

Directors' Report

Dear Members,

Your Directors have pleasure in presenting 51th Annual Report, along with the audited financial statements of the Company for the financial year ended March 31st, 2023.

1. Financial Highlights

The performance of the Company for the financial year ended 31st March, 2023 is summarised below:

(Rs.in lacs)

| | <u>Year Ended</u> | <u>Year Ended</u> |
|---|-------------------|-------------------|
| | <u>31.03.2023</u> | <u>31.03.2022</u> |
| Turnover from Operations | 31083.19 | 23605.70 |
| Other income | 265.05 | 235.56 |
| Total Expenditure | 28321.14 | 21312.41 |
| Profit before Interest, Depreciation, & Tax | 3773.49 | 3175.55 |
| Less: | | |
| (i) Interest and Financial Charges | 488.25 | 371.67 |
| (ii) Depreciation | 258.14 | 275.03 |
| Profit before tax | 3027.10 | 2528.85 |
| (Less): Provision for tax | (790.00) | (695.00) |
| (Less): Deffered tax | (3.16) | (12.98) |
| Profit after Tax | 2240.26 | 1846.84 |

| APPROPRIATION | | |
|--|----------|----------|
| Balance brought forward from last year | 13398.27 | 11544.89 |
| Tax provisions for earlier year written back | 10.29 | 8.55 |
| Towards Corporate Social Responsibility | (10.11) | (0.69) |
| Balance Carried over to Balance Sheet | 15638.71 | 13398.27 |
| RESERVE AND SURPLUS : | | |
| General Reserve | 4.63 | 4.63 |
| Profit & Loss Account | 15638.71 | 13398.27 |
| Securities Premium | 1042.86 | 1042.86 |

2. Dividend

In view of the planned business growth, your Director's deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the Financial Year ended March 31, 2023.

3. Reserves

The Board do not propose any amount to carry to any reserves during the current year.

4. Brief description of the Company's working during the year/State of Company's affair

Financial

- Company's turnover during the year Rs. 31083.19 lacs (US \$ 37.91 million) as compared to previous year Rs. 23605.70 lacs (US \$ 31.68 million).
- Net Profits after Tax were at Rs.2240.26 lacs (US \$ 2.73 million) as compared to previous year Rs. 1846.83 lacs (US \$ 2.48 million).
- Basic Earnings Per Share (EPS) is at Rs.60.19 as compared to previous year Rs. 49.62.
- Net Worth increased to Rs.17087.68 lacs (US \$ 20.84 million) as compared to Rs. 14829.00 lacs (US \$ 19.90 million) by marking a growth of 15.23 %.

Operational

The company is working in two segments, Transformers and EPC, both AIS and GIS. The company's performance is satisfactory and the Board of Directors hopes to improve its performance even in these challenging times.

5. Change in the nature of business, if any

No Change in the nature of the business of the Company done during the year.

6. Material changes and commitments, if any, affecting the financial position of the company, which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report: Nil

7. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future: Nil

8. Details in respect of adequacy of internal financial controls with reference to the Financial Statements. Requirement being specifically applicable on listed company. However, the Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

9. Details of Subsidiary/Joint Ventures/Associate Companies

Company does not have any subsidiary/associate company within the meaning of Companies Act, 2013.

10. Performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement.

N.A. (refer point no.9)

11. Deposits: Company has not accepted any deposit within the meaning of Chapter V of the Act and The Companies (Acceptance of Deposits) Rules, 2014.

12. Statutory Auditors

M/s Rajeev Devendra & Co., Chartered Accountants, Meerut, is appointed as the Statutory Auditor of the Company from the conclusion of Annual General Meeting held on 30th December 2020 till the conclusion of Annual General Meeting to be held in the year 2024-25.

13. Auditors' Report

No explanations or comments by the Board required as there is no qualification, reservation or adverse remark or disclaimer made by the auditor in his report.

14. Maintenance of Cost Records and Appointment of Cost Auditors

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.

The Board on the recommendation of the Audit Committee has approved the appointment of M/s Sourabh Jain & Associates. Cost Accountants as Cost Auditors for FY 2022-2023. The Cost Auditors will submit their report for FY 2022-2023 on or before the due date.

In accordance with the provisions of Section 148 of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules 2014 since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders the Board recommends the same for approval by shareholders at the ensuing AGM.

15. Share Capital

A) Issue of equity shares with differential rights

N.A. being the company has not issued any equity shares with differential rights.

B) Issue of sweat equity shares

N.A. being the company has not issued any sweat equity shares.

C) Issue of employee stock options

N.A. being the company has not issued any ESOP.

D) Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees: NIL.

16. Extract of the annual return

The extract of the annual return in Form No 'MGT – 9' is attached herewith. Copy of the same is uploaded on the website of the company. Link to access the same is www.kanohar.com/financials/AnnualReturn2022-2023/.pdf

17. The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A) Conservation of energy: The operations of the company are not energy intensive. However, the company has endeavored to conserve energy, wherever feasible.

(B) Technology absorption:

(i) the efforts made towards technology absorption;

Indigenous technology available is continuously being upgraded to improve overall performance.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution; Product Development

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

(a) the details of technology imported; NIL

(b) the year of import; N.A.

(c) whether the technology been fully absorbed; N.A.

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; The Projects are under implementation.

(iv) the expenditure incurred on Research and Development. NIL

(C) Foreign exchange earnings and Outgo:

| | |
|----------------------------------|-----------------|
| 1. Total Foreign Exchange used | Rs. 836.88 lacs |
| 2. Total Foreign Exchange earned | NIL |

18. Corporate Social Responsibility (CSR)

Since the amount required to be spent does not exceed fifty lakh rupees, the requirement of constitution of the Corporate Social Responsibility Committee is not applicable and all the functions are discharged by the Board of Directors of the Company.

The Company has incurred Rs.10,11,000/- over its CSR spending during the previous financial year (i.e. 0.62% of average net profit of last three years).

Company is committed to build its CSR capabilities on a sustainable basis and is also committed to gradually increase its CSR contribution in the coming years. The CSR spending is guided by the vision of creating long-term benefit to the society. The Company through its Board and CSR Committee is determined to beef up its efforts to meet the targeted CSR expenditure. With the strong foundation which has been established during the year along

with the proposed scaling up of a number of its CSR Projects the Company believes that it has made meaningful progress towards reaching the target in the coming financial years.

19. Directors:

A) Changes in Directors and Key Managerial Personnel

Sh. Dinesh Singhal (MD), Sh. Brijesh Singhal (WTD), Sh. Vivek Singhal (WTD) and Sh. Abhishek Singhal (WTD) will retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment. The Board recommends their re-appointment.

B) Declaration by an Independent Director(s) and re-appointment, if any

The company is in search of qualified eligible person for being appointed as Independent Director.

C) Formal Annual Evaluation (In case of Listed Company or public co. having paid up capital 25 crore or more): Not applicable on your company.

20. Number of meetings of the Board of Directors: During the year 26 Board meetings were held, the details of which are given in Annexure to this report. Maximum gap between the meetings is well within the limits prescribed under Companies Act, 2013.

21. Audit Committee: Section 177 of the Companies Act 2013, require for constitution of an Audit Committee which consists of minimum of three directors with independent directors forming a majority. Since the Board is in search of qualified eligible Independent Director, the Board has constituted the committee comprising Mr. Dinesh Singhal (M.D.), Mr. Adesh Singhal (Director) and Mr. Brijesh Singhal (Director) in accordance with the terms of reference specified in writing by the Board which *inter alia* includes:-

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters.

22. Details of establishment of vigil mechanism for directors and employees: N.A.

23. Nomination and Remuneration Committee: Section 178 of the Companies Act 2013, require for constitution of a Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. At present the committee comprise of Mr. Dinesh Singhal (M.D.), Mr. Adesh Singhal (Director) and Mr. Brijesh Singhal (Director). The committee has formulated the

policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel of the Company and Evaluation and Board Diversity Policy for directors.

24. Constitution of committee – Sexual harassment at workplace

In compliance with Section 4(3) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, your Company reconstituted its 'Internal Complaints Committee' (Committee), during the year. During the year under review, there were no cases filed pursuant to the sexual harassment Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Your company has been conducting awareness campaign across all its units/offices to encourage its employees to be more responsible and alert while discharging their duties

25. Particulars of loans, guarantees or investments under section 186: NIL

26. Particulars of contracts or arrangements with related parties:

The particulars of transactions entered with the related party forms part of Note-30 of the financial statement of the company. All transactions are recorded at arm's length price.

27. Managerial Remuneration:

A) Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. : **N.A. being non-listed Company**

B) Details of every employee of the Company as required pursuant to 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: **Details attached herewith.**

C) Any director who is in receipt of any commission from the company and who is a Managing Director or Whole-time Director of the Company shall receive any remuneration or commission from any Holding Company or Subsidiary Company of such Company subject to its disclosure by the Company in the Board's Report: **NIL**

D) The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the financial statement:— **NIL**

(i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;

(ii) details of fixed component and performance linked incentives along with the performance criteria;

(iii) service contracts, notice period, severance fees;

(iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

28. Secretarial Audit Report: Requirement not applicable on your company.

29. Corporate Governance Certificate: Requirement not applicable on your company being
Non-listed company

30. Risk management policy

Risk management forms an integral part of the business planning and review cycle. The Company's Management policy is well designed to provide reasonable assurance that objectives are met by integrating management control into the daily operations, by ensuring compliance with legal requirements and by safeguarding the integrity of the company's financial reporting, which is being implemented for fit-for-purpose risk response. Identifying, analysing and putting in place the process for mitigation of risks is an ongoing process.

31. Details of application / any proceeding pending under the insolvency and bankruptcy code, 2016

Neither any application was made nor any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year.

32. Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof

As Company has not done any one time settlement during the year under review hence no disclosure is required

33. Directors' Responsibility Statement

Pursuant to the provisions referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the directors hereby state that—

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

(b) the directors had 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 had 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 had prepared the annual accounts on a going concern basis; and

(e) the directors, in the case of a **listed company**, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.- N.A.

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

34. Acknowledgements

The Board of Directors acknowledge with deep appreciation for the assistance and co-operation received from the Customers, Government Authorities, Vendors, Bank and Shareholders. Yours Directors also wish to place on record their deep sense of appreciation for the efforts and contribution made by the employees at all levels which made possible the significant achievements by your Company.

For and on behalf of the Board of Directors

Place: Meerut

Date: 01/09/2023

Signing as per Board resolution passed

(DINESH SINGHAL)

Managing Director

DIN No. - 00178786

(BRIJESH SINGHAL)

Whole-time Director

DIN No. - 00178848