

KANANI INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

	2018	2017
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extra-ordinary items	4,979,243	4,844,831
<u>Adjustments for :</u>		
Depreciation	852,781	913,228
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	5,832,024	5,758,059
<u>Adjustments for :</u>		
Trade receivables	(74,795,122)	17,402,480
Other receivables	354,026	1,130,598
Inventories	(3,950,094)	(59,782,634)
Trade Payables & Other Liabilities	10,148,849	(46,594,175)
CASH GENERATED FROM OPERATIONS	(62,410,317)	(82,085,672)
Direct taxes paid	(684,682)	(987,985)
Income tax refund	-	622,177
Net cash from operating activities (A)	(63,094,999)	(82,451,479)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of property, plant and equipment	(171,249)	(107,972)
Net cash used in investment activities (B)	(171,249)	(107,972)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds/(Repayment) of Short Term Borrowings	41,350,000	34,799,069
Proceeds/(Repayment) of Long-Term Borrowings	23,218,500	(2,280,000)
Net cash used in financing activities (C)	64,568,500	32,519,069
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	1,302,252	(50,040,382)
Opening balance of Cash & cash equivalents	93,428,120	143,468,502
Closing balance of Cash & cash equivalents	94,730,372	93,428,120

This is the Cash Flow Statement referred to in our report of even For **Deepak Mehta & Associates**

Chartered Accountants
(FRN : 102239W)

(Deepak Mehta)
Proprietor
M. No. 44141

Mumbai
May 30, 2018

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

HARSHIL KANANI
Managing Director

MEHUL KUNDARIYA
Company Secretary

DARSHAK PANDYA
Chief Finance Officer

Mumbai
May 30, 2018

Los Angeles
May 30, 2018

KANANI INDUSTRIES LIMITED
STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2018

	Note	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.	As at 01.04.2016 Rs.
I. ASSETS				
1. <u>Non-current assets</u>				
a. Property, Plant and Equipment	2	4,575,508	5,257,039	6,062,296
b. Capital Work in Progress		-	-	-
c. Investment in Property		-	-	-
d. Goodwill		-	-	-
e. Other Intangible assets		-	-	-
f. Investment in Subsidiary	3	213,358,969	213,358,969	213,358,969
g. <u>Financial Assets</u>				
i. Investments		-	-	-
ii. Trade Receivable		-	-	-
iii. Loans		-	-	-
iv. Others		-	-	-
h. Deferred Tax Assets		-	-	-
i. Other Non-Current Assets	4	175,855	441,173	1,012,490
		218,110,332	219,057,181	220,433,755
2. <u>Current assets</u>				
a. Inventories	5	65,382,040	61,431,946	1,649,312
b. <u>Financial Assets</u>				
i. Investments		-	-	-
ii. Trade Receivable	6	464,553,799	389,758,677	407,161,157
iii. Cash & Cash Equivalents	7	94,730,372	93,428,120	143,468,502
iv. Bank Balance other than (iii) above		-	-	-
v. Loans		-	-	-
vi. Others	8	4,681,327	4,343,290	2,789,639
c. Current Tax Assets (Net)		-	-	-
d. Other Current Assets	9	4,261,581	4,953,644	7,637,893
		633,609,119	553,915,677	562,706,503
TOTAL		851,719,451	772,972,858	783,140,258
II. EQUITY AND LIABILITIES				
<u>Equity</u>				
a. Equity Share Capital	10	98,934,000	98,934,000	98,934,000
b. Other equity	11	316,648,981	312,619,738	308,712,032
		415,582,981	411,553,738	407,646,032
<u>Liabilities</u>				
1. <u>Non Current Liabilities</u>				
a. Financial Liabilities				
i. Borrowings	12	40,403,500	17,185,000	19,465,000
ii. Trade Payables		-	-	-
iii. Other Financial liabilities (Other than those specified in item(b))		-	-	-
b. Provisions		-	-	-
c. Deferred tax liabilities (Net)		-	-	-
d. Other non-current liabilities		-	-	-
e. Long Term borrowing		-	-	-
		40,403,500	17,185,000	19,465,000

KANANI INDUSTRIES LIMITED
STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2018

	Note	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.	As at 01.04.2016 Rs.
2. <u>Current Liabilities</u>				
a. <u>Financial Liabilities</u>				
i. Borrowing	13	250,000,000	208,650,000	173,850,931
ii. Trade Payables	14	144,580,319	133,734,389	181,082,897
iii. Other Financial liabilities (Other than those specified in item(c))		-	-	-
b. Other Current Liabilities	15	1,152,651	1,849,731	1,095,398
c. Provision		-	-	-
d. Current tax liabilities (Net)		-	-	-
		395,732,970	344,234,120	356,029,226
		436,136,470	361,419,120	375,494,226
TOTAL		851,719,451	772,972,858	783,140,258

Significant Accounting Policies

Notes are an integral part of the financial statements

In terms of our report of even date.

For **Deepak Mehta & Associates**

Chartered Accountants

(FRN : 102239W)

(Deepak Mehta)

Proprietor

M. No. 44141

Mumbai

May 30, 2018

For & on behalf of Board of Directors

PREMJIBHAI KANANI

Chairman

HARSHIL KANANI

Managing Director

MEHUL KUNDARIYA

Company Secretary

DARSHAK PANDYA

Chief Finance Officer

Mumbai

May 30, 2018

Los Angeles

May 30, 2018

KANANI INDUSTRIES LIMITED
STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	Notes	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.	As at 01.04.2016 Rs.	
<u>INCOME</u>					
I.	Revenue from operations	16	792,401,700	787,246,776	848,791,496
II.	Other income	17	14,146,623	22,639,895	3,769,567
III.	Total Revenue (I + II)		806,548,323	809,886,671	852,561,063
<u>EXPENSES</u>					
IV.	Cost of raw material consumed		809,747,047	785,361,918	836,284,673
	Purchases of traded goods		-	-	-
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	18	(29,750,426)	-	-
	Employees benefit expenses	19	3,484,502	3,494,871	3,935,746
	Finance Cost	20	10,388,982	9,807,612	1,488,480
	Depreciation and amortization expense	2	852,781	913,228	886,709
	Other expenses	21	6,846,194	5,464,210	5,678,331
	TOTAL EXPENSES		801,569,080	805,041,840	848,273,939
V.	Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)		4,979,243	4,844,831	4,287,124
VI.	Exceptional Items		-	-	-
VII.	Profit/(Loss) before extraordinary items and tax - (V - VI)		4,979,243	4,844,831	4,287,124
VIII.	Extraordinary Items		-	-	-
IX.	Profit/(Loss) before tax (VII - VIII)		4,979,243	4,844,831	4,287,124
X.	Tax Expense				
	(1) Current tax		(950,000)	(925,000)	(818,500)
	(2) Deferred tax (Net)		-	-	-
	(3) Excess/(Short) Provision of previous years		-	(12,125)	-
XI.	Profit/(Loss) for the period from continuing operations (IX - X)		4,029,243	3,907,706	3,468,624
XII.	Profit/(Loss) from Discontinued operations		-	-	-
XIII.	Tax Expense of Discontinued operations		-	-	-
XIV.	Profit/(Loss) from Discontinued operations (after tax) (XII - XIII)		-	-	-
XV.	Profit/(Loss) for the period (XI + XIV)		4,029,243	3,907,706	3,468,624
XVI.	Other Comprehensive Income				
	A				
	(i) Items that will not be reclassified to profit or loss		-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-
	B				
	(i) Items that will be reclassified to profit or loss		-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-
XVII.	Total Comprehensive income for the period (XV + XVI) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		4,029,243	3,907,706	3,468,624
XVIII.	Earnings per equity share (for continuing operations):*				
	1. Basic		0.04	0.04	0.04
	2. Diluted		0.04	0.04	0.04
XIX.	Earning per equity share (for discontinued operations):				
	1. Basic		-	-	-
	2. Diluted		-	-	-

KANANI INDUSTRIES LIMITED
STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	Notes	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.	As at 01.04.2016 Rs.
XX. Earnings per equity share (for discontinued & continuing operations)*				
1. Basic		0.04	0.04	0.04
2. Diluted		0.04	0.04	0.04

* Weighted Average

Significant Accounting Policies

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Notes are an integral part of the financial statements

In terms of our report of even date.

For **Deepak Mehta & Associates**

Chartered Accountants
(FRN : 102239W)

(Deepak Mehta)

Proprietor
M. No. 44141

Mumbai
May 30, 2018

For & on behalf of Board of Directors

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DARSHAK PANDYA

Chief Finance Officer

Mumbai
May 30, 2018

Los Angeles
May 30, 2018

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

Company overview

- 1.0 Kanani Industries Limited is a company incorporated in India and is listed on the Bombay Stock Exchange Ltd & National Stock Exchange Ltd. The company is engaged in manufacture & Export of Diamond Studded Jewellery. The details regarding registered office & Factory is disclosed in the introductory page of this Annual Report.

NOTE '1' : SIGNIFICANT ACCOUNTING POLICES

1.1. **Basis of preparation and presentation**

- (i) The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (the 'Act') read with of the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Act.
- (ii) These financial statements for the year ended 31st March, 2018 are the first financial statements with comparative figures for the previous years prepared under Ind AS. For all previous periods upto and including the year ended 31st March, 2017, the Company had prepared its financial statements 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 'Previous GAAP') used for its statutory reporting requirement in India.
- (iii) The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the date of transition to Ind AS.
- (iv) The Financial statements have been prepared on the historical cost basis except certain financial assets & liabilities which are measured at fair value wherever applicable:
- (v) All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle of twelve months and other criteria set out in Schedule III of the Companies Act, 2013.
- (vi) All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

1.2. **Use of Estimates & Judgements**

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

1.3. **Property, Plant and Equipment**

- (i) Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.
- (ii) Capital work-in-progress includes expenditure during construction period incurred on projects

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

under implementation treated as pre-operative expenses pending allocation to the assets. These expenses are apportioned to the respective fixed assets on their completion/commencement of commercial production.

- (iii) Depreciation on property, plant and equipment is provided based on useful life of the assets prescribed in Schedule II to the Companies Act, 2013 on straight line method.
- (iv) When an assets is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in statement of Profit and Loss.
- (v) The Residual Value, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

1.4. Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets are impaired. If any such indications exists, the Company estimates the amount of impairment loss which may be caused to the company. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

1.5. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not used by the Company, is classified as investment property. Investment property is measured at its cost, including related transaction costs and, wherever applicable, borrowing costs less depreciation and impairment, if any.

1.6. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably.

Sale of goods:

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer either at the time of dispatch or delivery or when

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

the risk of loss transfers. Export sales are generally recognized based on the shipped on board date as per bill of lading, which is when substantial risks and rewards of ownership are passed to the customers.

Revenue from sale of goods is net of taxes and recovery of charges collected from customers like transport, packing etc. are not treated as part of sales. Sales returns are recognised when appropriate. Revenue is measured at the fair value of consideration received or receivable and is net of price discounts, allowance for volume rebates and similar items.

Claims/Refunds not ascertainable with reasonable certainty are accounted for on final settlement and are recognized as revenue on certainty of receipt on prudent basis.

Rendering of services:

Revenue from sale of services are recognized when the services are rendered.

Other Income

Dividend income on investments is recognised when the right to receive the dividend is established.

Interest income is recognized on a time proportionate basis taking into account the amounts invested and the rate of interest on prudent basis.

1.7. **Cash & cash equivalents**

Cash and Cash equivalents include cash and Cheque in hand, bank balances and demand deposits with banks that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value where original maturity is three months or less.

1.8. **Inventory**

Inventories of Finished Goods and Stock-in-trade are stated 'at the lower of cost or net realisable value'. Raw Materials, Work-in-Progress and Goods-in-transit are stated 'at cost'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'First-in-First-out'. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

Having regard to the nature & value of items of Stores & consumables, the same are treated as consumed in the year of their purchase.

1.9. **Foreign exchange transactions and translation**

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

and Loss.

1.10. **Government Grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognized as income over the expected useful life of the asset.

In case a non-monetary asset is given free of cost, it is recognised at a fair value. When loans or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is recognized as government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

1.11. **Investments in subsidiaries, associates and joint ventures**

Investments in subsidiaries, associates and joint ventures are carried at cost/deemed cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of investment is assessed and an impairment provision is recognised, if required immediately to its recoverable amount. On disposal of such investments, difference between the net disposal proceeds and carrying amount is recognised in the statement of profit and loss.

1.12. **Financial Instruments**

(i) **Financial Assets**

Initial Recognition and Measurement

Financial assets are recognised when the company becomes party to the contractual provisions of the instruments. Financial assets, other than trade receivables, are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through statement of profit or loss. Financial assets carried at fair value through statement of profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of Profit and Loss.

Subsequent measurement

Financial assets, other than equity instruments, are subsequently measured at amortised cost or fair value through other comprehensive income (OCI) or fair value through profit or loss on the basis of:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

Financial assets at fair value through profit or loss (FVTPL)

Investment in financial asset other than equity instrument, not measured at either amortised cost or FVTOCI is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised in the Statement of Profit and Loss.

Equity Instruments:

All investment in equity instrument classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL.

For all other equity instruments, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis.

Impairment of financial assets

In accordance with Ind AS 109, the company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instruments).

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss.

The Company's financial liabilities includes trade and other payables, loans and borrowings including bank overdrafts and derivative instruments.

Subsequent measurement

Financial liabilities measured at amortised cost are subsequently measured using Effective Interest Rate (EIR) method. Financial liabilities carried at fair value through profit or loss (FVTPL) are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Loans & Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognized in profit & loss when the liabilities are derecognized as well as through EIR amortization process.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Company are those contracts that requires a payment to be made or to reimburse the holder for a loss it incurs because the specified debtors fails to make payment when due in accordance with the term of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

Subsequently the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative adjustments.

(iii) Derivative financial instruments and Hedge Accounting

The Company can use various derivative financial instruments such as interest rate swaps, currency swaps, forwards & options and commodity contracts to mitigate the risk of changes in interest rates, exchange rates and commodity prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedges which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability

For the purpose of hedge accounting, hedges are classified as:

Cashflow hedge

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

Fair value hedge

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to Statement of Profit and Loss over the period of maturity

(iv) Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

1.13. **Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset(s) and the arrangement conveys a right to use the asset(s), even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or operating lease. Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease period.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in the property, plant and equipment. Lease income on an operating lease is recognised in the Statement of Profit and Loss on a straight line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss.

1.14 **Fair Value Measurement:**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

KANANI INDUSTRIES LIMITED
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- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.15. EMPLOYEE BENEFITS

Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post-employment benefits

Define contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit Plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @ 15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The management is considering options to value future liability on account of gratuity by a qualified actuarial valuer. On such valuation, the liability shall be recognised in the books of the company. The management will then decide on contribution to be made to an appropriate authority to cover future gratuity liability that may arise.

Employee Separation Costs

Compensation to employees who opt for retirement under the voluntary retirement scheme, if any, of the Company is payable in the year of exercise of option by the employee. The Company recognises the employee separation cost when the scheme is announced and the Company is demonstrably committed to it.

1.16. TAXES ON INCOME

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

- Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

- Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

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Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Where there is unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

1.17. Borrowing Cost

Borrowing costs include interest expenses as per effective interest rate and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

1.18. Provisions and Contingent liabilities and contingent assets

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in profit or loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

1.19. Earning Per Share

The basic earning per share (EPS) is computed by dividing the net profit after tax available to equity share holding for the year by the weighted average number of equity shares outstanding during the current year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

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Note '2' : PROPERTY, PLANT AND EQUIPMENT

	Lease Hold Land	Factory Building	Plant & Machinery	Generator	Office Equipment	Air Conditioner	Computer	Refrigerator	Television (TV)	Weighing scale	Total
Gross Carrying amount											
Deemed cost as at 1st April,2016	4,700,000	5,969,514	3,763,087	140,000	109,655	304,074	218,554	7,990	-	-	15,212,874
Additions	-	-	-	-	25,472	-	82,500	-	-	-	107,972
Disposals	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	4,700,000	5,969,514	3,763,087	140,000	135,127	304,074	301,054	7,990	-	-	15,320,846
Additions	-	-	37,530	-	-	-	-	-	81,719	52,000	171,249
Disposals	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	4,700,000	5,969,514	3,800,617	140,000	135,127	304,074	301,054	7,990	81,719	52,000	15,492,095
Accumulated Depreciation											
Balance as at 1st April,2016	2,506,664	3,205,967	2,716,797	93,215	68,175	170,307	202,135	1,111	-	-	8,964,371
Depreciation during the year	313,333	271,204	243,112	10,341	15,681	-	55,437	4,120	-	-	913,228
Disposals	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	2,819,997	3,477,171	2,959,909	103,556	83,856	170,307	257,572	5,231	-	-	9,877,599
Additions	313,333	244,589	195,341	8,055	7,656	-	18,185	1,652	40,092	23,877	852,781
Disposals	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	3,133,330	3,721,760	3,155,250	111,611	91,512	170,307	275,757	6,883	40,092	23,877	10,730,380
Retained Earning	-	-	-	-	36,021	133,767	16,419	-	-	-	186,207
Net Carrying Amount											
Balance as at 1st April,2016	2,193,336	2,763,547	1,046,290	46,785	5,459	-	-	6,879	-	-	6,062,296
Balance as at 31st March, 2017	1,880,003	2,492,343	803,178	36,444	15,250	-	27,063	2,759	-	-	5,257,039
Balance as at 31st March, 2018	1,566,670	2,247,754	645,367	28,389	7,594	-	8,878	1,107	41,627	28,123	4,575,508

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NOTE NO.3: INVESTMENTS IN SUBSIDIARY

Name of the Company	Face	Paid up	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Value	Value	No. / Units	Amount	No. / Units	Amount	No. / Units	Amount
<u>Investment in Un-Quoted Shares</u>								
<u>Investment in wholly onwned Subsidiary</u>								
Investment in Equity Instruments								
[Equity Shares of KIL International Ltd. fully paid up]	1	1	32,000,000	213,358,969	32,000,000	213,358,969	32,000,000	213,358,969
			32,000,000	213,358,969	32,000,000	213,358,969	32,000,000	213,358,969

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.	As at 01.04.2016 Rs.
NOTE '4' : OTHER NON CURRENT ASSETS			
<u>Advances recoverable in cash or in kind or for value to be received</u>			
Security Deposits	33,229	33,229	33,229
Advance Tax (Net-off Provision)	142,626	407,944	979,261
	175,855	441,173	1,012,490

NOTE '5' : INVENTORIES

(As taken, valued and certified by the Management)
(Value at lower of cost or net realisable value)

Raw material

Polished Diamonds	35,495,338	61,353,672	1,580,944
Bullion	136,276	78,274	68,368

Work in Progress

- - -

Finished Goods

Diamond Studded Jewellery	29,750,426	-	-
	65,382,040	61,431,946	1,649,312

NOTE '6' : TRADE RECEIVABLES

(Unsecured & considered good, subject to confirmation)

1 Trade receivables outstanding for a period less than six months from the date they are due for payment.	464,553,799	389,758,677	407,161,157
2 Trade receivables outstanding for a period exceeding six months from the date they are due for payment.	-	-	-
	464,553,799	389,758,677	407,161,157

NOTE '7' : CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

Cash and Cash equivalents

Balance with Bank in current accounts	1,193,277	262,045	630,947
Deposits with original maturity of less than 12 months	93,117,511	93,117,511	141,885,550
Cash on hand	419,584	48,564	952,005
	94,730,372	93,428,120	143,468,502

NOTE '8' : CURRENT FINANCIAL ASSETS - OTHER

Unsecured, Considered good

Other

Prepaid Expenses	3,912,359	4,343,290	2,789,639
CGST-Mumbai F.Y.17-18	375,790	-	-
SGST-Mumbai F.Y.17-18	375,790	-	-
IGST-Mumbai F.Y.17-18	1,940	-	-
CGST-Surat F.Y.17-18	297	-	-
SGST-Surat F.Y.17-18	297	-	-
IGST-Surat F.Y.17-18	14,854	-	-
	4,681,327	4,343,290	2,789,639

NOTE '9' : OTHER CURRENT ASSETS

(Unsecured & considered good)

Advance other than Capital Advance

Advance to suppliers	-	-	-
<u>Other</u>			
Interest accrued on Fixed Deposit with Bank	3,550,081	4,242,144	4,666,595
Interest Receivable - FD With Standard Chartered Bank	-	-	2,924,949
Desposit- Wadhwa Group Holding Pvt. Ltd.	36,500	36,500	-
Desposit- Radius Realty Pvt. Ltd.	675,000	675,000	-
Other Receivables	-	-	46,350
	4,261,581	4,953,644	7,637,893

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

As at
31.03.2018
Rs.

As at
31.03.2017
Rs.

As at
01.04.2016
Rs.

NOTE '10' : EQUITY SHARE CAPITAL

Authorised

15,00,00,000 (Previous Year : 15,00,00,000) Equity Shares of Rs.1/- each. 150,000,000 150,000,000 150,000,000

Issued, Subscribed & Paid up

9,89,34,000 (Previous year : 9,89,34,000) Equity Shares of Rs.1/- each 98,934,000 98,934,000 98,934,000

TOTAL **98,934,000 98,934,000 98,934,000**

(a) Reconciliation of the Equity Shares outstanding at the beginning and at the end of the year :

Particulars	31st March, 2018		31st March, 2017		31st March, 2016	
	No. of	Amount	No. of	Amount	No. of	Amount
	Shares	Rs.	Shares	Rs.	Shares	Rs.
At the beginning of the period	98,934,000	98,934,000	98,934,000	98,934,000	98,934,000	98,934,000
Issued during the period - Bonus Issue	-	-	-	-	-	-
Outstanding at the end of the year	98,934,000	98,934,000	98,934,000	98,934,000	98,934,000	98,934,000

(b) Equity Shareholder holding more than 5% equity shares along with number of equity shares is given below :

Name of the Shareholder	31st March, 2018		31st March, 2017		31st March, 2016	
	No. of	%	No. of	%	No. of	%
	Shares		Shares		Shares	
Premjibhai Devjibhai Kanani	8,006,130	8.09%	8,006,130	8.09%	8,006,130	8.09%
Harshil Premjibhai Kanani	62,947,500	63.63%	62,947,500	63.63%	62,947,500	63.63%
	70,953,630	71.72%	70,953,630	71.72%	70,953,630	71.72%

(c) Terms/rights attached to equity shares :

The company has only one class of equity shares having a par value of Rs 1/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE '11' : OTHER EQUITY

Particulars	Reserves and Surplus			
	General Reserve	SEZ Re-Investment Reserve	Retained earnings	Total other equity
Balance as at April 01, 2016	1,661,027	11,847,372	295,203,633	308,712,032
Profit for the year	-	-	3,907,706	3,907,706
Other comprehensive income for the year, net of tax	-	-	-	-
Creation of General Reserve	-	-	-	-
Transferred from Profit & Loss Account (SEZ Reinvestment)	-	2,668,405	(2,668,405)	-
Written back in current year (SEZ Reinvestment)	7,068,794	(7,068,794)	-	-
Balance as at March 31, 2017	8,729,821	7,446,983	296,442,934	312,619,738
Profit for the year	-	-	4,029,243	4,029,243
Other comprehensive income for the year, net of tax	-	-	-	-
Creation of General Reserve	-	-	-	-
Transferred from Profit & Loss Account (SEZ Reinvestment)	-	-	-	-
Written back in current year (SEZ Reinvestment)	2,416,054	(2,416,054)	-	-
Balance as at March 31, 2018	11,145,875	5,030,929	300,472,177	316,648,981

As at
31.03.2018
Rs.

As at
31.03.2017
Rs.

As at
01.04.2016
Rs.

NOTE '12' : BORROWINGS

Unsecured

From related party

Shri Premjibhai Kanani

40,403,500 17,185,000 19,465,000

40,403,500 17,185,000 19,465,000

NOTE '13' : SHORT-TERM BORROWINGS

Secured

i) From Banks

Post Shipment Credit Facility

Dena Bank

(Prime Security: Hypothecation of Export Bills/Receivables

250,000,000 208,650,000 173,850,931

(The above facility are further secured by collateral security by way of equitable mortgage of factory at surat SEZ owned by the company, Factory at surat SEZ owned by M/s. Star Diam, immovable properties belonging to Smt. Nanduben Kanani. personal guarantee of Shri Premjibhai Kanani, Harshil Kanani Directors of the company and Nanduben Kanani and corporate guarantee of M/s. Star Diam.)

250,000,000 208,650,000 173,850,931

NOTE '14' : TRADE PAYABLES

Micro, Small and Medium Enterprises

Others

- - -

144,580,319 133,734,389 181,082,897

144,580,319 133,734,389 181,082,897

NOTE '15' : OTHER CURRENT LIABILITIES

Unclaimed Dividend

Other payables

Statutory dues payable

Employee related liabilities

Other Liabilities

Out Standing Liabilities

- 4,115 5,604

72,234 78,293 73,363

653,794 1,389,483 811,991

420,575 373,330 204,440

6,048 4,510 -

1,152,651 1,849,731 1,095,398

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	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.	As at 01.04.2016 Rs.
<u>NOTE '16' : REVENUE FROM OPERATIONS</u>			
<u>Sale of products</u>			
Diamond studded Jewellery	792,401,700	787,246,776	848,791,496
	792,401,700	787,246,776	848,791,496
<u>NOTE '17' : OTHER INCOME</u>			
Gain/ (loss) in exchange rate fluctuation	11,746,630	11,819,905	3,293,009
Premium On Forward Contract	2,399,993	10,768,075	-
Interest	-	-	476,558
Interest on Income Tax refund	-	51,915	-
	14,146,623	22,639,895	3,769,567
<u>NOTE '18' : CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE</u>			
<u>Finished Goods - Jewellery</u>			
Opening Stock	-	-	-
Less: Closing Stock	(29,750,426)	-	-
<u>Work in Progress</u>			
Opening Stock	-	-	-
Less: Closing Stock	-	-	-
	(29,750,426)	-	-
<u>NOTE '19' : EMPLOYEES BENEFIT EXPENSES</u>			
Salary, Wages and allowances	3,453,743	3,411,184	3,851,984
Staff Welfare	30,759	83,687	83,762
	3,484,502	3,494,871	3,935,746
<u>NOTE '20' : FINANCE COSTS</u>			
Interest	10,049,682	9,494,112	-
Other borrowing cost	339,300	313,500	1,488,480
	10,388,982	9,807,612	1,488,480
<u>NOTE '21' : OTHER EXPENSES</u>			
Consumption of Stores & Consumables	7,254	504,305	632,247
Power & Fuel	119,312	107,895	81,397
Audit fees	125,000	125,000	125,000
Insurance	46,113	25,046	51,342
Rates and Taxes	245,736	747,853	691,178
Travelling Expenses	1,305,348	780,226	629,799
Legal & Professional Fee	700,756	583,000	557,000
Bank Charges	1,571,194	1,485,385	2,552,189
Miscellaneous Expenses	2,725,481	1,105,501	358,180
	6,846,194	5,464,210	5,678,331

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STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.		
NOTE '22' NOTES TO ACCOUNTS				
22.1 AUDITORS' REMUNERATION				
Audit Fee	100,000	100,000		
Tax Audit Fee	25,000	25,000		
	125,000	125,000		
22.2 EARNINGS PER SHARE (EPS)				
Net Profit after tax as per statement of Profit and Loss attributable to equity shareholders	4,029,243	3,907,706		
Weighted average number of equity shares outstanding	98,934,000	98,934,000		
Face Value per equity share (Rs.)	1.00	1.00		
Basic Earnings Per Share (Rs.)	0.04	0.04		
Diluted Earnings per Share (Rs.)	0.04	0.04		
22.3 INCOME TAX RECONCILIATION				
Profit before tax	4,979,243	4,844,831		
Applicable Tax Rate	19.055%	19.055%		
Computed Tax Expenses	948,795	923,183		
<u>Tax Effect of :</u>				
Income exempted from Income tax	-	-		
Expenses disallowed	1,157	1,574		
Tax in respect of earlier year	-	-		
Other	-	-		
Deferred Tax	-	-		
Tax Expenses	949,952	924,757		
	19.078%	19.088%		
22.4 IMPORTED & INDIGENOUS MATERIALS CONSUMED				
	2018		2017	
	%	Amount (Rs.)	%	Amount (Rs.)
<u>Raw Materials</u>				
Imported	99.95	809,330,954	99.93	784,800,331
Indigenously obtained	0.05	416,093	0.07	561,587
		809,747,047		785,361,918
<u>Stores</u>				
Imported	-	-	-	-
Indigenously obtained	100.00	7,254	100.00	504,305
		7,254		504,305

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.
22.5 CONTINGENT LIABILITY		
(i) The assessee has preferred an appeal before the Commissioner of Income Tax (Appeals) against an order passed by Deputy Commissioner of Income Tax for the Assessment Years 2013-2014 & 2014-2015 raising a demand of Rs. 68,100/- & Rs. 2,090/- respectively.		
	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.
<u>Contingent Liability</u>		
Bank Guarantee	65,000,000	150,000,000

22.6 In the opinion of the management and to the best of their knowledge, the current assets, loans & advances are approximately of the value stated, if realised in the ordinary course of business, unless otherwise stated.

22.7 The Company is trying to ascertain the enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act.

22.8 The Company has not provided for its gratuity liability for the current year in absence of actuarial valuation. The management has initiated efforts to appoint a certified actuarial valuer to estimate the future estimated liability on account of gratuity that may be payable by the Company.

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

	As at	As at
	31.03.2018	31.03.2017
	Rs.	Rs.
22.9 RELATED PARTIES DISCLOSURES		
a) Names of related parties and nature of relationship where control exists :		
<u>Wholly Owned Subsidiary Company</u>		
KIL International Limited		
<u>Key Management Personnel</u>		
Harshil P. Kanani		
Premji D. Kanani		
<u>Enterprises where key management personnel have control</u>		
Kanani Polyfab Pvt. Ltd.		
M/s. Star Diam		
	As at	As at
	31.03.2018	31.03.2017
	Rs.	Rs.
b) Transactions with related parties		
Loan from Director	51,341,000	7,615,000
Loan repayment to Director	28,122,500	9,895,000
Bank guarantee given on behalf of subsidiary	61,921,000	61,607,500
Payment to Key Managerial personnel/Relative	1,636,200	1,636,200
c) Balances at the year end		
Remuneration to Director Payable	320,419	1,099,831
Investment in Subsidiary	213,358,969	213,358,969
Loan from Director	40,403,500	17,185,000
d) Disclosure in Respect of Major Related Party Transactions during the year		
Payment to Key Managerial Personnel/Relative		
Premjibhai D. Kanani	499,200	499,200
Harshil P. Kanani	501,000	501,000
Darshak A. Pandya	420,000	420,000
Mehul S. Kundariya	216,000	216,000

Disclosure under Clause 32 of the Listing Agreement

Loans and advances in the nature of loans given to subsidiaries:

KIL International Limited

Maximum Balance outstanding during the year	-	-
Closing Balance	-	-

24.10 The company has only one reportable segment i.e. Studded Jewellery, therefore no separate information is being given under Accounting Standard - AS 17 "Segment Reporting".

24.11 The Company is trying to ascertain the enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Based on the details regarding the status of the

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31ST MARCH, 2018

As at **As at**
31.03.2018 **31.03.2017**
Rs. **Rs.**

suppliers, to the extent obtained, no supplier is covered under the Act.

24.12 Forward contracts entered into by the company and outstanding as on 31st March, 2018 :

Particulars	Nominal Value \$	Quantity	
		Long	Short
USD Forward Contract 16.04.2018 - 30.04.2018	123,500.00	1.00	-
USD Forward Contract 16.05.2018 - 31.05.2018	432,200.00	1.00	-
USD Forward Contract 16.05.2018 - 31.05.2018	101,000.00	1.00	-
USD Forward Contract 16.05.2018 - 31.05.2018	312,600.00	1.00	-
USD Forward Contract 01.06.2018 - 29.06.2018	245,000.00	1.00	-
USD Forward Contract 01.06.2018 - 29.06.2018	370,800.00	1.00	-
USD Forward Contract 15.06.2018 - 30.06.2018	835,500.00	1.00	-
USD Forward Contract 16.08.2018 - 31.08.2018	765,000.00	1.00	-
USD Forward Contract 04.09.2018 - 28.09.2018	320,500.00	1.00	-
USD Forward Contract 04.09.2018 - 28.09.2018	315,000.00	1.00	-

Forward contracts entered into by the company and outstanding as on 31st March, 2017 :

Particulars	Nominal Value \$	Quantity	
		Long	Short
USD Forward Contract 17.04.2017 - 30.04.2017	347,000.00	1.00	-
USD Forward Contract 16.05.2017 - 31.05.2017	624,000.00	1.00	-
USD Forward Contract 15.06.2017 - 30.06.2017	381,000.00	1.00	-
USD Forward Contract 17.07.2017 - 31.07.2017	393,800.00	1.00	-
USD Forward Contract 16.08.2017 - 31.08.2017	828,000.00	1.00	-
USD Forward Contract 15.09.2017 - 30.09.2017	536,000.00	1.00	-

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22.13 FAIR VALUATION MEASUREMENT HIERARCHY

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Carrying amount	Level of Input used in	Carrying amount	Level of Input used in	Carrying amount	Level of Input used in
		Level 1	Level 2	Level 1	Level 2	Level 1
Financial Assets						
At Amortised cost						
Trade Receivable	464,553,799		389,758,677		407,161,157	
Cash & Bank Balance	94,730,372		93,428,120		143,468,502	
Financial Liabilities						
At Amortised cost						
Borrowing	290,403,500		225,835,000		193,315,931	
Trade Payable	144,580,319		133,734,389		181,082,897	
Other Financial Liabilities	1,152,651		1,878,441		1,892,550	

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due, so that the company is not forced to obtain funds at higher rates. The Company monitors rolling forecasts of the Company's cash flow position and ensure that the Company is able to meet its financial obligation at all times including contingencies.

Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the company. It arises from cash and cash equivalents, financial instruments and principally from credit exposures to customers relating to outstanding receivables. The Company deals with highly rated counter parties.

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22.14 FIRST TIME IND AS ADOPTION

The Company has adopted Ind AS with effect from 1st April, 2017 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1st April, 2016. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

Exemptions from retrospective application

Ind As 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemption

a. Property, Plant and Equipment

The Company has elected to measure all of its Property, plant and equipment and Intangible assets at their Historical cost less accumulated depreciation.

b. Estimates

The estimate as at April 1, 2016 and as at March 31, 2017 are consistent with those made for the same dates in accordance with Indian GAAP.

Effect of Ind AS adoption on the standalone balance sheet as at 31st March, 2017 and 1st April, 2016.

	As at 31st March, 2017		As at 1st April, 2016	
	Pervious Effect GAAP transition IND AS	of As per Ind AS to Balance Sheet	Pervious Effect GAAP transition IND AS	of As per Ind AS to Balance Sheet
ASSETS				
1. <u>Non-current assets</u>				
Property, Plant and Equipment	5,257,039	-	5,257,039	6,062,296
Investment in Subsidiary	213,358,969	-	213,358,969	213,358,969
Financial Assets	-	-	-	-
Deferred Tax Assets	-	-	-	-
Other Non-Current Assets	441,173	-	441,173	1,012,490
	219,057,181	-	219,057,181	220,433,755
2. <u>Current assets</u>				
a. Inventories	61,431,946	-	61,431,946	1,649,312
b. <u>Financial Assets</u>				
i. Trade Receivable	389,758,677	-	389,758,677	407,161,157
ii. Cash & Cash Equivalents	93,428,120	-	93,428,120	143,468,502
iii. Bank Balance other than (iii) above	-	-	-	-
iv. Others	4,343,290	-	4,343,290	2,789,639
c. Current Tax Assets (Net)	-	-	-	-
d. Other Current Assets	4,953,644	-	4,953,644	7,637,893
	553,915,677	-	553,915,677	562,706,503
	772,972,858	-	772,972,858	783,140,258
EQUITY AND LIABILITIES				
EQUITY				
a. Equity Share Capital	98,934,000	-	98,934,000	98,934,000
b. Other equity	312,619,738	-	312,619,738	308,712,032
	411,553,738	-	411,553,738	407,646,032
LIABILITIES				
1. <u>Non Current Liabilities</u>				
a. <u>Financial Liabilities</u>				
i. Borrowings	17,185,000	-	17,185,000	19,465,000
	17,185,000	-	17,185,000	19,465,000
2. <u>Current Liabilities</u>				
a. <u>Financial Liabilities</u>				
i. Borrowings	208,650,000	-	208,650,000	173,850,931
ii. Trade Payables	133,734,389	-	133,734,389	181,082,897
iii. Other Financial liabilities	-	-	-	-
b. Other Current Liabilities	1,849,731	-	1,849,731	1,095,398
c. Provision	-	-	-	-
d. Current tax liabilities (Net)	-	-	-	-
	344,234,120	-	344,234,120	356,029,226
	772,972,858	-	772,972,858	783,140,258

Reconciliation of Profit and Other Equity between IndAS and Previous GAAP

	Net Profit	Other Equity	
	Year ended 31.03.2017	As at 31.03.2017	As at 01.04.2016
Net Profit/ Other Equity as per Previous Indian GAAP	62,331,067	650,050,535	587,719,467
Fair value adjustment of Non-current Assets	-	-	-
Total	-	-	-
Net Profit before / Other Equity as per Ind AS	62,331,067	650,050,535	587,719,467

Effect of Ind As adoption on the statement of Profit and Loss for the year ended 31st March, 2017

	As at 31st March, 2017		
	Pervious Effect GAAP transition IND AS		of As per Ind AS to Balance Sheet
INCOME			
Revenue from operations	787,246,776	-	787,246,776
Other income	22,639,895	-	22,639,895
Total Revenue	809,886,671	-	809,886,671
EXPENSES			
Cost of raw material consumed	785,361,918	-	785,361,918
Purchases of traded goods	-	-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	-	-	-
Employees benefit expenses	3,494,871	-	3,494,871
Finance Cost	9,807,612	-	9,807,612
Depreciation and amortization expense	913,228	-	913,228
Other expenses	5,464,210	-	5,464,210
TOTAL EXPENSES	805,041,840	-	805,041,840
Profit/(Loss) before tax	4,844,831	-	4,844,831
Tax Expense			
(1) Current tax	(925,000)	-	(925,000)
(2) Deferred tax (Net)	-	-	-
(3) Excess/(Short) Provision of previous years	(12,125)	-	(12,125)
Profit/(Loss) for the year	3,907,706	-	3,907,706

In terms of our report of even date.

For **Deepak Mehta & Associates**
Chartered Accountants
(FRN : 102239W)

(Deepak Mehta)
Proprietor
M. No. 44141

Mumbai
May 30, 2018

For & on behalf of Board of Directors

PREMJIBHAI KANANI **HARSHIL KANANI**
Chairman Managing Director

MEHUL KUNDARIYA
Company Secretary

DARSHAK PANDYA
Chief Finance Officer

Mumbai
May 30, 2018

Los Angeles
May 30, 2018