
Remuneration	22,90,444	-	36,86,905	-
Interest Paid				
Nidhi Pvt. Ltd	-	-	-	77,808
S.T. Investment Pvt. Ltd	-	-	-	92,64,201
Kanco Tea & Industries Limited	-	-	-	39,09,129
Outstanding Balances at the end (Payable) / Receivable (Net)				
Umang Kanoria	(25,000)	-	(25,000)	-
Kanco Tea & Industries Ltd.	-	(4,69,52,982)	-	(4,69,52,982)
S. T. Investment Private Limited	-	(5,40,84,564)	-	(5,40,84,564)
Nidhi Private Limited	-	(10,20,000)	-	-

- (i) The Government of India vide its notification dated 25th November 2016, has repealed SICA with effect from 1st December 2016 by notifying and bringing into effect the long enacted provisions of the Sick Industrial Companies (Special Provisions) Repeal Act, 2003 ("SICA Repeal Act"). Accordingly, the Company's appeal bearing no.3/2015 before Appellate Authority for Industrial and Financial Reconstruction and reference bearing no.6/2013 filed u/s 15(1) of SICA, 1985 filed with Board of Industrial and Financial Reconstruction (BIFR) stands abated.
- (j) The Company has not provided interest for the year on unsecured intercompany loan of ₹ 9,24,34,766 (PY ₹ 4,34,34,766) and loan of ₹ 10,20,000/- received during the current year from related party and unsecured loan of ₹ 1,50,00,000/- received from non-related party.


NOTES '1' to '21' (Contd.)

- (k) The Company suspended operations in September, 2015 to contain losses due to un-favourable market conditions. The incentives given to new cotton spinning units under the state textile policy created an uneven playing field making it difficult for the older units to compete in times of general lack of demand and a situation of oversupply in the market. The financial statements have been therefore been prepared on non going concern basis.

The Company is in dialogue with the bankers for a negotiated settlement. It is hopeful of a positive outcome.

(l) **Disclosures on specified bank notes (SBNs)**

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016; the denomination wise SBNs and other notes as per the notification is given below:

Particular	SBN	Other denomination notes	Total
Closing Cash-in-Hand as on November 8, 2016	1,80,000	5,835	1,85,835
(+) Permitted receipts		5,30,000	5,30,000
(-) Permitted payments		(2,73,367)	(2,73,367)
(-) Amount deposited in Banks	(1,80,000)	-	(1,80,000)
Closing Cash-in-Hand as on December 30, 2016	-	2,62,468	2,62,468

- (m) The previous period figures have been regrouped/reclassified, wherever necessary to confirm to the current year presentation. During previous year, the Financial Year of the Company was changed from 1st October, 2014 - 30th September, 2015 to 1st October, 2014 – 31st March, 2016 to align with the requirement of the provisions of section 2(41) of the Companies Act, 2013. Therefore, the previous period figures are not comparable with the current year figures.

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 : May 29, 2017

S. SHUKLA
Company Secretary

For and on behalf of the Board of Directors

U. KANORIA
Managing Director

S. V. TEWARY
Chief Financial Officer



KANCO ENTERPRISES LIMITED

(CIN : L51909WB1991PLC053283)

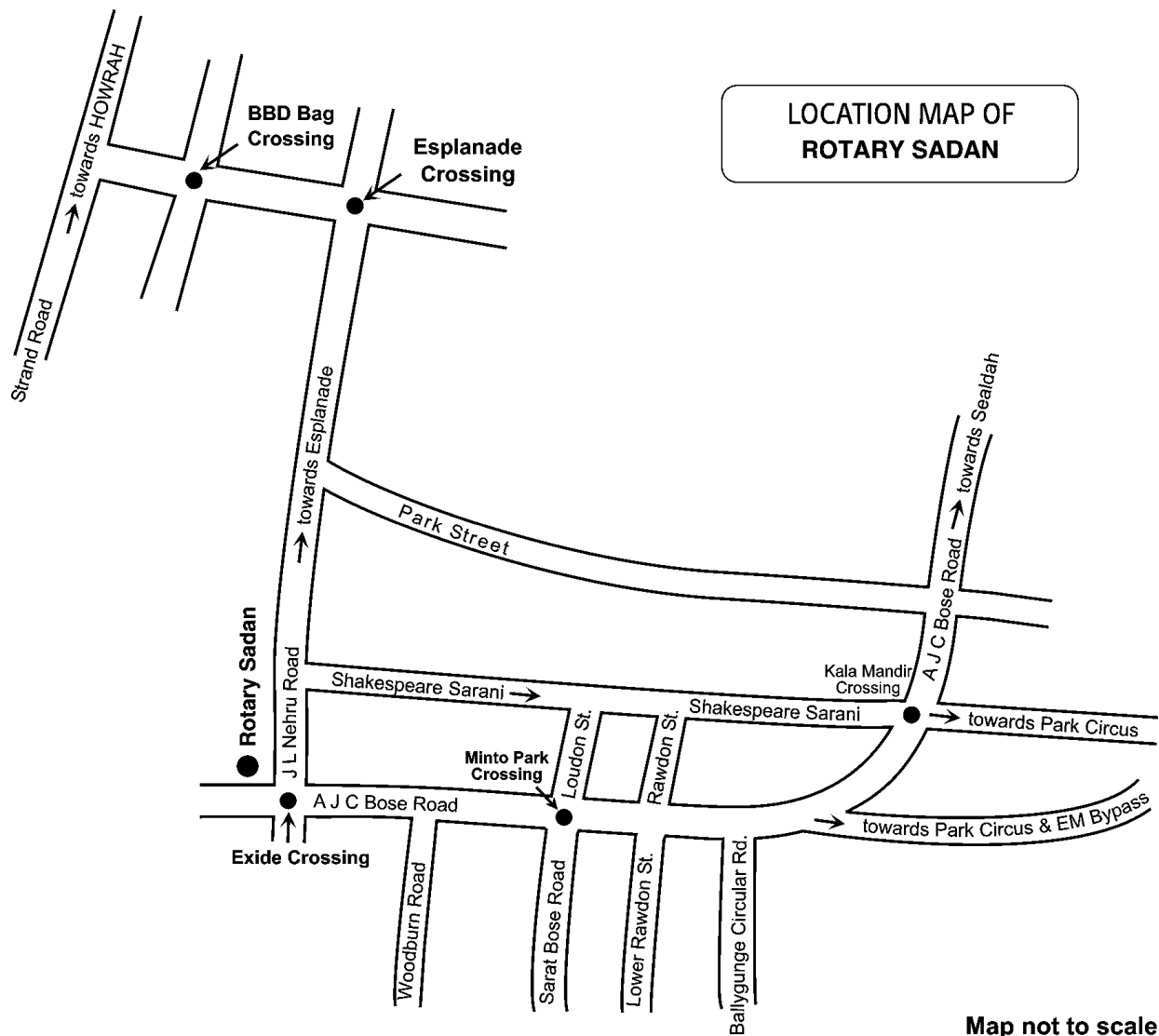
Regd. Office : "Jasmine Tower", 3rd Floor, 31 Shakespeare Sarani, Kolkata - 700 017

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

26th Annual General Meeting

Date & Time : Thursday, 3rd August, 2017 at 4:00 p.m.

Venue : Shripati Singhania Hall, ROTARY SADAN, 94/2, Chowringhee Road, Kolkata - 700 020



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

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

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

1. Name : _____
Address : _____
E-mail Id : _____
Signature : _____, or failing him/her
2. Name : _____
Address : _____
E-mail Id : _____
Signature : _____, or failing him/her
3. Name : _____
Address : _____
E-mail Id : _____
Signature : _____, or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company, to be held on Thursday, 3rd August, 2017 at 4:00 p.m. at "Shripati Singhania Hall, **ROTARY SADAN**, 94/2, Chowringhee Road, Kolkata - 700 020" and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	For	Against
Ordinary Business			
1.	To receive, consider and adopt the Audited Financial Statement of the Company for the year ended 31st March, 2017, the reports of the Board of Directors and Auditors thereon		
2.	To appoint a director in place of Mr. Susanta Banerjee (holding DIN 01173116), who retires by rotation at this Annual General Meeting 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 reappoint Mr. Umang Kanoria (DIN : 00081108) as the Managing Director		

Signed this _____ day of _____, 2017 Signature of Shareholder _____

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

Affix
Revenue
Stamp

**KANCO ENTERPRISES LIMITED**

(CIN : L51909WB1991PLC053283)

Regd. Office : "Jasmine Tower", 3rd Floor, 31 Shakespeare Sarani, Kolkata - 700 017

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

ATTENDANCE SLIP

DP Id* _____

Folio No. _____

Client Id* _____

No. of Shares _____

I hereby record my presence at the 26th Annual General Meeting of the Company, held on Thursday, 3rd August, 2017 at 4.00 p.m. at "Shripati Singhanian Hall, **ROTARY SADAN**, 94/2, Chowringhee Road, Kolkata - 700 020".

*Applicable for investors holding shares in electronic form

Signature of Shareholder / Proxy

**KANCO ENTERPRISES LIMITED**

(CIN : L51909WB1991PLC053283)

Regd. Office : "Jasmine Tower", 3rd Floor, 31 Shakespeare Sarani, Kolkata - 700 017

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

Registration of e-mail address for future communication

DP Id* _____

Folio No. _____

Client Id* _____

No. of Shares _____

Name of the Shareholder _____

Registered Address _____

E-mail ID _____

Signature of Shareholder _____

