32nd Annual Report

KANANI INDUSTRIES LIMITED

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❍ Comparative Analysis of last 3 years Results

(Amt. in Lacs)

Particular	For the year ended on 31.03.2015	For the year ended on 31.03.2014	For the year ended on 31.03.2013
Net Sales	6948.68	7060.02	7763.04
Other Income	19.14	94.48	119.18
Total Income	6967.83	7154.51	7882.23
Expenditure	6880.55	7019.75	7704.44
PBIT	87.28	134.76	177.77
Interest	56.85	107.38	148.69
Depreciation	9.91	10.05	11.03
PBT	20.52	17.33	18.05
Tax	3.97	3.35	3.60
PAT	16.55	13.98	14.45
Net Profit	16.55	13.98	14.45
Basic & Diluted EPS (₹)	0.02	0.01	0.01
Dividend Paid / Proposed (In %)	–	–	–
Equity Capital	989.34	989.34	989.34
Reserves & Surplus	3052.43	3037.75	3023.77
Net worth	4041.77	4027.09	4013.11
Book Value per share (₹)	4.09	4.07	4.06
Operating Profit Margin (%)	1.26%	1.91%	2.29%
Net Profit Margin (%)	0.24%	0.20%	0.19%
Basic & Diluted Cash EPS (₹)	0.03	0.02	0.03

General Information

BOARD OF DIRECTORS:	PREMJIBHAI D. KANANI	CHAIRMAN
	HARSHIL P. KANANI	MANAGING DIRECTOR
	SHAILESH R. PATEL	DIRECTOR
	DEVENDRA K. KIKANI	DIRECTOR
	AMI D. JARIWALA	DIRECTOR
CFO & COMPLIANCE OFFICER:	DARSHAK A. PANDYA	
STATUTORY AUDITORS:	RAVI & DEV CHARTERED ACCOUNTANT "A" WING, 6TH FLOOR, 601 AURUS CHAMBERS, BEHIND MAHINDRA TOWER, S S AMRUTWAR MARG, WORLI, MUMBAI - 400013 TEL: +91-22-6134 3900 FAX: +91-22-6134 3902 E-MAIL: info@ravianddev.com	
BANKERS:	DENA BANK STATE BANK OF INDIA STANDARD CHARTERED BANK CANARA BANK	
REGISTERED OFFICE:	G-6, PRASAD CHAMBERS, TATA ROAD NO. 2, OPERA HOUSE, MUMBAI - 400004 TEL: +91-22-6526 3333 FAX: +91-22-3008 4000 E-MAIL: info@kananiindustries.com WEBSITE : www.kananiindustries.com	
FACTORY:	PLOT NO. 42, SURAT SPECIAL ECONOMIC ZONE, NEAR SACHIN RLY. STN., SACHIN, DIST: SURAT, GUJARAT TEL: +91-261-321 5152 FAX: +91-22-3008 4000 E-MAIL: info@kananiindustries.com	
REGISTRAR AND SHARE TRANSFER AGENT:	M/S. SHAREX DYNAMIC (INDIA) PRIVATE LIMITED UNIT-1, LUTHRA INDL. PREMISES, SAFED POOL, ANDHERI KURLA ROAD, ANDHERI (E), MUMBAI - 400072 TEL: +91-22-28515606 FAX: +91-22-28512885 E-mail : sharexindia@vsnl.com	

❍ Notice

Notice is hereby given that the 32nd Annual General Meeting of the Members of **KANANI INDUSTRIES LIMITED** will be held at **Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007**, on **Monday, 28th September, 2015** at **10:00 A.M.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statement of the Company for the year ended March 31, 2015 together with the Reports of the Board of Directors and Auditor's thereon.

2. To appoint a Director in place of **Mr. Harshil Kanani *(DIN: 01568262)***, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

   "RESOLVED THAT pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, *(including any modification(s) and re-enactment(s) thereon, for time being in force)*, and pursuant to the recommendations of the audit committee of the Board of Directors, **M/s. Rajpara & Co., Chartered Accountants, Surat**, [Firm Regd. No.114232W] be and is hereby appointed as the Statutory Auditors of the Company for term of **1 year** i.e. from the Conclusion of 32nd Annual General Meeting to be held for Financial Year ended 2015 till the conclusion of the 33rd Annual General Meeting to be held for the Financial Year 2016, in place of **M/s. Ravi & Dev, Chartered Accountant** [Firm Regd. No. *108752W*], the existing Auditors, who retires at the conclusion of the forthcoming Annual General Meeting and do not seek re-election, at such remuneration and out-of-pocket expenses, as may be decided by the Audit Committee of the Board of Directors of the Company."

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, **Mr. Shailesh Patel [DIN: 01775839],** non-executive Director of the Company who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto 31st March, 2020, and his term will not be liable to retire by rotation."

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

"RESOLVED THAT, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the consent of the Members of the Company be and is hereby accorded for appointment of **Mrs. Ami Jariwala (DIN- 07143995),** who was appointed as an Independent Director of the Company by the Board of Directors for a period of **five years** with effective from March 31, 2015 and whose office shall not be liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 and other applicable provisions, if any of the Companies Act, 2013 and Rules made thereunder, *(including any statutory modification(s) or re-enactment(s) thereof, for the time being in force)* and in accordance with the provisions of Articles of Association of the Company and subject to further approval of statutory and other authorities as may be necessary and subject to such terms, conditions, stipulations, alterations, and modifications, *if any*, as may be prescribed and specified by such authorities while granting such approvals and which may be agreed by the Board of Directors of the Company *(hereinafter referred to as the 'Board' which expression shall include a Committee of directors duly authorized in this behalf)* the consent of the Company be and is hereby accorded to the Board of Directors of the Company to make investments which may exceed 60% of the aggregate of the paid-up share capital and free reserves and/ or 100% of the aggregate of free reserves of the Company as per the limits prescribed under Section 186 subject to the maximum aggregate amount not exceeding **Rs.100.00 crores (Rupees One Hundred Crores Only)."**

"RESOLVED FURTHER that the proposed investments shall be made from the internal resources of the Company."

"RESOLVED FURTHER that any of the Directors of the Company, be and is hereby authorized to do all such acts, deeds and things as may deemed expedient and necessary to give effect to this resolution for and on behalf of the Company."

For and on behalf of the Board of Directors

PREMJIBHAI KANANI
Chairman
(DIN : 01567443)

Place: Mumbai
Date: 6th, August 2015

Registered Office:
G/6, Prasad Chambers,
Tata Road No. 2, Opera House,
Mumbai - 400004

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.

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

2. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days of notice in writing is given to the Company.

3. The Register of Members and Share Transfer Books of the Company will remain closed from **Monday, September 21, 2015 to Monday, September 28, 2015***(both days inclusive)***.**

4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution in advance authorizing their representative to attend and vote on their behalf at the Meeting.

5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. Members who hold shares in electronic form are requested to write their Client ID and DP ID number and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting to facilitate identification of membership at the AGM.

7. For convenience of members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as 'proxy'.

8. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 for items of Special Businesses is annexed herewith.

9. All documents referred to in the Notice will be available for inspection at the Company's registered office during 11.00 a.m. to 1.00 p.m. on working days up to the date of the AGM.

10. Copies of Annual Report 2014-15 are being sent by electronic mode only to all the members whose email address are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. In the case of members holding shares in physical mode whose email IDs are registered with the Company/ Registrars M/s. Sharex Dynamic (India) Private Limited, and have given consent for receiving communication electronically, copies of the Annual Report 2014-2015 are being sent by electronic mode only. For members who have not registered their email addresses, physical copies of the Annual Report 2015 are being sent by the permitted mode.

11. IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTORS' REPORT & AUDITOR'S REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.

12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by members.

13. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

14. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, number of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock exchanges, are provided in the Explanatory Statement forming part of the notice.

15. Members are requested to bring their copies of the reports to Annual General Meeting.

16. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with share certificates to the Company.

17. Members are requested to notify the change in their address, if any, immediately, so that all communications can be sent to the latest address. In case of members holding shares in physical form, all intimations regarding change of address and change of bank account details are to be sent to M/s. Sharex Dynamic (India) Private Limited, Unit: Kanani Industries Limited, Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400 072. Members, who hold shares in electronic form, are requested to notify any change in their particulars like change in address, bank particulars etc. to their Depository Participants immediately.

18. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Income Tax Permanent Account Number ("PAN") for all participants transacting in the securities market, irrespective of the amount of such transaction. In continuation of the said circular, it is hereby clarified that for securities market transactions and off-market/private transactions involving transfer of shares in listed companies in physical form, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company / RTA for registration of such transfer of shares.

19. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report 2015 will also be available on the Company's website www.kananiindustries.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's Registrars M/s. Sharex Dynamic (India) Private Limited at Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai - 400072.

20. In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/ correspondence, if any, directly to:

SHAREX DYNAMIC (INDIA) PRIVATE LIMITED

Unit: KANANI INDUSTRIES LIMITED

Unit 1, Luthra Indl. Premises,

Safed Pool, Andheri Kurla Road,

Andheri (E), Mumbai: 400 072.

Ph. 022 28515606 Fax: 022 28512885

E-mail:- sharexindia@vsnl.com

Instructions for Voting through electronics means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means *("e-Voting")*and the items of business as detailed in this Notice may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

The Members may cast their votes through E-voting from a place other than the venue of the AGM (**"Remote E-voting"**).

Voting through physical ballot paper shall be made available at the AGM and the Members attending the AGM who have not cast their vote by Remote E-voting shall be able to cast their vote by physical ballot paper at the Meeting.

The Members who have cast their vote by Remote E-voting may also attend the Meeting but shall not be entitled to cast their vote again.

The Remote E-voting facility will commence from **9.00 a.m. on 24th September, 2015 and will end at 5.00 p.m. on 27th September, 2015**. Remote E-voting will not be allowed beyond the aforesaid date and time and the Remote E-voting module shall be disabled by CDSL upon expiry of aforesaid period.

Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member / beneficial owner as on the cut-off date i.e. **21st September, 2015**.

The Members whose names appear in the Register of Members / list of beneficial owners as on the cut-off date i.e. 21st September, 2015, only shall be entitled to vote on the Resolutions set out in this Notice.

The Board of Directors at their meeting held on August 06, 2015 has appointed Mr. Deep Shukla, Practicing Company Secretary (Membership No. FCS 5652) as the Scrutinizer to scrutinize the E-voting process and voting done through physical ballot paper at the AGM in a fair and transparent manner.

The Scrutinizer shall, after scrutinizing the votes cast at the AGM and through Remote E-voting, not later than 3 (three) days from the conclusion of the AGM make a consolidated Scrutinizer's report and submit the same to the Chairman.

The results declared along with the Scrutinizer's Report shall be placed on the website of the Company www.kananiindustries.com and on the website of CDSL and shall also be communicated to BSE / NSE Limited.

Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM i.e. 28th September, 2015.

The instructions for e-voting are as under:

i. The voting period begins on **Thursday, September 24, 2015 (09:00 a.m. IST)** and **ends on Sunday, September 27, 2015 (5:00 P.M. IST).** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) **Monday, September 21, 2015**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

ii. The shareholders should log on to the e-voting website www.evotingindia.com.

iii. Click on "Shareholders".

iv. Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

v. Next enter the Image Verification as displayed and Click on Login.

vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

vii. If you are a first time user, follow the steps given below:

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

viii. After entering these details appropriately, click on "SUBMIT" tab.

ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xi. Click on the EVSN for the relevant KANANI INDUSTRIES LIMITED on which you choose to vote.

xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xvii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xviii. **Note for Non-individual Shareholders & Custodians:**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

Item No.3:

M/s. Ravi & Dev, Chartered Accountants, the existing Auditors of the Company who retires at the ensuing Annual General Meeting, and do not seek re election due to their unwillingness to act as auditor of the Company and thus **M/s. Rajpara & Co., [Firm Regd. No.114232W] Chartered Accountants** is appointed as the Auditors of the Company (from whom consent to act as the auditor has been received) in place of **M/s. Ravi & Dev, Chartered Accountant** from the Conclusion of 32nd Annual General Meeting held for Financial Year ended 2015 till the conclusion of the 33rd Annual General Meeting to be held for the Financial Year 2016 on such remuneration to be fixed as may be decided in consultation with the Audit Committee of the Board of Directors of the Company.

None of the Directors is concerned or interested in the said resolution.

The Board recommends the resolution set forth in Item no.3 for approval of the Members**.**

Item No.4:

Mr. Shailesh Patel is Independent Director of the Company and he was appointed on September 29, 2007. His period of office is liable to determined by retirement of Directors by rotation at the ensuing AGM under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions, if any, of the Companies Act, 2013, Mr. Shailesh Patel being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director of the Company for a term of five consequent years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Shailesh Patel for the office of independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Shailesh Patel the following:

i. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;

ii. Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and

iii. A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Shailesh Patel as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board, Mr. Shailesh Patel, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Shailesh Patel in the capacity of Independent Director.

No Director, key managerial personnel or their relatives, except Mr. Shailesh Patel, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no.4 for approval of the Members.

Item No.5:

Mrs. Ami Dhaval Jariwala was appointed as Independent Director by the Board with effect from March 31, 2015 pursuant to Section 149 and 152 of the Companies Act, 2013.

The appointment of Mrs. Ami Dhaval Jariwala was made subject to the approval of Shareholders in the ensuing Annual General Meeting of the Company to be held for financial year ended March 2015 and for the term of five years with effective from March 31, 2015 and whose office shall not be liable to retire by rotation.

The Company has received from Mrs. Ami Dhaval Jariwala the following:

i. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;

ii. Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and

iii. A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, Mrs. Ami Dhaval Jariwala, the Independent Director proposed to be appointed, fulfills the conditions specified in the Act and the Rules made thereunder and she is Independent of the Management. A copy of the draft letter for the appointment of Mrs. Ami Dhaval Jariwala as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to date of Annual General Meeting to be held on September 28, 2015.

No Director, key managerial personnel or their relatives, except Mrs. Ami Dhaval Jariwala, to whom the resolution relates, is interested or concerned in the resolution

None of the Directors is concerned or interested in the said resolution.

The Board recommends the resolution set forth in Item no.5 for approval of the Members.

Item No.6:

The Board of Directors of your Company wishes to inform the Members that your Board has recommended for seeking approval of the Members of the Company to make investments, provide security and give guarantees upto a limit of Rs.100.00 crores in any identified Body Corporate as may be benchmarked by the Board of Directors in the best interest of the shareholders of the Company.

Your approval for the said special resolution is sought as the said limit exceeds the prescribed limit of 60% of the aggregate of the paid-up share capital and free reserves and/or 100% of the aggregate of free reserves of the Company as provided under Section 186 of the Companies Act, 2013.

The Board of Directors of the Company accordingly recommends the said special resolution for approval of members.

None of the Directors is concerned or interested in the said resolution.

The Board recommends the resolution set forth in Item no.6 for approval of the Members.

For and on behalf of the Board of Directors

PREMJIBHAI KANANI
Chairman
(DIN : 01567443)

Place: Mumbai
Date: 6th, August 2015

Registered Office:
G/6, Prasad Chambers,
Tata Road No. 2, Opera House,
Mumbai - 400004

Details of Directors seeking appointment / re-appointment at the Annual General Meeting

(In pursuance clause 49 of the Listing Agreement)

Name of Director	Age	Nature of expertise	Qualifi -cations	Other Director -ship	Membership in the committees of other Public Companies	Share -holding
Mr. Harshil Kanani	31	Having a 10 years' experience in gems and Jewellery business. It will be advantageous for the Company to continue to avail his services and take the benefit of his vast experience and expert knowledge.	Under Graduate	Nil	Nil	6,29,47,500
Mr. Shailesh Patel	47	Wide experience in the diamond industry and he has been associated with Company for more than 7 years	B. Com	Nil	Nil	Nil
Mrs. Ami Jariwala	32	Obtained degree in Business Management from Mumbai University. Considering her young age and leadership qualities, her appointment will prove beneficial to the growth of the Company.	Business in Management	Nil	Nil	Nil

❍ Directors' Report

To
The Members of
KANANI INDUSTRIES LIMITED

Your Directors have pleasure in presenting their 32nd Annual Report on the Audited Statement of Accounts of Kanani Industries Limited *["Company"]* for the Financial Year ended March 31, 2015.

1. FINANCIAL RESULTS:

The Financial Results for the year ended March 31, 2014 are summarized below:

(Amt. in Lacs)

Particulars	Standalone		Consolidated	
	2014-2015	2013-2014	2014-2015	2013-2014
Gross Income	6967.83	7154.51	44433.03	33875.59
Profit Before Interest and Depreciation	87.29	134.76	264.50	426.40
Finance Charges	65.16	124.08	86.29	124.08
Provision for Depreciation	9.91	10.05	9.91	10.05
Net Profit Before Tax	20.52	17.33	176.61	308.96
Provision for Tax	3.97	3.35	10.33	9.76
Net Profit After Tax	16.55	13.98	166.27	299.20
Balance of Profit brought forward	3009.63	2995.66	3419.14	3119.94
Balance available for appropriation	3024.32	3009.63	3583.55	3419.14
Proposed Dividend on Equity Shares	–	–	–	–
Tax on proposed Dividend	–	–	–	–
Transfer to General Reserve	–	–	–	–
Surplus carried to Balance Sheet	16.55	13.98	166.27	299.20

2. REVIEW OF OPERATIONS

Your company is engaged in the manufacturing activities and during the year under review, the Company has posted total Income of ₹ 696,782,891/- as against total Income of ₹ 715,450,763/- in the corresponding previous year.

Net Profit after Tax for the year under review was ₹ 1,655,012/- as against Net Profit after Tax of ₹ 1,397,518/- in the corresponding previous year.

3. DIVIDEND AND RESERVES

In order to conserve the resources for the further growth of the Company, your Directors think fit not to recommend any dividend for the year under review.

4. SHARE CAPITAL

The Paid-up Equity Share Capital of the Company as on 31st March, 2015 is ₹ 9,89,34,000, comprising of 9,89,34,000 shares of Re. 1/- each. During the year under review, the Company has not issued any equity shares.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Harshil Kanani, Managing Director, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

Further, **Mrs. Ami D. Jariwala** has been appointed as an Independent Director of the Company with effect from 31st March, 2015, for a term of 5 years.

The Companies Act, 2013 (the Act) provides for appointment of independent Directors. sub section (10) of Section 149 of the Companies Act, 2013 (effective from April 1, 2014) provides that independent directors shall hold office for a term of up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing of a special resolution by the company in the Annual General Meeting and disclosure of such appointment in the Board's report. Accordingly, the Board of Directors proposes to appoint the existing Independent Director i.e. Mr. Shailesh Patel as an Independent Director of the Company under Section 149 of the Companies Act, 2013 for term up to 5 (five) years, in ensuing Annual General Meeting.

Sub-section (11) states that no independent director shall be eligible to hold office for more than two consecutive terms of five years. Sub- section (13) states that the provisions of retirement by rotation as defined in sub-section (6) and (7) of Section 152 of the Act shall not apply to such independent director.

The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act. Declaration for meeting the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with Stock Exchanges, has been received.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) & 134(5) of the Companies Act, 2013, the Board of Directors of the Company hereby confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. the directors have prepared the annual accounts on a going concern basis; and

e. the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7. PARTICULARS OF MANAGERIAL REMUNERATION

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is enclosed as ***Annexure I*** and forms part of this Report.

8. PARTICULARS OF EMPLOYEES PURSUANT TO THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

As per the provisions specified in Chapter XIII of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 none of the employees of the Company are in receipt of remuneration exceeding Rs. 60,00,000/- per annum, if employed for whole of the year or Rs. 5,00,000/- per month, if employed for part of the year.

9. NUMBER OF BOARD MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the Listing Agreement.

During the year, **06 (Six) Board Meetings** were convened and held, the details of which are given in the Corporate Governance Report.

10. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The Directors expressed satisfaction with the evaluation process. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

11. INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosure to the Board that they fulfill all the requirements as to qualify for their appointment as Independent Director, under the provisions of section 149 of the Companies Act, 2013 as well as Clause 49 of the Listing Agreement.

12. NOMINATION AND REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors. This policy also lays down criteria for selection and appointment of Board Members. The

Nomination and Remuneration policy has been uploaded on the website of the Company at http://www.kananiindustries.com/pdf/NominationandRemunerationPolicy.pdf.

13. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Statement **AOC-1** pursuant to the provisions of Section 129 (3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 regarding Subsidiary Company is enclosed as ***Annexure IV*** to this Report.

14. STATUTORY AUDITORS' AND AUDITORS' REPORT

M/s. Ravi & Dev, Chartered Accountants, retires at the conclusion of the forthcoming Annual General Meeting and do not seek re election due to their unwillingness to act as Auditors' of the Company.

Your Directors recommend that **M/s. Rajpara & Co, Chartered Accountants, Surat [Firm Regd. No.114232W]** be appointed as the Statutory Auditors of the Company to hold office for the term of 1 year from the conclusion of 32nd Annual General Meeting held for Financial Year ended 2015 till the conclusion of the 33rd Annual General Meeting to be held for the Financial Year 2016.

As required under the provision of section 139 of the Companies Act, 2013, the company has obtained a written consent and eligibility certificate from M/s. Rajpara & Co, Chartered Accountants, to the effect that appointment, if made, would be in conformity with the limits specified in the said section

Auditors Report as issued by M/s. Ravi & Dev, Chartered Accountants, Auditors of the Company is self explanatory and need not call for any explanation by your Board.

15. COST AUDIT

Pursuant to the Companies (Cost records and Audit) Rules, 2014, maintaining the cost records, and Appointment of Cost Auditor is not applicable to our Company.

16. APPOINTMENT OF COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

The Company is in process of appointing Company Secretary in whole time employment and pursuant to Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Further, the Company has appointed Mr. Darshak Pandya as the Chief Financial Officer of the Company w.e.f. 06/08/2015.

17. SECRETARIAL AUDIT

In terms of Section 204 of the Act and Rules made there under, M/s. Deep Shukla & Associates, Practicing Company Secretary, have been appointed Secretarial Auditor of the Company. The Secretarial Audit Report is enclosed as ***Annexure V*** to this report.

18. INTERNAL AUDIT & CONTROLS

The Company has in place adequate internal financial controls with reference to the financial statement.

The Audit Committee of the Board periodically reviews the internal control systems with the management, Internal Auditors and Statutory Auditors. Significant internal audit findings are discussed and follow-ups are taken thereon.

The Company has appointed M/s. Deepak Mehta & Associates, Chartered Accountant as the Internal Auditor of the Company w.e.f. 27/01/2015 pursuant to Section 138 of the Companies Act, 2013.

19. COMPOSITION OF AUDIT COMMITTEE

All members of the Audit Committee possess strong knowledge of accounting and financial management. The Key Managerial Personnel are regularly invited to attend the Audit Committee meetings. The other details of the Audit Committee are given in the Corporate Governance Report, appearing as a separate section in this Annual Report.

S. N.	Name of Directors	Designation	Designation in Committee
1	Mr. Devendra Kumar Kikani	Independent Director	Chairman
2	Mr. Shailesh Patel	Independent Director	Member
3	Mr. Harshil Kanani	Executive Director	Member

20. RE-CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

During the financial year, Mrs. Ami D. Jariwala, was appointed as Independent Director of the company w.e.f. 31st March, 2015. She was introduced as a Member in the Nomination and Remuneration Committee in place of Mr. Harshil Kanani who, being an Executive Director cannot be the Member of the Committee. Pursuant to Clause 49 IV A of the Listing Agreement the Nomination and Remuneration Committee shall consist of Non- Executive Members only. The Board of Directors of the Company has re-constituted the Nomination and Remuneration Committee w.e.f. 31st March, 2015. The other details of the Committee are given in the Corporate Governance Report, appearing as a separate section in this Annual Report.

S. N.	Name of Directors	Designation	Designation in Committee
1	Mr. Devendra Kumar Kikani	Independent Director	Chairman
2	Mr. Shailesh Patel	Independent Director	Member
3	Mrs. Ami D. Jariwala	Independent Director	Member

21. EMPLOYEES' STOCK OPTION PLAN

The Company has not provided stock options to any employee.

22. WHISTLE BLOWER POLICY

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Whistle Blower Policy for directors and employees to report genuine concerns has been established. The Whistle Blower Policy has been uploaded on the website of the Company at http://www.kananiindustries.com/pdf/Whistle%20Blower%20Policy.pdf. The employees of the Company are made aware of the said policy at the time of joining the Company.

23. RISK MANAGEMENT POLICY

The Company has laid down the procedure to inform the Board about the risk assessment and minimization procedures. These procedures are reviewed by the Board annually to ensure that there is timely identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting.

24. EXTRACT OF ANNUAL RETURN

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as ***Annexure II*** and forms part of this Report.

25. DEPOSITS

The Company has not accepted nor renewed any fixed deposits during the FY 2014-15.

26. LOANS & GUARANTEES

During the year under review, the Company has not provided any loan, guarantee, security or made any investment covered under the provisions of Section 186 of the Companies Act, 2013 to any person or other body corporate.

27. INSURANCE

The properties/assets of the Company are adequately insured.

28. RELATED PARTY TRANSACTIONS

During FY 2014-15, the Company entered into certain Related Party Transactions which are in the ordinary course of business and at arm's length basis, with approval of the Audit Committee. The Audit Committee grants omnibus approval for the transactions which are of foreseen and repetitive nature. A detailed summary of Related Party Transactions is placed before the Audit Committee & the Board of Directors for their review every quarter.

There are no materially significant Related Party Transactions executed between the Company and its Promoters, Directors, key Managerial Personnel or other designated persons, that may have a potential conflict with the interest of the Company at large.

As there are no Related Party Transactions entered into by the Company Form AOC-2 is not applicable to the Company.

29. CORPORATE GOVERNANCE CERTIFICATE

A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement forms a part of this Annual Report.

30. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report, which gives a detailed state of affairs of the Company's operations forms a part of this Annual Report.

31. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is committed to discharging its social responsibility as a good corporate citizen.

The Board of Directors has framed a policy which lays down a framework in relation to Corporate Social Responsibility of the Company. This policy also lays down to lay down guidelines for the company to

make CSR a key business process for sustainable development for the Society. The details of this policy are explained by way of ***Annexure III***.

During the year under review, the Company has not expended any amount towards CSR activities as the same is not applicable to the Company pursuant to section 135 of the Companies Act, 2013.

32. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

A) Conservation of energy-

Even though its operations are not energy-intensive, significant measures are taken to reduce energy consumption by using energy-efficient equipment. The Company regularly reviews power consumption patterns across all locations and implement requisite improvements/changes in the process in order to optimize energy/ power consumption and thereby achieve cost savings. Energy costs comprise a very small part of the Company's total cost of operations. However, as a part of the Company's conservation of energy programme, the management has appealed to all the employees / workers to conserve energy.

B) Technology absorption-

i. The efforts made towards technology absorption:

The Company values innovation and applies it to every facet of its business. This drives development of distinctive new products, ever improving quality standards and more efficient processes.

The Company has augmented its revenues and per unit price realization by deploying innovative marketing strategies and offering exciting new products. The depth of designing capabilities was the core to our success over the years.

The Company uses the service of in-house designers as well as those of free-lancers in developing product designs as per the emerging market trends. The Company uses innovation in design as well as in technology to develop new products.

ii. Benefits derived as a result of the above efforts :

As a result of the above, the following benefits have been achieved:

a. Better efficiency in operations,

b. Reduced dependence on external sources for technology for developing new products and upgrading existing products,

c. Expansion of product range and cost reduction,

d. Greater precision,

e. Retention of existing customers and expansion of customer base,

f. Lower inventory stocks resulting in low carrying costs,

iii. The Company has not imported any technology during the year under review

iv. The Company has not expended any expenditure towards Research and Development during the year under review.

C) Foreign exchange earnings and Outgo-

[Amt. in Rs.]

Particulars	FY 2014-2015	FY 2013-2014
Value of Imports of Raw Materials	68,00,57,640	51,67,84,932
F.O.B. Value of Exports	69,48,68,495	70,60,02,384

33. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

Unclaimed Dividend	Amount (Rs.)
Unclaimed Dividend F.Y. 2008-09 - Interim	590
Unclaimed Dividend F.Y. 2008-09 - Final	899
Unclaimed Dividend F.Y. 2009-10 - Interim	1,807
Unclaimed Dividend F.Y. 2009-10 - Final	2,308

34. GENERAL

During the year ended 31st March, 2015, there were no cases filed /reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company confirms that it has paid the Annual Listing Fees for the year 2015-2016 to BSE and NSE where the Company's Shares are listed.

During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations.

35. HUMAN RESOURCES

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

36. ACKNOWLEDGEMENT

The Directors would like to thank all shareholders, customers, bankers, suppliers and everybody else with whose help, cooperation and hard work the Company is able to achieve the results. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

For and On behalf of the Board of Directors

PREMJIBHAI KANANI
Chairman
DIN : 01567443

Place: Mumbai
Date: 6th August, 2015

ANNEXURE I

Information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

I. The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and

II. The percentage increase in remuneration of each Director, Managing Director, Chief Financial Officer and Company Secretary of the Company in the financial year 2014-15.

Name & Designation	Remuneration of each Director & KMP for Financial Year 2014–15 (₹)	% increase / decrease in remuneration in the Financial Year 2014–15	Ratio of remuneration of each Directors to median remuneration of employees
A. Directors			
Mr. Devendrakumar Kikani	–	–	–
Mr. Shailesh Patel	–	–	–
Mrs. Ami D. Jariwala	–	–	–
B. Key Managerial Personnel			
Mr. Premjibhai Kanani	–	–	–
Mr. Harshil Kanani	5,01,000	5,01,000	1:0.14

1. Median remuneration of all the employees of the Company for the financial year 2014-15 is ₹ 70,877 F.Y.2013-14 is ₹ 48,525

III. The percentage increase in the median remuneration of employees in the financial year 2014-15

	Financial Year 2014 - 15 (₹)	Financial Year 2013 - 14 (₹)	Increase (%)
Median remuneration of all employees	70,877	48,525	46.06

Note: The calculation of % increase in the median remuneration has been done based on comparable employees.

IV. The number of permanent employees on the rolls of Company.

There were 27 permanent employees on the rolls of Company as on March 31, 2015.

V. The explanation on the relationship between average increase in remuneration and Company performance.

Profit before Tax increased by 0.30% and Profit after Tax increased by 0.24% in financial year 2014-15. The Company decided to award average increase of 46.06% in the median remuneration of the employees. The Employees received hikes considering the criticality of the roles they play, their individual performance in the Financial Year 2013-14 and skills set they possess.

VI. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.

There was no increase in the remuneration of Key Managerial Personnel (KMPs) in the Financial Year 2014-15.

VII. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.

A. The market capitalization as on March 31, 2015 was Rs. 84.09 crore (Rs. 92.21 crore as on March 31, 2014).

B. Price Earning ratio of the equity shares of the Company was 508.12 as at March 31, 2015 and 659.79 as at March 31, 2014.

VIII. The closing price of the Company's Equity share on the BSE and NSE as on March 31, 2015 was Rs. 8.50 and Rs. 8.05 respectively.

IX. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average percentile increase in the salaries of employee other than the MD in the Financial Year 2014-15 was 46.06%; however there was no increase in the salary of the MD.

The average increase of 46.06% in the salaries of employees was in line with the market projection, the performance of the Company in the financial year 2013-14, the individual performance of the employees, the criticality of the roles they play and skills set they possess.

X. The comparison of the each remuneration of Key Managerial Personnel against the performance of the Company during the Financial Year 2014-15 is as under:

Name of KMP/ Director	Remuneration of each KMP for FY 2014-15	% increase/ decrease in remuneration in FY 2014-15	Comparison of remuneration of the KMPs against the performance of the Company
–	–	–	–
–	–	–	

XI. The key parameters for any variable component of remuneration availed by the Directors.

There is no variable component of remuneration availed by the Directors of the Company.

XII. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.

There are no employees of the Company who receive remuneration in excess of the highest paid Director of the Company.

XIII. Affirmation that the remuneration is as per the Remuneration Policy of the Company.

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, KMPs, Senior Management and other employees of the Company is as per the Remuneration Policy of the Company.

ANNEXURE II

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L51900MH1983PLC029598
2.	Registration Date	22/03/1983
3.	Name of the Company	KANANI INDUSTRIES LIMITED
4.	Category/Sub-category of the Company	PUBLIC COMPANY/ LIMITED BY SHARES
5.	Address of the Registered office & contact details	G/6, PRASAD CHAMBERS, TATA ROAD NO.2 OPERA HOUSE, MUMBAI - 400004 Tel. : +91-22-6526 3333 • Fax:-+91-22-3008 4000
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Sharex Dynamic (India) Pvt. Ltd. Registrar & Share Transfer Agent Unit 1, Luthra Ind Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai - 400072 Tel. : 022 – 28515606 • Fax : 022 - 28512885

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Diamond Studded Jewellery	71131120	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. no.	Name and address of the company	CIN/GIN	Holding / Subsidiary/ Associate	% of shares held	applicable section
1.	**KIL INTERNATIONAL LIMITED**, Room # 1502,15th Floor, Rise Commercial Building, 5-11 Granville Circuit, T.S.T,KLN., Hong Kong	1625216	Subsidiary	100%	2 (87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year (As on 31st March, 2014)				No. of shares held at the end of the year (As on 31st March, 2015)				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	74034840	0	74034840	74.83	74034840	0	74034840	74.83	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.									
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)	**74034840**	**0**	**74034840**	**74.83**	**74034840**	**0**	**74034840**	**74.83**	**0**
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
a) Bodies Corp.	822097	0	822097	0.83	624441	0	624441	0.63	- 0.20
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0

i) Individual share holders holding nominal share capital up to Rs. 1 lakh	2051246	46200	2097446	2.12	1945899	46200	1992099	2.01	- 0.11
ii) Individual share holders holding nominal share capital in excess of Rs 1 lakh	21932167	0	21932167	22.17	22126601	0	22126601	22.37	+ 0.20
c) Others (specify)	47450	0	47450	0.05	156019	0	156019	0.16	+0.11
Non Resident Indians	40883	0	40883	0.04	37632	0	37632	0.04	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	6567	0	6567	0.01	118387	0	118387	0.12	+ 0.11
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	**24852960**	**46200**	**24899160**	**25.17**	**24852960**	**46200**	**24899160**	**25.17**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**24852960**	**46200**	**24899160**	**25.17**	**24852960**	**46200**	**24899160**	**25.17**	**0**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**98887800**	**46200**	**98934000**	**100.00**	**98887800**	**46200**	**98934000**	**100.00**	**0**

i. Shareholding of Promoters-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	
1	Harshil Premjibhai Kanani	6,29,47,500	63.63	N.A	6,29,47,500	63.63	N.A	0
2	Premjibhai Devjibhai Kanani	80,06,130	8.09	N.A	80,06,130	8.09	N.A	0
3	Alpesh Vinubhai Kanani	30,81,210	3.11	N.A	30,81,210	3.11	N.A	0
	TOTAL	**7,40,34,840**	**74.83**	**N.A**	**7,40,34,840**	**74.83**	**N.A**	**0**

iii. Change in Promoters' Shareholding *(please specify, if there is no change)*

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	7,40,34,840	74.83	–	–
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	NIL	NIL	–	–
	At the end of the year	7,40,34,840	74.83	7,40,34,840	74.83

iv. Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Anil Bhikhabhai Virani**				
	At the beginning of the year	2442000	2.47	–	–
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	–	–	–	–
	At the end of the year	2442000	2.47	2442000	2.47
2	**Dahyabhai Govindbhai Sutariya**				
	At the beginning of the year	2310000	2.33	–	–
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	163 (Transfer Dtd. 12/12/2014)	–	–	–
	At the end of the year	2309837	2.33	2309837	2.33

3	**Govindbhai Laljibhai Kakadia**				
	At the beginning of the year	2056384	2.08		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	–	–		
	At the end of the year	2056384	2.08	2056384	2.08
4	**Hirabhai Kanjibhai Kakadia**				
	At the beginning of the year	2112000	2.13		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	–	–		
	At the end of the year	2112000	2.13	2112000	2.13
5	**Kishor B Virani**				
	At the beginning of the year	2310000	2.33		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	–	–		
	At the end of the year	2310000	2.33	2310000	2.33
6	**Rajesh Bhagwanbhai Sutaria**				
	At the beginning of the year	1789463	1.81		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	–	–		
	At the end of the year	1789463	1.81	1789463	1.81
7	**Vallabhbhai D Vaghasia**				
	At the beginning of the year	1595000	1.61		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	–	–		
	At the end of the year	1595000	1.61	1595000	1.61

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mr. Harshil Kanani**				
	At the beginning of the year	6,29,47,500	63.63	–	–
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	–	–	–	–
	At the end of the year	6,29,47,500	63.63	6,29,47,500	63.63
2	**Mr. Premjibhai Kanani**				
	At the beginning of the year	80,06,130	8.09	–	–
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	–	–	–	–
	At the end of the year	80,06,130	8.09	80,06,130	8.09

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding / accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebentures
Indebtedness at the beginning of the financial year				
i) Principal Amount	227597110	28400000	–	255997110
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**227597110**	**28400000**	**–**	**255997110**
Change in Indebtedness during the financial year				
* Addition	496815248	1600000	–	498415248
* Reduction	492497207	12320000	–	504817207
Net Change	4318041	(10720000)	–	(60401959)
Indebtedness at the end of the financial year				
i) Principal Amount	231915151	17680000	–	249595151
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**231915151**	**17680000**	**–**	**249595151**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. no.	Particulars of Remuneration	Name of MD/WTD ~~Manager~~		Total Amount
		Mr. Premjibhai Kanani	Mr. Harshil Kanani	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	5,01,000	5,01,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission			
	- as % of profit	NIL	NIL	NIL
	- others, specify…	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	Total (A)	NIL	5,01,000	5,01,000
	Ceiling as per the Act			

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	Fee for attending board committee meetings	NIL	NIL
	Commission	NIL	NIL
	Others, please specify	NIL	NIL
	Total (1)	NIL	NIL
2	Other Non-Executive Directors		
	Fee for attending board committee meetings	NIL	NIL
	Commission	NIL	NIL
	Others, please specify	NIL	NIL
	Total (2)	NIL	NIL
	Total (B)=(1+2)	NIL	NIL
	Total Managerial Remuneration	NIL	NIL
	*Overall Ceiling as per the Act	NIL	NIL

**Within the permissible limits of the Companies Act, 2013*

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income–tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income–tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– as % of profit	–	–	–	–
	Others, specify…	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	–	–	–	–

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

Annexure III

CSR POLICY
(Approved by the Board of Directors on 19th January, 2015)

OBJECTIVE

The main objective of CSR policy is to lay down guidelines for the company to make CSR a key business process for sustainable development for the Society. It aims at supplementing the role of the Government in enhancing welfare measures of the society based on immediate and long term social and environmental consequences of their activities. KIL will act as a good Corporate Citizen, subscribing to the principles of Global Compact for implementation.

AREAS TO BE COVERED

The poor and needy Section of the Society living in and around the factory vicinity at different parts of India would normally be covered. The CSR Program will also cover the promoting education,including education and employment enhancing vocation skills.

For carrying out CSR activities, 80% of the budgeted amount should be spent within the radius of 50 Km of the Company's factory and 20% of the budget would be spent on CSR activities within the other part of the State or Country.

SCOPE

i. Education;
ii. Water Supply including drinking water;
iii. Health care by providing Indoor medical facilities and medicines;
iv. Environment;
v. Social Empowerment;
vi. Infrastructure for Village Electricity/Solar Light/Wind Mill etc. Recurring expenditure should be borne by the beneficiaries;
vii. Sports and culture.
viii. Generation of employment & setting up Co-operative Society.
ix. Infrastructure Support
x. Grant/donation/financial assistance/sponsorship to reputed NGOs of the Society/locality doing/involve in upliftment of the standard of the society.
xi. Heritage sites in the CSR purview ensuring involvement of employee's representatives in this Project.
xii. Empowerment of women for education/health &self-employment
xiii. Relief of victims and Natural Calamities like Earth Quake, Cyclone, Draught and Flood situation in any part of the country.
xiv. Disaster Management Activities including those related to amelioration/ Mitigation.
xv. Collection of old cloths from the employees and distribution in the nearby village by utilizing the platform of Mahila Sabha of the Company, Club (Executives & Non-executives) and Women in Public Sector.
xvi. Development of smokeless fuel out of coal and also arrangement for distribution of efficient Chula to the villagers.
xvii. Adoption of village for carrying out the activities like infrastructural development e.g. Road, water supply, electricity and community center etc.

The above list is illustrative and not exhaustive. Audit Committee shall be authorized to consider CSR activities not falling in this list.

The activities will be specific to the village depending on the need assessed for the people. As far as possible efforts will be made to co-ordinate with similar CSR activities that are taken up by the Central or State Government in the areas of KIL.

All activities under the CSR activities should be environment friendly and socially acceptable to the local people and Society.

ANNEXURE IV

FORM AOC-I
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	1.
Name of the subsidiary	KIL International Limited.
Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	March 31, 2015
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	US$ to INR- 62.3355
Share capital	257,385,290
Reserves & surplus	
Total assets	994,958,174
Total Liabilities	725,779,482
Investments	
Turnover	3,746,519,977
Profit before taxation	15,608,257
Provision for taxation	(636,152)
Profit after taxation	14,972,105
Proposed Dividend	-
% of shareholding	100%

For and on behalf of the Board of Directors

PREMJIBHAI KANANI
CHAIRMAN
[DIN: 01567443]

Place: Mumbai
Date: August 06, 2015

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of Associates/Joint Ventures	
1.	**Latest audited Balance Sheet Date**	–
2.	**Shares of Associate/Joint Ventures held by the company on the year end**	–
	No.	
	Amount of Investment in Associates/Joint Venture	
	Extend of Holding %	
3.	**Description of how there is significant influence**	–
4.	**Reason why the associate/joint venture is not consolidated**	–
5.	**Net worth attributable to Shareholding as per latest audited Balance Sheet**	–
6.	**Profit / Loss for the year**	–
	i. Considered in Consolidation	
	i. Not Considered in Consolidation	

For and on behalf of the Board of Directors

PREMJIBHAI KANANI
CHAIRMAN
[DIN: 01567443]

Place: Mumbai
Date: August 06, 2015

ANNEXURE V

SECRETARIAL AUDIT REPORT
For the financial year ended March 31, 2015

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

To
The Members
KANANI INDUSTRIES LIMITED
G/6, Prasad Chambers,
Tata Road No.2,
Opera House,
Mumbai - 400004

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kanani Industries Limited** (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015 ('Audit Period') complied with the statutory provisions listed hereunder, subject to specified observation mentioned below, however, the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);**

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999**(Not Applicable to the Company during the Audit Period);**

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period);**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;**(Not Applicable to the Company during the Audit Period);**and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;**(Not Applicable to the Company during the Audit Period);**

(vi) Other laws applicable specifically to the Company, namely:

(a) Special Economic Zones Act, 2005 read with Special Economic Zone Rules, 2006.

I have also examined compliance with the applicable clauses of the following:

(a) Secretarial Standards issued by The Institute of Company Secretaries of India **(Not Applicable to the Company during the audit period)**

(b) The Listing Agreements entered into by the Company with the Stock Exchanges viz BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE).

During the audit period under review, the Company was not able to engage Company Secretary (in pursuant to Section 203(1)(ii) of Companies Act, 2013).

Further, the Company has appointed Chief Financial Officer with effect from date of signing of this Report.

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the decisions at the Board Meetings and the Committee Meetings were carried out unanimously as recorded in the minutes of the Board of Directors and minutes of the Committee Meetings as the case may be.

I further report that:

- there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no speciûc events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, guidelines and standards.

For: M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES

(PROPRIETOR)
DEEP SHUKLA
FCS: 5652
CP NO.5364

Place: Mumbai
Date: 06/08/2015

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To '

The Members

KANANI INDUSTRIES LIMITED

I further state that my said report of the even date has to be read along with this letter.

1. Maintenance of Secretarial/ Statutory Records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these records based on the audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required I have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination is limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For: M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES

(PROPRIETOR)
DEEP SHUKLA
FCS: 5652
CP NO. 5364

Place: Mumbai
Date: 06/08/2015

❍ Management Discussion and Analysis

1. MANAGEMENT DISCUSSION AND ANALYSIS

The Indian Gems &Jewellery Industry is the back bone of the economy by being one of the major contributors towards the export led growth of India. The industry has gained global popularity because of its talented craftsmen, its superior practices in cutting and polishing fine diamonds and precious stones and its cost-efficiencies. The two major segments of the industry are gold jewellery (covers around 80% of the jewellery market) and diamonds. India is one of the world's largest manufacturers of cut and polished diamond with an aggregate contribution of approx. 60% of the world's supply in terms of value and 80% in terms of volume. The industry contributes more than 14% towards the total export in India and provides employment to 1.3 million people directly and indirectly. The global market for gems and jewellery is over USD 100 billion with major contribution coming from India, Italy, China, Thailand and USA.

With the rise in Organised Retail, Gems and Jewellery Industry is bound to get a boost The Indian retail industry has experienced an exponential growth with retail development taking place in major cities and metros. India is expected to reach a total retail market size of USD 750-850 billion by 2016 from the current size of USD 560 billion.

Industry Structure & Developments and Outlook Indian gems and jewellery sector is expected to grow at a compound annual growth rate (CAGR) of around 16.26 per cent till 2016-17 on account of increasing government efforts and incentives coupled with private sector initiatives, according to a report of the working group on 'Boosting India's Manufacturing Exports', by Ministry of Commerce & Industry.

2. Opportunities & Threats, Risks & Concerns

SWOT Analysis of the Indian Gems &Jewellery Industry

Strengths:

- Availability of abundance of cheap and skilled labour in India
- About one million craftsmen are associated with this industry, their skills can be utilized for designing and making modern jewellery
- Presence of excellent marketing network spread across the world
- Supportive government industrial/ EXIM policy

Weaknesses:

- Low productivity compared to labour in China, Thailand and Sri Lanka
- As the major raw material requirements need to be imported, companies normally stock huge quantities of inventory resulting in high inventory carrying costs

Opportunities:

- Growing demand in South Asian & Far East countries
- Dramatic transformation of the Indian retail sector
- Growing domestic demand

Threats, Risks & Concerns:

- Jewellery being a luxury item, recession is one of the major threats
- Entry of China, Sri Lanka and Thailand in the small diamond segment
- Unusual increase in the price of gold
- Depreciating value of Rupee having a direct impact on the prices of diamond.

3. Performance

The management was focused on optimizing cost efficiencies to enable the business to cope with the economic crisis. This has enabled the Company to export its products in competitive global markets like U.S.A., Hong Kong, Middle East, etc. which contribute a major part of the total exports turnover. The Company's products are well recognized in the International market and the Company has been a landmark in producing a high quality premium range of jewellery.

4. Operations

The Company achieved a sales turnover of ₹ 694,868,495/- in current year as compared to ₹ 706,002,384/- in previous year. The Company made a profit of ₹ 1,655,012/- after tax as compared to a profit of Rs. 1,397,518/- after tax for the previous year. With favorable market conditions, your Directors expect better performance in future.

5. Internal Controls & their adequacy

The Company has adequate internal control systems commensurate with its size and operations. The scope of internal audit is to ensure the control systems established by the management are correctly implemented and to suggest any additional changes required to strengthen the existing systems. These systems and procedures are reviewed at regular intervals through internal audits, statutory audits and audit committee.

6. Human Resources & Industrial Relations

The Management believes that its employees are valuable resources, who are also important stakeholders in the growth, prosperity and development of the organization. The Company is committed to create an appropriate climate, opportunities and systems to facilitate identification, development and utilization of employees' full potential on a continuous basis. The Company's policy believes that human resource is the basis of all business processes and has taken steps to inculcate and foster innovative and improvement oriented thinking amongst all its employees. Our continued focus on training and development has helped in upgradation of skills and talent of our employees to cope-up the needs of managing the challenge arising out of modernization and introduction of technological changes in our various operations. During the year 2014–15, Industrial relations were coordinal and harmonious.

7. Cautionary Statement

Statement in this Management's Discussion and Analysis detailing the Company's objectives, projections, estimates, expectations or predictions are "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

❍ Corporate Governance Report

Corporate Governance is not merely the compliance of a set of regulatory laws and regulations but is a set of good and transparent practices that enable an organization to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders. It goes beyond building and strengthening the trust and integrity of the Company by ensuring conformity with the globally accepted best governance practices. The Securities and Exchange Board of India (SEBI) observes keen vigilance over governance and fulfillment of these regulations in letter and spirit, which entails surety towards sustainable development of the Company, enhancing stakeholders' value eventually.

COMPANY'S PHILOSOPHY ON CORPORATEGOVERNANCE

At KANANI INDUSTRIES LIMITED, ('the Company'), the adherence to the Corporate Governance practices not only justifies the legal obedience of the laws but dwells deeper, conforming to the ethical leadership and stability. It is the sense of good governance that our leaders portray which trickles down to the wider management and is further maintained across the entire functioning of the Company. Your Company envisages the importance of building trust and integrity through transparent and accountable communication with the internal and external stakeholders as well as the customers of the Company. This involves keeping the stakeholders of the Company updated on a timely basis about the development, the plans and the performance of the Company with a view to establish the long term affiliations. The Company keeps itself abreast with the best governance practices on the global front, at the same time conforming to the recent amendments.

The Board of Directors fully supports and endorses the Corporate Governance practices in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and the Voluntary Corporate Governance Guidelines to ensure good Corporate Governance practices across the Company in letter and in spirit. The Company has complied with all the mandatory requirements of the said clause and listed below is the status with regard to the same

BOARD OF DIRECTORS

The Board of Directors ("the Board") of your Company provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board plays a crucial role of piloting the Company towards enhancement of the short and long term value interests of the stakeholders. The Board comprises of the members distinguished in various fields such as management, finance, law, marketing, technology and strategic planning. This provider's liability to the Company's functioning and the Board ensures article examination of the strategies and operational planning mechanisms adopted by the management across the globe.

The Company has an optimum combination of Directors on the Board and is in conformity with Clause 49 of the Listing Agreement. As on March 31, 2015, the Board comprised of 5 Directors out of which 3 are Non-Executive Independent Directors and 2 are Executive Directors.

Agenda papers of the Boards and its Committee meetings are circulated to the Directors well in advance of the meetings, supported with significant information including that as enumerated in Annexure X to Clause 49 of the Listing Agreement for an effective and well-informed decision making during the meetings.

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other normal business. During the Financial Year 2014-2015, Six (6) Board Meetings were held on May 30, 2014, August 5, 2014, August 20, 2014, October 20, 2014, January 19, 2015&March 31, 2015. Time gap between any two meetings was not more than 120 days.

Details of the composition, category of the Directors, their attendance at the Board Meetings held during the year & Annual General Meeting (AGM) held on September29, 2014, Directorships and Committee Memberships are as under:

Name the Director	Category	No. of Board of Meetings Attended during the year	No. of Equity Shares held as on March 31, 2015	Attendance at previous AGM Held on September 29, 2014 (Y-Yes, N-No)	Director-ships in other Public Companies as on March 31, 2015	Committee Chairmanships / Memberships / in other Public Companies as on 31.03.2015	
						Chair-manship	Membership
Mr. Premjibhai Kanani	Chairman & Executive Director	6	80,06,130	No	NIL	NIL	NIL
Mr. Harshil Kanani	Managing Director	6	6,29,47,500	Yes	NIL	NIL	NIL
Mr. Devendra Kumar Kikani	Independent Director	6	NIL	No	NIL	NIL	NIL
Mr. Shailesh Patel	Independent Director	6	NIL	Yes	NIL	NIL	NIL
#Mrs. Ami D. Jariwala	Independent Director	1	NIL	No	NIL	NIL	NIL

#Appointed w.e.f. 31st March 2015.

The Board periodically reviews the compliance report of all laws applicable to the Company. All the Directors have made necessary disclosures about the directorships and committee positions they occupy in other companies. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are Directors.

The particulars of Directors, who are proposed to be re-appointed at the ensuing AGM, are given in the Notice convening the AGM.

COMMITTEES OF BOARD OF DIRECTORSAUDIT COMMITTEE

The Audit Committee comprises of experts specializing in accounting / financial management. During the Financial Year 2014-15, Four (4) meetings of the Audit Committee were held on May 30 2014, August 5 2014, October 20 2014 and on January 19 2015. The time gap between any two meetings was not more than 4 months and the Company has complied with all the requirements as mentioned under the Listing Agreement and the Companies Act, 2013.

Details of the composition of the Committee and attendance during the year are as under:

Name of the Director	Category	No. of Meetings Attended
Mr. Devendra Kumar Kikani	Chairman of Committee and Independent Director	4
Mr. Shailesh Patel	Member and Independent Director	4
Mr. Harshil Kanani	Member and Managing Director	4

The terms of reference of the Audit Committee were enlarged by the Board in order to cover the matters specified under revised Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013. This Committee has powers and roles comprising of Financial Reporting and disclosure, recommendation of appointment/removal of Auditors, reviewing of company's results, evaluation of Independent Directors performances, and all such and terms of reference as enumerated on the company's website at http://www.kananiindustries.com/pdf/AuditCommitteeCharter.pdf

NOMINATION AND REMUNERATION COMMITTEE

The Committee's constitution and terms of reference are in compliance with provisions of section 178 of the Companies Act, 2013, Clause 49 of the Listing Agreement and the Securities and Exchange Board of India (Share Based Employee Benefits Regulations, 2014, as amended from time to time.

During the Financial Year 2014-15, Four (4) meetings of the Committee were held on May 30 2014, August 20 2014, October 20 2014 and March 31 2015.

Details of composition of the Committee and attendance during the year are as under:

Name of the Director	Category	No. of Meetings Attended
Mr. Shailesh Patel	Chairman of Committee and Independent Director	4
Mr. Devdendra Kumar Kikani	Independent Director	4
*Mrs. Ami D. Jariwala	Independent Director	1
*Mr. Harshil Kanani	Managing Director	3

*Appointed w.e.f. 31st March 2015

**Resigned w.e.f. 31st March 2015

The terms of reference of the Nomination & Remuneration Committee were enlarged by the Board in order to cover the matters specified under revised Clause 49 of the Listing Agreement and Section 178 of the Companies Act, 2013. This Committee has powers to recommend/ approve remuneration, Identification of Persons who are qualified to become director, Recommend to the board their appointment and removal, approve remuneration of Non-Executive Directors and all such and terms of reference as enumerated on the company's website at http://www.kananiindustries.com/pdf/NominationandRemunerationPolicy.pdf

Remuneration Policy for Key Managerial Personnel and other Employees of the Company

The Company's Remuneration Policy for Key Managerial Personnel and Other employees is driven by the success and the performance of the Company and the individual & industry benchmarks and is decided by the Nomination and Remuneration Committee. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate high performance workforce. The Company follows a mix of fixed/ variable pay, benefits and performance related pay. The Remuneration Policy for Key Managerial Personnel and Other employees of the Company is attached as ***Annexure I*** to the Directors' Report forming part of this Annual Report.

Remuneration of the Managing Director

The Remuneration Committee of the Board is authorized to decide the remuneration of the Managing Director ("MD") subject to the approval of the Members and the Central Government, if required. The details of remuneration of Mr. Harshil Kanani, MD for the year ended March 31, 2015 is as under:

(Amount in ₹)

Salary & Allowances	Performance Bonus	Retirals @	Perquisites #	Total
5,01,000	NIL	NIL	NIL	5,01,000

@ Retirals include contribution to Provident Fund, but does not include provision for gratuity.

Perquisites are inclusive of taxable value of perquisite on stock options exercised during the year.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Four (4) meetings of the Committee were held during the year 2014-15 on May 30 2014, August 20 2014, October 20 2014 and January 19, 2015. The details of composition of the Committee and attendance during the year are as under:

Name of the Director	Category	No. of Meetings Attended
Mr. Shailesh Patel	Chairman of Committee and Independent Director	4
Mr. Devdendra Kumar Kikani	Member and Independent Director	4
Mr. Harshil Kanani	Member and Managing Director	4

The Shareholders'/Investors' Grievance Committee was renamed as Stakeholders Relationship Committee and its terms of reference were enlarged by the Board to be in line with Section 178 of the Companies Act, 2013 and revised clause49 of the Listing Agreement. The Committee reviews Shareholder's / Investor' complaints like non-receipt of Annual Report, physical transfer / transmission / transposition, split / consolidation of share certificates, issue of duplicate share certificates etc. This Committee is also empowered to consider and resolve the grievance of other stakeholders of the Company including security holders.

The total numbers of complaints received during the year were NIL.

GENERAL BODY MEETINGS

Venue, day, date and time of last three AGMs:

Meeting and Venue	Day & Date and Time
29th September, 2014	Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007
25thSeptember, 2013	Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007
28th September, 2012	Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007

Special Resolutions passed

a. 31stAGM held on 29th September, 2014

i. Approved borrowing powers of the Board of Directors of the Company up to an aggregate amount of Rs. 1,00,00,00,000 (One Hundred Crores) under section 180(1)(c) of the Companies Act, 2013.

ii. Approved creation of mortgage/ charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings up to an aggregate amount not exceeding Rs. 1,00,00,00,000 (One Hundred Crores) under section180(1)(a) of the Companies Act, 2013.

iii. Approved amendment of Articles of Association of the Company under section 14 of the Companies Act, 2013.

b. 30th AGM held on 14th September, 2013

No special resolution was passed

c. 29th AGM held on 17th September, 2012

No special resolution was passed

TRAINING FOR BOARD MEMBERS

Pursuant to clause 49(II) (B) (7) of the Listing Agreement, the Company has put in place a system to familiarize its Independent Directors with the Company, their roles, rights& responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. Presentation was made for the newly appointed Independent Directors to make them aware of their roles & duties and Code for Independent Directors, Code of Conduct for Non-Executive Directors and Code of Conduct for Prevention of Insider Trading as issued by the Company are also shared with them at the time of their appointment/ re-appointment. Further, presentations are also made from time to time at the Board and its Committee meetings, on quarterly basis, covering the business & financial performance of the Company & its subsidiaries, quarterly/ annual financial results, revenue and capital budget, review of Internal Audit findings etc.

The details of such familiarization programmes are disclosed on the Company's website at the link http://www.kananiindustries.com/pdf/FamiliarisationProgrammeForIndependentDirectors.pdf

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee, and Stakeholders Relationship Committee. The performance of individual Directors including the Chairman of the Board was evaluated on parameters such as attendance and participation in the Meetings, preparedness for the meetings, understanding of the Company & the external environment in which it operates, contribution to strategic direction, raising of valid concerns to the Board, constructive contribution to issues, active participation at meetings and engaging with & challenging the management team without confronting or obstructing the proceeding of the Board and its Committee meetings of which the Director is a member. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors at its meeting. The Directors expressed their satisfaction with the evaluation process.

DISCLOSURES

i. Related Party Transactions

The transactions with related parties as per Accounting Standard AS-18 are set out in Notes to accounts under Note no. 21 forming part of financial statements. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm's length pricing basis. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosures as required by the relevant Accounting Standards (AS18) have been made in the Notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the link: http://www.kananiindustries.com/pdf/RelatedPartyTransactionPolicy.pdf

ii. Disclosures from Senior Management

In Compliance with Clause 49 (VIII) (D) (2) of the Listing Agreement, disclosures from Senior Management are obtained on quarterly basis to the effect that they have not entered into any material, financial and

commercial transactions, where they have personal interest that may have potential conflict with the interest of the Company at large.

iii. Compliances by the Company

The Company has complied with the requirements of the Regulatory Authorities on matters related to the capital market and no penalties/ strictures have been imposed against the Company by the Stock Exchanges or SEBI or any other Regulatory Authority on any matter related to capital market during the last three years.

iv. Whistle Blower Policy/ Vigil Mechanism

The Company has adopted a Whistle Blower Policy to provide a vigil mechanism to directors, employees, agents, consultants, vendors and business partners to disclose instances of wrongdoing in the workplace. The object of this Whistle Blower Policy is to encourage individuals to disclose and protect such individuals in the event of a disclosure. The Company is keen on demonstrating the right values and ethical, moral and legal business practices in every field of activity within the scope of its work. The objective of this policy is to provide a vigil mechanism and framework to promote responsible whistleblowing and ensure effective remedial action and also protect the interest of the whistle blower as guided by legal principles. This policy is intended to:

a. Encourage and enable directors, employees, agents, consultants, vendors and business partners to raise issues or concerns, which are either unacceptable or patently against the stated objectives, law or ethics, within the Company.

b. Ensure that directors, employees, agents, consultants, vendors and business partners can raise issues or concerns without fear of victimization, subsequent discrimination or disadvantage thereof.

c. Reassure the whistle blower(s) that they will be protected from possible reprisals or victimization if they have made disclosure/s in good faith.

d. Ensure that where any wrong doing by the Company or any of its directors, employees, agents, consultants, vendors or business partners is identified and reported to the Company under this policy, it will be dealt with expeditiously and thoroughly investigated and remedied. The Company will further examine the means of ensuring how such wrong doing can be prevented in future and will take corrective action accordingly.

The policy also provides adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee. All complaints received under the said policy are reviewed by the Audit Committee at its meeting held every quarter. In staying true to our values of Strength, Performance and Passion and in line with Company's vision of being one of the most respected companies in India; the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

v. Corporate Social Responsibility Activities

In compliance with Section 135 of the Companies Act, 2013read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) Committee, details of which are given earlier in this Report. An Annual Report on CSR Activities forms part of Directors' Report. The Company has also formulated Corporate Social Responsibility Policy and same is available at the website of the Company viz . http://www.kananiindustries.com/pdf/Corporate%20Sccial%20Responsibilty%20%20Policy.pdf

vi. CFO Certification

Certification on financial statements pursuant to Clause 49(V) of the Listing Agreement has been obtained from the CFO of the Company. Extract of the same is given at the end of this Report.

vii. Code of Conduct for Directors and Senior Management

The Board has laid down Codes of Conduct for Executive Directors & Senior Management and for Non-Executive/ Independent Directors of the Company. The Codes of Conduct have been circulated to the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the CFO in this regard is given at the end of this Report. The Code of Conduct is available on website of the Company at the link http://www.kananiindustries.com/pdf/Code%20of%20Conduct%20Ethics.pdf

viii. Code of Conduct for Prohibition of Insider Trading

The Company has framed the Code of Conduct for Prohibition of Insider Trading' pursuant to the SEBI(Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, which is applicable to its Directors, Officers, and Designated Employees. The Code includes provisions relating to disclosures, opening and closure of Trading Window and Pre-Clearance of trades procedure. In compliance with SEBI Regulations the Company sends intimations to Stock Exchanges from time to time.

ix. Subsidiary Companies

As on March 31, 2015, the Company has One (1) foreign subsidiary. The Company has no material non-listed Indian Subsidiary Company as defined in Clause 49(V) of the Listing Agreement. However, a policy on material subsidiaries has been formulated and the same is available on website of the Company at the link http://www.kananiindustries.com/pdf/PolicyOnMaterialSubsidiaries.pdf the consolidated financial statements of the Company and its subsidiaries are reviewed by the Audit Committee.

x. Risk Management & Internal Control

The Company has implemented a comprehensive 'Enterprise Risk Management' framework in order to anticipate, identify, measure, mitigate, monitor and report the risks to meet the strategic business objectives, details of which are given in the Risk Management section under 'Management Discussion and Analysis Report 'which forms part of this Annual Report. The Company has a competent in-House Internal Audit team which prepares and executes a vigorous Audit Plan covering various functions such as operations, finance, human resources, administration, legal and business development etc. across different geographies. The team presents their key audit findings of every quarter to the Audit Committee. The management updates the members about the remedial actions taken or proposed for the same. The suggestions and comments from the Committee members are vigilantly incorporated and executed by the Company.

xi. Sexual Harassment Policy

The Company has an anti-sexual harassment policy to promote a protective work environment. The complaints received by the Sexual Harassment Committee with details of action taken thereon are reviewed by the Audit Committee at its meeting held every quarter. The Company has a zero to clearance policy towards such complaints and the same is conveyed to the employees at the time of induction.

xii. Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of this Annual Report.

xiii. Independent Directors

The Independent Directors of the Company have the option and freedom to meet and interact with the Company's Management as and when they deem it necessary. They are provided with necessary resources

and support to enable them to analyze the information/data provided by the Management and help them to perform their role effectively.

xiv. Share Reconciliation Audit

As stipulated by SEBI, a Qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

xv. Mandatory Requirements of Clause 49

The Company has complied with all applicable mandatory requirements of Clause 49 of the Listing Agreement.

xvi. MEANS OF COMMUNICATION

The announcement of quarterly and annual financial results to the Stock Exchanges is followed by media call and earnings conference calls. The quarterly and annual consolidated financial results are normally published in Business Standard (English) and Mumbai Lakhsyadeep (Marathi) newspapers. The following information is promptly uploaded on the Company's website viz. http://www.kananiindustries.com/investors.asp

- Standalone and consolidated financial results, investors' presentations, press release, fact sheet and transcript of earnings conference calls.
- Shareholding pattern (clause 35 of Listing Agreement) and Corporate Governance compliance reports (clause 49 of the Listing Agreement) filed with Stock Exchanges on a quarterly basis.

GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting

Day, Date & Time : Monday, 28th September, 2015 at 10.00 A.M

Venue : Krishna Palace Residency Hotel, 96/98, Grant Road, Mumbai – 400007

ii. Financial year

April 1 to March 31

Financial Calendar (Tentative) – Financial Year 2015-2016

1st Quarter	On or before 15th August, 2015
2nd Quarter	On or before 15th November, 2015
3rd Quarter	On or before 15th February, 2016
4th Quarter	On or before 30th May, 2016
	Audited yearly result for the year ended March 2016 - End of May 2016

iii. Dates of Book Closure (both days inclusive)

Monday, September 21, 2015 to Monday, September 28, 2015

iv. Dividend

In order to conserve the resources for the further growth of the Company, your Directors think fit not to recommend any dividend for the year under review.

v. Listing on Stock Exchanges and Payment of Listing Fees

The equity shares of the Company are listed on the BSE Limited (BSE) and NSE Limited (NSE). Annual Listing fees for the Financial Year 2015-2016 were paid by the Company to BSE and NSE in time.

vi. Custodian Fees to Depositories

The Company is in process to pay custodian fees for F.Y. 2015-2016 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

vii. (a) Stock Code / Symbol

BSE	506184
NSE	KANANIIND
ISIN in (NSDL and CDSL)	INE879E01037
Corporate Identity Number (CIN)	L51900MH1983PLC029598

viii. Market Price Data

The market price data i.e. monthly high and low prices of the Company's shares on BSE are given below:

Month	BSE		
	Share Price (₹)		No. of Shares Traded
	High	Low	
April, 2014	10.06	8.86	2,72,622
May, 2014	9.76	8.60	1,18,628
June, 2014	10.90	8.78	2,24,435
July, 2014	10.42	8.65	1,01,366
August, 2014	11.00	7.56	81,597
September, 2014	10.45	8.51	1,34,172
October, 2014	10.70	8.25	73,389
November, 2014	9.63	8.21	35,883
December, 2014	11.34	7.00	38,045
January, 2015	10.40	7.50	60,879
February, 2015	11.50	9.50	43,392
March, 2015	11.52	6.52	89,154

*** Source: BSE Website**

The market price data i.e. monthly high and low prices of the Company's shares on NSE are given below:

Month	NSE		
	Share Price (₹)		No. of Shares Traded
	High	Low	
April, 2014	10.20	9.20	1,63,405
May, 2014	10.10	8.85	1,23,631
June, 2014	10.95	8.75	4,19,069
July, 2014	10.45	8.45	96,541
August, 2014	11.00	7.55	71,337
September, 2014	10.40	8.30	1,58,210
October, 2014	10.70	8.25	1,01,670
November, 2014	9.90	8.20	32,162
December, 2014	10.00	7.25	27,116
January, 2015	10.05	7.20	75,951
February, 2015	11.50	9.25	38,076
March, 2015	11.00	7.20	36,672

* Source: NSE Website

i. **Registrar & Transfer Agent**

Sharex Dynamic (India) Pvt. Ltd. Registrar & Share Transfer Agent

Unit 1, Luthra Ind Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai: 400072.

ii. **Share Transfer System**

The transfer of shares in physical form is generally processed by Registrar & Transfer Agent within a period of seven days from the date of receipt thereof, provided all the documents are in order. In case of shares in electronic form, the transfers are done by Depositories viz. NSDL and CDSL. In compliance with Clause 47(c) of the Listing Agreement, the Company obtains a certificate from a Practicing Company Secretary on a half-yearly basis confirming that all certificates have been issued within one month from the date of lodgment for transfer, sub-division, consolidation etc.

iii. **Distribution of shareholding as on March 31, 2015**

Share Holding (Nominal Value) Rs.	Shareholders	
	No.	%
Upto 5,000	1188	92.24
5,001-10,000	16	1.24
10,001-20,000	35	2.72
20,001-30,000	6	0.47
30,001-40,000	5	0.39
40,001-50,000	1	0.08
50,001-1,00,000	9	0.70
100,001 and above	28	2.17
TOTAL	**1288**	**100.00**

The Shareholding pattern as on March 31, 2015 is given as under:

Top 10 Shareholders as on March 31, 2015

Sr. No.	Name of Share holders	Category of Shareholder	No. of shares	%
1.	Harshil Kanani	Promoter	6,29,47,500	63.63
2.	Premjibhai Kanani	Promoter	80,06,130	8.09
3.	Alpesh Kanani	Promoter	30,81,210	3.11
4.	Anil Virani	Public	24,42,000	2.47
5.	Dahyabhai Sutariya	Public	23,09,837	2.33
6.	Govindbhai Kakadia	Public	20,56,384	2.08
7.	Hirabhai Kakadia	Public	21,12,000	2.13
8.	Kishor B Virani	Public	23,10,000	2.33
9.	Rajesh Sutaria	Public	17,89,463	1.81
10.	Vallabhbhai D Vaghasia	Public	15,95,000	1.61
	TOTAL			**89.59**

xvii. Dematerialization of Shares and Liquidity

Trading in the Company's shares is permitted only in dematerialized form. The Company has established connectivity with both the Depositories viz. CDSL through its Registrar & Share Transfer Agents, whereby the investors have the option to dematerialize their shares with either of the depositories. The Company obtains a certificate from a Practicing Company Secretary every quarter, which confirms that total issued capital of the Company is in agreement with total number of shares in dematerialized form with CDSL and shares in physical form.

Shares held in dematerialized and physical form as on March 31, 2015

Particulars	No. of shares	% of Total Issued Capital
Held in dematerialized form in CDSL (only Equity shares)	84358823	85.27
Held in dematerialized form in NSDL (only Equity shares)	14528977	14.68
Physical (only Equity shares)	46200	0.05
Total	**98934000**	**100.00**

xviii. Address for Correspondence

G/6, Prasad Chambers,
Tata Road No.2,
Opera House,
Mumbai- 400004.

Place: Mumbai
Dated: 6th August, 2015

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
Kanani Industries Limited
Mumbai

We have examined the compliance of the conditions of Corporate Governance by Kanani Industries Limited having its Registered Office at G/6, Prasad Chambers, Tata Road No.2, Opera House, Mumbai- 400004for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with the Stock exchanges viz BSE Ltd (BSE) and NSE Ltd (NSE). The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.

In our opinion and to the best of our information and according to the explanations give to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

ForRAVI & DEV
Chartered Accountants
(FRN: 108752W)

(DEVENDRA A. MEHTA)
Partner
M. No.82325

Place: Mumbai
Date: 6th August, 2015

CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

In terms of clause 49 IX of the Listing Agreement with the BSE & NSE, I hereby certify as under:

a. I have reviewed financial statements and the cash flow statement for the year ended March 31, 2015 and that to the best of my knowledge and belief:

i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

There have been no

i. Significant changes in internal control over financial reporting during the year;

ii. Significant changes in accounting policies during the year;

iii. Instances of fraud of which we have become aware and the involvement therein, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For KANANI INDUTSRIES LIMITED

DARSHAK PANDYA
Chief Financial Officer

Place : Mumbai
Date : 6th August, 2015

DECLARATION BY THE CHIEF FINANCIAL OFFICER (CFO) ON 'CODE OF CONDUCT'

I hereby confirm that:

The Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the Code of Conduct as applicable to them.

For KANANI INDUTSRIES LIMITED

DARSHAK PANDYA
Chief Financial Officer

Place : Mumbai
Date : 6th August, 2015

❍ Auditors Report

To the Members
Kanani Industries Limited
Mumbai

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Kanani Industries Limited which comprise of the Balance Sheet as at **31 March, 2015**, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act and the rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report .

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable pronouncements issued by the Institue of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2015;

(ii) in the case of the statement of profit and loss, of the profit for the year ended on that date;

(iii) in the case of the cash flow statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the companies'(Auditors' Report) Order,2015 issued by the Central Government of India in terms of sub -Section (11) 0f Section 143 of the Companies Act, 2013 and on the basis of such of the book and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in Paragraph 3 & 4 of the order.

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

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

      i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company as there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March, 2015.

For RAVI & DEV
Chartered Accountants
(FRN: 108752W)

(DEVENDRA A. MEHTA)
Partner
M. No.82325

Place: Mumbai
Date: May 30th, 2015

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 2 of our report of even date)

To The Members of
KANANI INDUSTRIES LIMITED
Mumbai

i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b. As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a regular programme for verification, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.

ii. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii. a. The company has not granted any loans, secured or unsecured to any companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. As such sub-clause (a) and (b) are not applicable.

iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

v. In our opinion and according to the information and explanations given to us, the Company did not accept any deposit in contravention of sections 73 to section 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. As informed to us, no order has been passed by Company Law Board or National Company Tribunal or Reserve Bank of India or any court or any other tribunal.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rule made by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we are not required to carry out and have not carried out a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. a. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance fund, income tax, sales tax, wealth tax, custom duty, excise duty cess and other material statutory dues wherever applicable to it.

b. As per records of the company and in accordance with the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

c. The company has deposited the amount required to be transferred to the Investor Education & Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within time.

viii. The Company does not have any accumulated losses. The company has neither incurred cash losses during the current financial year nor immediately preceding financial year.

ix. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

x. In our opinion, and according to the information and explanation given to us, the terms and conditions of the guarantees given by the company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.

xi. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

xii. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For RAVI & DEV
Chartered Accountants
(FRN: 108752W)

(DEVENDRA A. MEHTA)
Partner
M. No.82325

Place: Mumbai
Date: May 30th, 2015

❍ Balance Sheet as on 31st March, 2015

	Notes	2015 ₹	2014 ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
a. Share Capital	1	98,934,000	98,934,000
b. Reserves & Surplus	2	305,243,408	303,774,603
		404,177,408	402,708,603
2 Non Current liabilities			
a. Long-term borrowings	3	17,680,000	28,400,000
		17,680,000	28,400,000
3 Current liabilities			
a. Short-term borrowings	4	231,915,151	227,597,110
b. Trade payables		117,399,637	18,300,423
c. Other current liabilities	5	780,828	607,914
d. Short-term provisions	6	–	43,548
		350,095,616	246,548,995
TOTAL		**771,953,024**	**677,657,598**
II. ASSETS			
1 Non-current assets			
a. Fixed Assets			
(i) Tangible assets	7	6 ,941,016	8,118,585
b. Non-current investments	8	213,358,969	213,358,969
c. Long-term loans and advances	9	738,371	33,229
2 Current assets			
a. Inventories	10	4,387,705	1,903,571
b. Trade receivables	11	402,640,266	373,713,391
c. Cash and bank balances	12	135,401,097	71,023,026
d. Short-term loans and advances	13	2,914,729	3,480,781
e. Other current assets	14	5,570,871	6,026,046
		550,914,668	456,146,815
TOTAL		**771,953,024**	**677,657,598**
Significant Accounting Policies	21		
Notes are an integral part of the financial statements			

In terms of our report of even date

For **RAVI & DEV**
Chartered Accountants
(FRN : 108752W)

DEVENDRA MEHTA
Partner
M. No.82325

Mumbai
May 30th, 2015

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman (DIN : 01567443)

HARSHIL KANANI
Managing Director (DIN : 01568262)

Mumbai
May 30th, 2015

❍ Statement of Profit & Loss for the year ended 31st March, 2015

	Notes	2015 ₹	2014 ₹
I. INCOME			
Revenue from operation	15	694,868,495	706,002,384
Other Income	16	1,914,396	9,448,380
TOTAL		**696,782,891**	**715,450,763**
II. EXPENDITURE			
Cost of raw materials consumed		678,262,262	658,839,379
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	17	–	24,166,699
Employee benefit expenses	18	2,600,405	3,048,521
Finance costs	19	6,515,953	12,408,313
Depreciation and amortization expense	7	991,362	1,005,269
Other expenses	20	6,360,666	14,250,065
TOTAL		**694,730,647**	**713,718,245**
Profit for the year before taxes		**2,052,244**	**1,732,518**
Less : Provision for taxes			
Current Taxes		(392,200)	(335,000)
(Short)/Excess Provision for earlier years		(5,032)	–
Profit for the year after taxes		**1,655,012**	**1,397,518**
Earnings per equity share:			
(1) Basic		**0.02**	**0.01**
(2) Diluted		**0.02**	**0.01**
Significant Accounting Policies	21		

Notes are an integral part of the financial statements

In terms of our report of even date

For **RAVI & DEV**
Chartered Accountants
(FRN : 108752W)

DEVENDRA MEHTA
Partner
M. No.82325

Mumbai
May 30th, 2015

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman (DIN : 01567443)

HARSHIL KANANI
Managing Director (DIN : 01568262)

Mumbai
May 30th, 2015

❍ Cash Flow Statement for the year ended 31st March, 2015

		2015 ₹	2014 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) Before tax		2,052,244	1,732,518
Adjustments for			
Depreciation		991,362	1,005,269
Adjustments for Working Capital Changes			
Inventories		(2,484,134)	108,522,500
Trade receivables		(28,926,875)	44,176,412
Short term Loans and Advances		566,052	(2,453,903)
Other current assets		455,175	(5,645,719)
Trade Payables & Other Liabilities		99,272,128	(195,974,428)
Cash Generated from Operations		71,925,952	(48,637,351)
Direct taxes paid		(1,145,922)	(367,388)
Net cash from Operating activities	(a)	70,780,029	(49,004,739)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed assets		–	(19,105)
Investment in Equity Instruments		–	(12,725,689)
Change in long term Fixed Deposit		–	–
Net Cash Utilised in Investing Activities	(b)	–	(12,744,794)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds/(Repayment) of Short Term Borrowings		4,318,041	78,775,676
Proceeds/(Repayment) of Long–Term Borrowings		(10,720,000)	28,400,000
Share Capital		–	–
Interim Dividend		–	–
Corporate tax		–	–
Net Cash utilised in Financing Activities	(c)	(6,401,959)	107,175,676
Net increase in cash and cash equivalents	(a+b+c)	64,378,070	45,426,144
Cash & cash equivalents as at 1st april (opening balance)		71,023,026	25,596,882
Cash & cash equivalents as at 31st march (closing balance)		135,401,096	71,023,026

For **RAVI & DEV**
Chartered Accountants
(FRN : 108752W)

DEVENDRA MEHTA
Partner
M. No.82325

Mumbai
May 30th, 2015

For Kanani Industries Limited

PREMJIBHAI KANANI
Chairman (DIN : 01567443)

HARSHIL KANANI
Managing Director (DIN : 01568262)

Mumbai
May 30th, 2015

❍ Schedule for the year ended 31st March, 2015

	2015 ₹	2014 ₹
NOTE 1 : SHARE CAPITAL		
Authorised		
15,00,00,000 (Previous Year: 15,00,00,000 Equity Shares) Equity Shares of ₹ 1/- Each	150,000,000	150,000,000
Issued, subscribed & paid-up		
9,89,34,000 (Previous Year : 9,89,34,000 Equity Shares) Equity shares of ₹ 1/- each.	98,934,000	98,934,000
	98,934,000	**98,934,000**

Notes :

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

Particulars	31st March, 2015		31st March, 2014	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	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

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

Name of Share holders	31st March, 2015		31st March, 2014	
	No.of Shares	%	No.of Shares	%
Premjibhai Devjibhai Kanani	80,06,130	8.09	80,06,130	8.09
Harshil Premjibhai Kanani	6,29,47,500	63.63	6,29,47,500	63.63

(c) Issue of Bonus Shares :

During the year ended March 31, 2010 , the company issued 59,96,000 fully paid up bonus shares of ₹10/- each by capitalisation of Securities premium account ₹1,62,60,000/- and Profit and Loss Account ₹ 4,37,00,000/-. and issued 89,94,000 fully paid up bonus share of Re.1/- each by capitalisation of Profit and Loss Account ₹ 89,94,000/- in the year ended 31st March, 2013 .

(d) Terms/rights attached to equity shares :

The company has only one class of equity shares having a par value of Re.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 the 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.

	2015 ₹	*2014* ₹
NOTE 2 : RESERVES & SURPLUS		
General Reserve		
Balance as per last balance sheet	1,661,027	1,661,027
Add: Current year transfer	–	–
Balance at the end of the year	1,661,027	1,661,027
Special Economic Zone re–investment reserve		
Balance as per last balance sheet	1,150,526	1,150,526
Add: Transferred from Profit & Loss Account	–	–
Less: Written back in current year	–	–
Balance at the end of the year	1,150,526	1,150,526
Surplus in the Statement of Profit and Loss		
Balance as per last balance sheet	300,963,050	299,565,532
Less : Additional Depreciation pursuant to enactment of schedule II of the Companies Act, 2013	(186,207)	–
Add : Net Profit/(Net Loss) for the year	1,655,012	1,397,518
Amount available for the appropriation	302,431,855	300,963,050
Appropriations :		
Less : Capitalised by way of issue of fully paid up Bonus Shares	–	–
Less : Transferred to Special Economic Zone re–investment reserve	–	–
Balance at the end of the year	302,431,855	300,963,050
	305,243,408	**303,774,603**

	2015 ₹	2014 ₹
NOTE 3 : LONG–TERM BORROWINGS		
Unsecured		
From related party		
Shri Premji Bhai Kanani	17,680,000	28,400,000
	17,680,000	**28,400,000**
NOTE 4 : SHORT-TERM BORROWINGS		
1 Secured		
i) *From Banks*		
Post Shipment Credit Facility		
Dena Bank	231,915,151	227,597,110
(Prime Security: Hypothecation of Export Bills/Receivables)		
(The above facility are further secured by collateral security by way of equitable mortgage of factory at surat SEZ owned by the company, Factory at surat SEZ owned by M/s. Star Diam immovable properties belonging to Premjibhai Kanani director of the company and 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.)		
	231,915,151	**227,597,110**
NOTE 5 : OTHER CURRENT LIABILITIES		
Unclaimed Dividend	5,604	5,604
Other Payable		
Statutory dues payable	65,266	46,636
Creditor for capital goods	–	19,105
Employee related liabilities	278,537	278,032
Other Liabilities	431,421	258,537
	780,828	**607,914**
NOTE 6 : SHORT-TERM PROVISIONS		
Provision for Taxation	–	43,548
	–	**43,548**

NOTE 7 : FIXED ASSETS

Name of the Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 01/04/14	Additions During the year	Sale During the year	Total	Rate %	As on 01/04/14	Written Off During the year	Written Back During the year	Total	Retained Earning	As on 31/03/15	As on 31/03/14
a) Tangible Assets												
Leasehold Land	4,700,000	–	–	4,700,000		1,879,998	313,333	–	2,193,331	–	2,506,669	2,820,002
Factory Building	5,969,514	–	–	5,969,514		2,602,823	316,418	–	2,919,241	–	3,050,273	3,366,691
Plant & Machinery	3,763,087	–	–	3,763,087		2,108,811	338,634	–	2,447,445	–	1,315,642	1,654,276
Generator	140,000	–	–	140,000		67,259	14,405	–	81,664	–	58,336	72,741
Office Equipment	109,655	–	–	109,655		54,966	8,573	–	63,539	36,021	10,095	54,689
Air Conditioner	304,074	–	–	304,074		170,307	–	–	170,307	133,767	–	133,767
Computer	218,554	–	–	218,554		202,135	–	–	202,135	16,419	–	16,419
	15,204,884	**–**	**–**	**15,204,884**		**7,086,299**	**991,362**	**–**	**8,077,661**	**186,207**	**6,941,016**	**8,118,585**
Previous Year Total	***15,185,779***	***19,105***	***–***	***15,204,884***		***6,081,030***	***1,005,269***	***–***	***7,086,299***	***–***	***8,118,585***	***9,104,749***

	2015 ₹	2014 ₹
NOTE 8 : NON-CURRENT INVESTMENTS		
1 Non Trade Investments		
Unquoted Investment		
Investment in Subsidiary		
Investment in Equity Instruments		
[3,20,00,000 Equity Shares of KIL International Ltd. fully paid up]	213,358,969	213,358,969
2 Others	–	–
	213,358,969	**213,358,969**
NOTE 9 : LONG TERM LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received (Unsecured & considered good)		
Security Deposits	33,229	33,229
Advance Tax (Net-Off Provision)	705,142	–
	738,371	**33,229**
NOTE 10 : INVENTORIES		
(As taken, valued and certified by the Management)		
(Valued at lower of cost or net realisable value)		
Raw material		
Polished Diamonds	4,241,209	1,881,567
Bullion	146,496	22,004
Work in Progress	–	–
Finished Goods		
Diamond Studded Jewellary	–	–
	4,387,705	**1,903,571**
NOTE 11 : 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	402,640,266	373,713,391
2 Trade receivables outstanding for a period exceeding six months from the date they are due for payment	–	–
	402,640,266	**373,713,391**
Trade Receivable stated above include debts due by:		
Directors	–	–
Other officers of the Company	–	–
Firm in which director is a partner	–	–
Private Company in which director is a member	–	–

	2015 ₹	2014 ₹
NOTE 12 : CASH AND BANK BALANCE		
a) Cash and cash equivalents		
Balances with banks		
i) Current account	1,717,871	36,943,776
ii) Deposits with original maturity of less than 12 months	132,272,431	24,858,000
b) Cheques, drafts on hand	–	–
c) Cash on hand	1,410,794	221,250
d) Other Bank Balances		
Deposits with original maturity for more than 12 months	–	9,000,000
	135,401,097	**71,023,026**
NOTE 13 : SHORT TERM LOANS AND ADVANCES		
(Unsecured & considered good)		
(Advances recoverable in cash or in kind or for value to be received)		
Prepaid Expenses	2,914,729	3,480,781
	2,914,729	**3,480,781**
NOTE 14 : OTHER CURRENT ASSETS		
Interest accrued on Fixed Deposit with Bank	5,570,871	1,505,760
Other Receivables	–	4,520,286
	5,570,871	**6,026,046**
NOTE 15 : REVENUE FROM OPERATIONS		
Sale of products		
Diamond Studded Jewellery	694,868,495	706,002,384
	694,868,495	**706,002,384**
NOTE 16 : OTHER INCOME		
Exchange rate difference	1,914,396	9,448,380
	1,914,396	**9,448,380**
NOTE 17 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Finished Goods–Jewellery		
Opening Stock	–	16,460,131
Less: Closing Stock	–	–
	–	**16,460,131**
Work in Progress		
Opening Stock	–	7,706,568
Less: Closing Stock	–	–
	–	**7,706,568**
	–	**24,166,699**

	2015 ₹	2014 ₹
NOTE 18 : EMPLOYEE BENEFIT EXPENSES		
Salary, Wages and allowances	2,535,478	2,962,535
Staff Welfare	64,927	85,986
	2,600,405	**3,048,521**
NOTE 19 : FINANCE COSTS		
Interest	5,685,044	10,738,203
Other borrowing cost	830,908	16,70,110
	6,515,953	**12,408,313**
NOTE 20 : OTHER EXPENSES		
Consumption of Stores & Consumables	249,395	185,397
Power & Fuel	61,846	47,458
Audit fees	125,000	100,000
Insurance	–	19,872
Rates and Taxes	771,779	400,985
Travelling Expenses	856,741	530,368
Legal & Professional Fee	808,398	302,829
Bank Charges	3,214,398	462,859
Loss form dealing in currency futures	–	11,979,713
Miscellaneous Expenses	273,006	220,584
	6,360,666	**14,250,065**

NOTE 21 : NOTES TO FINANCIAL ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

I. Basis of accounting

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements are prepared under the historical cost convention on a going concern basis. The accounting policies not specifically mentioned are consistent with generally accepted accounting principles.

The preparation of financial statement in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of income and expenses during the period.

II. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties and other incidental expenses incurred during construction period and exclusive of CENVAT credited.

The assets acquired on hire purchase basis are stated at their cash value. The interest paid with the installments is being charged to the revenue.

III. Depreciation

The Company is providing depreciation as per W.D.V. method as per rates given in Schedule II of the Companies Act, 2013 on pro rata basis.

IV. Closing Stock

i. Raw materials are valued at cost.

ii. Finished Goods are stated at lower of the cost or net realisable value.

iii. Stores items purchased are treated as consumed in the year of purchase.

V. Sales-tax collected by the company is not treated as part of its income.

VI. Foreign Currency Transactions

a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

b) Foreign currency transactions remaining unsettled till the finalisation of accounts of the year are translated at contracted rates, when covered by forward exchange contracts and at year end rates, in all other cases.

VII. Investments

Investments are either classifies as current or long term based on the management intention at the time of purchase.

Current Investment are carried at the lower of cost or market value. The comparision of cost and market value is done separately in respect of each category of investments.

Long term investments are carried at cost less any permanent diminution in value, determined separately for each individual investments. The reduction in the carrying amount is reversed when there is rise in the value of investments or if the reason for the reduction no longer exist.

VIII. Taxation

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

IX. Earning Per Share

The basic earning per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the current year. For the purpose of calculating diluted earning per share, net profit after tax and the weighted number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

X. Financial Derivatives & Commodity Hedging Transactions

a. Financial derivatives and commodity hedging contracts are accounted on the date of their settlement and realised gain/loss in respect of settled contracts are recognised in the profit & loss account.

b. The unrealised loss on contracts outstanding at the year end are provided for in the books of account of the Company in accordance with the guidance note on Accounting for Equity Index & Equity Stock Futures and Options issued by the Chartered Accountants of India.

XI. Contingent Liability

Contingent Liability, if any, are generally not provided for in the accounts and are shown separately as a note to the accounts.

2. In the opinion of the management, Current Assets and Loans & Advances are approximately of the value stated if realised in the ordinary course of the business. The provision for all liabilities is, in the opinion of the management, adequate and not in excess of amount reasonably necessary.

		2015	***2014***
		₹	₹
3.	**Expenditure in Foreign Currency**		
	Interest on Loan	4,658,506	4,026,953
4.	**C. I. F. Value of Imports**		
	Raw Material	680,057,640	516,784,932
5.	F.O.B. Value of Exports	694,868,495	706,002,384
6.	Auditors' Remuneration		
	Audit Fee	100,000	75,000
	Tax Audit Fee	25,000	25,000
		125,000	100,000

7. Value of imported & indigenous material consumed :

	%	2015 Amount ₹	%	2014 Amount ₹
Raw Material				
Indigenous	0.07	502,785	0.06	3,63,357
Imported	99.93	677,759,477	99.94	65,84,76,022
Stores & Spares				
Indigenous	100.00	249,395	100.00	1,85,397
Imported	–	–	–	–

8. Stock and turnover

	Sales Value	Closing Inventory	Opening Inventory
Manufactured goods			
Diamond studded Jewellery	694,868,495	–	–
	(70,60,02,384)	–	(1,64,60,131)

* Figures in bracket refers to previous year

9. Disclosures as required by Accounting Standard AS-18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India are as follows :

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

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

	2015 ₹	*2014* ₹
b) Transactions with related parties		
Remuneration to Director	501,000	501,000
Investment in Subsidiary	12,725,689	200,633,280
Loan from Director	–	28,400,000
Loan repayment to Director	10,720,000	–
c) Balances at the year end		
Remuneration to Director Payable	41,257	1,22,484
Investment in subsidiary	213,358,969	213,358,969
Loan from Director	17,680,000	28,400,000

10. 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	–	–

11. 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".

	2015 ₹	2014 ₹
12. **Basic & Diluted Earning per Share (Face Value : ₹ 1/- each)**		
Profit after tax as per Profit & Loss Account	1,655,012	1,397,518
Weighted average number of shares outstanding	98,934,000	98,934,000
Basic & Diluted earning per share in Rupees	0.02	0.01
13. **Contingent Liability**		
Bank Guarantee	150,000,000	–

14. 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.

15. Derivative contracts entered into by the company and outstanding as on 31st March, 2014 :

Particulars	Nominal Value $	Quantity	
		Long	Short
USD Forward Contract 15.04.2014 - 30.04.2014	2,39,000.00	1.00	–
USD Forward Contract 15.04.2014 - 30.04.2014	3,10,000.00	1.00	–

Derivative contracts entered into by the company and outstanding as on 31st March, 2015 : NIL

16. The company has also reclassified the previous year figures in accordance with requirement for the current period.

17. Figures have been rounded off to the nearest of a rupee.

Signature to Notes 1 to 21 :

In terms of our report of even date
For **RAVI & DEV**
Chartered Accountants
(FRN : 108752W)

DEVENDRA MEHTA
Partner
M. No.82325

Mumbai
May 30th, 2015

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman (DIN : 01567443)

HARSHIL KANANI
Managing Director (DIN : 01568262)

Mumbai
May 30th, 2015

CONSOLIDATED FINANCIAL STATEMENT

❍ Independent Auditors Report

To the member
Kanani Industries Limited
Mumbai

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Kanani Industries Limited and its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2015 and the Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular No. 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of other auditor on the financial statement of the subsidiary referred to below in

the Other Matter paragraph, the aforesaid consolidated financial statement give a true and fair view in conformity with the accounting principles generally accepted in India :

a) In the case of the Consolidated Balance sheet, of the state of affairs of the Group as at **31st March, 2015;**

b) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of one subsidiary included in the consolidated year to date results, whose consolidated interim financial statements reflect total assets of ₹ 9,949.15 lacs as at 31st March 2015 as well as the total revenue of ₹ 37,465.20 lacs as at 31st March 2015. These interim financial statements and other financial information have been audited by other auditors whose report have been furnished to us, and our opinion on the year to date results, to the extent they have been derived from such interim financial statements is based solely on the report of such other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the companies'(Auditors' Report) Order,2015 issued by the Central Government of India in terms of sub -Section (11) 0f Section 143 of the Companies Act, 2013 and on the basis of such of the book and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in Paragraph 3 & 4 of the order.

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

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company as there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March, 2015.

For RAVI & DEV
Chartered Accountants
(FRN: 108752W)

(DEVENDRA A. MEHTA)
Partner
M. No.82325

Place: Mumbai
Date: May 30th, 2015

❍ Consolidated Balance Sheet as on 31st March, 2015

	Notes	2015 ₹	2014 ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
a. Share Capital	1	98,934,000	98,934,000
b. Reserves & Surplus	2	361,063,131	345,579,086
		459,997,131	444,513,086
2 Non Current liabilities			
a. Long-term borrowings	3	17,680,000	28,400,000
		17,680,000	28,400,000
3 Current liabilities			
a. Short-term borrowings	4	333,016,897	227,597,110
b. Trade payables		741,865,552	1,229,217,045
c. Other current liabilities	5	949,737	723,879
d. Short-term provisions	6	–	2 39,992
		1,075,832,186	1,457,778,026
TOTAL		**1,553,509,318**	**1,930,691,112**
II. ASSETS			
1 Non-current assets			
a. Fixed Assets			
(i) Tangible assets	7	6,941,016	8 ,118,585
b. Long-term loans and advances	8	695,460	1 26,001
c. Investments		–	–
d. Other non-current assets		–	–
		7,636,476	8,244,586
2 Current assets			
a. Inventories	9	161,402,738	412,857,572
b. Trade receivables	10	1,240,053,797	1,427,842,625
c. Cash and bank balances	11	135,930,707	71,752,451
d. Short-term loans and advances	12	2,914,729	3,967,832
e. Other current assets	13	5,570,871	6,026,046
		1,545,872,842	1,922,446,525
TOTAL		**1,553,509,318**	**1,930,691,112**
Significant Accounting Policies	21		

Notes are an integral part of the financial statements

In terms of our report of even date attached.

For **RAVI & DEV**
Chartered Accountants
(FRN : 108752W)

DEVENDRA MEHTA
Partner
M. No.82325

Mumbai
May 30th, 2015

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman (DIN : 01567443)

HARSHIL KANANI
Managing Director (DIN : 01568262)

Mumbai
May 30th, 2015

❍ Consolidated Statement of Profit & Loss for the year ended 31st March, 2015

	Notes	2015 ₹	2014 ₹
I. INCOME			
Revenue from operation	14	4,441,388,472	3,378,110,995
Other Income	15	1,914,483	9,448,489
TOTAL		**4,443,302,955**	**3,387,559,484**
II. EXPENDITURE			
Cost of raw materials consumed		678,262,262	658,839,379
Purchases of traded goods	16	3,471,438,377	2,945,333,955
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	17	253,938,968	(280,305,667)
Employee benefit expenses	18	2,600,405	3,048,521
Finance costs	19	8,628,718	12,408,313
Depreciation and amortization expense	7	991,362	1,005,269
Other expenses	20	9,782,364	16,333,653
TOTAL		**4,425,642,455**	**3,356,663,423**
Profit for the year before taxes		**17,660,500**	**30,896,061**
Less : Provision for taxes			
Current Taxes		(1,028,352)	(976,121)
Previous year taxes		(5,032)	–
Profit for the year after taxes		**16,627,116**	**29,919,940**
Earnings per equity share:			
(1) Basic		**0.17**	**0.30**
(2) Diluted		**0.17**	**0.30**
Notes to Accounts	21		

In terms of our report of even date attached.

For **RAVI & DEV**
Chartered Accountants
(FRN : 108752W)

DEVENDRA MEHTA
Partner
M. No.82325

Mumbai
May 30th, 2015

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman (DIN : 01567443)

HARSHIL KANANI
Managing Director (DIN : 01568262)

Mumbai
May 30th, 2015

❍ Consolidated Cash Flow Statement for the year ended 31st March, 2015

			2015 ₹	2014 ₹
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit/(Loss) Before tax		17,660,500	30,896,062
	Adjustments for			
	Depreciation		991,362	1,005,269
	Foreign currency translation reserve		(956,864)	(1,131,326)
	Adjustments for Working Capital Changes			
	Inventories		251,454,834	(195,949,866)
	Trade receivables		187,788,829	(255,609,538)
	Short term loans and advances		1,053,103	(3,009,024)
	Other current assets		455,175	(5,645,719)
	Long-term loans and advances		92,772	(92,772)
	Trade Payables		(487,125,635)	364,961,300
	Cash Generated from Operations		(28,585,924)	(64,575,613)
	Direct taxes paid		(1,935,607)	(1,470,290)
	Net cash from Operating activities	(a)	(30,521,531)	(66,045,903)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase/Sale of fixed assets		–	(19,105)
	Net Cash Utilised in Investing Activities	(b)	–	(19,105)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Capital		–	–
	Proceeds from Short-Term Borrowings		105,419,787	78,775,676
	Proceeds/(Repayment) from Long-Term Borrowings		(10,720,000)	28,400,000
	Interim Dividend		–	–
	Corporate tax		–	–
	Net Cash utilised in Financing Activities	(c)	94,699,787	107,175,676
	Net increase in cash and cash equivalents	(a+b+c)	64,178,256	41,110,666
	Cash & cash equivalents as at 1st april (opening balance)		71,752,451	30,641,786
	Cash & cash equivalents as at 31st march (closing balance)		135,930,707	71,752,451

For **RAVI & DEV**

Chartered Accountants
(FRN : 108752W)

DEVENDRA MEHTA
Partner
M. No.82325

Mumbai
May 30th, 2015

For Kanani Industries Limited

PREMJIBHAI KANANI
Chairman (DIN : 01567443)

HARSHIL KANANI
Managing Director (DIN : 01568262)

Mumbai
May 30th, 2015

❍ Consolidated Schedule for the year ended 31st March, 2015

	2015 ₹	2014 ₹
NOTE 1 : SHARE CAPITAL		
Authorised		
15,00,00,000 (Previous Year: 15,00,00,000 Equity Shares) Equity Shares of ₹ 1/- Each	150,000,000	150,000,000
Issued, subscribed & paid-up		
9,89,34,000 (Previous Year : 9,89,34,000 Equity Shares) Equity shares of ₹ 1/- each.	98,934,000	98,934,000
	98,934,000	**98,934,000**

Notes :

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

Particulars	31st March, 2015		31st March, 2014	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	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

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

Name of Share holders	31st March, 2015		31st March, 2014	
	No.of Shares	%	No.of Shares	%
Premjibhai Devjibhai Kanani	80,06,130	8.09	80,06,130	8.09
Harshil Premjibhai Kanani	6,29,47,500	63.63	6,29,47,500	63.63

(c) Issue of Bonus Shares :

During the year ending March 31, 2010 , the company issued 59,96,000 fully paid up bonus shares of ₹ 10/- each by capitalisation of Securities premium account ₹1,62,60,000/- and Profit and Loss Account ₹ 4,37,00,000/-. and issued 89,94,000 fully paid up bonus share of Re.1/- each by capitalisation of Profit and Loss Account ₹ 89,94,000/- in the year ended 31st March, 2013 .

(d) Terms/rights attached to equity shares :

The company has only one class of equity shares having a par value of Re.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 the 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.

	2015 ₹	2014 ₹
NOTE 2 : RESERVES & SURPLUS		
Balance as per last balance sheet	1,661,027	1,661,027
Add : Current year transfer	–	–
Balance at the end of the year	1,661,027	1,661,027
Foreign currency translation reserve		
Balance as per last balance sheet	853,810	1,985,136
Add : Additions in current year	–	–
Less : Written back in current year	(956,864)	(1,131,326)
Balance at the end of the year	(103,054)	853,810
Special Economic Zone re–investment reserve		
Balance as per last balance sheet	1,150,526	1,150,526
Add : Net Profit/(loss) for the year	–	
Less : Written back in current year	–	–
Balance at the end of the year	1,150,526	1,150,526
Surplus in the Statement of Profit and Loss		
Balance as per last balance sheet	341,913,723	311,993,784
Less : Additional Depreciation pursuant to enactment of schedule II of the Companies Act 2013	(186,207)	–
Add : Net Profit/(Net Loss) for the year	16,627,116	29,919,940
Amount available for the appropriation	358,354,632	341,913,724
Appropriations :		
Less : Capitalised by way of issue of fully paid up Bonus Shares	–	–
Balance at the end of the year	358,354,632	341,913,724
	361,063,131	**345,579,086**
NOTE 3 : LONG-TERM BORROWINGS		
Unsecured		
From related party		
Shri Premji Bhai Kanani	17,680,000	28,400,000
	17,680,000	**28,400,000**

	2015 ₹	2014 ₹
NOTE 4 : SHORT-TERM BORROWINGS 1 Secured		
i) *From Banks*		
Post Shipment Credit Facility		
Dena Bank	231,915,151	227,597,110
(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 Premjibhai Kanani director of the company and 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.)		
Standard Chartered Bank	41,500,965	–
(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)		
DBS Bank	59,600,781	–
(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)		
	333,016,897	**227,597,110**
NOTE 5 : OTHER CURRENT LIABILITIES		
Unclaimed Dividend	5,604	5,604
Other Payable		
Statutory dues payable	65,266	46,636
Creditor for capital goods	–	19,105
Emplyoee related liabilities	278,537	278,032
Other liabilities	600,330	374,502
	949,737	**723,879**
NOTE 6 : SHORT-TERM PROVISIONS		
a) Others		
Provision for Income tax	–	239,992
	–	**239,992**

NOTE 7 : FIXED ASSETS

Name of the Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 01/04/14	Additions During the year	Sale During the year	Total	Rate %	As on 01/04/14	Written Off During the year	Written Back During the year	Total	Retained Earning	As on 31/03/15	As on 31/03/14
a) Tangible Assets												
Leasehold Land	4,700,000	–	–	4,700,000		1,879,998	313,333	–	2,193,331	–	2,506,669	2,820,002
Factory Building	5,969,514	–	–	5,969,514		2,602,823	316,418	–	2,919,241	–	3,050,273	3,366,691
Plant & Machinery	3,763,087	–	–	3,763,087		2,108,811	338,634	–	2,447,445	–	1,315,642	1,654,276
Generator	140,000	–	–	140,000		67,259	14,405	–	81,664	–	58,336	72,741
Office Equipment	109,655	–	–	109,655		54,966	8,573	–	63,539	36,021	10,095	54,689
Air Conditioner	304,074	–	–	304,074		170,307	–	–	170,307	133,767	–	133,767
Computer	218,554	–	–	218,554		202,135	–	–	202,135	16,419	–	16,419
	15,204,884	**–**	**–**	**15,204,884**		**7,086,299**	**991,362**	**–**	**8,077,661**	**186,207**	**6,941,016**	**8,118,585**
Previous Year Total	15,185,779	19,105	–	15,204,884		6,081,030	1,005,269	–	7,086,299	–	8,118,585	9,104,749

	2015 ₹	2014 ₹
NOTE 8 : LONG TERM LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received		
(Unsecured & considered good)		
Security Deposits	33,229	126,001
Advance tax (Net off Tax Provisions)	662,231	–
	695,460	**126,001**
NOTE 9 : INVENTORIES		
(As taken, valued and certified by the Management)		
(Valued at lower of cost or net realisable value)		
Raw material		
Diamonds	4,241,209	1,881,567
Bullion	146,496	22,004
Work in progress	–	–
Traded Goods		
Diamonds & Diamonds Studded Jewellery	157,015,033	410,954,001
	161,402,738	**412,857,572**
NOTE 10 : 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	1,240,053,796	1,427,842,625
2 Trade receivables outstanding for a period exceeding six months from the date they are due	–	–
	1,240,053,796	**1,427,842,625**
Trade Receivable stated above include debts due by:		
Directors	–	–
Other officers of the Company	–	–
Firm in which director is a partner	–	–
Private Company in which director is a member	–	–
NOTE 11 : CASH AND BANK BALANCE		
(a) Cash and cash equivalents Balances with banks		
i) Current account	2,247,482	37,673,201
ii) Deposits with original maturity of less than 12 months	132,272,431	24,858,000
(b) Cash on hand	1,410,794	221,250
(c) Cheques, drafts on hand	–	–
(d) Other Bank Balances		
Deposits with original maturity for more than 12 months maturing within 12 months	–	9,000,000
	135,930,707	**71,752,451**

	2015 ₹	2014 ₹
NOTE 12 : SHORT TERM LOANS AND ADVANCES		
(Unsecured & considered good)		
(Advances recoverable in cash or in kind or for value to be received)		
Prepaid Expenses	2,914,729	3,967,832
	2,914,729	**3,967,832**
NOTE 13 : OTHER CURRENT ASSETS		
Accrued Interest on F.D.	5,570,871	1,505,760
Other Receivable	–	4,520,286
	5,570,871	**6,026,046**
NOTE 14 : REVENUE FROM OPERATIONS		
Sale of products		
Finished Goods	694,868,495	706,002,384
Traded Goods	3,746,519,977	2,672,108,611
	4,441,388,472	**3,378,110,995**
NOTE 15 : OTHER INCOME		
Exchange rate difference	1,914,396	9,448,380
Bank interest income	87	109
	1,914,483	**9,448,489**
NOTE 16 : PURCHASES OF TRADED GOODS		
Diamond & Diamond Studded Jewellery	3,471,438,377	2,945,333,955
	3,471,438,377	**2,945,333,955**
NOTE 17 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stock		
Finished Goods	–	16,460,131
Traded Goods	410,954,001	106,481,635
Work In Progress	–	7,706,568
	410,954,001	130,648,334
Closing Stock		
Finished Goods	–	–
Traded Goods	157,015,033	410,954,001
Work In Progress	–	–
	157,015,033	410,954,001
	(253,938,968)	**280,305,667**

	2015 ₹	2014 ₹
NOTE 18 : EMPLOYEE BENEFIT EXPENSES		
Salary & Wages	2,535,478	2,962,535
Staff welfare	64,927	85,986
	2,600,405	**3,048,521**
NOTE 19 : FINANCE COSTS		
Interest on Loan (Net)	7,797,809	10,738,203
Other borrowing cost	830,908	1,670,110
	8,628,718	**12,408,313**
NOTE 20 : OTHER EXPENSES		
Consumption of Stores & Consumables	249,395	185,397
Power & Fuel	61,846	47,458
Audit fees	191,252	144,207
Insurance Charges	–	19,872
Rent, Rates and Taxes	1,414,580	820,948
Travelling Expenses	1,615,798	1,017,599
Legal & Professional Fee	808,398	302,829
Bank Charges	3,530,301	559,948
Loss form dealing in currency futures	–	11,979,713
Miscellaneous Expenses	1,910,793	1,255,682
	9,782,363	**16,333,653**

NOTE 21 : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **SIGNIFICANT ACCOUNTING POLICIES**

I. **Basis of accounting**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements are prepared under the historical cost convention on a going concern basis. The accounting policies not specifically mentioned are consistent with generally accepted accounting principles.

The preparation of financial statement in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of income and expenses during the period.

II. **Basis of Consolidation**

These financial statements are prepared in accordance with the principles and procedures prescribed under AS 21 - 'Consolidated Financial Statements' for the purpose of preparation and presentation of consolidated financial statements.

The financial Statements of the Parent company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like item of assets, liabilities, income and expenses after fully eliminating intra group balances and inter group transactions resulting in unrealized profits and losses.

III. **Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties and other incidental expenses incurred during construction period and exclusive of CENVAT credited.

The assets acquired on hire purchase basis are stated at their cash value. The interest paid with the installments is being charged to the revenue.

IV. **Depreciation**

The Company is providing depreciation on straight line method as per rates given in Schedule II of the Companies Act, 2013 on *pro rata* basis.

V. **Closing Stock**

i. Raw materials are valued at cost.

ii. Finished Goods are stated at lower of the cost or net realisable value.

iii. Stores items purchased are treated as consumed in the year of purchase.

VI. Sales-tax collected by the company is not treated as part of its income.

VII. **Foreign Currency Transactions**

a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

b) Foreign currency transactions remaining unsettled till the finalization of accounts of the year are translated at contracted rates, when covered by forward exchange contracts and at year end rates, in all other cases.

VIII. Investments

Investments are either classifies as current or long term based on the management intention at the time of purchase.

Current Investment are carried at the lower of cost or market value. The comparison of cost and market value is done separately in respect of each category of investments.

Long term investments are carried at cost less any permanent diminution in value, determined separately for each individual investments. The reduction in the carrying amount is reversed when there is rise in the value of investments or if the reason for the reduction no longer exist.

IX. Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation and carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realisation in future.

X. Earning Per Share

The basic earning per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the current year. For the purpose of calculating diluted earning per share, net profit after tax and the weighted number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

XI. Financial Derivatives & Commodity Hedging Transactions

a. Financial derivatives and commodity hedging contracts are accounted on the date of their settlement and realised gain/loss in respect of settled contracts are recognized in the profit & loss account.

b. The unrealised loss on contracts outstanding at the year end are provided for in the books of account of the Company in accordance with the guidance note on Accounting for Equity Index & Equity Stock Futures and Options issued by the Chartered Accountants of India.

XII. Contingent Liability

Contingent Liability, if any, are generally not provided for in the accounts and are shown separately as a note to the accounts.

2. In the opinion of the management, Current Assets and Loans & Advances are approximately of the value stated if realised in the ordinary course of the business. The provision for all liabilities is, in the opinion of the management, adequate and not in excess of amount reasonably necessary.

3. Disclosures as required by Accounting Standard AS-18 “Related Parties Disclosure” issued by The Institute of Chartered Accountants of India are as follows :

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

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

	2015	2014
	₹	₹
b) Transactions with related parties	–	–
Remuneration to Director	501,000	501,000
Investment in Subsidiary	–	12,725,689
Loan from Director	–	28,400,000
Loan repayment to Director	10,720,000	–
c) Balances at the year end		
Remuneration to Director Payable	41,257	122,484
Investment in Subsidiary	213,358,969	213,358,969
Loan from Director	17,680,000	28,400,000
4. **Basic & Diluted Earning per Share (Face Value : ₹ 1/- each)**		
Profit after tax as per Profit & Loss Account	16,627,116	29,919,940
Weighted average number of shares outstanding	98,934,000	98,934,000
Basic & Diluted earning per share in Rupees	0.17	0.30
5. **Contingent Liability**		
Contingent Liability		
Bank Guarantee	150,000,000	150,000,000

6. 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.

7. The company has also reclassified the previous year figures in accordance with requirement for the current period.

8. Figures have been rounded off to the nearest of a rupee.

Signature to Notes 1 to 21 :

In terms of our report of even date
For **RAVI & DEV**
Chartered Accountants
(FRN : 108752W)

DEVENDRA MEHTA
Partner
M. No.82325

Mumbai
May 30th, 2015

For & on behalf of Board of Directors

PREMJIBHAI KANANI
Chairman (DIN : 01567443)

HARSHIL KANANI
Managing Director (DIN : 01568262)

Mumbai
May 30th, 2015

STATEMENT PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 2013 RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH, 2015

Information regarding subsidiary Companies

Name of the Company		KIL INTERNATIONAL LTD.
Financial year ending on		31.03.2015
Currency		USD
Exchange rate on the last day of financial year		62.34
a.	Share capital	257,385,290
b.	Reserves	11,793,402
c.	Liabilities	725,779,482
d.	Total liabilities	994,958,174
e.	Total assets	994,958,174
f.	Turnover	3,746,519,977
g.	Profit before taxation	15,608,257
h.	Provision for Taxation	(636,152)
i.	Profit after taxation	14,972,105

NOTES

32nd Annual General Meeting

ATTENDANCE SLIP

KANANI INDUSTRIES LIMITED

[CIN : L51900MH1983PLC029598]

REGISTERED OFFICE: G/6, PRASAD CHAMBERS, TATA ROAD NO.2, OPERA HOUSE, MUMBAI - 400004

Phone: +91-22-65263333 • Fax: +91-22-30084000

Website www.kananiindustries.com • email: investorgrievances@kananiindustries.com.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Date	Venue	Time
September 28, 2015	Krishna Palace Residency Hotel, 96/98, Grant Road (West), Mumbai – 400007	10.00 A.M.

Folio No. _____ *DP ID No. _____ *Client ID No. _____

Name of the Member Mr./Mrs. _____ Signature _____

Name of the Proxyholder Mr./Mrs. _____ Signature _____

** Applicable for investors holding shares in electronic form.*

I certify that I am the registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 32nd Annual General Meeting of the Company held on **Monday, September, 28th 2015 at 10.00 a.m** at Krishna Palace Residency Hotel, 96/98, Grant Road (West), Mumbai – 400007.

_____

Signature of the Member/ Proxy

Note: Electronic copy of the Annual Report for 2015 and Notice of the 32nd Annual General Meeting with the Attendance slip and Proxy form is being sent to all the members whose email id is registered with the Company/ Depository Participant unless any meeting has been requested for a hard copy of the same. Shareholders receiving electronic copy and attending the Annual General Meeting can print copy of this Attendance Slip.

Physical copy of the Annual Report for 2015 and Notice of the 32n Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email Id is not registered or has requested for hard copy.

32nd Annual General Meeting

KANANI INDUSTRIES LIMITED

[CIN : L51900MH1983PLC029598]
REGISTERED OFFICE: G/6, PRASAD CHAMBERS, TATA ROAD NO.2, OPERA HOUSE, MUMBAI - 400004
Phone: +91-22-65263333 • Fax: +91-22-30084000
Website www.kananiindustries.com • email: investorgrievances@kananiindustries.com.

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Form No. MGT-11
FORM OF PROXY

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s) :	Email Id :
Registered Address :	Folio No. :
	*DP Id. :
No. of Shares held :	*Client Id. :

** Applicable for investors holding shares in electronic form.*

I/We, being a member(s) of _____ shares of Kanani Industries Limited hereby appoint:

1. Mr./Mrs. _____ Email Id: _____
   Address _____
   _____ Signature: _____

2. Mr./Mrs. _____ Email Id: _____
   Address _____
   _____ Signature: _____

3. Mr./Mrs. _____ Email Id: _____
   Address _____
   _____ Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company to be held on Monday, September 28, 2015 at 10.00 a.m. at Krishna Palace Residency Hotel, 96/98, Grant Road (West), Mumbai – 400007 and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Sl.No.	Resolutions	Number of Shares held	For	Against
	Ordinary Business			
1.	To Adopt Standalone and Consolidated Audited Financial Statements for the financial year ended March 31, 2015 and reports of the Board of Directors and the Auditors thereon;			
2.	Re-appointment of Mr. Harshil Kanani, who retires by rotation and being eligible, offers himself for reappointment.			
	Special Business			
3.	Appointment of **M/s. Rajpara & Co,** Chartered Accountants, Surat as Auditors of the Company			
4.	Re-appointment of **Mr. Shailesh Patel** as an Independent Director for a period of 5 years.			
5.	Approval of Appointment of **Mrs. Ami Jariwala** as an Independent Director for a period of 5 years.			
6.	Special Resolution to authorize the Board to invest monies upto a sum not exceeding ₹ 100.00 crores.			

** This is optional. Please put a tick mark (x) in the appropriate column against the resolutions indicated in the box. If a member leaves the "For" or "Against" column blank against any or all of the Resolutions, the proxy will be entitled to vote in the manner he/ she thinks appropriate. If a member wishes to abstain from voting on particular resolution, he/she should write "Abstain" across the boxes against the Resolution.

Signature(s) of the Member(s)
1._____
2._____
3._____

Affix ₹1 Revenue Stamp

Signed this _____day of_____2015

Notes:
1. The Proxy to be effective should be deposited at the registered office of the company not less than Forty Eight (48) Hours before commencement of the meeting.
2. A proxy need not be a member of the company.
3. In the case of the Joint holders, the vote of the senior who tenders vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of the Members.
4. The form of proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
6. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against' as appropriate.

BOOK POST

If undelivered, please return to :

KANANI INDUSTRIES LIMITED

REGISTERED OFFICE: G-6, PRASAD CHAMBERS, OPERA HOUSE, MUMBAI - 400004

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