



KANCO ENTERPRISES LIMITED

ANNUAL REPORT & ACCOUNTS
for the year ended 31st March, 2018



KANCO ENTERPRISES LIMITED
(CIN : L51909WB1991PLC053283)

**Annual Report
& Accounts
2017-2018**

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BOARD OF DIRECTORS

Mr. U. Kanoria
Chairman & Managing Director

Mr. S. Banerjee
Mr. K. K. Gupta
Ms. Z. Tabassum
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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the Members of Kanco Enterprises Limited will be held at Bharatiya Bhasha Parishad, 4th Floor, 36A Shakespeare Sarani, Kolkata- 700017 on Wednesday, 19th September, 2018 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, 2018, 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 2018-2019 and fix their remuneration.

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Sections 149,150,152 and Schedule IV to the Companies Act, 2013 read with the rules made thereunder, as amended, Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment thereof for the time being in force), the appointment of Ms. Zohra Tabassum (DIN: 08103558) who was appointed as an Additional Director of the Company with effect from 7th April, 2018 on the recommendation of the Nomination and Remuneration Committee of the Company and who holds office up to the date of 27th Annual General Meeting and in respect of whom the Company has received from a Member a notice in writing under Section 160 of the Companies Act 2013 proposing her candidature for the office of Director of the Company be and is hereby confirmed and that Ms. Tabassum be further appointed as an Independent Director of the Company, to hold office for five consecutive years from the conclusion of 27th Annual General Meeting till the Annual General Meeting for the Financial Year ended 31st March, 2023, not liable to retire by rotation.”

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: 26th May, 2018

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

Sohini Shukla
Company Secretary
Membership No. : ACS48409

NOTES:

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

A person can act as a proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or members.

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

Notice (Contd.)

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 the director proposed to be reappointed, nature of his expertise in specific functional areas, names of companies in which he holds directorship and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter se as stipulated under Regulation 36 of the SEBI(Listing Obligations and Disclosures Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard on General Meeting (SS-2) as amended, are provided in Details of Director 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 Thursday, 13th September, 2018 to Wednesday, 19th September, 2018 (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 2017 to 31st March, 2018, the Notice of the 27th 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 2017 to 31st March, 2018, the Notice of the 27th Annual General Meeting, instructions for e-voting, Attendance Slip, Proxy Form and the route map to the venue are being sent by the permitted mode. Members may register their email address by visiting Website namely www.cbmsl.com/green.php of our Registrar and Share Transfer Agent.
- XI. Members may also note that the Notice of the Annual General Meeting and the Annual Report for the year 1st April 2017 to 31st March, 2018 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 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

Notice (Contd.)

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) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be considered at the 27th Annual General Meeting ('AGM') by electronic means and the businesses may be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL). The members may cast their votes using an electronic voting system from a place other than the venue of the AGM (remote E-voting).
- b) The facility for voting through polling paper shall be made available at the venue of the AGM and the members attending the AGM who have not cast their vote by remote e-voting shall avail to exercise their right at the AGM.
- c) The members who have cast their votes by remote e-voting may also attend the AGM but shall not be entitled to cast their vote at the AGM.
- d) Mr. A.K.Labh, Practising Company Secretary (FCS – 4848 / CP-3238) (Address: A.K.Labh & Co, 40, Weston Street, 3rd Floor, Kolkata - 700013) has been appointed as the Scrutinizer for conducting the remote e-voting and voting process at the AGM in a fair and transparent manner.
- e) The e-Voting procedure to be followed by the shareholders to cast their votes:

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

- (i) The remote e-voting period begins on Sunday, 16th September, 2018 (9:00 a.m.) and ends on Tuesday, 18th September, 2018 (5:00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e Wednesday, 12th September, 2018 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (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:

Notice (Contd.)

Particulars	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <p>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).</p>

- (ix) After entering these details appropriately, click on the "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu, wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolution of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.
- (xii) Click on the EVSN for the relevant <KANCO ENTERPRISES LIMITED>
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTION FILE LINK", if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

Notice (Contd.)

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

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

C. Members already registered with CDSL for remote e-voting can use their existing user ID and password for Login. Thereafter please follow the steps from Sl. Nos. (xii) to (xx) mentioned in (A) above, to cast your vote.**XVIII. 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. Wednesday, 12th September, 2018, may obtain the USER ID and password by sending an e-mail request to rta@cbmsl.com / compliance@kanco.in.
- (b) There will be one vote for every Client ID No. / Registered Folio No. irrespective of the number of joint holders.
- (c) The Results of voting will be declared within 48 hours from the conclusion of the AGM and the Resolution will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared Results, alongwith the Scrutinizer's Report, will be available forthwith on the Company's corporate website www.kanco.in and on the website of CDSL; such Results will also be forwarded to The Calcutta Stock Exchange Limited.

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

Pursuant to Article No.82 of the Articles of Association of the Company and in terms of Section 161 of the Companies Act, 2013 as amended and on the recommendation of the Nomination and Remuneration Committee of the Company Ms. Zohra Tabassum holding DIN: 08103558 was appointed as an Additional Director of the Company in the Independent category with effect from 7th April, 2018 to hold office upto the date of 27th Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 from a Member proposing her candidature for appointment as Director of the Company.

Ms. Tabassum, born on 25th August, 1985, aged about 33 years holds Bachelor of Commerce with Accountancy Honours degree from Calcutta University and has experience in the field of accounts, finance and other applicable laws. She holds directorships in NIL Companies.

Ms. Tabassum does not hold by herself or for any other person on a beneficial basis, any shares in the Company and is the chairperson of the Audit Committee of the Company.

Ms. Tabassum is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 as amended. The Company has received declaration from her confirming that she meets the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 read with rules as amended and Regulation 16(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

It is proposed to appoint Ms. Tabassum as an Independent Director of the Company, to hold office for five consecutive years from the conclusion of 27th Annual General Meeting till the Annual General Meeting for the Financial Year ended 31st March, 2023, not liable to retire by rotation. The Board considers that her association would be of immense benefit to the Company.

Notice (Contd.)

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

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

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

The Board recommends the Resolution to be passed as Ordinary Resolution by the Members.

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) as amended.

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

Particulars	Mr. Susanta Banerjee
Din	01173116
Date of Birth	13.03.1947(71 years)
Date of Appointment	26.06.2013
Qualifications	B .Com
Experience in specific functional areas	Mr. Susanta Banerjee a graduate in Commerce from Calcutta University has over 31 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 Member of the Stakeholders' Relationship Committee of Orchid Securities Limited
Number of shares held by him: Equity	
a) Own	65 (Sixty Five)
b) Beneficial basis	Nil
Number of Meetings of the Board attended during the year	5(Five)
Relationship with any Director(s) and KMPs 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 27th 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: 26th May, 2018

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

Sohini Shukla
Company Secretary
Membership No. : ACS48409

Directors' Report (Contd.)

Dear Members,

The Directors of the Company present their 27th Annual Report and Company's Audited Financial Statement for the year ended 31st March, 2018.

FINANCIAL PERFORMANCE

Your Company's financial performance was as follows:

₹/Lakhs

Particulars	31st March 2018	31st March 2017
Profit before Interest, Depreciation and Tax	(102.40)	(140.69)
Less: Interest	-	967.08
Gross Profit/ (Loss) for the Year	(102.40)	(1107.77)
Less: Depreciation	5.03	266.82
Profit/(Loss) Before Tax	(107.43)	(1374.59)
Less : Provision for Tax	-	-
Profit / (Loss) After taxation	(107.43)	(1374.59)
Depreciation transferred on account of change in useful life of Property, Plant and Equipment	-	-
Balance Brought Forward from last Account	(11051.26)	(9676.67)
Balance Carried to Balance Sheet	(11158.69)	(11051.26)

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

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

The current period operations have resulted in a net loss of 107.43 Lakhs.

One Time Settlement with the secured lenders

State Bank of India and IDBI Bank limited are the Company's bankers. In view of the suspension of operations and due to cash losses in the past, the company's account with the lenders had become a Non-performing Asset. The Company had proposed Negotiated settlement against all outstanding dues to the bankers, which has been accepted by the bankers. The Company will meet its payment obligations partly through sale of assets and partly through raising additional finance.

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

Finance

During the year under review, the long term borrowings and short term borrowings of the Company stands at ₹ 434.35 Lakhs and ₹ 4417.00 Lakhs respectively as on 31st March 2018.

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.

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 Members at the ensuing Annual General Meeting, the Board has proposed to appoint Ms. Tabassum as an Independent Director of the Company, to hold office for five consecutive years from the conclusion of 27th Annual General Meeting till the Annual General Meeting for the Financial Year ended 31st March, 2023, not liable to retire by rotation.

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 rules as amended and Regulation 16(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

During the year under review, Mr. Umang Kanoria (DIN: 00081108) was reappointed as the Managing Director of the Company for a period of five years with effect from 1st January, 2018 to 31st December, 2022, at Nil remuneration.

Ms. Puja Borar tendered her resignation from the directorship of the Company with effect from 6th February, 2018, due to her preoccupation and inability to devote time to discharge her responsibilities. The Board of Directors in their meeting took note of the same and placed their appreciation of the valuable contribution made by her.

Board Evaluation

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

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

The Nomination and Remuneration Committee also reviewed its implementation of the said policy and its compliance.

The Board of Directors expressed their satisfaction with the evaluation process.

Policy on Directors' Appointment, Remuneration etc

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

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*
- b) Ms. Sohini Shukla, *Company Secretary* (w. e.f 15th May, 2017)
- c) 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

Directors' Report (Contd.)

The Audit Committee comprises of Independent Directors namely Ms. Zohra Tabassum (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, 2018, 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, 2018 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 shall 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 Members. 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 as amended. 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.

Qualified Opinion

- a) As referred to in note no. 19.1 (a) (ii) 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, 2018 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's proposal for One Time Settlement (OTS) with SBI and IDBI has been accepted for ₹ 2,375 lacs vide their letters dated 23-02-2018 and 07-02-2018 respectively. The negotiated settlement is towards settlement of all dues of Principal, interest and any other amounts outstanding and payable to the bankers. On completion of the payment of negotiated settlement amount these liabilities which are appearing as contingent liability will be extinguished.

- b) As referred in note no. 10 (iv) & (v) Company has stopped repaying Secured loan and interest thereon to State Bank of India and IDBI bank since 2011-2012. Till March 31, 2017, Interest charged on borrowing from State Bank of India has been accounted as per last agreed rate of 2011-2012 and actual interest debited by IDBI has been accounted.

Directors' Report (Contd.)

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 Company has not booked interest on the said loans of ₹ 10,94,46,574/- for the year 2017-18 on account of acceptance of OTS proposal of the company by bankers.

The Company's proposal for negotiated settlement with SBI & IDBI has been accepted by them. The Company is in process of making payments as per the negotiated terms and conditions. Considering this no provision of interest on the said loans for the year 2017-18 has been made in the accounts for the current year.

- (c) As referred in note no. 10 (i)(D) 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 accounts nor issued any balance confirmation and therefore the management is unable to get the confirmation.

- (d) As referred in note no. 13, the company has not made provision for interest for delayed in payment to vendors during the previous periods 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 ₹ 44,52,624/- in March 2017 to ₹ 5,52,625/- in March, 2018.

- (e) As referred in note no. 10(i)(F) the company has not provided interest on unsecured inter-corporate loan of ₹ 13,56,42,766/- from related party and unsecured loan of ₹ 1,50,00,000/- received from non-related party. Amount of the interest for the current year on the said loan as per last agreed rate with the parties is ₹ 1,23,57,929/- (P.Y. ₹ 1,11,17,238/-).

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.

- (f) As referred to in note 2 the Company has not provided depreciation of ₹ 61,92,397/- on Building and Plant & Equipment in absence of active use of premises at factory location.

The Company has shut down its operations in September, 2015 in view thereof depreciation on factory building, Plant and Equipment for the year has not been provided.

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:

- (a) The Company has entered into a One Time Settlement (OTS) with the lender Banks viz. SBI and IDBI against their total dues to be payable within 30th November, 2018 as per the terms and conditions of OTS.

The Company's proposal for One Time Settlement (OTS) with SBI and IDBI has been accepted for ₹ 2375 lacs vide their letters dated 23-02-2018 and 07-02-2018 respectively. The negotiated settlement is towards settlement of all dues of Principal, interest and any other amounts outstanding and payable to the bankers. On completion of the payment of negotiated settlement amount, liabilities which are appearing as Secured Loans will be extinguished.

- (b) Trading Permission at BSE is suspended for the Company w.e.f. 15.11.2017

The shares of the Company were permitted to be traded as per the MOU signed between The Calcutta Stock Exchange Limited and The Bombay Stock Exchange Limited. The Company has no say in the matter.

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

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

Directors' Report (Contd.)

possible to revive operations.

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, regarding compliance with the conditions of Corporate Governance is annexed herewith marked as Annexure F to this report.

Risk Management

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

Market Related Risk

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

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

Risk due to Fraud

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

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.

Directors' Report (Contd.)

The background check of new party is also carried out before deciding on the credit period.

Deposits

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

Material Orders Passed by the Regulators /Courts/ Tribunals

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

Internal Controls

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

Vigil Mechanism

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

Stock Exchange

The Company's equity shares are listed at the Calcutta Stock Exchange Limited (Scrip Code-21381 & 10021381). Listing Fees for the financial year 2018-2019 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 the close of business hours of 14th November, 2017 due to procedural reasons vide Notice no. 20171024-10 dated 24th October, 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.

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, 2017 to March 2018, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year April, 2017 to March 2018:

Sl. No	Name of Director / KMP and Designation	Remuneration of Director/ KMP for F.Y April 2017 to March 2018	% increase in Remuneration in the F.Y April 2017 to March 2018	Ratio of remuneration of each Director to median remuneration of employees
1.	Mr. Umang Kanoria, Managing Director	17.15	(24.98%)	16.23
2.	Mr. Susanta Banerjee, Non-Executive Director	0.50	66.66%	0.47
3.	Mr. Krishna Kumar Gupta, Independent Director	0.40	33.33%	0.28
4.	Ms. Puja Borar(resigned w.e.f 6 th February, 2018), Independent Director	0.30	(33.33%)	0.28
5.	Mr. S. V Tewary, Chief Financial Officer (refer note)	20.47	1.04%	19.39
6.	Ms. Sohini Shukla Company Secretary (w.e.f. 15 th May, 2017) (refer note)	1.05	Please refer Note Below	1.00

- ii) The median remuneration of employees of the Company during the financial year was ₹ 105,581/-
- iii) the percentage increase in median remuneration of the employees of the Company 19.40%. (The figure is not comparable in view of Majority of the employees having resigned from services of the company)

Directors' Report *(Contd.)*

- iv) Number of permanent employees on the rolls of the Company - 8
- v) Average percentile increase already made in the last financial year
 - a) In the salaries of employees other than the managerial personnel - N.A
 - b) Percentile increase in the managerial remuneration - NIL
 - c) Justification for such increase in remuneration & exceptional circumstances for increase in the managerial remuneration – N.A.

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

- 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. Sohini Shukla was not employed in the previous period.

- 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

U. Kanoria

Chairman & Managing Director

DIN: 00081108

Place: Kolkata

Dated: 26th May, 2018

Directors' Report (Contd.)

Annexure A

Form No. MGT-9**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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	97.89%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% 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	-	-	-	-	-	-	-	-	-

Directors' Report (Contd.)

Category of Shareholders		No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(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 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	-
(2)	Non- Institutions									
(a)	Bodies Corporate									
(i)	Indian	3003920	14250	3018170	16.83	2979590	14250	2993840	16.70	(0.13)
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
(i)	Individualshareholders holding nominal share capital upto ₹1 lakh	1187116	990763	2177879	12.15	1177036	984675	2161711	12.05	(0.10)
(ii)	Individualshareholders holding nominal share capital in excess of ₹1 lakh	1356659	-	1356659	7.57	1396897	-	1396897	7.80	0.23
(c)	Others (specify)									
	NRIs/OCBs	867	5616	6483	0.03	1127	5616	6743	0.03	(0.00)
	Clearing Members	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	5548562	1010629	6559191	36.58	5554650	1004541	6559191	36.58	
	Total Public Shareholding (B)=(B)(1)+(B)(2)	5701697	1028403	6730100	37.53	5707785	1022315	6730100	37.53	
C.	Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	16901971	1028403	17930374	100.00	16908059	1022315	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			
	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	% Change in shareholding during the year
1	Umang Kanoria	4008929	22.36	-	4008929	22.36	-	-
2	Kanco Tea & Industries Limited	3314291	18.48	17.21	3314291	18.48	17.21	-
3	B.T. Investments Private Limited	1528150	8.52	8.52	1528150	08.52	8.52	-
4	Cosmos Resources Private Limited	1326429	7.40	4.39	1326429	07.40	4.39	-
5	E.T. Resources Private Limited	422895	2.36	-	422895	02.36	-	-
6	Nidhi Private Limited	385075	1.73	-	385075	02.15	-	-
7	Innova Properties Private Limited	120000	0.67	-	120000	00.67	-	-
8	Facitcon Investments Private Limited	94505	0.53	-	94505	00.53	-	-
TOTAL		11200274	62.47	30.12	11200274	62.47	30.12	-

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

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year	11200274	62.47	11200274	62.47
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	-	-	-	-
At the end of the year	-	-	11200274	62.47

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

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

Directors' Report (Contd.)

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		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 (resigned w. e.f 6.2.2018)				
	At the Beginning of the year	-	-	-	-
	Purchase/Sale	-	-	-	-
	At the end of the year			-	-

Directors' Report (Contd.)

Sl. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	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
	KEY MANAGERIAL PERSONNEL				
1.	Umang Kanoria				
	At the Beginning of the year	4008929	22.36	4008929	22.36
	Purchase/Sale	-	-	-	-
	At the end of the year			4008929	22.36
2.	Sushil Vishwakant Tewary				
	At the Beginning of the year	600	0.00	600	0.00
	Purchase/Sale	-	-	-	-
	At the end of the year			600	0.00
3.	Sohini Shukla (w.e.f 15.05.2017)				
	At the Beginning of the year	-	-	-	-
	Purchase/Sale	-	-	-	-
	At the end of the year			-	-

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	108454766	482347602
(ii) Interest due but not paid	399940638	8602780	408543418
Total (i+ii)	773833474	117057546	890891020
Change in Indebtedness during the financial year			
Addition	0	43688000	43688000
Reduction	39400000	1500000	40900000
Net Change	(39400000)	42188000	2788000
Indebtedness at the end of the financial year			
(i) Principal Amount	334492836	150642766	485135602
(ii) Interest due but not paid	399940638	8602780	408543418
Total (i+ii)	734433474	159245546	893679020

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director/ Whole time Director and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of Managing Director- Umang Kanoria Total Amount (₹)
1.	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,50,000
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	52,500
	(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 ₹ 52,500 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/-)	14,02,500
	Ceiling as per the Act	60,00,000

Directors' Report (Contd.)
B. Remuneration of other Directors:

(In ₹)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Puja Borar (resigned w.e.f. 6.02.2018)	Krishna Kumar Gupta	
1.	Independent Directors			
	Fee for attending Board/ Committee meetings	30,000	40,000	70,000
	Commission	-	-	-
	Others (please specify)	-	-	-
	Total (1)	30,000	40,000	70,000
2.	Other Non-Executive Directors	Susanta Banerjee		
	Fee for attending Board/ Committee meetings	50,000		50,000
	Commission	-		-
	Others (please specify)	-		-
	Total (2)	50,000		50,000
	Total (B)= (1+2)			1,20,000
	Total Managerial Remuneration			15,22,500
	Overall Ceiling as per the Act			60,00,000

C. Remuneration to Key Managerial Personnel other than WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total (In ₹)
		Company Secretary Sohini Shukla (w,e,f. 15.05.2017) (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	1,05,484	16,55,463	17,60,947
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	1,86,274	1,86,274
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	1,05,484	18,41,737	19,47,221

Directors' Report *(Contd.)***VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

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

For and on behalf of the Board of Directors

Place: Kolkata
Dated: 26th May, 2018

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	1,527,520	1,527,520
	2.	Total Expenditure	12,270,495	140,267,393
	3.	Net Profit/(Loss)	(10,742,975)	(138,739,873)
	4.	Earnings Per Share	(0.6)	(7.74)
	5.	Total Assets	174,607,073	168,414,676
	6.	Total Liabilities	897,519,477	1,154,048,322
	7.	Net Worth	(722,912,404)	(985,633,646)
	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, 2018 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, 31st March, 2016 and 31st March, 2017
- 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. All outstanding dues to SBI and IDBI have agreed to be settled against payment of ₹ 23.75 crores by way of a negotiated settlement. On completion of the payment as per the terms agreed under the negotiated settlement the liability under the forward contract losses and any interest thereon will be extinguished.
- 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:** In view of the negotiated settlement with SBI and IDBI, the dispute on account of forward contract losses has become redundant. On payment of the negotiated settlement amount the liability on account of forward contract losses and any interest thereon will be extinguished.
 - (iii) **Auditors' Comments on (i) or (ii) above:** We have reviewed the above and have no comment.
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 company has not booked of Interest of ₹ 10,94,46,574/- on the said loan for the year 2017-18 on account of acceptance of OTS proposal of the company by the bankers.
- 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, 31st March, 2016 and 31st March, 2017
- d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** As the company's proposal for one time settlement (OTS) have been accepted by bankers and the company is in process for making payment as per negotiated settlement, the company has not made provision for interest for current year.

Directors' Report (Contd.)

- 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:** In view of the negotiated settlement with the Bankers no provision for interest for the current year needs to be made.
 - (iv) **Auditors' Comments on (i) or (ii) above:** We have reviewed the above and have no comment.
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 and 31st March, 2017
- 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 sent any statement of account nor issued any balance confirmation. The balances therefore are as per management estimates based on last communicated rates of interest.
 - (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: Appeared earlier in Annual Report for the year ended 31st March, 2017
- d. For Audit Qualification(s) where the impact is quantified by the auditor,
Management's Views: Not Applicable
- e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**
 - (i) **Management's estimation on the impact of audit qualification:** Not Applicable
 - (ii) **If management is unable to estimate the impact, reasons for the same:** As per the understanding reached with vendors, the Company has decided not to provide any interest on delayed payment due to financial constraints and closure of operation and during the year 2015-16 no such bill for interest has been raised by the vendors. Further, no legal action has also been taken by the vendors for not providing interest on delayed payment. The trade payable has been reduced from ₹ 44,52,624 /- in March, 2017 to ₹ 5,52,625/- in March, 2018.
 - (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 on unsecured inter-corporate loan of ₹ 13,56,42,766/- from related party and unsecured loan of ₹ 1,50,00,000/- received from non-related party. Amount of the Interest for the current year on the said loan as per last agreed rate with the parties is ₹ 1,23,57,927/- (PY ₹ 1,11,17,238/-)
- b. Type of Audit Qualification: Qualified Opinion
- c. Frequency of qualification: Appeared earlier in Annual Report for the year ended 31st March, 2017

Directors' Report *(Contd.)*

- 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 loans.
- e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable
6. a. Details of Audit Qualification: The company has not provided depreciation of ₹ 61,92,397/- on building and plant & equipment in absence of active use of premises at factory location.
- b. Type of Audit Qualification: Qualified Opinion
- c. Frequency of qualification: Appearing for the first time
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: As the said assets were not used by the company for the previous year, the company has not provided depreciation for the same.
- e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable

<u>Signatories:</u>	
•	CEO/ Managing Director – U. Kanoria (DIN: 0081108)
•	CFO – S V Tewary
•	Audit Committee Chairperson – Zohra Tabassum (DIN: 08103558)
•	Statutory Auditor For B R Shah & Associates Firm Registration No. 129053W, Chartered Accountants Deval R Desai Partner Membership No. 132426
Date: May 26, 2018	

Directors' Report (Contd.)

Annexure C

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31.03.2018**

[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 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

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

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

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.

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 31.03.2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;
- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;

Directors' Report (Contd.)

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

I further report that, having regard to the compliance system prevailing in the Company, my examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to me by the Company and its management and to the best of my judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of my knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws 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) Regulation, 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 Directors, 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.
- (c) Majority decision is carried through while the dissenting members' views 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 has entered into a One Time Settlement (OTS) with the lender Banks viz. SBI and IDBI against their total dues to be payable within 30th November, 2018 as per the terms and conditions of OTS.
- (b) Trading Permission at BSE is suspended for the Company w.e.f. 15.11.2017.
- (c) The Company's operation has been shut down since 30.09.2015.

Place: Kolkata
Dated: 26.05.2018

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

Directors' Report *(Contd.)***Annexure D**

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

a. Conservation of energy-

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

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

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

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

b. Technology absorption-

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

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

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

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

c. Foreign exchange earnings and Outgo

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

For and on behalf of the Board of Directors

Place: Kolkata
Dated: 26th May, 2018

U. Kanoria
Chairman & Managing Director
DIN: 00081108

Directors' Report (Contd.)

Annexure E

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) **Industry structure and developments:** After a prolonged period of sluggishness and poor margins the cotton yarn industry is finally looking up. This is partly due to substantial closure of productive capacity due to huge losses. This has improved pricing power of existing players. There is robust export demand aiding prices. The future for the industry is cautiously optimistic.

b) **Opportunities & Threats:**

India is the largest producer of cotton. Farmers have been realizing remunerative prices for the crop. Export demand is on an upswing. Cotton prices are competitive as compared to world prices. The initial glitches in GST roll out have been ironed out. These factors bode well for the industry.

Cotton production during the current year may go down due to losses suffered by farmers due to pest attacks. Lower cotton production coupled with increased exports to neighboring countries such as Bangladesh, Pakistan and Sri Lanka may create shortage of raw material and higher prices. Low capacity utilization, high raw material prices continue to remain the major threats for the industry.

c) **Segment analysis and review:**

Particulars	Units	April 2017 to March 2018	April 2016 to March 2017	% Change
Production of Cotton Yarn	Kgs	Nil	Nil	N.A.
Sale of Cotton Yarn	Kgs	Nil	Nil	N.A.
Average Realisation	₹/Kg.	N.A.	N.A.	N.A.
Average Cost of Cotton	₹/Ton	N.A.	N.A.	N.A.
Profit/(Loss) before Interest but after Depreciation	₹ in Lacs	(107.43)	(407.51)	N.A.

d) **Outlook:** Cotton yarn exports have started looking up in 2017-18. This was mainly due to increase in exports to China, Pakistan, Bangladesh, and Germany. 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 has reached an amicable settlement with Bankers. It does not intend to start operations in the near future.

e) **Risks & Concerns:** Unbridled capacity creation purely for the sake of availing incentives is proving counterproductive. Addition of new capacity is rendering existing capacity redundant. Stagnant domestic consumption, high power cost and shortage of skilled workforce are common concerns.

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

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

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

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

The Company did not have any operations during the year. The loss before interest and after depreciation was ₹ 107.43 lacs as compared to ₹ 407.51 lacs for the previous period.

h) **Information regarding Human Resources/Industrial Relations:** Industrial relations at the Company remain cordial. Manpower employed with the Company as at 31st March, 2018 was 8 compared to 7 as on 31st March, 2017.

Cautionary Statement

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

For and on behalf of the Board of Directors

U. Kanoria

Place: Kolkata

Dated: 26th May, 2018

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 directorships ^a	No. of other Committee Membership ^b	No. of other Committee Chairmanships ^b	Attendance at previous AGM on 3/08/2017	No. of Board Meetings attended
Mr. Umang Kanoria	Promoter & Executive	5	5	2	Present	5
Mr. Krishna Kumar Gupta	Non-Executive & Independent	--	--	--	Present	4
Ms. Puja Borar ^c	Non- Executive & Independent	--	--	--	Present	3
Mr. Susanta Banerjee	Non- Executive	1	1	--	Present	5
Ms. Zohra Tabassum ^d	Non- Executive & Independent	--	--	--	--	--

(a) Directorship of Public Limited Companies only.

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

(c) Ms. Puja Borar resigned with effect from 6th February, 2018.

(d) Ms. Zohra Tabassum was appointed as Additional Director in Independent Category with effect from 7th April, 2018.

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

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

None of the Directors in the Board are related.

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

Meetings of the Board

During the year 2017-2018, the Board of Directors met 5(five) times on the following dates: 15th May, 2017, 29th May, 2017, 14th September, 2017, 12th December, 2017 and 6th February, 2018.

Information about the Directors seeking reappointment

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

The Board of Directors on 7th April, 2018 have appointed Ms. Zohra Tabassum (DIN: 08103558) as Additional Director

Directors' Report (Contd.)

in an Independent Director to hold office upto the date of the 27th Annual General Meeting (AGM). Subject to the approval of the Members at the ensuing Annual General Meeting, the Board has proposed to appoint Ms. Tabassum as an Independent Director of the Company, to hold office for five consecutive years from the conclusion of 27th Annual General Meeting till the Annual General Meeting for the Financial Year ended 31st March, 2023, not liable to retire by rotation.

Brief resume of the Directors retiring or being reappointed has been provided in the Explanatory Statement and Annexure to the Notice of the 27th AGM of the Company.

3. Audit Committee

Audit Committee of the Board of Directors consists of 3 (three) Directors namely, Ms. Zohra Tabassum, Non-Executive Independent Director, Mr. Krishna Kumar Gupta, Non-Executive Independent Director and Mr. 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. Zohra Tabassum, Non-Executive Independent Director is the Chairperson of the Audit Committee. The Company Secretary of the Company acts as the Secretary of the Committee.

Terms of Reference-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.
- 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.

Directors' Report (Contd.)

- 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

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

Name of Directors	Attendance at the Meeting				
	10.04.2017	29.05.2017	14.09.2017	12.12.2017	6.02.2018
Ms. Puja Borar*	Present	Present	Present	Present	--
Mr. Susanta Banerjee	Present	Present	Present	Present	Present
Mr. Krishna Kumar Gupta	Present	Present	Present	Present	Present
Ms. Zohra Tabassum**	--	--	--	--	--

* Ms. Puja Borar resigned with effect from 6th February, 2018.

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

4. Nomination and Remuneration Committee

Nomination and Remuneration Committee of the Board of Directors consists of the Directors namely, Mr. Krishna Kumar Gupta, Non-Executive Independent Director, Ms. Zohra Tabassum, Non-Executive Independent Director and Mr. 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.

Directors' Report (Contd.)

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

Name of Directors	Attendance at the Meeting			
	10.04.2017	6.05.2017	19.05.2017	13.03.2018
Mr. Krishna Kumar Gupta	Present	Present	Present	--
Ms. Puja Borar*	Present	Present	Present	Present
Mr. Susanta Banerjee	Present	Present	Present	Present
Ms. Zohra Tabassum**	--	--	--	--

* Ms. Puja Borar resigned with effect from 6th February, 2018.

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

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.

Remuneration of Directors for the financial year ended 31st March, 2018 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	14,02,500	14,02,500	6 months	4008929
Mr. Krishna Kumar Gupta	40000	--	40000	--	--
Ms. Puja Borar*	30000	--	30000	--	--
Mr. Susanta Banerjee	50000	--	50000	--	65
Ms. Zohra Tabassum**	--	--	--	--	--

* Ms. Puja Borar resigned with effect from 6th February, 2018.

** Ms. Zohra Tabassum was appointed as Additional Director in Independent Category with effect from 7th April, 2018.

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,

Directors' Report (Contd.)

commitment and such other attributes which in the opinion of the Committee the candidate possess and are in the interest of the Company.

If the Committee after due deliberation finds that the candidate meets the above criteria for appointment (as director on the Board or in senior management), hence 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
- 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 Stakeholders Relationship 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

Directors' Report (Contd.)

complaints from the Shareholders.

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

Name of Directors	Attendance at the Meeting
	7.04.2017
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 Ten (10) times on 7th April, 2017, 29th May, 2017, 8th August, 2017, 30th August, 2017, 14th September, 2017, 9th October, 2017, 30th November, 2017, 15th December, 2017, 26th December, 2017 and 5th February, 2018.

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

Name of Directors	No. of Meetings Attended
Mr. Umang Kanoria	10
Mr. Krishna Kumar Gupta	10
Mr. Susanta Banerjee	10

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, 2018 have been acted upon by the Company and no such transfer or transmission is pending.

7. Finance and Investment Committee

The Board of Directors has delegated powers specified under Section 179(3)(d), Section 179(3)(e) and Section 179(3)(f) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 with regard to borrowing, investing the fund and granting loans or giving guarantee or providing security in respect of loans. The Committee comprises of the following Directors viz, Mr. Umang Kanoria, Mr. 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
April'16- March'17	26 th Annual General Meeting	Shripati Singhanian Hall, Rotary Sadan, 94/2 Chowringhee Road, Kolkata-20	3 rd August, 2017	4:00 p.m.	Nil
October' 14 – March' 16	25 th Annual General Meeting	Bharatiya Bhasha Parishad, 36A Shakespeare Sarani, Kolkata-17	29 th July, 2016	4:00 p.m.	Nil
October' 13 – September' 14	24 th Annual General Meeting	Kalakunj, 48 Shakespeare Sarani, Kolkata -17	6 th February, 2015	11:30 a.m.	4

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

Directors' Report (Contd.)

Annual Results as well as the Quarter end shareholding pattern are sent to the Calcutta Stock Exchange Limited, where shares of the Company are listed and the Bombay Stock Exchange Limited, where the shares of the Company are traded, immediately on approval from the Board of Directors and are also posted on the Company's web site i.e. www.kanco.in.

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

10. General Shareholder Information

Annual General Meeting	
Date and Time	19 th September, 2018 at 4:00 p.m.
Venue	Bharatiya Bhasha Parishad, Fourth Floor, 36A Shakespeare Sarani, Kolkata-700017

Financial Year	: 1st April, 2017 to 31st March, 2018
Dates of Book Closure	: 13th September, 2018 to 19th September, 2018 (both days inclusive)

Listing on Stock Exchange and Stock Code

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

Listing Fees for the financial year 2018-2019 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, 2018

Month	April' 17	May'17	June'17	July' 17	Aug'17	Sept'17	Oct'17	Nov'17	Dec'17	Jan'18	Feb, 18	March' 18
High ₹	1.25	1.14	0.90	0.90	0.72	0.43	0.44	0.37	-	-	-	-
Low ₹	1.19	0.98	0.82	0.75	0.45	0.39	0.37	0.35	-	-	-	-
Volume	5,008	3,637	1,695	3,186	2,853	403	3,310	1,781	-	-	-	-

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.

Categories of Shareholding as on 31st March, 2018

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, 2018, 16908059 Equity Shares of the Company of ₹ 10/ each, representing 94.30% 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.

Directors' Report (Contd.)**Distribution of Shareholding as on 31st March, 2018**

Category	Shares		Shareholders	
	Numbers	% to Shares	Number	% of Shareholders
1 to 500	1296441	7.23	16221	96.60
501 to 1000	199916	1.12	270	1.61
1001 to 2000	197672	1.10	136	0.81
2001 to 3000	108269	0.60	43	0.26
3001 to 4000	66637	0.37	19	0.11
4001 to 5000	75902	0.42	16	0.10
5001 to 10000	291961	1.63	38	0.23
10001 to 50000	657935	3.67	29	0.17
50001 to 100000	320386	1.79	5	0.03
100001 and above	14715255	82.07	14	0.08
Total	17930374	100.00	16791	100.00

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. 19.3 of Notes to Financial Statements for the financial year ended 31st March, 2018. 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.

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors 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 2017-2018 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.

For and on behalf of the Board of Directors

U. Kanoria

Chairman & Managing Director

DIN: 00081108

Place: Kolkata
Dated: 26th May, 2018

Directors' Report (Contd.)**Annexure G**

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

Sl. No.	Employee Name	Designation	Remuneration Received	Qualification	Total Experience	Date of Commencement of Employment	Age	Particulars of Previous Employment		% of Shareholding
								Organisation	Designation	
1	Sushil V Tewary	C.O.O. & C.F.O.	1861029	B.Com., LLB, C.A.	31	06.05.1997	58	Kilima Bottling Ltd. Tanzania	Chief Accountant	
2	Umang Kanoria	M.D.	1714500	B.Com (Hons.), ACMA, MBA	35	16.05.1998	58	Bengal Tea & Fabrics Ltd.	Jt. Managing Director	22.3583
3	Madanlal Sharma	Manager Purchase	810596	B.A.	40	01.07.1978	62	-	-	
4	Murarilal Choudhary	Manager Accounts	799550	B.COM.	40	15.06.1978	58	-	-	
5	Jayanti Desai	Driver	179704	SSC	9	01.07.2009	43	-	-	
6	Devabhai Bharwad	Watchman	152248	9th Standrad	24	02.08.1994	48	-	-	
7	Jayanti Vaishnav	Peon	135530	9th Standrad	13	01.08.2005	40	-	-	
8	Sohini Shukla	Company Secretary	105484	B.Com (Hons.), ACS	1	15.05.2017	32			

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, 2018.

For and on behalf of the Board of Directors

Place: Kolkata
Dated: 26th May, 2018

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, 2018 and that to the best of our knowledge and belief we state that:-
 - these statements do not contain any materially untrue statement or omit any material fact nor contain statements that might be misleading;
 - these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
 - I. that there are no significant changes in internal control over reporting period during the year;
 - II that there are changes in accounting policies during the year on account of Ind AS adoption and the same have been disclosed in the notes to the financial statements; and
 - III. that there are no instances of significant fraud of which we have become aware.

U. Kanoria (DIN: 00081108)

Sushil V Tewary

Kolkata, 26th May, 2018

Chairman & Managing Director

C.F.O

CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF KANCO ENTERPRISES LIMITED

To the Members of Kanco Enterprises Limited

I have examined the compliance of conditions of Corporate Governance by Kanco Enterprises Limited ("the Company") in terms of Regulation 15(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the year ended 31.03.2018.

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 for an expression of opinion on the financial statements of the Company.

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

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

Place: Kolkata

Dated: 26th May, 2018

(Asit Kumar Labh)

Practicing Company Secretary
ACS – 32891 / CP No.- 14664

Independent Auditors' Report

To the Members of Kanco Enterprises Limited

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

We have audited the accompanying financial statements of Kanco Enterprises Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018 the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made thereunder including 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 of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

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

Basis of Qualified Opinion

We report the following observations:

- (a) As referred to in note no. 19.1 (a) (ii) of financial statements, during the year ended September 30, 2012, the Company has not accounted for Foreign Exchange loss of Rs. 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, 2018 is lower by the said amount. The loss above does not include interest, if any.
- (b) As referred in note no. 10 (iv) & (v) Company has stopped repaying Secured loan and interest thereon to State Bank of India and IDBI bank since 2011-2012. Till March 31, 2017, Interest charged on borrowing from State Bank of India has been accounted as per last agreed rate of 2011-2012 and actual interest debited by IDBI has been accounted. 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 company has

Independent Auditors' Report (Contd.)

not booked interest on the said loan of Rs. 10,94,46,574 for the year 2017-18 on account of acceptance of OTS proposal of the company by bankers.

- (c) As referred in note no. 10(i) (D) 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. 13, the Company has not made provision for interest for delay in payment to vendors during the previous periods 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. 10 (1) (F), the company has not provided interest on unsecured inter-corporate loan of ₹13,56,42,766 from related party and unsecured loan of ₹ 1,50,00,000/- received from non-related party. Amount of the Interest for the current year on the said loan as per last agreed rate with the parties is ₹ 1,23,57,927/- (PY ₹1,11,17,238/-)
- (f) As referred in note no. 2, The company has not provided depreciation of ₹ 61,92,397/- on building and plant & equipment in absence of active use of premises at factory location.

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 Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 19 (14) in the financial statements which indicates that Company net worth as at March 31, 2018 has been completely eroded on account of accumulated losses of Rs. 111,58,69,081/-. 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.

Other Matter

The financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an qualified opinion dated May 29, 2017 and May 30, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

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.
- 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, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity 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,

Independent Auditors' Report *(Contd.)*

the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

- (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 19.1 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

For B. R. Shah & Associates

Chartered Accountants

Firm Registration Number: 129053W

Deval R Desai

Partner

Membership Number: 132426

Ahmedabad
May 29, 2017

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

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, 2018

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, 2018 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 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 2018.

- a) The company's internal financial controls over balance confirmation procedures as on March 31, 2018 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.

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

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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

For **B. R. Shah & Associates**

Chartered Accountants

Firm Registration Number: 129053W

Deval R Desai

Partner

Membership Number: 132426

Ahmedabad
May 29, 2017

Annexure B to the Independent Auditors' Report

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

Particulars	Details of Default	Period of Default as on March 31, 2018 (In days)	Amount of Default - Loan Rupees
IDBI - Rupee Loan	16 Quarterly Installment of Rs. 54 lakhs and Rs. 68.025 lakhs each from Oct-11 to Jul-15	1005 days to 2374 days	100,425,000
	Amount paid under OTS (one time settlement scheme)		(15,000,000)
SBI - Rupee Loan	17 Quarterly Installment of Rs. 26.05 lakhs to 103 lakhs from Sep-11 to Sep-15	914 days to 2375 days	84,900,000
	Amount paid under OTS (one time settlement scheme)		(24,400,000)
S.B.I. Corporate Loan	7 Quarterly Installment of Rs. 30 lakhs each from Sep-11 to Mar-13	914 days to 2375 days	21,000,000
S.B.I. -Rupee Loan (FITL)	15 Quarterly Installment of Rs. 15 lakhs to 30 lakh each from Sep-12 to Mar-16	731 days to 2009 days	34,499,895
I.D.B.I. Line Of Credit	2 monthly Installment of Rs. 50 lakhs each from Aug-11 to Sep-11	2404 days to 2435 days	10,000,000
I.D.B.I. Rupee Term Loan (WCTL)	2 monthly Installment of Rs. 16.10 lakhs to Rs. 16.70 each from Aug-11 to Sep-11	2404 days to 2435 days	3,280,000

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

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Particulars	Details of Default	Period of Default as on March 31, 2018 (In days)	Amount of Default - Loan Rupees
S.B.I. (Export Packing Credit) (C)	Loan has been recalled by SBI in the year 2012-13		90,016,384
SBI Cash Credit Account	Loan has been recalled by SBI in the year 2012-13		29,771,557
Total Principle Installments Default			334,492,836

- 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**
Chartered Accountants
Firm Registration Number: 129053W

Ahmedabad
May 29, 2018

Deval R Desai
Partner
Membership Number: 132426

Balance Sheet as at March 31, 2018

₹

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
A ASSETS				
1 Non-current assets				
a) Property, plant and equipment	2	158,272,035	158,775,006	185,546,259
b) Financial assets				
i) Other financial assets	3	429,568	429,568	966,024
c) Deferred tax assets (net)	4	-	-	-
d) Other non-current assets	5	8,627,016	18,734,747	13,630,310
Total non-current assets		167,328,619	177,939,321	200,142,593
2 Current assets				
a) Inventories	6	2,405,898	2,405,898	6,564,410
b) Financial assets				
i) Cash and cash equivalents	7	3,186,594	4,026,897	12,615,713
ii) Other financial assets	3	-	-	-
c) Other current assets	5	1,685,962	1,875,006	16,723,656
Total current assets		7,278,454	8,307,801	35,903,779
Total assets		174,607,073	186,247,122	236,046,372
B EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	8	179,303,740	179,303,740	179,303,740
b) Other equity	9	(902,216,144)	(891,473,169)	(754,014,456)
Total equity		(722,912,404)	(712,169,429)	(574,710,716)
Liabilities				
1 Non-current liabilities				
a) Financial liabilities				
i) Borrowings	10	43,434,766	43,434,766	43,434,766
Total non-current liabilities		43,434,766	43,434,766	43,434,766
2 Current liabilities				
a) Financial liabilities				
i) Borrowings	10	236,995,941	194,807,941	193,787,941
ii) Trade payables	13	552,625	4,452,624	9,555,026
iii) Other financial liabilities	11	615,172,602	654,377,528	562,117,986
b) Other current liabilities	14	753,435	807,511	1,395,943
c) Employee benefit obligations	12	610,108	536,181	465,426
Total current liabilities		854,084,711	854,981,785	767,322,322
Total liabilities		897,519,477	898,416,551	810,757,088
Total equity and liabilities		174,607,073	186,247,122	236,046,372

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **B. R. Shah & Associates**
Firm Registration No: 129053W
Chartered Accountants
Deval Desai
Partner
Membership No : 132426

U. Kanoria
Managing Director
(DIN: 00081108)

S. V. Tewary
Chief Financial Officer

S. Shukla
Company Secretary
Place: Kolkata
Date: May 26, 2018

Place: Ahmedabad
Date: May 26, 2018

Statement of Profit and Loss for the year ended March 31, 2018

₹

Particulars	Note	2017-18	2016-17
Revenue			
Other income	15	1,527,520	4,569,004
Total Income		1,527,520	4,569,004
Expenses			
Employee benefit expense	16	8,490,975	9,641,642
Finance costs	17	-	96,707,806
Depreciation and amortisation expense	2	502,971	26,681,754
Other expenses	18	3,276,549	8,996,515
Total expenses		12,270,495	142,027,717
Profit before tax		(10,742,975)	(137,458,713)
Tax expense			
Current tax	19.4	-	-
Deferred tax	19.4	-	-
Total tax expense		-	-
Profit for the year		(10,742,975)	(137,458,713)
Other comprehensive income	25		
A) Items that will not be reclassified to profit and loss		-	-
B) Items that will be reclassified to profit and loss	18	-	-
Total Other comprehensive income, net of tax		-	-
Total comprehensive income		(10,742,975)	(137,458,713)
No. of Shares		17,930,374	17,930,374
Basic and diluted earning ₹ per Equity share of ₹ 10 each	19.10	(0.60)	(7.67)

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **B. R. Shah & Associates**

Firm Registration No: 129053W

Chartered Accountants

Deval Desai

Partner

Membership No : 132426

U. Kanoria
Managing Director
(DIN: 00081108)S. Shukla
Company SecretaryS. V. Tewary
Chief Financial Officer

Place: Ahmedabad

Date: May 26, 2018

Place: Kolkata

Date: May 26, 2018

Statement of changes in Equity for the year ended March 31, 2018
A. Equity share capital

₹

	Notes	Amount
As at April 01, 2016		179,303,740
Changes in Equity share capital		-
As at March 31, 2017		179,303,740
Changes in Equity share capital		-
As at March 31, 2018	8	179,303,740

B. Other equity

₹

	Notes	Reserves and surplus				Total Other Equity
		Securities Premium Account	General Reserves	Capital Reserves	Retained earnings	
As at April 01, 2016		25,000,000	186,152,937	2,500,000	(967,667,393)	(754,014,456)
Profit for the year					(137,458,713)	(137,458,713)
Other comprehensive income					-	-
Total comprehensive income for the year		-	-		(137,458,713)	(137,458,713)
As at March 31, 2017		25,000,000	186,152,937	2,500,000	(1,105,126,106)	(891,473,169)
Profit for the year					(10,742,975)	(10,742,975)
Other comprehensive income					-	-
Total comprehensive income for the year		-	-		(10,742,975)	(10,742,975)
As at March 31, 2018		25,000,000	186,152,937	2,500,000	(1,115,869,081)	(902,216,144)

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **B. R. Shah & Associates**

Firm Registration No: 129053W

Chartered Accountants

Deval Desai

Partner

Membership No : 132426

U. Kanoria

Managing Director

(DIN: 00081108)

S. Shukla

Company Secretary

S. V. Tewary

Chief Financial Officer

Place: Ahmedabad

Date: May 26, 2018

Place: Kolkata

Date: May 26, 2018

Statement of Cash Flows for the year ended March 31, 2018

₹

Particulars	2017-18	2016-17
A. Cash flow from operating activities		
Profit before tax	(10,742,975)	(137,458,713)
Adjustments for:		
Add:		
Depreciation and amortisation expenses	502,971	26,681,754
Finance costs	-	96,707,806
Provision for demises value of store	-	2,405,897
Loss on Fixed Assets Sold	-	39,995
	502,971	125,835,452
	(10,240,004)	(11,623,261)
Less:		
Interest received	1,495,333	2,331,051
Liabilities / Provision no longer required	-	514,640
	1,495,333	2,845,691
Operating profit before working capital changes	(11,735,337)	(14,468,952)
Adjustments for:		
Inventories	-	1,752,615
Trade receivables	-	-
Other current financial assets	-	-
Other current assets	189,044	14,848,650
Other non-current financial assets	-	536,456
Other non-current assets	10,111,660	(4,919,371)
Trade payables	(3,899,999)	(5,102,402)
Other current financial liabilities	195,074	(3,932,798)
Other current liabilities	(54,076)	(588,432)
Other non-current financial liabilities	-	-
Short-term Employee benefit obligations	73,927	70,755
Long-term Employee benefit obligations	-	-
	6,615,630	2,665,473
Cash generated from operations	(5,119,707)	(11,803,479)
Less:		
Direct taxes net of refund	(3,929)	(185,066)
Net cash flow from operating activities	(5,123,636)	(11,988,545)

Statement of Cash Flows for the year ended March 31, 2018

₹

Particulars		2017-18	2016-17
B. Cash flow from investing activities			
Property, Plant and Equipment Sold		-	49,505
Interest received		1,495,333	2,331,051
Net cash from /(used in) investing activities	B	1,495,333	2,380,556
C. Cash flow from financing activities			
Increase / (Repayment) in borrowings		2,788,000	1,020,000
Interest Paid		-	(827)
Net cash used in financing activities	C	2,788,000	1,019,173
Net change in cash and cash equivalents	A+B+C	(840,303)	(8,588,816)
Opening balance - cash and cash equivalents		4,026,897	12,615,713
Closing balance - cash and cash equivalents		3,186,594	4,026,897

The accompanying Notes form an integral part of the Financial Statements

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

As per our attached report of even date

For **B. R. Shah & Associates**
Firm Registration No: 129053W
Chartered Accountants
Deval Desai
Partner
Membership No : 132426

Place: Ahmedabad
Date: May 26, 2018

For and on behalf of the Board of Directors

U. Kanoria
Managing Director
(DIN: 00081108)

S. Shukla
Company Secretary

Place: Kolkata
Date: May 26, 2018

S. V. Tewary
Chief Financial Officer

Notes to the Financial Statements

Background

Kanco Enterprises Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at Jasmine Tower, 3rd Floor 31, Shakespeare Sarani Kolkata-700017, India. The company engaged in manufacturing of textile products in India. The company suspended its operations in September 2015 to contain losses due to un-favourable market conditions. The incentives given to new cotton spinning units under the state textile policy created an uneven playing field making it difficult for the older units to compete in times of general lack of demand and a situation of oversupply in the market. The financial statements have been therefore been prepared on non going concern basis.

Note 1 Significant Accounting Policies

1. Basis of preparation:

The Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The Financial Statements up to year ended March 31, 2017 were prepared in accordance with Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These Financial Statements are the first Financial Statements of the Company under Ind AS. Refer Note 19.13 for an explanation of how the transition from previously applicable Indian GAAP (hereinafter referred to as 'IGAAP') to IND AS has affected the Company's financial position, financial performance and cash flows. The Financial Statements have been prepared on a historical cost basis, except financial assets. The financials statements have been prepared on non-going concern basis and assets are stated at lower of carrying value or net realisable value. No material adjustment arose as a result of ceasing to apply the going concern basis.

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

2 Fixed Assets:

Tangible Assets:

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

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

3 Depreciation :

Depreciation:

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

4 Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal /external factors. Considering the discontinued operation, an impairment loss on

Notes to the Financial Statements (Contd.)

such assessment will be recognised wherever the carrying amount of an asset exceeds its fair value less costs to sell.

5 Borrowing Costs:

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

6 Inventories:

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

7 Foreign Currency Transactions:**a) Initial recognition:**

Transactions denominated in foreign currencies are recorded at the rate prevailing on the date of the transaction.

b) Conversion:

At the year end, monetary items denominated in foreign currencies remaining unsettled are converted into Indian rupee equivalents at the year end exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) Exchange differences:

All exchange differences arising on settlement and conversion of foreign currency transactions are included in the Statement of Profit and Loss.

8 Revenue Recognition:

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

a) Sale of Goods and Services:

- i) Domestic sales are accounted for on dispatch from the point of sale except in case of consignment sales in which revenue is recognised when the goods are sold to a third party.
- ii) Export sales are accounted on the basis of dates of on board Bill of Lading and /or Air Way Bill.
- iii) Service income is recognised, when the related services are rendered.

b) Other Revenues:

- i) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

9 Employee benefits:**a) Defined contribution plan:**

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

Provident Fund

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The

Notes to the Financial Statements (Contd.)

contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available."

b) Defined benefit plan:

Gratuity:

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

Short-term leave encashment:

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

10 Provisions, Contingent Liabilities and Contingent Assets :

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

11 Taxation:

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

12 Critical estimates and judgments:

The preparation of Financial Statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

The areas involving critical estimates or judgments are:

- Estimation of current tax expense and payable – Note 19.4
- Estimated useful life of Plant & equipment – Note 2
- Estimation of defined benefit obligation – Note 12
- Recognition of deferred tax assets – Note 4

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

Notes to the Financial Statements (Contd.)

2 Property, Plant and Equipment										Amount in ₹	
Particulars	Gross Block			Depreciation			Net Block As At			March 31, 2018	March 31, 2017
	As at April 1, 2017	Additions during the year	Disposal	As at March 31, 2018	As at April 1, 2017	For the year Debited to Accumulated Loss ⁽²⁾	For the year	On disposals	As at March 31, 2018		
Land	4,076,694	-	-	4,076,694	-	-	-	-	4,076,694	4,076,694	
Buildings	112,368,886	-	-	112,368,886	4,850,636	-	111,577	-	107,406,673	107,518,250	
Plant and Equipment	66,549,270	-	-	66,549,270	21,112,523	-	-	-	45,436,747	45,436,747	
Furniture and Fixtures	237,268	-	-	237,268	157,141	-	33,409	-	190,550	46,718	80,127
Vehicles	1,695,585	-	-	1,695,585	361,902	-	275,022	-	636,924	1,058,661	1,333,683
Office equipment	497,590	-	-	497,590	168,085	-	82,963	-	251,048	246,542	329,505
Current Year	185,425,293	-	-	185,425,293	26,650,287	-	502,971	-	158,272,035	158,775,006	158,775,006
Previous year	1,004,158,076	-	551,075	1,003,607,001	818,611,817	-	26,681,753	461,575	158,775,006	185,546,259	185,546,259
Particulars	Gross Block			Depreciation			Net Block As At			March 31, 2017	March 31, 2016
	As at April 1, 2016	Additions during the year	Disposal	As at March 31, 2017	As at April 1, 2016	For the year Debited to Accumulated Loss ⁽²⁾	For the year	On disposals	As at March 31, 2017		
Land	4,076,694	-	-	4,076,694	-	-	-	-	4,076,694	4,076,694	
Buildings	112,368,886	-	-	112,368,886	-	-	4,850,636	-	107,518,250	112,368,886	
Plant and Equipment	66,549,270	-	-	66,549,270	-	-	21,112,523	-	45,436,747	66,549,270	
Furniture and Fixtures	237,268	-	-	237,268	-	-	157,141	-	80,127	237,268	
Vehicles	1,816,551	-	120,966	1,695,585	-	-	393,368	31,466	1,333,683	1,816,551	
Office equipment	497,590	-	-	497,590	-	-	168,085	-	329,505	497,590	
Current Year	185,546,259	-	120,966	185,425,293	-	-	26,681,753	31,466	158,775,006	185,546,259	185,546,259
Previous year	1,002,228,824	3,931,950	2,002,698	1,004,158,076	766,031,341	11,340,056	43,168,900	1,928,480	185,546,259	236,197,483	236,197,483

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

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition i.e. April 1, 2016 and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note 2A for the gross block value and the accumulated depreciation on April 1, 2016 under Indian GAAP (IGAAP).

Notes to the Financial Statements (Contd.)

Amount in ₹

Particulars	Gross Block (at Cost) As at April 01, 2016	Accumulated Depreciation As at April 01, 2016	Net Block As at April 01, 2016
Buildings	192,301,007	(79,932,121)	112,368,886
Plant and Equipment	794,489,336	(727,940,066)	66,549,270
Furniture and Fixtures	3,561,285	(3,324,017)	237,268
Vehicles	4,124,826	(2,308,275)	1,816,551
Office equipment	5,604,928	(5,107,338)	497,590
Total	1,000,081,382	(818,611,817)	179,155,424

	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Current	Non current	Current	Non current	Current	Non current
Note 3 Other financial assets						
a) Security deposits		429,568		429,568		966,024
	-	429,568	-	429,568	-	966,024

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Note 4 Deferred tax assets (net)			
Deferred tax assets Related to Fixed Assets			
(a) Property, plant and equipment	103,087,573	130,001,357	98,689,674
	103,087,573	130,001,357	98,689,674
Deferred tax liability:			
on account of timing difference in			
(a) Provision for Bonus	53,171	66,653	154,505
(b) Provision for Gratuity	-	34,968	50,163
(c) Provision for Leave Encashment	49,687	138,996	100,845
(d) Interest on Term Loan	102,984,714	129,760,740	98,384,161
	103,087,573	130,001,357	98,689,674
Total Deferred tax assets (net)	-	-	-

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

	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Current	Non current	Current	Non current	Current	Non current
Note 5 Other assets						
a) Balances with the Government department						
i) Tax paid in advance, net of provisions	-	1,385,398	-	1,381,469	-	1,196,403
ii) Balances with the statutory authorities	1,083,988	6,998,858	1,083,988	17,110,518	14,717,640	12,169,147
b) Advances						
i) Related parties	-	-	-	-	-	-
ii) Others	578,974	-	605,298	-	609,448	-
c) Prepayment						
i) Related parties	-	-	-	-	-	-
ii) Others		-	185,720	-	208,192	22,000
d) Others	23,000	242,760	-	242,760	1,188,376	242,760
	1,685,962	8,627,016	1,875,006	18,734,747	16,723,656	13,630,310

Notes to the Financial Statements (Contd.)

Amount in ₹

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Note 6 Inventories			
a) Stores and spares ⁽¹⁾	2,405,898	2,405,898	6,564,410
	2,405,898	2,405,898	6,564,410

(1) Valued at cost or net realizable value whichever is lower (2017: valued at cost or NRV w.e. is lower 2016: valued at cost)

Note 7 Cash and cash equivalents			
a) Balances with banks			
i) In current accounts	3,119,923	3,971,596	12,432,110
b) Cash in Hand	66,671	55,301	183,603
	3,186,594	4,026,897	12,615,713

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

Note 8 Equity share capital			
Authorised			
1,85,00,000 (1,85,00,000) Equity shares of ₹ 10 each	185,000,000	185,000,000	185,000,000
	185,000,000	185,000,000	185,000,000
Issued			
1,79,30,374 (1,79,30,374) Equity shares of ₹ 10 each	179,303,740	179,303,740	179,303,740
	179,303,740	179,303,740	179,303,740
Subscribed			
1,79,30,374 (1,79,30,374) Equity shares of ₹ 10 each, fully paid	179,303,740	179,303,740	179,303,740
	179,303,740	179,303,740	179,303,740

a) Movement in Equity share capital

	Number of shares	Equity share capital
As at March 31, 2016	17,930,374	179,303,740
As at March 31, 2017	17,930,374	179,303,740
As at March 31, 2018	17,930,374	179,303,740

b) Terms and rights attached to equity shares

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

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

No	Name of the Shareholder	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
		Holding %	Number of shares	Holding %	Number of shares	Holding %	Number of shares
1	Umang Kanoria	22.36%	4,008,929	22.36%	4,008,929	22.36%	4,008,929
2	Kanco Tea & Industries Limited	18.48%	3,314,291	18.48%	3,314,291	18.48%	3,314,291
3	B.T Investments Pvt Ltd	8.52%	1,528,150	8.52%	1,528,150	8.52%	1,528,150
4	Cosmos Resources Pvt Ltd	7.40%	1,326,429	7.40%	1,326,429	7.40%	1,326,429
5	Southern Lease Finance Ltd	13.94%	2,500,000	13.94%	2,500,000	13.94%	2,500,000

Notes to the Financial Statements (Contd.)

Amount in ₹

	As at March 31, 2018	As at March 31, 2017
Note 9 Other equity		
(a) Securities Premium Account	25,000,000	25,000,000
(b) General Reserves	186,152,937	186,152,937
(c) Capital Reserves	2,500,000	2,500,000
(d) Retained earnings		
Balance as at the beginning of the year	(1,105,126,106)	(967,667,393)
Add: Profit / (loss) for the year	(10,742,975)	(137,458,713)
Balance as at the end of the year	(1,115,869,081)	(1,105,126,106)
	(902,216,144)	(891,473,169)

	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Current	Non current	Current	Non current	Current	Non current
Note 10 Borrowings						
Long-term borrowings						
(a) Secured⁽ⁱ⁾						
Loan from Banks						
I.D.B.I. Rupee Term Loan ^{(A)&(B)}		85,425,000		100,425,000		100,425,000
S.B.I. Rupee Term Loan ^{(A)&(B)}		60,500,000		84,900,000		84,900,000
S.B.I. Corporate Loan ^{(A)&(B)}		21,000,000		21,000,000		21,000,000
I.D.B.I. Rupee Term Loan (WCTL) ^{(A)&(B)}		3,280,000		3,280,000		3,280,000
S.B.I. Rupee Term Loan (F.I.T.L.) ^{(A)&(B)}		34,499,895		34,499,895		34,499,895
S.B.I. (Export Packing Credit) ^(C)	90,016,384		90,016,384		90,016,384	
I.D.B.I. Line of Credit ^(C)	10,000,000		10,000,000		10,000,000	
State Bank of India ^(C)	29,771,557		29,771,557		29,771,557	
(b) Unsecured						
Term loans from related parties ^(E)	92,208,000	43,434,766	50,020,000	43,434,766	49,000,000	43,434,766
Term loans from other parties	15,000,000	-	15,000,000	-	15,000,000	-
	236,995,941	248,139,661	194,807,941	287,539,661	193,787,941	287,539,661
Amount of current maturities of long-term debt disclosed under the head 'Other financial liabilities' (refer Note 11)		204,704,895		244,104,895		244,104,895
	236,995,941	43,434,766	194,807,941	43,434,766	193,787,941	43,434,766

(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.
- (C) 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.
- (D) Balances of secured loans and interest thereon as mentioned above are as per books of accounts and subject to confirmations from bankers.
- (E) Unsecured loan noncurrent borrowing is repayable on demand not earlier than March 31, 2019.
- (F) The company has not provide interest on unsecured intercorporate loan of ₹ 1356,42,766 from related party and unsecured loan of ₹ 150,00,000 received from non-related party.

Notes to the Financial Statements (Contd.)

Amount in ₹

(ii) Terms of Re-payment of Loan

Particulars	Repayment Terms	Original Loan Amount
I.D.B.I. Rupee Term Loan	32 Quarterly Installment of varying amount starting from October, 2007 interest rate 10.25%	150,000,000
I.D.B.I. Rupee Term Loan (WCTL)	18 Monthly Installment of varying amount starting from, April 2010 interest rate 15.25%	30,000,000
S.B.I. Rupee Term Loan	32 Quarterly Installment of varying amount starting from December, 2007 interest rate 15.25%	115,800,000
S.B.I. Corporate Loan	10 Quarterly Installment of equal amount starting from December, 2010 interest rate 15.75%	30,000,000
S.B.I. Rupee Term Loan (F.I.T.L.)	24 Quarterly Installment of varying amount starting from June, 2010 interest rate 12.75%	47,000,000
I.D.B.I. Line of Credit	6 Monthly Installment of equal amount starting from April, 2011 Interest rate 15.25%	
State Bank of India	Repayable on demand	
S.B.I. (Export Packing Credit)	Repayable on demand	

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

Particulars	Details of Default	Period of Default as on March 31, 2018 (In days)	Amount of Default - Loan Rupees
IDBI - Rupee Loan	16 Quarterly Installment of Rs. 54 lakhs and Rs. 68.025 lakhs each from Oct-11 to Jul-15	1005 days to 2374 days	100,425,000
	Amount paid under OTS (one time settlement scheme)		(15,000,000)
SBI - Rupee Loan	17 Quarterly Installment of Rs. 26.05 lakhs to 103 lakhs from Sep-11 to Sep-15	914 days to 2375 days	84,900,000
	Amount paid under OTS (one time settlement scheme)		(24,400,000)
S.B.I. Corporate Loan	7 Quarterly Installment of Rs. 30 lakhs each from Sep-11 to Mar-13	914 days to 2375 days	21,000,000
S.B.I. -Rupee Loan (FITL)	15 Quarterly Installment of Rs. 15 lakhs to 30 lakh each from Sep-12 to Mar-16	731 days to 2009 days	34,499,895
I.D.B.I. Line Of Credit	2 monthly Installment of Rs. 50 lakhs each from Aug-11 to Sep-11	2404 days to 2435 days	10,000,000
I.D.B.I. Rupee Term Loan (WCTL)	2 monthly Installment of Rs. 16.10 lakhs to Rs. 16.70 each from Aug-11 to Sep-11	2404 days to 2435 days	3,280,000
S.B.I. (Export Packing Credit) (C)	Refer Note (iv)		90,016,384
SBI Cash Credit Account	Refer Note (iv)		29,771,557
Total Principle Installments Default			334,492,836
Interest accrued and due on above loans till March 31, 2017			399,940,638
			734,433,474

- (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, till March 31, 2017 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) The company's proposal for One Time Settlement (OTS) with SBI & IDBI has been accepted for ₹ 23,75,00,000 by them vide letter dated February 23, 2018 and February 07, 2018 respectively. The company is in process of making payments as per negotiated settlement with the bankers. However, no due certificate & other related documents will be released by bankers on completion of payments. Considering this, no accounting entries are passed to that effect in the accounts for the current year and no provision for interest has been made for the year on the loan amounts.

Notes to the Financial Statements (Contd.)

Amount in ₹

	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Current	Non current	Current	Non current	Current	Non current
Note 11 Other financial liabilities						
a) Current maturities of long-term debt (refer Note 10)	204,704,895	-	244,104,895	-	244,104,895	-
b) Interest accrued and due on borrowing	408,543,418	-	408,543,418	-	311,836,439	-
c) Accrued compensation to employees	676,164	-	530,495	-	928,539	-
d) Others	1,248,125	-	1,198,720	-	5,248,113	-
	615,172,602	-	654,377,528	-	562,117,986	-

Other Financials Liability Includes ₹ 25,000 (2017: ₹ 25,000 and 2016 : ₹ 25,000) Payable to Director

	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Current	Non current	Current	Non current	Current	Non current
Note 12 Employee benefit obligations						
a) Provision for leave entitlement	610,108	-	428,405	-	310,818	-
b) Provision for Gratuity (refer note 19.5)	-	-	107,776	-	154,608	-
	610,108	-	536,181	-	465,426	-

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Note 13 Trade payables			
a) Related party (refer note 19.3)	-	-	-
b) Others (refer note 19.11)	552,625	4,452,624	9,555,026
	552,625	4,452,624	9,555,026

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. 13 are subject to confirmations.

	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Current	Non current	Current	Non current	Current	Non current
Note 14 Other current liabilities						
a) Statutory dues	453,491		507,567		986,723	
b) Advances received from customers	299,944	-	299,944	-	409,220	-
	753,435	-	807,511	-	1,395,943	-

	2017-18	2016-17
Note 15 Other income		
Interest Income	1,495,333	2,331,051
Liabilities / Provision no longer required	-	514,640
Other non-operating income	32,187	1,723,313
	1,527,520	4,569,004

Notes to the Financial Statements (Contd.)

Amount in ₹

	2017-18	2016-17
Note 16 Employee benefit expense		
Salaries wages and bonus	7,048,626	7,981,534
Contribution to Gratuity Fund	-	-
Contributions to Provident and other funds	990,713	1,171,773
Staff welfare expenses	451,636	488,335
	8,490,975	9,641,642
	2017-18	2016-17
Note 17 Finance costs		
Interest expense	-	96,707,806
	-	96,707,806
	2017-18	2016-17
Note 18 Other expenses		
Consumption of Store Materials	-	680,386
Power and Fuel	436,445	887,830
Repairs to buildings	46,727	109,490
Repairs to others	56,858	90,564
Insurance	-	1,145
Rates and Taxes	278,390	290,612
Legal and professional fees	249,951	1,383,092
Travelling and conveyance	100,200	160,530
Vehicle Expenses	448,651	667,636
Director's Sitting Fees	120,000	110,000
Loss on sale of fixed assets	-	39,995
Payment to Auditors	131,992	283,523
a) Audit fees	95,000	112,500
b) for taxation matters	-	20,000
c) Other matters	17,100	107,500
d) Service tax / GST	19,892	43,523
Provision for demises value of store	-	2,405,897
Miscellaneous Expenses	1,407,335	1,885,815
	3,276,549	8,996,515

Notes to the Financial Statements (Contd.)

Amount in ₹

Note 19.1 Contingent liabilities**a) Claims against the Company not acknowledged as debts in respects of Labour matter**

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Claims against the Company not acknowledged as debts in respects of:			
i) Labour matter	475,843	923,862	1,027,271
Note: Future cash outflows above are determinable on receipt of judgements / decisions pending with authority			
ii) Losses on account of foreign exchange difference, excluding interest, if any, on unilateral cancellation of Forward Contract by State Bank of India without authorisation 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 .	117,881,338	117,881,338	117,881,338

Note 19.2 Commitments**a) Capital commitments**

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):	-	-	-
Property, plant and equipment			

Note 19.3 (A) Related Party information

Name of the Related Party and nature of relationship

No.	Name of the Related Party	Description of relationship
01	Mr. Umang Kanoria	Key Management Personnel and their relatives
02	Mrs. Anuradha Kanoria	
03	Ms. Stuti Kanoria	
04	Mr. Satvik Kanoria	
01	B.T.Investments Pvt. Ltd	Enterprises over which the key management personnel and/or their relatives have significant influence
02	Cosmos Resources Pvt. Ltd	
03	Kanco Tea & Industries Limited	
04	E.T.Resources Pvt. Ltd	
05	Facitcon Investments Pvt. Ltd.	
06	Innova Properties Pvt. Ltd.	
07	Milan Agencies Pvt. Ltd.	
08	Nidhi Pvt Limited	Enterprises over which the key management personnel and/or their relatives have significant influence
09	OCL Investments & Leasing Ltd.	
10	S.T.Investment Pvt. Ltd.	
11	Suryasakti Commodities Pvt. Ltd.	
12	Winnow Investment and Securities Pvt. Ltd.	
13	Dhanvaridhi Foods Pvt. Ltd.	

Notes to the Financial Statements (Contd.)

Amount in ₹

	2017-18	2016-17
Note 19.3 (B) Transactions with Key Management Personnel and their relatives		
a) Purchases and expenses		
01 Remuneration	1,719,060	2,290,444
Mr. Umang Kanoria	1,719,060	2,290,444
	March 31, 2018	March 31, 2017
a) Outstanding balances as at year end		March 31, 2016
Payables	25,000	25,000
Mr. Umang Kanoria	25,000	25,000
	2017-18	2016-17
Note 19.3 (C) Transactions with organisations over which significant influence exercised		
a) Other transactions		
01 Intercompany Loan Received	43,688,000	1,020,000
S. T. Investment Private Limited	40,050,000	-
Nidhi Pvt. Ltd	3,638,000	1,020,000
02 Intercompany Loan Repaid	1,500,000	-
Nidhi Pvt. Ltd	1,500,000	-
	March 31, 2018	March 31, 2017
b) Outstanding balances as at year end		March 31, 2016
01 Payables	144,245,547	101,037,547
Kanco Tea & Industries Ltd.	46,952,982	46,952,982
S. T. Investment Private Limited	94,134,564	54,084,564
Nidhi Private Limited	3,158,000	-

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

Note 19.4 Current and Deferred tax

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

a) Income tax expense

Particulars	2017-18	2016-17
i) Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Total current tax expense	-	-
ii) Deferred tax		
(Decrease) / Increase in deferred tax liabilities	(26,913,784)	31,311,683
Decrease / (Increase) in deferred tax assets	26,913,784	(31,311,683)
Total deferred tax expense / (benefit)	-	-
Income tax expense	-	-

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

c) Current tax liabilities (Receivable)

Particulars	2017-18	2016-17
Opening balance	(1,381,469)	(1,196,403)
Add: Current tax payable for the year	-	-
Less: Taxes paid / TDS Deducted	(3,929)	(185,066)
Closing balance	(1,385,398)	(1,381,469)

Notes to the Financial Statements (Contd.)

Amount in ₹

Note 19.5 Employee benefit obligations**Funded schemes****a) Defined benefit plans:****Gratuity**

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

The Company has suspended its operations at the Company's factory since September 30, 2015 and majority of the workers and staff have left the Company. For remaining few employees, gratuity and leave encashment liability determined on the actual basis. Hence, disclosures as required by Ind As 19 - Employee Benefits are not provided herewith. Amount of ₹ (1,07,776)/- written back (previous year ₹ (46,832)/- written back) is recognised as expense and included in "Employee benefits expenses" in Note - 22 to the Statement of Profit & Loss.

Major category of plan assets are as follows:

Particulars	March 31, 2018			
	Quoted	Unquoted	Total	in %
Investment funds				
Pension and Group Scheme fund of LIC		5,029,022	5,029,022	100%
	-	5,029,022	5,029,022	100%

b) Defined contribution plans:

The Company pays provident fund contributions to registered provident fund administered by the government at the rate of 12% of basic salary as per regulations. The company also pays super annuation fund contribution to LIC of India at the rate of 15% of basic salary and Dearness allowance. The company pays Gujarat labour welfare fund to government department as per regulations. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expenses recognised during the period towards defined contribution plan is of ₹ 9,90,713/- (PY 11,71,773).

- c) Amount recognised as an expense in respect of Compensated Leave Absences is ₹ 1,92,959/- (Previous year ₹ 1,95,810/-)

Note 19.6 Fair value measurements**Financial Instruments by Category:**

Particulars	March 31, 2018			March 31, 2017			March 31, 2016		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
i) Loans	-	-	-	-	-	-	-	-	-
ii) Trade receivables	-	-	-	-	-	-	-	-	-
i) Cash and cash equivalents	-	-	3,186,594	-	-	4,026,897	-	-	12,615,713
ii) Other financial assets	-	-	429,568	-	-	429,568	-	-	966,024
Total financial assets	-	-	3,616,162	-	-	4,456,465	-	-	13,581,737
Financial liabilities									
i) Borrowings	-	-	280,430,707	-	-	238,242,707	-	-	237,222,707
ii) Other financial liabilities	-	-	615,172,602	-	-	654,377,528	-	-	562,117,986
iii) Trade payables	-	-	552,625	-	-	4,452,624	-	-	9,555,026
Total financial liabilities	-	-	896,155,934	-	-	897,072,859	-	-	808,895,719

(i) Fair value hierarchy

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

Notes to the Financial Statements (Contd.)

Amount in ₹

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

Particulars	March 31, 2018		March 31, 2017		March 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
i) Loans	-	-	-	-	-	-
ii) Trade receivables	-	-	-	-	-	-
i) Cash and cash equivalents	3,186,594	-	4,026,897	-	12,615,713	-
ii) Other financial assets	429,568	-	429,568	-	966,024	-
Total financial assets	3,616,162	-	4,456,465	-	13,581,737	-
Financial Liabilities						
i) Borrowings	280,430,707	-	238,242,707	-	237,222,707	-
ii) Other financial liabilities	615,172,602	-	654,377,528	-	562,117,986	-
iii) Trade payables	552,625	-	4,452,624	-	9,555,026	-
Total financial liabilities	896,155,934	-	897,072,859	-	808,895,719	-

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

Note 19.7 Financial risk management

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

- Credit risk
- Liquidity risk

Risk Management

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

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

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

Note 19.8 Capital management

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

Note 19.9 Segment information

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

Significant clients

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

Note 19.10 Earning per share

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

Particulars		2017-18	2016-17
Profit for the year attributable to the Equity Shareholders	₹	(10,742,975)	(137,458,713)
Basic Weighted average number of Equity shares outstanding during the year	Number	17,930,374	17,930,374
Nominal value of Equity share	₹	10	10
Basic and diluted Earning per Equity share	₹	(0.60)	(7.67)

Notes to the Financial Statements (Contd.)

Amount in ₹

Note 19.11 Disclosure requirement under MSMED Act, 2006

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

Note 19.12 Net debt reconciliation

Particulars	March 31, 2018	March 31, 2017
Cash and cash equivalents	3,186,594	4,026,897
Current borrowings	(236,995,941)	(194,807,941)
Non-current borrowings	(43,434,766)	(43,434,766)
Current maturities of long-term debt	(204,704,895)	(244,104,895)
Interest accrued and due on borrowing	(408,543,418)	(408,543,418)
Net Debt	(890,492,426)	(886,864,123)

Particular	Other Assets	Liabilities from financing activities			
	Cash and cash equivalents	Current borrowings	Non-current borrowings	Other financial liability	Total
Net debt as at 1 April 2017	4,026,897	(194,807,941)	(43,434,766)	(652,648,313)	(886,864,123)
Cash flows	(840,303)	(42,188,000)		39,400,000	(3,628,303)
Interest Paid	-	-	-	-	-
Net debt as at 1 April 2018	3,186,594	(236,995,941)	(43,434,766)	(613,248,313)	(890,492,426)

Note 19.12 Regrouped / Recast / Reclassified

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

Note 19.13 First time adoption of Ind AS**Transition to Ind AS**

These are the Company's first Standalone Financial Statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the Financial Statements for the year ended March 31, 2018. The comparative information presented in these Financial Statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 01, 2016 (date of transition of the Company). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in Financial Statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act, (hereinafter referred to as 'IGAAP'). An explanation of how the transition from IGAAP to Ind AS has affected the financial position, financial performance and cash flows of the Company is set out in the following tables and notes.

A) Exemptions and exceptions availed

In preparing these Ind AS Financial Statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the Financial Statements as at the transition date under Ind AS and IGAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its IGAAP Financial Statements, including the Balance Sheet as at April 01, 2016 and the Financial Statements as at and for the year ended March 31, 2017.

a) Ind AS optional exemptions

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous IGAAP to Ind AS.

i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its

Notes to the Financial Statements (Contd.)

Amount in ₹

property, plant and equipment as recognised in the Financial Statements as at the date of transition to Ind AS, measured as per the IGAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their IGAAP carrying value.

b) Ind AS mandatory exceptions

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101.

i) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B) Reconciliations between IGAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. There is no change in equity, previously reported (Previous GAAP) and IND AS as at April 01, 2016 and as at March 31, 2017 and total comprehensive income and cash flows for the year 2016-17, reconciliations from IGAAP to Ind AS are not applicable.

Note 19.14

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

As per our attached report of even date

For **B. R. Shah & Associates**

Firm Registration No: 129053W

Chartered Accountants

Deval Desai

Partner

Membership No : 132426

Place: Ahmedabad

Date: May 26, 2018

For and on behalf of the Board of Directors

U. Kanoria

Managing Director

(DIN: 00081108)

S. Shukla

Company Secretary

Place: Kolkata

Date: May 26, 2018

S. V. Tewary

Chief Financial Officer

[illegible]

**KANCO ENTERPRISES LIMITED**

(CIN L51909WB1991PLC053283)

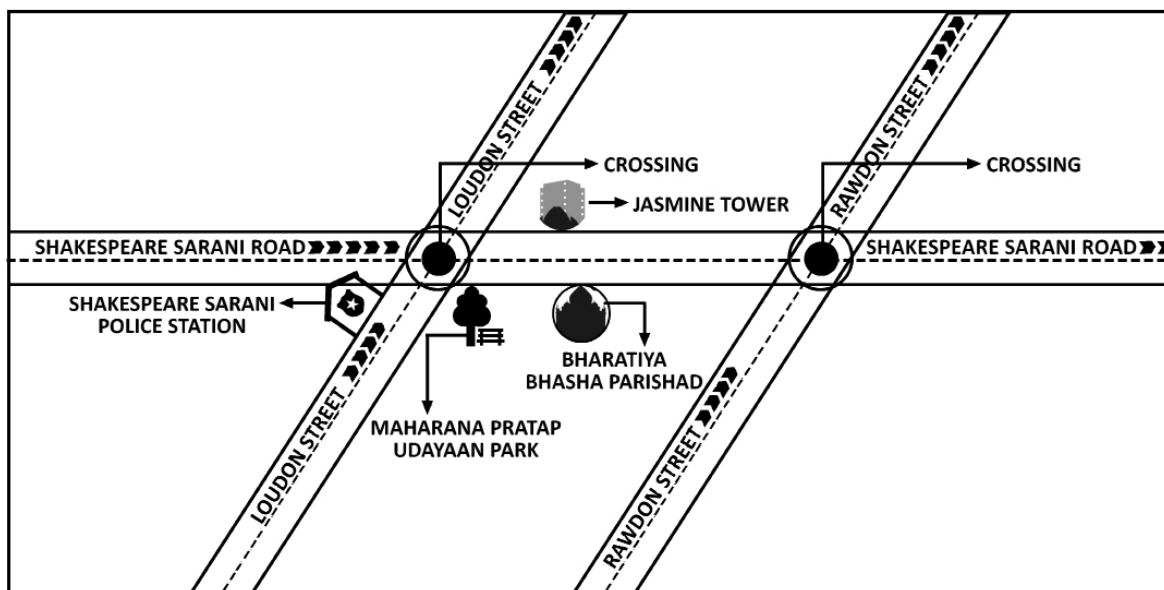
Regd Office: "Jasmine Tower", 3rd Floor, 31 Shakespeare Sarani, Kolkata- 700017

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

27TH ANNUAL GENERAL MEETING

Date & Time : Wednesday, 19th, September, 2018 at 4:00 p.m.

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



Map not to scale

**KANCO ENTERPRISES LIMITED**

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company, to be held on Wednesday, 19th September, 2018 at 4:00 p.m. at **Bharatiya Bhasha Parishad**, Fourth Floor, 36A Shakespeare Sarani, Kolkata- 700017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	For	Against
Ordinary Business			
1.	To receive, consider and adopt the Audited Financial Statement of the Company for the year ended 31st March, 2018 , 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 appoint Ms. Zohra Tabassum (DIN: 08103558) as Independent Director.		

Signed this _____ day of _____, 2018 Signature of Shareholder _____

Affix Revenue Stamp

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

**KANCO ENTERPRISES LIMITED**

(CIN L51909WB1991PLC053283)

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

ATTENDANCE SLIP

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

I hereby record my presence at the 27th Annual General Meeting of the Company held on Wednesday, 19th September, 2018 at 4:00 p.m. at **Bharatiya Bhasha Parishad**, Fourth Floor, 36A Shakespeare Sarani, Kolkata- 700017

*Applicable for investors holding shares in electronic form.

Signature of Shareholder / Proxy

**KANCO ENTERPRISES LIMITED**

(CIN L51909WB1991PLC053283)

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

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

Registration of e-mail address for future communication

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

Name of the Shareholder _____

Registered Address _____

E-mail ID _____

Signature of Shareholder _____

If undelivered please return to :



KANCO ENTERPRISES LIMITED

CIN : L51909WB1991PLC053283

Jasmine Tower, 3rd Floor

31, Shakespeare Sarani, Kolkata - 700 017