KANANI INDUSTRIES LIMITED
STANDALONE BALANCE SHEET AS AT 31 ST MARCH, 2020

	Note	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
I. ASSETS				
1. Non-current assets				
a. Property, Plant and Equipment	**2**	4,162,032	5,548,113	4,575,508
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. Financial Assets				
i. Investments		-	-	-
ii. Trade Receivable		-	-	-
iii. Loans		-	-	-
iv. Others		-	-	-
h. Deferred Tax Assets		-	-	-
i. Other Non-Current Assets	**4**	20,976	250,946	175,855
		217,541,977	**219,158,028**	**218,110,332**
2. Current assets				
a. Inventories	**5**	139,300,561	121,583,789	65,382,040
b. Financial Assets				
i. Investments		-	-	-
ii. Trade Receivable	**6**	522,976,916	474,041,644	464,553,799
iii. Cash & Cash Equivalents	**7**	37,664,639	99,666,094	94,730,372
iv. Bank Balance other than (iii) above		-	-	-
v. Loans		-	-	-
vi. Others	**8**	1,438,680	5,882,936	4,319,049
c. Current Tax Assets (Net)		-	-	-
d. Other Current Assets	**9**	2,387,748	2,619,236	4,623,859
		703,768,544	**703,793,699**	**633,609,119**
TOTAL		**921,310,521**	**922,951,727**	**851,719,451**
II. EQUITY AND LIABILITIES				
Equity				
a. Equity Share Capital	**10**	98,934,000	98,934,000	98,934,000
b. Other equity	**11**	327,985,868	322,323,705	316,648,981
		426,919,868	**421,257,705**	**415,582,981**
Liabilities				
1. Non Current Liabilities				
a. Financial Liabilities				
i. Borrowings	**12**	43,915,000	58,085,000	40,403,500
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		-	-	-
		43,915,000	58,085,000	40,403,500

KANANI INDUSTRIES LIMITED
STANDALONE BALANCE SHEET AS AT 31 ST MARCH, 2020

	Note	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
2. Current Liabilities				
a. Financial Liabilities				
i. Borrowing	**13**	208,896,999	250,000,000	250,000,000
ii. Trade Payables	**14**	239,191,630	192,060,767	144,580,319
iii. Other Financial liabilities (Other than those specified in item(c))		-	-	-
b. Other Current Liabilities	**15**	2,387,024	1,548,255	1,152,651
c. Provision		-	-	-
d. Current tax liabilitites (Net)		-	-	-
		450,475,653	443,609,022	395,732,970
		494,390,653	**501,694,022**	**436,136,470**
TOTAL		**921,310,521**	**922,951,727**	**851,719,451**
		-	-	-

Significant Accounting Policies **1**
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
July 30, 2020

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

MEHUL KUNDARIYA
Company Secretary

HARSHIL KANANI
Managing Director

DARSHAK PANDYA
Chief Finance Officer

Mumbai
July 30, 2020

KANANI INDUSTRIES LIMITED

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 ST MARCH, 2020

		Notes	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
	INCOME				
I.	Revenue from operations	**16**	856,355,500	831,278,529	792,401,700
II.	Other income	**17**	6,568,505	127,387	14,146,624
III.	**Total Revenue (I + II)**		**862,924,005**	**831,405,915**	**806,548,324**
IV.	**EXPENSES**				
	Cost of raw material consumed		887,255,622	807,918,994	809,747,047
	Purchases of traded goods		-	-	-
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	**18**	(68,984,898)	(4,723,130)	(29,750,426)
	Employees benefit expenses	**19**	4,769,472	4,117,687	3,484,502
	Finance Cost	**20**	8,134,331	7,826,710	10,388,982
	Depreciation and amortization expense	**2**	1,386,081	2,603,943	852,781
	Other expenses	**21**	23,114,159	6,586,987	6,846,195
	TOTAL EXPENSES		**855,674,766**	**824,331,191**	**801,569,081**
V.	**Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)**		**7,249,239**	**7,074,724**	**4,979,243**
VI.	**Exceptional Items**		-	-	-
VII.	**Profit/(Loss) before extraordinary items and tax - (V - VI)**		**7,249,239**	**7,074,724**	**4,979,243**
VIII.	**Extraodinary Items**		-	-	-
IX.	**Profit/(Loss) before tax (VII - VIII)**		**7,249,239**	**7,074,724**	**4,979,243**
X.	Tax Expense				
	(1) Current tax		(1,150,000)	(1,400,000)	(950,000)
	(2) Deferred tax (Net)		-	-	-
	(3) Excess/(Short) Provision of previous years		(437,076)	-	-
XI.	**Profit/(Loss) for the period from continuing operations (IX - X)**		**5,662,163**	**5,674,724**	**4,029,243**
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)**		**5,662,163**	**5,674,724**	**4,029,243**
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)**		**5,662,163**	**5,674,724**	**4,029,243**
XVIII.	**Earnings per equity share (for continuing operations):***				
	1. Basic		0.06	0.06	0.04
	2. Diluted		0.06	0.06	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 31 ST MARCH, 2020

		Notes	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
	INCOME				
XX.	**Earnings per equity share (for discontinued & continuing operations)***				
	1. Basic		0.06	0.06	0.04
	2. Diluted		0.06	0.06	0.04
	* Weighted Average				

Significant Accounting Policies **1**

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
July 30, 2020

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

MEHUL KUNDARIYA
Company Secretary

HARSHIL KANANI
Managing Director

DARSHAK PANDYA
Chief Finance Officer

Mumbai
July 30, 2020

KANANI INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020

		2020	2019
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net profit before tax and extra-ordinary items		7,249,239	7,074,724
Adjustments for :			
Depreciation		1,386,081	2,603,943
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :		**8,635,320**	**9,678,667**
Adjustments for :			
Trade receivables		(48,935,272)	(9,487,845)
Other receivables		4,675,744	440,736
Inventories		(17,716,772)	(56,201,749)
Trade Payables & Other Liabilities		47,176,076	47,876,052
CASH GENERATED FROM OPERATIONS		**(6,164,904)**	**(7,694,139)**
Direct taxes paid		(563,550)	(1,475,091)
Income tax refund			-
Net cash from operating activities	(A)	**(6,728,453)**	**(9,169,230)**
B. CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of property, plant and equipment		-	(3,576,548)
Net cash used in investment activities	(B)	**-**	**(3,576,548)**
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds/(Repayment) of Short Term Borrowings		(41,103,001)	-
Proceeds/(Repayment) of Long-Term Borrowings		(14,170,000)	17,681,500
Net cash used in financing activities	(C)	**(55,273,001)**	**17,681,500**
Net Increae / (Decrease) in cash and cash equivalents	**(A+B+C)**	**(62,001,454)**	**4,935,722**
Opening balance of Cash & cash equivalents		99,666,094	94,730,372
Closing balance of Cash & cash equivalents		37,664,639	99,666,094
		1	-

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
July 30, 2020

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

MEHUL KUNDARIYA
Company Secretary

HARSHIL KANANI
Managing Director

DARSHAK PANDYA
Chief Finance Officer

Mumbai
July 30, 2020

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) The Financial statements have been prepared on the historical cost basis except certain financial assets & liabilities which are measured at fair value wherever applicable:

(iii) All the assets and liabilites 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.

(Iv) 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 construcion period incurred on projects 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 written down value .

(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 reflcted 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 ajusted 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. **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.

1.7. **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.

1.8. **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.

1.9. **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.

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 finanacial 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 Compnay makes such election on an instument-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 asets 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.

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:

<u>Cashflow hedge</u>
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.

<u>Fair value hedge</u>
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 derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

1.10. **<u>Leases</u>**
Finance lease
Assets taken on lease by the Company in its capacity as lessee, where the company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Operating lease
<u>Company as a lessee</u>
Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease period unless the payments are structured to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases.

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. unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss.

1.11. **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.

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.

1.12. **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.

1.13. **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.

1.14 **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 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.

1.15. **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 contrubution Plans

A defined contribution plan is a post-employment benefit plan under which the Company shall 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., if applicable

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.

Empolyee 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. **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 and Loss.

1.17. **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.

  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.

1.18. **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.

1.19. **Earning Per Share**

The basic earning per share (EPS) is computed by dividing the net profit after tax available to equity share holdong 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	Motor Car	CCTV Camara	Total
Gross Carrying amount													
Deemed cost as at 1st April, 2018	**4,700,000**	**5,969,514**	**3,800,617**	**140,000**	**135,127**	**304,074**	**301,054**	**7,990**	**81,719**	**52,000**	**3,400,000**	**133,328**	**19,025,423**
Additions	-	-	25,000	-	-	-	18,220	-	-	-	-	-	**43,220**
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	**4,700,000**	**5,969,514**	**3,825,617.0**	**140,000**	**135,127**	**304,074**	**319,274**	**7,990**	**81,719**	**52,000**	**3,400,000**	**133,328**	**19,068,643**
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2020	**4,700,000**	**5,969,514**	**3,825,617**	**140,000**	**135,127**	**304,074**	**319,274**	**7,990**	**81,719**	**52,000**	**3,400,000**	**133,328**	**19,068,643**
Accumulated Depreciation													
Balance as at 1st April, 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**
Depreciation during the year	313,333	220,586	153,195	6,275	3,282	-	17,492	663	20,422	12,913	1,792,239	63,543	**2,603,943**
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	**3,446,664**	**3,942,346**	**3,308,445**	**117,886**	**94,794**	**170,307**	**293,249**	**7,546**	**60,515**	**36,790**	**1,792,239**	**63,543**	**13,334,323**
Additions	313,333	198,966	118,147	4,890	1,695	-	7,149	270	10,411	6,989	690,953	33,277	1,386,081
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2020	**3,759,997**	**4,141,312**	**3,426,593**	**122,776**	**96,489**	**170,307**	**300,398**	**7,816**	**70,926**	**43,779**	**2,483,192**	**96,820**	**14,720,404**
Retained Earning	**-**	**-**	**-**	**-**	**36,021**	**133,767**	**16,419**	**-**	**-**	**-**	**-**	**-**	**186,207**
Net Carrying Amount													
Balance as at 1st April,2018	**1,566,670**	**2,247,754**	**645,367**	**28,389**	**7,594**	**-**	**8,878**	**1,107**	**41,627**	**28,123**	**-**		**4,575,508**
Balance as at 31st March, 2019	**1,253,336**	**2,027,168**	**517,172**	**22,114**	**4,312**	**-**	**9,606**	**444**	**21,204**	**15,210**	**1,607,761**	**69,785**	**5,548,113**
Balance as at 31st March, 2020	**940,003**	**1,828,202**	**399,024**	**17,224**	**2,617**	**-**	**2,457**	**174**	**10,793**	**8,221**	**916,808**	**36,508**	**4,162,032**

KANANI INDUSTRIES LIMITED

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NOTE NO.3: INVESTMENTS IN SUBSIDIARY

Name of the Company	Face Value	Paid up Value	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
			No. / Units	Amount	No. / Units	Amount	No. / Units	Amount
Investment in Un-Quoted Shares								
Investment in wholly onwned Subsidiary								
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**

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	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
NOTE '4' : OTHER NON CURRENT ASSETS			
Advances recoverable in cash or in kind or for value to be received			
Security Deposits	33,229	33,229	33,229
Advance Tax (Net-off Provision)	(12,253)	217,717	142,626
	20,976	**250,946**	**175,855**
NOTE '5' : INVENTORIES			
(As taken, valued and certified by the Management)			
(Valued at lower of cost or net realisable value)			
Raw material			
Polished Diamonds	35,753,823	87,039,286	35,495,338
Bullion	88,284	70,947	136,276
Work in Progress	-	-	-
Finished Goods			
Diamond Studded Jewellary	103,458,454	34,473,556	29,750,426
	139,300,561	**121,583,789**	**65,382,040**
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.	522,976,916	474,041,644	464,553,799
2 Trade receivables outstanding for a period exceeding six months from the date they are due for payment.	-	-	-
	522,976,916	**474,041,644**	**464,553,799**
NOTE '7' : CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS			
Cash and Cash equivalents			
Balance with Bank in current accounts	112,042	336,309	1,193,277
Deposits with original maturity of less than 12 months	36,819,000	98,931,511	93,117,511
Cash on hand	733,597	398,274	419,584
	37,664,639	**99,666,094**	**94,730,372**
NOTE '8' : CURRENT FINANACIAL ASSETS - OTHER			
Unsecured, Considered good			
Other			
Interest accrued on Fixed Deposit with Bank	1,347,742	3,817,662	3,550,081
GST	90,938	2,065,273	768,968
	1,438,680	**5,882,936**	**4,319,049**
NOTE '9' : OTHER CURRENT ASSETS			
(Unsecured & considered good)			
Advance other than Capital Advance			
Advance to suppliers	-	-	-
Other			
Prepaid Expenses	1,676,248	1,907,736	3,912,359
Interest Receivable - FD With Standard Chartered Bank	-	-	-
Desposit- Wadhwa Group Holding Pvt. Ltd.	36,500	36,500	36,500
Desposit- Radius Realty Pvt. Ltd.	675,000	675,000	675,000
Other Receivables	-	-	-
	2,387,748	**2,619,236**	**4,623,859**

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 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, 2020		31st March, 2019		31st March, 2018	
	No.of Shares	Amount Rs.	No.of Shares	Amount Rs.	No.of Shares	Amount 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, 2020		31st March, 2019		31st March, 2018	
	No.of Shares	%	No.of Shares	%	No.of 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.

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NOTE '11' : OTHER EQUITY

Particulars	Reserves and Surplus			
	General Reserve	SEZ Re-Investment Reserve	Retained earnings	Total other equity
Balance as at April01,2018	**11,145,875**	**5,030,929**	**300,472,177**	**316,648,981**
Profit for the year	-	-	5,674,724	**5,674,724**
Other comprehesive income for the	-	-	-	-
year, net of tax	-	-	-	-
Creation of General Reserve	-	-	-	-
Transferred from Profit & Loss Account (SEZ Reinvesment)	-			-
Written back in current year (SEZ Reinvesment)			-	-
Balance as at March 31, 2019	**11,145,875**	**5,030,929**	**306,146,901**	**322,323,705**
Profit for the year	-	-	5,662,163	**5,662,163**
Other comprehesive income for the	-	-	-	-
year, net of tax	-	-	-	-
Creation of General Reserve	-	-	-	-
Transferred from Profit & Loss Account (SEZ Reinvesment)	-	-	-	-
Written back in current year (SEZ Reinvesment)	-	-	-	-
Balance as at March 31, 2020	**11,145,875**	**5,030,929**	**311,809,064**	**327,985,868**

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
NOTE '12' : BORROWINGS			
Unsecured			
From related party			
Shri Premjibhai Kanani	43,915,000	58,085,000	40,403,500
	43,915,000	**58,085,000**	**40,403,500**
NOTE '13' : SHORT-TERM BORROWINGS			
Secured			
i) *From Banks*			
Post Shipment Credit Facility			
Dena Bank			
(Prime Security: Hypothecation of Export Bills/Receivables	208,896,999	250,000,000	250,000,000
(The above facility are further secured by collateral security by way of equitable mortgage of factrory 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.)			
	208,896,999	**250,000,000**	**250,000,000**
NOTE '14' : TRADE PAYABLES			
Micro, Small and Medium Enterprises	-	-	-
Others	239,191,630	192,060,767	144,580,319
	239,191,630	**192,060,767**	**144,580,319**
NOTE '15' : OTHER CURRENT LIABILITIES			
Unclaimed Dividend	-	-	-
Other payables			
Statutory dues payable	66,453	72,232	72,234
Emplyoee related liabilities	958,225	1,276,345	653,794
Other Liabilities	559,712	192,686	420,575
Out Standing Liabilities	9,078	6,992	6,048
Income tax payable A.Y. 2020-21	793,557		
	2,387,024	**1,548,255**	**1,152,651**

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	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
NOTE '16' : REVENUE FROM OPERATIONS			
Sale of products			
Diamond studded Jewellary	856,355,500	831,278,529	792,401,700
	856,355,500	**831,278,529**	**792,401,700**
NOTE '17' : OTHER INCOME			
Gain/ (loss) in exchange rate fluctuation	6,568,505	127,387	14,146,624
	6,568,505	**127,387**	**14,146,624**
NOTE '18' : CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE			
Finished Goods - Jewellary			
Opening Stock	34,473,556	29,750,426	-
Less: Closing Stock	(103,458,454)	(34,473,556)	(29,750,426)
Work in Progress			
Opening Stock	-	-	-
Less: Closing Stock	-	-	-
	(68,984,898)	**(4,723,130)**	**(29,750,426)**
NOTE '19' : EMPLOYEES BENEFIT EXPENSES			
Salary,Wages and allowances	4,695,256	4,066,376	3,453,743
Staff Welfare	74,216	51,311	30,759
	4,769,472	**4,117,687**	**3,484,502**
NOTE '20' : FINANCE COSTS			
Interest	7,042,879	7,499,610	10,049,682
Other borrowing cost	1,091,452	327,100	339,300
	8,134,331	**7,826,710**	**10,388,982**
NOTE '21' : OTHER EXPENSES			
Consumption of Stores & Consumables	218,881	94,175	7,254
Power & Fuel	212,796	168,466	119,312
Audit fees	147,500	125,000	125,000
Insurance	166,596	157,185	46,113
Rates and Taxes	-	-	245,736
Travelling Expenses	374,600	769,907	1,305,348
Legal & Professional Fee	969,570	740,199	700,756
Bank Charges	1,704,556	1,687,633	1,571,194
Commission & Brokerage	13,875,728		
Miscellaneous Expenses	5,443,931	2,844,421	2,725,482
	23,114,159	**6,586,987**	**6,846,195**

KANANI INDUSTRIES LIMITED

STANDALONE FOR THE YEAR ENDED 31 ST MARCH, 2020

NOTE '22' NOTES TO ACCOUNTS

		As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
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	5,662,163	5,674,724
	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.)	0.06	0.06
	Diluted Earinings per Share (Rs.)	0.06	0.06
22.3	**INCOME TAX RECONCILATION**		
	Profit before tax	7,249,239	7,074,724
	Applicable Tax Rate	15.600%	19.055%
	Computed Tax Expenses	1,130,881	1,348,089
	Tax Effect of :		
	Income exempted from Income tax	-	-
	Expenses disallowed	957	1,174
	Tax in respect of earlier year	-	-
	Other	-	-
	Deferred Tax	-	-
	Tax Expenses	**1,131,838**	**1,349,263**
		15.613%	19.072%

22.4 IMPORTED & INDIGENOUS MATERIALS CONSUMED

	2020		2019	
	%	**Amount (Rs.)**	**%**	**Amount (Rs.)**
Raw Materials				
Imported	99.91	886,500,789	99.93	807,352,482
Indigenously obtained	0.09	754,833	0.07	566,512
		887,255,622		**807,918,994**
Stores				
Imported	-	-	-	-
Indigenously obtained	100.00	218,881	100.00	94,175
		218,881		**94,175**

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 31.03.2020 Rs.	As at 31.03.2019 Rs.
Contingent Liability		
Bank Guarantee	-	75,000,000

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 initited efforts to appoint a certified actuarial valuer to estimate the future estimated liability on account of gratuity that may be payable by the Company.

22.9 RELATED PARTIES DISCLOSURES

a) Names of related parties and nature of relationship where control exists :

Wholly Owned Subsidiary Company
KIL International Limited

Key Management Personnel
Harshil P. Kanani
Premji D. Kanani

Enterprises where key management personnel have control
Kanani Polyfab Pvt. Ltd.
M/s. Star Diam

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
b) Transactions with related parties		
Loan from Director	25,830,000	30,134,500
Loan repayment to Director	40,000,000	12,453,000
Bank guarantee given on behalf of subsidiary	-	65,692,500
Payment to Key Managerial personnel/Relative	1,658,200	1,636,200
c) Balances at the year end		
Remuneration to Director Payable	808,225	933,025
Investment in Subsidiary	213,358,969	213,358,969
Loan from Director	43,915,000	58,085,000
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	238,000	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	-	-

22.10 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".

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

22.12 Forward contracts entered into by the company and outstanding as on 31st March, 2020 :
NIL

Forward contracts entered into by the company and outstanding as on 31st March, 2019 :

Particulars	Nominal Value $	Quantity	
		Long	Short
USD Forward Contract 16.04.2019 - 30.04.2019	390,000.00	1.00	-
USD Forward Contract 02.04.2019 - 30.04.2019	280,000.00	1.00	-
USD Forward Contract 16.04.2019 - 30.04.2019	414,000.00	1.00	-
USD Forward Contract 02.05.2019 - 31.05.2019	672,000.00	1.00	-
USD Forward Contract 03.06.2019 - 28.06.2019	450,500.00	1.00	-
USD Forward Contract 01.07.2019 - 31.07.2019	321,000.00	1.00	-
USD Forward Contract 16.07.2019 - 31.07.2019	287,200.00	1.00	-
USD Forward Contract 01.08.2019 - 30.08.2019	413,200.00	1.00	-
USD Forward Contract 16.08.2019 - 30.08.2019	300,000.00	1.00	-

22.13 Due to lockdown announced by the Central Government due to Covid19, the operations of the company at its Mumbai and at surat works came to a standstill. However, with the relaxation in the lockdown conditions, the operations at its factory started after 20th June, 2020 adhering to social distancing and other prescribed restrictions. However, the operations at Mumbai godown, which has begun working after relaxation in June, continue to be hampered due to various operational reasons. This has resulted in adversely affecting the operations & profitability of the company for the current period.

The company has assessed the impact of the lockdown and consequent economic slowdown on business operations, revenues, cash flows and its ability to repay its liabilities and is confident that the company has adequate stocks of raw material, stores and finished goods to sustain any disruption in supply chain and revenue streams & liquidity to repay its liabilities.

The company is hopeful and confident that the current unfortunate events due to Covid19 pandemic resulting in lockdown and consequent stoppage and slowdown of economic activities has not and will not affect the recoverability of the company's assets, ongoing pertinence of its business, valuation & realisation of its inventory & debtors and its ability to repay liabilities. The company's ongoing business operations are not going to be affected on a long term basis. The management has taken steps to mitigate any impact which might have been on the company's business and its liquidity position.

The company has exercised due care in determining its significant accounting judgment and estimates while preparing its financial statements including internal controls over financial reporting. As per the current assessment made by the company, there is no material impact on the carrying values of inventory, trade receivables, other financial monetary & non-monetary assets as on the reporting date. However, the final impact may differ from the current estimates made as at the date of approval of financial statements for the year ended 31st March, 2020 considering the prevailing uncertainties.

KANANI INDUSTRIES LIMITED
STANDALONE FOR THE YEAR ENDED 31 ST MARCH, 2020

22.15 FAIR VALUATION MEASUREMENT HIERARCHY

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Carrying Amount	Level of Input used in		Carrying Amount	Level of Input used in	
		Level 1	Level 2		Level 1	Level 2
Financial Assets						
At Amortised cost						
Trade Receivable	522,976,916			474,041,644		
Cash & Bank Balance	37,664,639			99,666,094		
Financial Liabilities						
At Amortised cost						
Borrowing	252,811,999			308,085,000		
Trade Payable	239,191,630			192,060,767		
Other Financial Liabilities	2,387,024			1,548,255		

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.

In terms of our report of even date.

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

(Deepak Mehta)
Proprietor
M. No. 44141

Mumbai
July 30, 2020

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

MEHUL KUNDARIYA
Company Secretary

HARSHIL KANANI
Managing Director

DARSHAK PANDYA
Chief Finance Officer

Mumbai
July 30, 2020

KANANI INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

	Note	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
I. ASSETS				
1. Non-current assets				
a. Property, Plant and Equipment	**2**	4,162,032	5,548,113	4,575,507
b. Capital Work in Progress		-	-	-
c. Investment in Property		-	-	-
d. Goodwill		-	-	-
e. Other Intangible assets		-	-	-
f. Intangible assets under development		-	-	-
g. Biological assets other than bearer plants		-	-	-
h. Financial Assets				
i. Investments		-	-	-
ii. Trade Receivable		-	-	-
iii. Loans		-	-	-
iv. Others		-	-	-
i. Deferred Tax Assets		-	-	-
j. Other Non-Current Assets	**3**	254,373	465,088	377,702
		4,416,405	**6,013,201**	**4,953,209**
2. Current assets				
a. Inventories	**4**	307,193,989	303,927,316	263,403,380
b. Financial Assets				
i. Investments		-	-	-
ii. Trade Receivable	**5**	1,190,502,254	1,085,918,087	1,223,705,293
iii. Cash & Cash Equivalents	**6**	42,609,058	101,937,997	95,391,877
iv. Bank Balance other than (iii) above		-	-	-
v. Loans		-	-	-
vi. Others	**7**	1,438,680	5,882,935	4,319,049
c. Current Tax Assets (Net)		-	-	-
d. Other Current Assets	**8**	2,387,748	2,619,236	4,623,859
		1,544,131,729	**1,500,285,571**	**1,591,443,458**
TOTAL		**1,548,548,134**	**1,506,298,772**	**1,596,396,667**
II. EQUITY AND LIABILITIES				
Equity				
a. Equity Share Capital	**9**	98,934,000	98,934,000	98,934,000
b. Other equity	**10**	466,063,617	426,772,961	398,585,891
		564,997,617	**525,706,961**	**497,519,891**
Liabilities				
1. Non Current Liabilities				
a. Financial Liabilities				
i. Borrowings	**11**	43,915,000	58,085,000	40,403,500
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		-	-	-
		43,915,000	58,085,000	40,403,500

2. Current Liabilities				
a. Financial Liabilities				
i. Borrowing	**12**	208,896,999	315,692,500	311,921,000
ii. Trade Payables	**13**	727,904,929	604,866,227	744,815,588
iii. Other Financial liabilities (Other than those specified in item(c))		-	-	-
b. Other Current Liabilities	**14**	2,591,246	1,735,629	1,329,268
c. Provision	**15**	242,343	212,456	407,421
d. Current tax liabilitites (Net)		-	-	-
		939,635,517	922,506,812	1,058,473,277
		983,550,517	**980,591,812**	**1,098,876,777**
TOTAL		**1,548,548,134**	**1,506,298,773**	**1,596,396,668**

Significant Accounting Policies **1**
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
July 30, 2020

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

MEHUL KUNDARIYA
Company Secretary

HARSHIL KANANI
Managing Director

DARSHAK PANDYA
Chief Finance Officer

Mumbai
July 30, 2020

KANANI INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

		Notes	As at 31.03.2020	As at 31.03.2019	As at 31.03.2018 Rs.
	INCOME				
I.	Revenue from operations	**16**	3,765,627,633	3,441,383,766	3,855,962,903
II.	Other income	**17**	6,569,111	127,906	14,147,093
III.	**Total Revenue (I + II)**		**3,772,196,744**	**3,441,511,672**	**3,870,109,996**
IV.	**EXPENSES**				
	Cost of raw material consumed		887,255,622	807,918,994	809,747,047
	Purchases of traded goods	**18**	2,864,320,170	2,563,640,080	3,057,844,262
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	**19**	(54,534,799)	10,453,402	(44,496,872)
	Employees benefit expenses	**20**	9,916,160	13,258,219	14,155,351
	Finance Cost	**21**	8,841,459	9,905,869	12,404,061
	Depreciation and amortization expense	**2**	1,386,081	2,603,943	852,781
	Other expenses	**22**	27,562,780	10,326,225	10,176,221
	TOTAL EXPENSES		**3,744,747,473**	**3,418,106,732**	**3,860,682,851**
V.	**Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)**		**27,449,271**	**23,404,940**	**9,427,145**
VI.	**Exceptional Items**		-	-	-
VII.	**Profit/(Loss) before extraordinary items and tax - (V - VI)**		**27,449,271**	**23,404,940**	**9,427,145**
VIII.	**Extraodinary Items**		-	-	-
IX.	**Profit/(Loss) before tax (VII - VIII)**		**27,449,271**	**23,404,940**	**9,427,145**
X.	Tax Expense				
	(1) Current tax		(1,392,343)	(1,612,456)	(1,357,421)
	(2) Deferred tax (Net)		-	-	-
	(3) Excess/(Short) Provision of previous years		(437,076)	-	-
XI.	**Profit/(Loss) for the period from continuing operations (IX - X)**		**25,619,852**	**21,792,484**	**8,069,724**
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)**		**25,619,852**	**21,792,484**	**8,069,724**
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)**		**25,619,852**	**21,792,484**	**8,069,724**
XVIII.	**Earnings per equity share (for continuing operations):***				
	1. Basic		0.26	0.22	0.08
	2. Diluted		0.26	0.22	0.08
XIX.	**Earning per equity share (for discontinued operations):**				
	1. Basic		-	-	-
	2. Diluted		-	-	-

XX. **Earnings per equity share (for discontinued & continuing operations)***			
1. Basic	0.26	0.22	0.08
2. Diluted	0.26	0.22	0.08

* Weighted Average

Significant Accounting Policies **1**

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
July 30, 2020

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

MEHUL KUNDARIYA
Company Secretary

HARSHIL KANANI
Managing Director

DARSHAK PANDYA
Chief Finance Officer

Mumbai
July 30, 2020

KANANI INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020

		2020	2019
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net profit before tax and extra-ordinary items		27,449,271	23,404,940
Adjustments for :			
Depreciation		1,386,081	2,603,943
Foreign currency translation reserve		13,670,803	6,394,587
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :		**42,506,155**	**32,403,470**
Adjustments for :			
Trade receivables		(104,584,166)	137,787,205
Other receivables		4,656,489	428,441
Inventories		(3,266,672)	(40,523,936)
Trade Payables & Other Liabilities		123,100,762	(139,543,000)
CASH GENERATED FROM OPERATIONS		**62,412,568**	**(9,447,820)**
Direct taxes paid		(776,006)	(1,882,512)
Income tax refund		-	-
Net cash from operating activities	(A)	**61,636,562**	**(11,330,332)**
B. CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of property, plant and equipment		-	(3,576,548)
Net cash used in investment activities	(B)	**-**	**(3,576,548)**
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from Short-Term Borrowings		(106,795,501)	3,771,500
Proceeds/(Repayment) from Long-Term Borrowings		(14,170,000)	17,681,500
Net cash used in financing activities	(C)	**(120,965,501)**	**21,453,000**
Net Increae / (Decrease) in cash and cash equivalents	**(A+B+C)**	**(59,328,939)**	**6,546,120**
Opening balance of Cash & cash equivalents		101,937,997	95,391,877
Closing balance of Cash & cash equivalents		42,609,058	101,937,997
		-	-

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
July 30, 2020

For & on behalf of Board of Directors

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Managing Director

DARSHAK PANDYA
Chief Finance Officer

Mumbai
July 30, 2020

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.

(il) The Financial statements have been prepared on the historical cost basis except certain financial assets & liabilities which are measured at fair value wherever applicable:

(iii) All the assets and liabilites 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.

(iv) 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.

(v) The Consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the Consolidated financial statements. All assets and liabilities have been classified as current or non current as per the Group normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

(vi) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a lineby- line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intragroup balances, intra-group transactions and the unrealized profits/losses, unless cost/revenue cannot be recovered.

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 construcion period incurred on projects 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 reflcted 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 ajusted 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. **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.

1.7. **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.

1.8. **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.

1.9. **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.

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 finanacial 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 Compnay makes such election on an instument-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 asets 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.

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:

<u>Cashflow hedge</u>

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.

<u>Fair value hedge</u>

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

1.10. **Leases**

Finance lease

Assets taken on lease by the Company in its capacity as lessee, where the company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Operating lease

Company as a lessee

Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease period unless the payments are structured to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases.

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 recognized in the Statement of Profit and Loss on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.

1.11. **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.

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.

1.12. **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.

1.13. **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.

1.14. **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 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.

1.15. **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 contrubution 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.

Empolyee 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. **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 and Loss.

1.17. **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.

  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.

1.18. **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.

1.19. **Earning Per Share**

The basic earning per share (EPS) is computed by dividing the net profit after tax available to equity share holdong 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	Motor Car	CCTV Camara	Total
Gross Carrying amount													
Deemed cost as at 1st April,2018	**4,700,000**	**5,969,514**	**3,800,617**	**140,000**	**135,127**	**304,074**	**301,054**	**7,990**	**81,719**	**52,000**	**3,400,000**	**133,328**	**19,025,423**
Additions	-	-	25,000	-	-	-	18,220	-	-	-	-	-	**43,220**
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	**4,700,000**	**5,969,514**	**3,825,617**	**140,000**	**135,127**	**304,074**	**319,274**	**7,990**	**81,719**	**52,000**	**3,400,000**	**133,328**	**19,068,643**
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2020	**4,700,000**	**5,969,514**	**3,825,617**	**140,000**	**135,127**	**304,074**	**319,274**	**7,990**	**81,719**	**52,000**	**3,400,000**	**133,328**	**19,068,643**
Accumulated Depreciation													
Balance as at 1st April,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**
Depreciation during the year	313,333	220,586	153,195	6,275	3,282	-	17,492	663	20,422	12,913	1,792,239	63,543	**2,603,943**
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	**3,446,664**	**3,942,346**	**3,308,445**	**117,886**	**94,794**	**170,307**	**293,249**	**7,546**	**60,515**	**36,790**	**1,792,239**	**63,543**	**13,334,323**
Additions	313,333	198,966	118,147	4,890	1,695	-	7,149	270	10,411	6,989	690,953	33,277	**1,386,081**
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2020	**3,759,997**	**4,141,312**	**3,426,593**	**122,776**	**96,489**	**170,307**	**300,398**	**7,816**	**70,926**	**43,779**	**2,483,192**	**96,820**	**14,720,404**
Retained Earning	-	-	-	-	**36,021**	**133,767**	**16,419**	-	-	-	-	-	**186,207**
Net Carrying Amount													
Balance as at 1st April,2018	**1,566,670**	**2,247,754**	**645,367**	**28,389**	**7,594**	-	**8,878**	**1,107**	**41,627**	**28,123**	-	-	**4,575,507**
Balance as at 31st March, 2019	**1,253,336**	**2,027,168**	**517,172**	**22,114**	**4,312**	-	**9,606**	**444**	**21,204**	**15,210**	**1,607,761**	**69,785**	**5,548,113**
Balance as at 31st March, 2020	**940,003**	**1,828,202**	**399,024**	**17,224**	**2,617**	-	**2,457**	**174**	**10,793**	**8,221**	**916,808**	**36,508**	**4,162,032**

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	As at 31.03.2020	As at 31.03.2019	As at 31.03.2018
			Rs.
NOTE '3' : OTHER NON CURRENT ASSETS			
Advances recoverable in cash or in kind			
or for value to be received			
Security Deposits	266,625	247,371	235,077
Advance Tax (Net-off Provision)	(12,253)	217,717	142,626
	254,372	**465,088**	**377,702**
NOTE '4' : INVENTORIES			
(As taken, valued and certified by the Management)			
(Valued at lower of cost or net realisable value)			
Raw material			
Polished Diamonds	35,753,823	87,039,286	35,495,338
Bullion	88,284	70,947	136,276
Work in Progress	-	-	-
Finished Goods			
Diamond Studded Jewellary	103,458,454	34,473,556	29,750,426
Traded Goods			
Diamonds & Diamonds Studded Jewellery	167,893,428	182,343,527	198,021,340
	307,193,989	**303,927,316**	**263,403,380**
NOTE '5' : 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.	1,190,502,254	1,085,918,087	1,223,705,293
2 Trade receivables outstanding for a period exceeding six months from the date they are due for payment.	-	-	-
	1,190,502,254	**1,085,918,087**	**1,223,705,293**
NOTE '6' : CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS			
Cash and Cash equivalents			
Balance with Bank in current accounts	5,056,462	2,608,212	1,854,782
Deposits with original maturity of less than 12 months	36,819,000	98,931,511	93,117,511
Cash on hand	733,597	398,274	419,584
	42,609,059	**101,937,997**	**95,391,877**
NOTE '7' : CURRENT FINANACIAL ASSETS - OTHER			
Unsecured, Considered good			
Other			
Interest accrued on Fixed Deposit with Bank	1,347,742	3,817,662	3,550,081
GST	90,938	2,065,273	768,968
	1,438,680	**5,882,935**	**4,319,049**
NOTE '8' : OTHER CURRENT ASSETS			
(Unsecured & considered good)			
Advance other than Capital Advance			
Advance to suppliers	-	-	-
Other			
Prepaid Expenses	1,676,248	1,907,736	3,912,359
Interest Receivable - FD With Standard Chartered Bank	-	-	-
Desposit- Wadhwa Group Holding Pvt. Ltd.	36,500	36,500	36,500
Desposit- Radius Realty Pvt. Ltd.	675,000	675,000	675,000
Other Receivables	-	-	-
	2,387,748	**2,619,236**	**4,623,859**

KANANI INDUSTRIES LIMITED
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		As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
NOTE '9' : 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, 2020		31st March, 2019		31st March, 2018	
	No.of Shares	Amount Rs.	No.of Shares	Amount Rs.	No.of Shares	Amount 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, 2020		31st March, 2019		31st March, 2018	
	No.of Shares	%	No.of Shares	%	No.of 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
CONSOLIDATED FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE '10' : OTHER EQUITY

Particulars	Reserves and Surplus				
	General Reserve	Foreign currency translation reserve	SEZ Re-Investment Reserve	Retained earnings	Total other equity
Balance as at April01,2018	**11,145,875**	**5,180,509**	**5,030,929**	**377,228,578**	**398,585,891**
Profit for the year	-	-	-	21,792,483	**21,792,483**
Other comprehesive income for the	-	-	-	-	-
year, net of tax	-	-	-	-	-
Creation of General Reserve	-	-	-	-	-
Transferred from Profit & Loss Account	-	-	-	-	-
Written back in current year	-	6,394,587	-	-	6,394,587
Balance as at March 31, 2019	**11,145,875**	**11,575,096**	**5,030,929**	**399,021,061**	**426,772,961**
Profit for the year	-	-	-	25,619,852	**25,619,852**
Other comprehesive income for the	-	-	-	-	-
year, net of tax	-	-	-	-	-
Creation of General Reserve	-	-	-	-	-
Transferred from Profit & Loss Account	-	-	-	-	-
Written back in current year	-	13,670,803	-	-	**13,670,803**
Balance as at March 31, 2020	**11,145,875**	**25,245,899**	**5,030,929**	**424,640,914**	**466,063,617**

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
NOTE '11' : BORROWINGS			
Unsecured			
From related party			
Shri Premjibhai Kanani	43,915,000	58,085,000	40,403,500
	43,915,000	**58,085,000**	**40,403,500**
NOTE '12' : SHORT-TERM BORROWINGS			
Secured			
i) *From Banks*			
Post Shipment Credit Facility			
Dena Bank			
(Prime Security: Hypothecation of Export Bills/Receivables (The above facility are further secured by collateral security by way of equitable mortgage of factrory 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.)	208,896,999	250,000,000	250,000,000
Standard Chartered Bank	-	-	-
DBS Bank	-	65,692,500	61,921,000
(Prime Security: Fixed Deposit lien by wholly owned holding company) *(The above facility are further secured by personel gurantees of Directors of wholly owned holding company)*			
	208,896,999	**315,692,500**	**311,921,000**
NOTE '13' : TRADE PAYABLES			
Micro, Small and Medium Enterprises	-	-	-
Others	727,904,929	604,866,227	744,815,588
	727,904,929	**604,866,227**	**744,815,588**
NOTE '14' : OTHER CURRENT LIABILITIES			
Unclaimed Dividend	-	-	-
Other payables			
Statutory dues payable	66,453	72,232	72,234
Emplyoee related liabilities	958,225	1,276,345	653,794
Other Liabilities	763,933	380,060	597,192
Out Standing Liabilities	9,078	6,992	6,048
Income tax payable A.Y. 2020-21	793,557	-	-
	2,591,246	**1,735,629**	**1,329,268**
NOTE '15' :Provision			
a) Others			
Provision for Income tax	242,343	212,456	407,421
	242,343	**212,456**	**407,421**

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	As at 31.03.2020	As at 31.03.2019	As at 31.03.2018 Rs.
NOTE '16' : REVENUE FROM OPERATIONS			
Sale of products			
Diamond studded Jewellary	856,355,500	831,278,529	792,401,700
Traded Goods	2,909,272,133	2,610,105,237	3,063,561,203
	3,765,627,633	**3,441,383,766**	**3,855,962,903**
NOTE '17' : OTHER INCOME			
Gain/ (loss) in exchange rate fluctuation	6,569,111	127,906	11,746,630
Premium On Forward Contract			2,399,993
Bank Interest			470
Interest on Income Tax refund			-
	6,569,111	**127,906**	**14,147,093**
NOTE '18' : PURCHASES OF TRADED GOODS			
Diamond & Diamond Studded Jewellery	2,864,320,170	2,563,640,080	3,057,844,262
	2,864,320,170	**2,563,640,080**	**3,057,844,262**
NOTE '19' : CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE			
Opening Stock	34,473,556	29,750,426	-
Finished Goods	-	-	
Traded Goods	(182,343,527)	(197,520,058)	(183,274,894)
Work In Progress	-	-	-
	(147,869,971)	(167,769,632)	(183,274,894)
Closing Stock			
Finished Goods	(103,458,454)	(34,473,556)	(29,750,426)
Traded Goods	(167,893,428)	(182,343,527)	(198,021,340)
Work In Progress	-	-	-
	(271,351,882)	**(216,817,083)**	**(227,771,766)**
	(54,534,798)	**10,453,402**	**(44,496,872)**
NOTE '20' : EMPLOYEES BENEFIT EXPENSES			
Salary,Wages and allowances	8,051,791	11,544,993	12,513,898
Staff Welfare	74,216	51,311	30,759
Director Quarter Expenses	1,790,152	1,661,915	1,610,694
	9,916,159	**13,258,219**	**14,155,351**
NOTE '21' : FINANCE COSTS			
Interest	7,750,007	9,578,769	12,064,761
Other borrowing cost	1,091,452	327,100	339,300
	8,841,459	**9,905,869**	**12,404,061**
NOTE '22' : OTHER EXPENSES			
Consumption of Stores & Consumables	218,881	94,175	7,254
Power & Fuel	212,796	168,466	119,312
Audit fees	225,819	197,709	195,468
Insurance	166,596	157,185	46,113
Rates and Taxes	-	-	245,736
Travelling Expenses	642,619	987,531	1,496,366
Legal & Professional Fee	969,570	740,199	700,756
Bank Charges	1,914,163	1,866,670	1,720,913
Commission & Brokerage	13,875,728		
Miscellaneous Expenses	9,336,608	6,114,290	5,644,303
	27,562,780	**10,326,225**	**10,176,221**

NOTE '23' NOTES TO ACCOUNTS

		As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
23.1	**AUDITORS' REMUNERATION**		
	Audit Fee	200,819	172,709
	Tax Audit Fee	25,000	25,000
		225,819	**197,709**
23.2	**EARNINGS PER SHARE (EPS)**		
	Net Profit after tax as per statement of Profit and Loss attributable to equity shareholders	25,619,852	21,792,484
	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.)	0.26	0.22
	Diluted Earinings per Share (Rs.)	0.26	0.22

23.3 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 31.03.2020 Rs.	As at 31.03.2019 Rs.
Contingent Liability		
Bank Guarantee	-	75,000,000

23.4 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.

23.5 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.

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

23.7 RELATED PARTIES DISCLOSURES

a) Names of related parties and nature of relationship where control exists :

Wholly Owned Subsidiary Company
KIL International Limited

Key Management Personnel
Harshil P. Kanani
Premji D. Kanani

Enterprises where key management personnel have control
Kanani Polyfab Pvt. Ltd.
M/s. Star Diam

		As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
b)	Transactions with related parties		
	Loan from Director	25,830,000	30,134,500
	Loan repayment to Director	40,000,000	12,453,000
	Bank guarantee given on behalf of subsidiary	-	65,692,500
	Payment to Key Managerial personnel/Relative	1,658,200	1,636,200
c)	Balances at the year end		
	Remuneration to Director Payable	808,225	933,025
	Investment in Subsidiary	213,358,969	213,358,969
	Loan from Director	43,915,000	58,085,000
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	238,000	216,000

23.8 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".

23.9 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.

23.10 Forward contracts entered into by the company and outstanding as on 31st March, 2020 :

Particulars	Nominal Value $	Quantity	
		Long	Short

Forward contracts entered into by the company and outstanding as on 31st March, 2019 :

Particulars	Nominal Value $	Quantity	
		Long	Short
USD Forward Contract 16.04.2019 - 30.04.2019	390,000.00	1.00	-
USD Forward Contract 02.04.2019 - 30.04.2019	280,000.00	1.00	-
USD Forward Contract 16.04.2019 - 30.04.2019	414,000.00	1.00	-
USD Forward Contract 02.05.2019 - 31.05.2019	672,000.00	1.00	-
USD Forward Contract 03.06.2019 - 28.06.2019	450,500.00	1.00	-
USD Forward Contract 01.07.2019 - 31.07.2019	321,000.00	1.00	-
USD Forward Contract 16.07.2019 - 31.07.2019	287,200.00	1.00	-
USD Forward Contract 01.08.2019 - 30.08.2019	413,200.00	1.00	-
USD Forward Contract 16.08.2019 - 30.08.2019	300,000.00	1.00	-

23.11 Due to lockdown announced by the Central Government due to Covid19, the operations of the company at its Mumbai godown and at its Abu Road works came to a standstill. However, with the relaxation in the lockdown conditions, the operations at its factory started after 20th April, 2020 adhering to social distancing and other prescribed restrictions. However, the operations at Mumbai godown, which has begun working after relaxation in June, continue to be hampered due to various operational reasons. This has resulted in adversely affecting the operations & profitability of the company for the current period.

The company has assessed the impact of the lockdown and consequent economic slowdown on business operations, revenues, cash flows and its ability to repay its liabilities and is confident that the company has adequate stocks of raw material, stores and finished goods to sustain any disruption in supply chain and revenue streams & liquidity to repay its liabilities.

The company is hopeful and confident that the current unfortunate events due to Covid19 pandemic resulting in lockdown and consequent stoppage and slowdown of economic activities has not and will not affect the recoverability of the company's assets, ongoing pertinence of its business, valuation & realisation of its inventory & debtors and its ability to repay liabilities. The company's ongoing business operations are not going to be affected on a long term basis. The management has taken steps to mitigate any impact which might have been on the company's business and its liquidity position.

The company has exercised due care in determining its significant accounting judgment and estimates while preparing its financial statements including internal controls over financial reporting. As per the current assessment made by the company, there is no material impact on the carrying values of inventory, trade receivables, other financial monetary & non-monetary assets as on the reporting date. However, the final impact may differ from the current estimates made as at the date of approval of financial statements for the year ended 31st March, 2020 considering the prevailing uncertainties.

KANANI INDUSTRIES LIMITED
CONSOLIDATED FOR THE YEAR ENDED 31ST MARCH, 2020

23.13 FAIR VALUATION MEASUREMENT HIERARCHY

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Carrying amount	Level of Input used in		Carrying amount	Level of Input used in	
		Level 1	Level 2		Level 1	Level 2
Financial Assets						
At Amortised cost						
Trade Receivable	1,190,502,254			1,085,918,087		
Cash & Bank Balance	42,609,058			101,937,997		
Financial Liabilities						
At Amortised cost						
Borrowing	252,811,999			373,777,500		
Trade Payable	727,904,929			604,866,227		
Other Financial Liabilities	-			-		

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.

In terms of our report of even date.

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

(Deepak Mehta)
Proprietor
M. No. 44141

Mumbai
July 30, 2020

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman

MEHUL KUNDARIYA
Company Secretary

HARSHIL KANANI
Managing Director

DARSHAK PANDYA
Chief Finance Officer

Mumbai
July 30, 2020