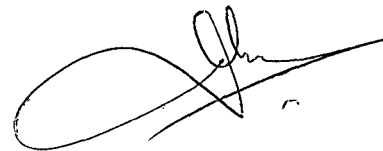


KANEL OIL & EXPORT INDUSTRIES LIMITED.

**17TH
ANNUAL REPORT**

2008-09

FOR KANEL OIL & EXPORT IND. LTD.



DIRECTOR

KANEL OIL & EXPORT INDUSTRIES LIMITED.

Regd. Office : 203, 2nd Floor, Abhijeet – 1, Mithakhali Six Roads,
Ellisbridge, Ahmedabad – 380 006.

SEVENTEENTH ANNUAL GENERAL MEETING PROGRAMME**DATE** : 30TH SEPTMEBER, 2009**DAY** : WEDNESDAY**TIME** : 1.00 P.M.**VENUE** : REGISTERED OFFICE OF THE COMPANY AT
203, 2ND FLOOR, ABHIJEET – 1,
MITHAKHALI SIX ROADS, ELLISBRIDGE,
AHMEDABAD – 380 006.**NOTE TO SHAREHOLDERS :**

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies of the meeting.

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BOARD OF DIRECTORS

Shri Dhiren K. Thakkar	Chairman and Managing Director wef 08.10.08
Shri Hitesh K Thakkar	Chairman and Managing Director upto 08.10.08
Shri Umesh Khese	Independent Director upto 08.10.08
Shri Bachubhai K. Patel	Independent Director wef 08.10.08
Shri Vinodbhai K. Pandya	Independent Director wef 08.10.08

COMPANY LAW CONSULTANT

M/s. Kamalesh M. Shah & Co.,
Practicing Company Secretaries,
6, Avanika Park,
Khanpur, Ahmedabad – 380 001.

BANKERS OF THE COMPANY

Kotak Mahindra Bank Ltd. – Mumbai.
HDFC Bank Ltd. – Ahmedabad.
The Bhuj Mercantile Co. Op. Bank Ltd. – Ahmedabad.
The Kalol Nagarik Sahkari Bank Ltd. – Ahmedabad.

STATUTORY AUDITORS

Shah Dinesh Dahyalal & Associates
Chartered Accountants
Ahmedabad.

REGISTRAR FOR DEPOSITORY OPERATIONS.

SYSTEM SUPPORT SERVICES

209, Shivai Industrial Estate,
89, Andheri – Kurla Road,
Sakinaka, Andheri (E),
Mumbai – 400 072.

LISTING AT

AHMEDABAD

Ahmedabad Stock Exchange Ltd.
Kamdhenu Complex
Nr. Panjrapole
Ambawadi, Ahmedabad – 380 015

CALCUTTA

Calcutta Stock Exchange Ltd.
7, Lyon Range,
Calcutta- 700001.

MUMBAI

Bombay Stock Exchange Ltd.
25th Floor, P.J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.

JAIPUR

Jaipur Stock Exchange Ltd.
Stock Exchange Building,
JLN Marg, Malviya Nagar,
Jaipur – 302017.

KANEL OIL & EXPORT INDUSTRIES LIMITED.

Regd. Office :

203, 2nd Floor, Abhijeet – 1, Mithakhali Six Roads,
Ellisbridge, Ahmedabad – 380 006.

FACTORY & PLANT

213/214, Naroda GIDC Estate,
Naroda,
Ahmedabad.

INVESTORS GRIEVANCES COMPLIANCE OFFICER:

Dhiren K. Thakkar
Chairman and Managing Director,
203, 2nd Floor, Abhijeet – 1.
Mithakhali Six Roads,
Ellisbridge, Ahmedabad – 380 006.

Email : - dhiren72@yahoo.co.in

NOTICE

NOTICE is hereby given to the Members of the Kanel Oil & Export Industries Limited that the 17th Annual General Meeting of the Company will be held on Wednesday 30th September, 2009 at 11.00 A.M. at the registered office of the company at 203, Abhijeet -1, Mithakhali Six Roads, Ellisbridge, Ahmedabad – 380 006 transact the following Business.

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Statement of Accounts i.e. The audited Balance Sheet as at 31/03/2009, the Profit & Loss Account for the year ended on that date and Report of the Auditor and Director thereon.
2. To Appoint a Director in place of Shri Dhiren K. Thakkar, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
3. To Appoint the Auditor for the next Financial Year to hold the office as such from the conclusion of this Annual General Meeting up to the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Vinodchandra Pandya, who was appointed as an additional director in the Board Meeting held on 8th October, 2008 and in respect of whom the company has received a notice in writing from a member under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director liable to retire by rotation, be and is hereby appointed as director of the Company,.”

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

“RESOLVED THAT Mr. Bachubhai Kachardas Patel, who was appointed as an additional director in the Board Meeting held on 8th October, 2008 and in respect of whom the company has received a notice in writing from a member under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director liable to retire by rotation, be and is hereby appointed as director of the Company,.”

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

“RESOLVED THAT in accordance with the all applicable provisions of the Companies Act, 1956 and subject to the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (“Delisting Guidelines”) and all applicable laws, rules, regulations, notifications, clarifications and guidelines and subject to such other statutory and / or contractual approvals, permissions, consents and sanctions as may be required from any relevant authority including the Stock Exchanges where the Equity Shares of the Company are listed being complied with by the Company, and / or their associates and / or any person acting in concert, the consent of the members of the Company is hereby accorded to the Board of Directors (which term shall include any Committee constituted/ to be constituted by the Board of Directors) to seek voluntary delisting of equity shares of

the Company, without opting for public offer to shareholders from Ahmedabad, Calcutta & Jaipur Stock Exchange.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all the requisite, incidental, consequential and necessary steps to implement the foregoing resolution and to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate in the best interest of the Company, to settle any question, query, doubt or difficulty that may arise in regard to voluntary delisting of equity shares of the Company, and to execute/ publish all such notice (s), applications, deeds, agreements, documents, papers, undertakings/ bonds and writings as may be necessary or required for giving effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 316 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Article of the Article of Association of the company, the company hereby accords its approval to the appointment of Mr. Dhiren K Thakkar as the Managing Director of the Company with effect from 08.10.2008 for five years on the terms and conditions on terms & conditions including remuneration and perquisites as set out in the explanatory statement annexed hereto and as may be agreed to between the Company and Mr. Dhiren K Thakkar.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to revise the remuneration payable to him as Managing Director, from time to time subject to the ceiling laid down in Section 198, 309 and Schedule XIII of the Companies Act, 1956, without further approval of the members of the company, but with such other approvals, sanctions, or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT not with standing anything contained here in above, where in any financial year, during the currency of the tenure of the director, the Company has no profits or its profits are inadequate, the company shall pay to Mr. Dhiren Thakkar, minimum remuneration by way of salary, perquisites and other allowances as above subject to the ceiling laid down in under Part II of Schedule XIII to the Companies Act, 1956 and such other amendments to the act from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, and things as in its absolute discretion, it may consider necessary, expedient or desirable, in order to give effect to the foregoing Resolution or otherwise considered by it to be in the best interest of the Company."

BY ORDER OF THE BOARD OF DIRECTOR OF
KANELOIL & EXPORT INDUSTIERS LTD.

PLACE : Ahmedabad

SD/-

DATE : 01/09/2009

(Dhiren K. Thakkar)
Chairman & Managing Director

NOTES:

1. A Member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself and on behalf of himself and on behalf of him and that a proxy need not be a member of the company.
2. Proxies in order to be effective should be duly completed in the prescribed form stamped and signed and must be deposited at the registered office of the company not less than 48 hours before the time fixed for the meeting.
3. Members are requested to bring their copy of the Annual Report to the meeting as no extra copies will be distributed at the meeting shall as a measure of economy.
4. Member desiring any information as regards accounts are requested to write to the company at-least 7 days before the meeting to enable the management to keep the information ready.
5. Members are requested to be in their seats at the meeting before the scheduled time of the commencement of the meeting to avoid interruption in the proceedings.
6. Members are requested to intimate any change in their registered addresses if any directly at the registered office of the company or to the company's registrar and share transfer agents at their address mentioned elsewhere in this report.
7. The register of members and share transfer books of the company shall remain closed from 28/09/2009 to 30/09/2009 (Both Days Inclusive).

At the ensuing Annual General Meeting Mr. Vinodchandra Pandya, and Mr. Bachubhai Patel will be re-appointed, the brief resume of this director is as under :

Name	Vinodchandra Pandva
Age	66 years
Qualification	B. A. (Economics)
Expertise in Specific Area	Administration
Date of First Appointment on the Board of the Company	08-10-2008
Name(s) of the other companies in which Directorship held and Committee Membership/Chairmanship held.	Refer to Report on Corporate Governance.
Name	Bachubhai Patel
Age	53 years
Qualification	12 th
Expertise in Specific Area	Agri commodities trading
Date of First Appointment on the Board of the Company	08-10-2008
Name(s) of the other companies in which Directorship held and Committee Membership/Chairmanship held.	Refer to Report on Corporate Governance.

**EXPLANATORY STATEMENT
PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

ITEM NO. 5 & 6

Mr. Vinodchandra Pandya and Mr. Bachubhai Patel were appointed as additional directors of the company in the board meeting held on 10th October 2008. The Company has received notice in pursuance of Section 257 of the Companies Act, 1956 together with necessary deposit from member of the Company signifying his intention to propose them as Directors of the Company.

The board recommends their appointment as directors of the Company and put the resolution for member's approval.

None of the other Directors of the company is concerned or interested in the proposed resolutions except Mr. Vinodchandra Pandya and Mr. Bachubhai Patel.

ITEM NO. 7

Presently, the company's securities are listed on the following 2 stock exchanges in India:

1. Bombay Stock Exchange Limited
2. Ahmedabad Stock Exchange Limited
3. Calcutta Stock Exchange Limited
4. Jaipur Stock Exchange Limited

The Ahmedabad Stock Exchange is the regional stock exchange. Further there is no trading in the shares of the Company. Thus the benefits accruing to the investors by keeping the shares of the company listed on Ahmedabad, Calcutta, & Jaipur Stock Exchange are not commensurate with the costs incurred by the company for continued listing on this Stock Exchanges.

As per Delisting Guidelines prior approval of the Shareholders of the Company is required by passing of a Special Resolution.

It is now proposed to seek voluntary delisting of equity shares from the Ahmedabad, Calcutta, & Jaipur Stock Exchange.

The Board recommends the resolution for approval by the members.

None of the Directors of the Company is in any way concerned or interested in the proposed amendments to the memorandum and articles of association of the company.

ITEM NO. 8

The Board of Directors recommends reappointment of Mr. Dhiren K Thakkar as the Chairman and Managing Director of the Company with effect from 8th October, 2008. The brief terms and conditions of his appointment are set out below:

1. Period: Five years with effect from 8th October, 2008 till 30th September, 2013.
2. Remuneration: He shall be entitled to salary of Rs. 5 Lac P.A. subject to the limit as specified in Schedule XIII of the Act. He will be provided such facilities as telephone, car, etc as may be necessary exclusively for the business of the Company.
3. He shall be entitled to the perquisites in the form of membership fees of the clubs to be paid by the Company.
4. The Company shall reimburse actual entertainment and traveling expenses incurred in the course of the Company's business.
5. He will be entitled to privilege leave and sick leave and casual leave benefits as per the rules of the Company.
6. He will not be entitled for any sitting fees for attending meetings of the Board or Committees thereof.
7. He shall keep the secrets of the Company.

In compliance with the provisions of Section 269, 198, 309 read with Schedule XIII of the Companies Act, 1956, the Board recommends the above resolution for your approval.

Except Mr. Dhiren Thakkar, none of the other Directors is in any way concerned or interested in the said resolution.

PLACE : Ahmedabad

DATE : 01/09/2009

BY ORDER OF THE BOARD OF DIRECTOR OF
KANELOIL & EXPORT INDUSTIERS LTD.

SD/-

(Dhiren K. Thakkar)
Chairman & Managing Director

DIRECTORS' REPORT

To,
The Member,
Kanel Oil & Export Industries Limited.

Dear Shareholders,

Your Directors have pleasure herewith the 17th audited report together the audited statement of accounts of the year ended on 31st march, 2009.

FINANCIAL HIGHLIGHTS

During the financial year period from 1st April, 2008 to 31st March, 2009 of financial year 2007-08 the financial operational result of the company is as follows:

PARTICULARS	FOR THE YEAR	FOR THE YEAR
	ENDED ON 31/03/2009	ENDED ON 31/03/2008
Sales Income	NIL	3,24,96,188
Other Income	74,91,57,611	1,87,52,106
Increase / (Decrease) in stock	NIL	(91,14,460)
Total Income	74,91,57,611	4,21,33,834
Total Expenditure	2,11,62,359	3,99,98,203
Profit / (Loss) before Tax	72,79,95,252	21,35,631
Net Profit from Sale of Fixed Assets	4,86,99,443	1,13,72,642
Provision for Tax	NIL	NIL
Taxes for Earlier periods	NIL	NIL
Prior Period Extra Ordinary Items (Net)	76426	43047
Net Profit / (Loss) after tax	77,67,71,121	1,34,65,226
Previous Year Debit Balance	(122,77,15,298)	(124,11,80,524)
Balance Carried to B/S	(45,09,44,177)	(122,77,15,298)

STATUS ON BIFR APPLICATION :

The company's net worth is completely eroded. The company's application to BIFR for revival and rehabilitation has been rejected and BIFR has confirmed its prime facie opinion of winding up of the company. The company's appeal in AAIFR against this order was rejected on 18/05/2005. The company had filed a reference vide case no. 159/2003, which had become in fructuous by order dated -26/04/2005 on the ground of prima facie opinion of BIFR. Against this order the company has filed an appeal with AAIFR on 28/07/2005 vide case no.67/2003 for the second reference. Final hearing is awaited and the decision of the AAIFR is still pending.

STATUS OF CASES WITH DRT AND GUJARAT HIGH COURT

The secured lenders have withdrawn all recovery suits filed against the company since their debts have been settled by way of OTS in the financial year 2008-09. BIFR's Application with the Gujarat High Court with regards to winding up is pending but now due to the recent development of debt being paid off the company is in the process of urging the honorable court to dismiss the same.

DEBT RESTRUCTURING & REHABILITATION DEVELOPMENT

Kotak Mahindra Bank Ltd had taken over the debt of State Bank of Saurashtra. The debt of Dena Bank, SBBJ and SBP were taken over by ARCIL. Your directors are pleased to inform you that the company has settled all its debt with the KMBL (Debt of SBS was taken over by KMBL) & ARCIL (Debt of Dena, SBBJ & SBP was taken over by ARCIL) by the way of OTS and obtained No Due Certificates from them in the financial year 2008-09. Further the company has plans of restarting its operations at Naroda Unit as a part of rehabilitation.

DIVIDEND

As your company has not to earn much profit during the year under review and due to the accumulated losses your directors regret for their inability to declare any amount as dividend to be paid.

TRANSFER OF UNPAID/UNCLAIMED DIVIDEND:

Your company's all the 4 previous years i.e. dividends declared in year 1995, 1996, 1997 and 1998 are due for transfer thereof to investors' education and protection fund as per the provision of the section 205c of the companies act 1956. However due to huge accumulated losses and the company could not meet its liabilities towards its bankers in time, the bankers are not co operating and so company has made representation of this fact to Registrar of the companies, Securities and exchange board of India. At the highest authorities of bankers, Reserve bank of India. In this situation the audit of the unclaimed unpaid dividend accounts could not be conducted and completed.

The company has received more than 2000 investor complaints for non payment of dividend or not revalidation of the dividend warrants of the investors. However due to non co operation of the bankers, the company could not resolve such complaints. Even the company's efforts to surrender of the original dividend warrants and in lieu of such dividend warrants requests for issue of demand draft in favor of investor concerned are not accepted by the bankers. In view of the above stated reasons the company could not make compliance with the provision of section 205c of the companies act 1956.

SHARE CAPITAL DURING THE YEAR:

During the year under review your directors have not issued any equity or preference share to any persons. There has been no change in the issued, subscribed and paid up capital of the company during the year under review.

BUY BACK OF SHARES:

Your Director had not declared or announced or completed any procedure for buy back of its own shares during the year under review as per the provision of the section 77A, 77AA, and 77B of the companies act 1956. Further no buy back of the share if any announced in earlier years are still pending for implementation.

YEAR UNDER REVIEW

During the year under review your company was engaged in the job work business of manufacturing of Castor oil & edible oils and also in the business of hedging future options of commodity market. Company's own operations were at standstill and were continuing with job work only as the focus was to clear the huge outstanding bank debts, which with hard efforts could be settled, so total sales income during the year was **NIL** (previous year Rs.3,24,96,188/-) other income of **Rs.74,91,57,611/-** (P.Y. Rs. 1,87,52,106/-) due to lower level operation of the plants (i.e. below the break even point) the company had made a cash operational loss of **Rs. 1,91,16,183/-**. After making provision for depreciation of **Rs. 23,42,009/-** your company has suffered a availability of adequate funds and the company could not utilize its full production capacity.

NON OPERATION OF NARODA PLANT:

The company's Naroda plant is not in use since 1998-99 due to inadequate financial resources, further it could not function due to its old age. The company could not complete the required maintenance, renovation, up gradation of the said plant. Even though the plant has become old, the company has proposed plans of capital expenditure for repairs and renovation and subsequently to restart the production activity at the unit and thereby the company has continued to show the same as fixed assets of the company in the books of accounts.

However, now the company is negotiating proposal with a big industrial group to make operational the Naroda Plant of the company for the manufacture, refining and packaging of the castor oil on lease/rent basis /job basis as well as company's own operation may also kick start simultaneously at Naroda Unit. If the deal is finalized the plant is expected to add the revenue to the company in cash from which will be able to meet with the cash administrative and operational exp. In addition due to plant being made operational and its maintenance will be done by tenant, the plant will become renovated, upgraded and will be operational which will increase its life.

SEGMENTWISE REPORTING AS-17

The company is operating only in one segment of manufacturing of oil and sale of oil and it's by product de-oiled cakes. Hence no separate segment wise accounting is required and given herewith.

PROVISION FOR DEFERRED TAX LIABILITIES / ASSETS AS-22 AND NON PROVISION OF INCOME TAX LIABILITIES.

The Company had huge accumulated and unabsorbed financial losses. The company's total net worth had been eroded. In view of this the management has thought it fit and prudent not to make provision for deferred tax assets which if created would appear as intangible assets which could never be realized in future. The company has sought various relief for allowing carry forward losses by making an application again with BIFR in the proposed DRS (Draft rehabilitation scheme). Company is taking various legal opinion with respect to assessment of exact income tax liabilities after the writing off the bank liabilities and has taken a view of providing the same after complete due diligence of past income tax returns filed by the legal experts with past case laws. The management is trying hard for revival and rehabilitation of the company, infact it has already succeeded in settling the huge bank debts and is further negotiating with big industrial house to implement rehabilitation process by restarting operations at the Naroda unit of the company, but until the matter is finalized positively, the company has not accounted for deferred tax liability.

RELATED PARTY TRANSACTION AS-18

The company has been buying raw materials and selling some of the finished products, by products through its group/associate concern in which director are either director or any of their relatives or the directors themselves are either partners/proprietors. All these business transaction are being done at the prevailing market prices on commercial terms and condition not favorable to any of the parties. There have been no contractual obligation between any of the related parties with the company to execute or enter in to any specific business transactions. However proper disclosure has been made in the notes to the accounts schedule R.

FOREIGN EXCHANGE EARNING AND OUTGO:

During the year under review the company had not done any import/export business and the total foreign exchange earning and outgo was NIL during the year.

INFORMATION PURSUANT TO THE LISTING AGREEMENT AND SEBI CIRCULAR NO. SMDRP/CIR-14/98 DATED APRIL 29TH, 1998.

The company's shares are listed presently in Ahmedabad, Calcutta, Jaipur, and Mumbai Stock Exchange. The company has duly paid the annual listing fees up to and including the year 2008-2009 i.e. up to 31.03.2009 for the stock exchange of Mumbai. The company is not paying the annual listing fees of Calcutta and Jaipur stock exchanges since 1999-2000 onwards and for the Ahmedabad stock exchange since 2003-04 onwards due to no trading volume recorded on the said stock exchanges. Further the company is also sick industrial company and is not in a position to pay such heavy financial expenses. As the company has become a sick industrial company as per listing agreement norms the shares of the company suspended for trading on all the stock exchange. However the same is suspended on the Ahmedabad, Calcutta and Jaipur stock exchange for non payment of listing fees. Due to heavy financial losses, the company has not made provision for the annual listing fees payable to the Calcutta stock exchange, Jaipur stock exchange and Ahmedabad Stock Exchange.

DEMATERIALIZATION OF SECURITIES:

SEBI has identified the securities of the company for compulsory trading in the dematerialized form w.e.f. 26th February 2001 by all investors on all the stock exchanges. In compliance with the same and to facilitate the shareholders, the company has already made arrangement to enter into the Tripartite Agreement with NSDL and CDSL. The investors are requested to take a note on the same and dematerialize their holding as early as possible. The ISIN Number allotted to your company is INE252 C 01015. Due fund crunch the company could not pay the charges of NSDL and CDSL as also the fees of the Registrar and Transfer Agents M/s. Sharepro Services (India) Private Limited as per the agreements executed with them.

But Now the company has paid of the entire outstanding dues till year 2008/09 of NSDL, CDSL & Sharepro Services (India) P. Ltd in year 2008-09. Company has also appointed System Support – Mumbai in place of Sharepro services -Mumbai as RTA agent of the company. The company has pending investors complaints for non conformation of the demat shares of investors. The management is trying to resolve all the issues and get the ISIN activated and convince them at least favor the company to resolve the investors complaints.

COMPLIANCE TO CODE OF CORPORATE GOVERNANCE :

Your company is a sick industries company. It had approached BIFR and further a DRS (Draft rehabilitation scheme) is ready for submission with the BIFR for fresh consideration, expected to be filed shortly

The chairman of the company is executive managing director, the other director Dhiren K Thakkar who is a non executive director but he is also not an independent director. Due to these reason the constitution of the present board is not in compliance with the provisions of section 292a and also as per clause 49 of the listing agreement.

Hence no committees could be formed as per requirements of the law due to non availability of non executive independent directors.

ENVIRONMENT PROTECTION:

The company is consistently maintaining high standards in the control, protection and discharge of effluents as per the strict standards fixed and prescribed in the environment and pollution control regulation for the industry in which it operates.

DEPOSITS:

During the year review your company has neither invited nor accepted any public deposit or deposits from the public as defined under section 58a of the Companies Act, 1956.

DIRECTORS:

Mr. Dhiren K. Thakkar retires by rotation at the ensuing Annual General Meeting and being eligible offers him self for re-appointment. Your Directors recommends his re-appointment.

Mr. Vinodchandra Pandya and Mr. Bachubhai Patel were appointed as additional directors of the Company in the board meeting held on 8th October, 2008. The Company has received notice in pursuance of Section 257 of the Companies Act, 1956 together with necessary deposit from member of the Company signifying his intention to propose them as Directors of the Company.

The Board recommends the re-appointment of Mr. Dhiren Thakkar as the Chairman and Managing Director of the company w.e.f. 8th October, 2008 for a period of five years.

The board recommends their re-appointment as directors and Managing Director respectively of the Company and put the resolution for Members approval.

The Board of Directors appreciates the service rendered by Mr Hitesh Thakkar and Mr Umesh Khese who have resigned for the personal reasons

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the provision contained in section 217(2aa) of the Companies Act, 1956, the directors of your company confirm :

- (A) That in the preparation of the annual accounts for financial year ended on 31/03/2009 the applicable accounting standards has been followed except as explained in point no. 8 hereafter.
- (B) that they 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 affair of the company at the end of the financial year and of the profit or loss of the company for the year under review.
- (C) That they 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 for preventing and detecting fraud and other irregularities.
- (D) That they have prepared the annual accounts on a going concern basis.

STATUTORY AUDITORS

M/s. Shah Dinesh Dahyalal & Associates, Chartered Accountants, Ahmedabad the retiring statutory auditors on this annual general meeting as per the act. The company has received a letter from the said auditors to the effect that their appointment shall be within the limits laid down under section 224(1B) of the companies act., 1956. A resolution proposing their reappointment as the regular auditor of the company for the period from the conclusion of this annual general meeting up to the conclusion of the next annual general meeting is required to be passed. Your directors recommend passing the said resolution.

APPOINTMENT OF THE INTERNAL AUDITOR :

Due to volume of transaction substantially less and the company being a sick company the internal auditors have not been appointed for this year. However once the company resumes normal transaction volumes the internal auditors will be appointed again. At present the transaction entered in are under the direct control of management.

AUDITORS OBSERVATION :

The notes to the accounts of the company are self explanatory. However and clarification from the board of directors on the specific observation made by the Auditors in their report are as under”

(1) PREPARTION OF ACCOUNTS ON GOING CONCERN BASIS :

The auditors of the company are of the opinion that due to huge accumulated losses and complete erosion of the net worth the company, the accounts of the company is not advised to be written on a going concern basis. But as the company has now settled all its working capital dues of banks in the year 2008-09 and is in process to submit a proper draft rehabilitation scheme in order to restart the production at its Naroda unit after required capital expenditure and the management is hopeful for the revival of the company in near future, hence the company have been written books of account on going concern basis.

(2) CONFIRMATION OF ACCOUNTS PENDING :

The company has established the system of obtaining conformation of accounts from various parties. The financial transaction are numerous. Certain confirmations are pending however the auditors have obtained all the information and explanations up to their best knowledge and behalf as were necessary for their purpose of their audit, except certain non receipt of conformation of balances in respect of loans and advances, deposits and creditors and form banks and financial institutions. This in fact does not affect financial statements.

(3) NON OPERATIONAL NARODA PLANT :

The Naroda plant has been non operational since last many years due to lack of working capital and some changes in technology and other reasons. However the company has received proposals from one big industrial house to take the plant on lease/ rental basis for manufacture of Castor oil as well as the company is in process to prepare the raft rehabilitation scheme by which the company will restart the production at its Naroda unit henceforth after required capital expenditure. The proposals are under active consideration and if materialized it will not only add the revenue to the company but also revitalize the plant. Its life, its value, upgrade certain technology, replace certain parts etc. Hence the market value of old plant & machineries could be on lower side, the market value of land and building will offset the losses, so it is the view of the management to show the plant and machinery at a part of fixed assets in the balance sheet and not to written off the assets.

(4) NON PROVISION OF SALES TAX LIABILITIES :

The company has made a review application for assessment order under the Sales Tax act. The company is hopeful of remedial favorable assessment orders. Once the liabilities is crystallized, it will make necessary arrangement for its payment and make necessary provision in the books of account.

(5) INTEREST FREE LOANS AND ADVANCES :

The Company had given certain loans and advances to number of parties as interest free looking to the then prevailing business interests of the Company. The Company has been receiving good business orders from some of such parties still to date. So it is provided to such parties' interest free and upon such terms and conditions as decided by both the parties. The Management is trying to recover the same either in cash or in kind and is doing the business with these parties. Other amount has been received by the company against cash or in kind. Hence no provisions as Bad loans and advances have been made. The company is hopeful for its recovery of its outstanding amount and it is trying commercially to recover the loan.

(6) NON COMPLIANCE WITH THE ACCOUNTING STANDARD FOR RETIRE-MENT BENEFITS WHILE PREPARING FINANCIAL STATEMENTS (15).

As the company's plants are not operational round the year and most of the employees are temporary or on contractual basis. Due to these reasons no provisions for retirement benefits are made.

(7) NON COMPLIANCE WITH THE ACCOUNTING STANDARD FOR TAXATION AS 22 :

As per Accounting Standard 22 the company is required to create Deferred Tax Liability / Assets each year. However the management is of the opinion that due to huge accumulated losses and until the formal plan for revival / rehabilitation is sanctioned, it is not considered prudent polity to create Deferred Tax liabilities / Assets.

(8) NON PUBLISHING OF QUARTERLY RESULTS :

The company could not declare un-audited / audited results due to certain administrative problems but your management has taken care to publish result and the same are under process.

(9) TRANSFER OF UNPAID/UNCLAIMED DIVIDEND TO INVESTORS' EDUCATION AND PROTECTION FUNDS :

This has been fully explained separately in this report elsewhere under relevant Para.

(10) NON PAYMENT OF CERTAIN DUES :

As the company is a sick unit and it has not enough funds with it so it has defaulted in depositing statutory dues towards Provident Fund, Employees State Insurance, Income Tax deducted at source, Professional Tax, Sales Tax, Income Tax and municipal Tax, However dues of provident fund have been cleared , certain municipal tax paid and the company is gradually settling the old dues. At the same time the company as soon as it recovers any amount or any surplus amount it deposits with the separate account maintained for this purpose.

OTHER OBSERVATIONS :

Other observations made by the auditors are self explanatory in nature and does not require further clarifications.

FORMULATION OF AUDIT COMMITTEE IN COMPLIANCE WITH THE PROVISIONS OF SECTION 292A OF THE COMPANIES ACT 1956.

The company has formed an audit committee within the organization under the Chairmanship of Mr. Vinodchandra Pandya an independent director. The committee consists of 2 independent directors who are not in any way related or interested with the promoters or the management. The company has also appointed professionals as advisors in this committee. The terms and reference of scope of work for the committee is as per clause 49 of listing agreement on code for corporate governance. Further details are given in complete report of corporate governance in Annexure-A to this report.

Audit committee has been constituted on 8th October 2008 as under

Mr. Vinodchandra Pandya Chairman, Mr. Bachubhai Patel & Mr. Dhiren K. Thakkar Member of the committee

EMPLOYEES:

There are no employees of the company who were in receipt of the remuneration of Rs.24,00,000/- in the aggregate if employed for the year and in receipt of the Monthly remuneration of Rs.2,00,000/- in the aggregate if employed for a part of the year under review. Hence the information required under Section 217 (2A) of the Companies Act, 1956 being not applicable are not given in this report.

STATUTORY INFORMATION :

The statutory information relating to the Conservation of Energy, technology absorption, Adoption, Research and Development, Foreign Exchange Earnings and outgo required to be given as per the provisions of Section 217 (1) (e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given herewith in an Annexure A.

MATERIAL CHANGES :

The company has sold its Meda Adraj unit along with plant and machinery during the year under audit in the year 2008-09 in order to settle the dues of secured creditors as a part of revival and rehabilitation process.

APPRECIATION :

Your Directors take this opportunity to acknowledge the trust reposed in your company by its Shareholders, Bankers and clients. Your Directors also keenly appreciate the dedication & commitment of all our employees, without which the continuing progress of the company would not have been possible.

**BY ORDER OF THE BOARD OF DIRECTOR
OF KANEL OIL AND EXPORT INDUSTRIES LTD.**

PLACE: Ahmedabad

SD/-

DATE: 01/09/2009

**(Dhiren K. Thakkar)
Chairman & Managing Director**

ANNEXURE A TO THE DIRECTORS REPORT

INFORMATION UNDER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988.

[A] CONSERVATION OF ENERGY.

(a) Power and Fuel	Current Year Ended on 31/03/2009	Previous Year Ended on 31/03/2008
(1) Electricity		
Purchase Units (KWH in Lacs)	0.00	4.59
Total Amount (Rs. In Lacs)	0.00	29.56
Average Rate per Unit	0.00	6.44
Fuel (Quantity in M.T.)		
Purchase Units (KWH in Lacs)	0.00	774.817
Total Amount (Rs. In Lacs)	0.00	15.48
Average Rate per Unit.	0.00	2.00
(b) Consumption per Unit Production.		
(1) Electricity (KWH – MT / KG)	0.00	0.801
(2) Fuel (MT – KG)	0.00	1.000

NOTES : The company had undertaken job work activity for the entire current year.

[B] RESERCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION.

(A) RESERCH & DEVELOPMENT : The Company is constantly making research for the purpose of Reduction of Energy Consumption, achievement of higher yields of production, minimization of wastage, reduce consumption of consumables and cost reduction.

(B) TECHNOLOGY ABSORPTION : There has been no major technological developments available in the Oil Industry at the stages of Solvent Extraction, Refining, Packaging etc. However researches are being made to achieve by products and derivative products.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	Current Year Ended on 31/03/2009	(Rs. In Lacs) Previous Year Ended on 31/03/2008
Total Foreign Exchange Earned	NIL	NIL
Total Foreign Exchange Used	NIL	NIL

BY ORDER OF THE BOARD OF DIRECTOR
OF KANEL OIL AND EXPORT INDUSTIERS LTD.

PLACE : Ahmedabad

SD/-

DATE : 01/09/2009

(Dhiren K. Thakkar)
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Your Directors have pleasure in presenting the Management Discussion and Analysis report for the year ended on 31st March 2009.

a. INDUSTRY STRUCTURE, DEVELOPMENT

The agro commodity sector is a key sector for country like India, it being an agricultural dependent country. The government's various policy is helping the agriculture sector growth and the government is determined to take it forward as it is an established fact that if our country has to grow a GDP rate of 6% and more, the major contribution has to come from agriculture sector

b. OPPORTUNITES, THREATS AND RISKS

The agro industry is showing healthy signs of growth. Even though the fluctuation of the raw material price put pressure on the profitability the demand of edible oil is well growing due to increase in population as well as increase in per capita income of the citizens of India. Being an agro sector insufficient and irregularity of monsoon after the availability of timely raw material.

c. SEGMENTWISE PERFORMANCE :

The company operations are broad bifurcated into two segments. Manufacturing and Trading.

d. INTERNAL CONTROL SYSTEM & THEIR ADEQUACY :

The company has adequate internal control system commensurate with the size. The committee reviews the implementation of management policies to ensure that transaction has been accurately recorded and promptly reported.

e. OUTLOOK :

It is expected that demand agro commodities and edible oil is to consistently grow with the increasing population and per capita growth in income. There can be cost cutting on all the luxuries, but company's products, specifically edible oil being item of daily consumption, the demand will keep on growing as even in worse time consumption of food items of daily requirement doesn't go down.

f. HUMAN RESOURCES & INDUSTRIAL RELATION :

The company has harmonious Industrial relation. There is continuous emphasis on development of human resources through training. The issues pertaining to workers are resolved in harmonious and cordial manner.

CORPORATE GOVERNANCE REPORT**(1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The company's continued endeavor is to achieve good governance, by way of constant efforts whereby ensuring the transparency, accountability and responsibility in our dealing with employees, shareholders, consumers and community at large. The Board of Directors represents the interest of the company by way of providing necessary guidance and strategic vision to the company.

(2) BOARD OF DIRECTORS

The composition of the Board, Category of Directors and Number of Directorship & Membership / Chairmanship of Committees in other Companies are as under :

Name of Director	Category	Remuneration received during the year under review	No. Of Outside Directorship (s) Held		No. Of Outside Committee Position Held	
			Public	Private	Member	Chairman
Mr. Dhiren K Thakkar	Chairman & Managing Director	NIL	NIL	NIL	NIL	NIL
Mr. Vinodchandra K. Pandva	Independent Director	NIL	NIL	NIL	NIL	NIL
Mr. Bachubhai K. Patel	Independent Director	NIL	NIL	NIL	NIL	NIL

The code stipulates that the Company shall have an optimum combination of Executive & Non-executive Director with not less than 50 % of Board of Directors comprising of Non-executive Directors. The number of independent Directors would depend on whether the Chairman is executive or non-executive. In case of non-executive chairman, at least 1/3 of Board should comprise of independent directors and in case of Executive Chairman, at least 1/2 of the Board should comprise of independent directors.

The Company has been complying with both the provisions towards number of non-executive directors as well as Independent Directors.

Number of Board Meetings :

During the year under review, 6 Board Meeting were held on, 30th April, 2008, 31st July, 2008, 27th August, 2008, 8th October 2008, 31st Oct, 2008 and 31st January, 2009

Directors Attendance Record

Name of Director	Category	Board Meeting attended during the year	Whether last AGM attended
Mr. Dhiren K Thakkar*	Chairman & Managing Director	6	Yes
Mr. Hitesh K. Thakkar**	Chairman & Managing Director	3	Yes
Mr. Umesh Khese **	Independent Director	3	Yes
Mr. Bachubhai K. Patel *	Independent Director	2	No
Mr. Vinodchandra K Pandya*	Independent Director	2	No

* Appointed W. E. F. 08-10-2008 ** Resigned W. E. F. 08-10-2008

None of the Directors of the Company are members of more than Ten Committees of Board or the Chairman of more than Five Committees across all Companies in which they are Directors.

The details of other Committee Chairmanship and Membership held by the Directors of the Company as at 31st March 2009 are given below :

Name of the Director	Chairman of Committee*	Member of Committee*
Mr. Dhiren K Thakkar	Nil	1
Mr. Hitesh K. Thakkar	Nil	Nil
Mr Umesh Khese	Nil	Nil
Mr. Vinodchandra K Pandya*	2	Nil
Mr. Bachubhai K. Patel *	Nil	2

Mr. **Vinodchandra K. Pandya** has been appointed as Chairman of the audit committee and **Mr. Bachubhai K. Patel** has been appointed as Member of the audit committee w. e. f. 8th October 2008.

Only two committees, namely, Audit Committee and Shareholder/Investor Grievance Committee has been considered as per Clause 49 of the Listing Agreement.

(3) AUDIT COMMITTEE

The Board of Directors of the Company has constituted an Audit Committee. The terms of reference to the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act 1956.

Presently, the committee consists of 3 Directors; all directors are majority of them being independent. The committees met 2 times during the year under review on 31st October 2008 and 31st January 2009.

The terms of reference of the Audit Committee include, overseeing of the Company's financial reporting process, recommending the appointment and removal of the external auditors, fixation of the audit fees with management, the annual financial statements, the adequacy of internal control systems, internal audit function, reviewing the company's financial and risk management policies, review of the expenses vis-à-vis budget, report on compliances with statutory requirements, reviewing compliances as regards the Company's Whistle Blower Policy etc. The audit committee reviews the adequacy of internal control systems etc. as mentioned in the scope and powers of the Audit Committee in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The minutes of the Audit Committee are circulated to the Board, discussed and taken note of at the Board Meeting.

The attendance record of the members at the meeting is as under.

Name of Director	No. Of Meeting Attended
Mr. Vinodchandra Pandya	2
Mr. Bachubhai Patel	2
Mr. Dhiren K. Thakkar	2

(4) SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Board of Directors of Company has constituted Shareholders / Investors Grievance Committee. Presently, the Committee consists of 3 Directors & Chairman of the Committee is non-executive director. The Committee met 2 times during the year under review on The committees met 5 times during the year under review on 31st October 2008 and 31st January 2009. The attendance record of the members at the meeting is as under :

Name of Director	No. Of Meeting Attended
Mr. Vinodchandra Pandya	2
Mr. Bachubhai Patel	2
Mr. Dhiren K. Thakkar	2

In order to facilitate prompt and efficient services to the Shareholders, for transactions in connections with transfer, transmission, dematerialization etc. Company has appointed M/S System Support Services as Registrar & Share Transfer Agent as per the circular issued by the SEBI.

The Company has not received any complaints during the year.

(5) EMUNERATION COMMITTEE AND POLICY :

The Board of Directors has constituted a Remuneration Committee, to determine the remuneration payable to the Managing Director & Executive Directors taking into account their qualification, experience, contribution and the prevailing levels of remuneration in companies of corresponding size & nature. Presently the Company is not paying any remuneration to any of its directors.

The Details of payment of Directors during the year are given below:

Name	Sitting Fees for attending Board Meeting & Committee Meeting * Rs.
Mr. Dhiren K Thakkar	Rs. Nil
Mr. Hitesh K. Thakkar	Rs. Nil
Mr. Umesh Khese	Rs. Nil
Mr. Vinodchandra K Pandya	Rs. Nil
Mr. Bachubhai K. Patel	Rs. Nil

* The company has not paid sitting fees in the financial year 2008-2009 to any of the non-executive directors.

(6) GENERAL BODY MEETING

(a) Details of last three Annual General Meeting are as under :

1. September 30, 2005 TJR House, Opp. Sushrusha Hospital, Off.C.G. Road, Navrangpura, Ahmedabad – 380 009
2. September 30, 2006 TJR House, Opp. Sushrusha Hospital, Off.C.G. Road, Navrangpura, Ahmedabad – 380 009
3. September 29, 2007 TJR House, Opp. Sushrusha Hospital, Off.C.G. Road, Navrangpura, Ahmedabad – 380 009
4. September 30, 2008. 203-Abhijeet -1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad – 380 006

(b) Postal Ballot :

During the year no resolution was put through postal ballot and neither during the current year any resolution is proposed to be conducted through postal ballot.

(c) Special Resolution :

Financial Year	Date of Meeting	No. of Special Resolution passed
2008-2009	30.9.2009	Nil
2007-2008	30.9.2008	Nil
2006-2007	29.9.2007	Nil

(7) DISCLOSURES

- a) Disclosure on materially significant related party transaction i.e. transaction of the Company of the material nature, with the promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

As per Note 14 of Schedule 19 – Notes on Accounts.

- b) Details of non-compliance by the company, penalties and strictures imposed on the Company by stock Exchange or SEBI or other authority on any matter related to capital markets during last three years :

Nil

c) Code of Conduct

The Board has laid down a code of conduct for all the Board Members and senior Management of the company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis.

d) Whistle Blower Policy

The Company does not have any Whistle Blower Policy as of now but no personnel are being denied any access to the Audit Committee.

e) Secretarial Audit

A qualified practicing Company Secretary has carried out a secretarial 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. The secretarial audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

f) Details of Companies with mandatory requirements and adoption of the non - mandatory requirements of this clause :

The Company has complied with all the mandatory requirements. As regards the non - mandatory requirements they are complied with to the maximum extent.

g) CEO CERTIFICATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges the Managing Director of the Company has certified to the Board in compliance with the Clause 49 (V) regarding CEO/CFD certification.

(8) MEANS OF COMMUNICATION

Half yearly report sent to each household of shareholders.	No,
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Quarterly Results	-do-
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Any website where displayed	We are in the process of developing on company's website
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Newspaper in which results are normally published in	—
--	---

Whether Management Discussion and Analysis is a part of the Annual Report	Yes
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Pursuant to the requirement of Clause 47 (F) of the Listing Agreement, the company has also created email address for making investor's grievance directly i.e. koeil@yahoo.com.

As per Clause 41 of Listing Agreement of Stock Exchanges the Quarterly (un-audited provisional) and Annual Audited Financial Results of the Company are sent to the Stock Exchanges immediately after the Board approves them. The results are published in accordance with the provisions of Listing Agreement with Stock Exchanges.

DIRECTORS PRESENT AT THE LAST ANNUAL GENERAL MEETING DATED SEPTEMBER 29, 2008.

- | | |
|---------------------------|-------------------------------|
| 1. Shri Hitesh K. Thakkar | Director & Compliance Officer |
| 2. Shri Dhiren K. Thakkar | Chairman & Managing Director |

OTHER DETAILS :

BOOK CLOSURE DATE	:	September 28, 2009 To September 30, 2009. (Both days inclusive)
REGISTRAR AND SHARE TRANSFER AGENT	:	System Support Services 209, Shivai Industrial Estate, 89, Andheri – Kurla Road, Sakinaka, Andheri (E), Mumbai - 72.
ISIN NUMBER OF THE COMPANY	:	INE 252 C 01015.
Audited Balance Sheet as on 31/03/2009 Signed by Directors & Auditors on Dividend Payment Programme	:	1 st September, 2009 No Dividend is recommend for the year
DEMATERIALSATION OF SECURITIES	:	Total Demat Shares 5420608 Representing 29.44% of total Equity Shares 12991832 Shares held in physical from Representing 70.56% of total Equity Shares.
DETAILED PROGRAMME OF THE 17 TH ANNUAL GENERAL MEETING	:	Date : 30 th September, 2009 Day : Wednesday Time : 1.00 P.M. Venue : 203, 2 nd Floor, Abhijeet – 1, Mithakhali Six Roads, Ahmedabad – 380 006
LISTING DETAILS	:	Equity Shares of the Company are Listed on following exchanges The Stock Exchange, Ahmedabad. The Stock Exchange, Mumbai The Stock Exchange, Culcatta The Stock Exchange, Jaipur

STOCK EXCHANGE CODE : ASE Code : 29590
BSE Code : 500236

Market Quotations and Number of Shares traded during the financial year ended on 31/03/2009.

The trading platform of the Stock Exchange Ahmedabad, Calcutta & Jaipur was inactive during the year. The Trading in stock of the company is suspended by the stock exchange Mumbai. The company is following up for lifting of such suspension. The BSE listing committee will take final decision for lifting of suspension from trading in shares of the company. Hence, no price of stocks and trading volume are available and hence not given herewith.

As the company's shares are not forming part of any index of Stock Exchange, No Index wise price movement of shares are given herewith as the same is irrelevant.

CATEGORY WISE HOLDING OF SHARES (AS ON 31/03/09)

Category	No. of shares held	% of Holding
Promoters / Directors / PACs	4708980	25.575
Body Corporate shareholders	1735618	9.426
Public Shareholders	11965242	64.985
NIRs / FIIs / OCBs etc	2600	0.014
Total	18412440	100.000

Distribution of Shareholding as on 31st March 2009 was as under :

Holding of nominal value of Rs. (No. of Shares)	No. of Share Holders	%	No. of Shares	%
Up to 5000	20789	92.05	3,92,74,110	21.33
5001 to 10000	1290	5.71	1,02,52,500	5.57
10001 to 20000	291	1.29	43,58,000	2.37
20001 to 30000	56	0.25	14,04,100	0.76
30001 to 40000	35	0.15	12,69,000	0.69
40001 to 50000	24	0.11	10,97,000	0.60
50001 to 100000	31	0.14	21,38,990	1.15
100000 & Above	69	0.30	12,43,30,700	67.53
Total	22585	100.00	18,41,24,400	100.00

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the code of conduct for the financial year ended 31st March 2009.

**FOR AND ON BEHALF OF BOARD OF DIRECTORS
KANOL OIL & EXPORTS INDUSTRIES LIMITED**

Date: 1st September, 2009
Place : Ahmedabad

**DHIREN K. THAKKAR
CHAIRMAN & MANAGING DIRECTOR**

SHAH DINESH DAHYALAL & ASSOCIATES

Chartered Accountants

713 Loha Bhavan, Opp. Old High Court Lane, Income-Tax,
Ashram Road, AHMEDABAD – 380 009.**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To,
The Members of Kanel Oil & Exports Industries Limited
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by Kanel Oil & Exports Industries Limited for the year ended on 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our Examination was limited to the procedures and implementation thereof, adopted by the Company to ensure Compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Agreement under the clause 49 except that, the website designing and posting of necessary information of the listing requirements on the company's website started last year is still in progress; and that the Company Secretary's office that has been vacated is still vacant for non-availability of the right candidate in spite of the advertisement and other efforts made in that direction. However, though it has been explained to us the management of the company is committed to be persistent in their efforts to ensure that these conditions are also fulfilled at the earliest.

We have to state that as per the records maintained by the Company, there was one investor grievance during the year under review which and been attended and resolved & therefore there were no grievances remaining unattended / pending for more than thirty days.

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.

For, Shah Dinesh Dahyalal & Associates
Chartered Accountants

Ahmedabad
1st September, 2009.

(Shah Dinesh D.)
Proprietor
Membership No. 106871

**AUDITORS' REPORT TO THE MEMBERS OF
KANDEL OIL & EXPORT INDUSTRIES LIMITED**

- 01 We have audited the attached Balance Sheet of Kandel Oil & Export Industries Ltd. As at March 31, 2009, Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 02 We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- 03 As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
- 04 Further to our comments in the Annexure referred to above, we comment that:

- a. The company's application to BIFR for its revival and rehabilitation has been rejected by BIFR confirming its prima-facie opinion for winding up of the Company and as against such status, Company's appeal was pending in AAIFR and the same was dismissed by Order dated 18/05/2005.

The Company had also filed reference vide case no. 159/2003, which became in fruituous by order dated 26/04/2005 on the ground of prima facie opinion of BIFR. Against this order, the company has filled an Appeal with AAIFR on 28/07/2005 vide Case No. 67/05 for the second reference and the Next hearing scheduled on 27/10/2009.

- b. The winding-up opinion forwarded by BIFR to the honorable Gujarat High-Court and registered as Case No. 225/03 has been admitted by the Gujarat High-Court The Honorable Court has fixed the matter for direction on 10/09/2009.
- c. As informed to us by the Directors of the company that the debt of State Bank of Saurashtra [KMBL] have been settled and the debt assigned to ARCIL [Debts of Dena Bank, State bank of Patiala and State Bank of Bikaner and Jaipur] have been settled under OTS and no due certificates have been obtained by the company from Kotak Mahindra Bank Ltd and ARCIL. The Secured Creditors under debts settlement have also withdrawn the recovery suits filed with DRT. Necessary forms filing with ROC for release of charges are still pending. Resulting effect of debt settlement with Banks, Rs. 73.13 Crores Have been credited to Profit and Loss account on waiver of Principal outstanding balance including accrued interest due to banks. [Read with Notes no. 5]
- d. Dividend declared in year 1995,1996,1997 and 1998 and remained unclaimed are due for transfer to Investors Education and Protection Fund under the provisions of Sec 205C of the Companies Act, 1956. It has been informed by the management that details for unclaimed dividend are not provided by the nominated bank, SBS, Industrial finance Branch, Ellisbridge, Ahmedabad. In absence of proper records and supporting evidences, we could not quantify the amount not transferred as required by the law and its compliance.
- e. Granting Loans of Rs.13.64 Lacs [including Rs. 6.14 lacs to sister concerns] in the earlier years, which are interest free and without any repayment terms, and outstanding as at the year end amounting to Rs.13.64 Lacs [Previous year Rs. 13.64 Lacs], which in our opinion, are prejudicial to the interest of the Company.
- f. The Company has taken inter corporate loan of Rs.628.65 Lacs and unsecured loans from related parties/firms of Rs. 14.15 lacs during the financial year under audit. The Closing Balance at the year end are Rs. 572.61 Lacs in case of inter corporate loans and Rs. 98.83 lacs for related parties and firms.

Out of total Inter Corporate Loans as above, the Company has taken Mortgage Loan of Rs. 5 Crore from Adani Enterprises Ltd. We are not provided any formal Loan Agreement copy except Mortgage Deed. No interest is provided on such Loans. we are unable to comment upon non provision of interest, repayment schedule etc. in absence of any formal agreement with the companies and parties.

- g. Company has not made provision for doubtful Debtors of Rs 85.24 Lacs and advance recoverable in Cash or in Kind of Rs. 13.65 lacs, to that extent, Current Assets and current years profit have been overstated and accumulated losses have been understated.
- h. In absence of proper records and Income Tax computation for the F Y 2008-09, We could not comment upon non provision of Income Tax and its liabilities.
- i. The Company has not deducted TDS from Professional fees of Rs. 93500 and Rs. 320000, on account payment to professionals and advocates during the financial year under audit. TDS payable for earlier years are also not paid during the year under Audit.
- j. Internal Control system needs to be strengthen for recovery of outstanding dues and high cash transactions
- k. Bank Balance certificate or Bank Statements for various banks including No lien accounts with banks showing total balance of Rs. 90.85 Lacs are not available with the company. Management is of opinion that banks are not providing such required bank statements or certificates hence all accounts are carried forward showing bank balance. In absence of such documents, we could not comment upon the balance with banks.[Read with Notes No.6]
- l. In addition to our observation in clause (a) to (k) above, The Company in its further move to settle the dues of banks sold out another unit as a whole at Meda-Adraj during the F Y 2008-09. After sale out of main two units of the Company to the date of report, the Naroda Unit has been inoperative since last twelve years. The majority Financial indicators and operating indicators remained negative and to the date of Audit report and in absence of formal developments for financial support, there is substantial doubt that it will be able to continue as a going concern even though the books of accounts of the Company has been prepared on the assumption of a Going Concern basis. In this situation, adjustments may be required to the recorded assets amounts at current value and classification of liabilities is required. The financial statements do not disclose this fact.

05 Further to our comments in the annexure referred to in paragraph 3 above, we report as follows:

- a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit except certain non receipt of confirmation of balances in respect of loans and Advances, Deposits, Debtors and Creditors, Banks and Financial Institutions. [Read with Notes No.8] and certain documents and records in relation areas of non-compliance as mentioned in para (a) to (l) above.
- b. In our opinion proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of the books of accounts.
- c. The Balance sheet, Profit and Loss Accounts and the Cash Flow statements dealt with by this report are in agreement with the books of accounts.

In our opinion, Balance Sheet, Profit and Loss accounts and Cash Flow statements have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except non compliance are as follows.

- 1 Company has not complied with AS 15 – Accounting for Retirement benefits while preparing financial statements [Read with note no. G]
- 2 The Company has not published Audited / un-audited quarterly results during the year under audit.

- 3 The Company has not complied with AS 28, introduced w.e.f. 1st April, 2004 while preparing the financial statements. The carrying amount of the assets was not reviewed for indication of impairment of assets on basis of internal / external factors. Plant at Naroda Division has been inoperative for twelve years due to obsolescence in production technology and other reasons. Plant & Machinery of book value of Rs.38.68 lacs has not been written off to the extent to come down to its carry value. Loss for the year has been under stated to the extent of book value of plant and machinery balance not written off.
- 4 Entries for Deferred Tax Assets / Deferred Tax Liabilities are not passed in the books of accounts.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the schedules and notes there on and give the information required by the Companies Act, 1956 in the manner so required and subject to

On the basis of written representation received from the Directors as on March 31, 2009 and taken on record by the Board of Directors, we report that non of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of the Section 274 of the Companies Act, 1956.

In our opinion, subject to the omission of the information dealt with in the report and all our remarks above, The financial statements gives a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet , of the state of affairs of the Company as at March 31, 2009,
- In the case of Profit and Loss Account, of the Profit for the year ended on that date and

For, **SHAH DINESH DAHYALAL & ASSOCIATES**
Chartered Accountants

Place : Ahmedabad
Date : 01/09/2009

Shah Dinesh D.
Proprietor

**ANNEXURE TO THE AUDITORS' REPORT
OF KANEL OIL & EXPORT INDUSTRIES LTD.
ANNEXURE**

Referred to in paragraph 3 of our report of even date.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) During the year, fixed assets of the Company have not been physically verified by the Management. The management decided to implement programme of regular physical verification of all fixed assets at least once in a two year, which in our opinion, is reasonable, having regard to the size of Company and the nature of the Fixed Assets. **We are unable to comment upon the material discrepancy in absence of physical verification by the management.**
- (c) **During the year under audit, the company has sale out substantial part of the fixed assets, the unit at Meda-Adraj has been sold out. Being a main business operation units of the Company and Naroda Unit is inoperative since last many years and in a situation of all negative financial as well as operational indicators, the going concern concept is affected [read with point no. 4(k) of our main audit report]**
2. (a) As per the information furnished, the inventories have been physically verified by the management at reasonable intervals during the year under audit. In our opinion, having regards to the nature, volume and location of stocks, the frequency of physical verification is reasonable and proper.
- (b) In our opinion, and according to the information and explanations given to us, 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 and overall volume of business during the year.
- (c) On the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. As per the opinion of management, the discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (l) In respect of Loans Secured or Un-secured granted by the company to companies , firms or other parties covered in register maintained U/S 301 of the Companies Act, 1956, according to the information and explanation given to us
- (a) **During the year , the company has not granted any loans to any parties referred above, however, at the year end , the outstanding balance of such loans granted in earlier years , amounted to Rs. 6.14 Lacs and maximum balance outstanding during the year amounted to Rs. 6.14 Lacs.**
- (b) **Above referred loans are interest free and does not carry any other terms and conditions and as such the Loans, in our opinion, are prejudicial to the interest of the company.**
- (c) **During the year, there have been no recovery towards interest and principal. In absence of any other terms , we are unable to comment on the regularity of repayment of principal and payment of interest.**
- (d) Based on our observation of the loans account over the years and according to the information available to us, we are of the opinion that the entire loan amount is overdue.

We further state that the steps taken by the management for recovery of principal amount with interest if any, need to be intensified.

- (e) The Company has taken Unsecured loans from parties covered in the register maintained U/s 301 of the Companies Act., 1956. Details are as follows.

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Sr. No.	Name of Party / Person	Relationship With Company	Amount Rs.	Year End Balance	Mode of Receipt
01	T.J.R. Sons Ltd.	Group Co.	12665000	3436710 Cr.	Cheque
02	Dhiren K Thakkar	Director	1415000	2324632 Cr.	Havala entry

- (f) Above referred loans are interest free and does not carry any other terms and conditions, in our opinion, they are not prejudicial to the interest of the company.
- (g) During the year, there have been a repayment towards principal. No interest is provided on any loan account. in absence of proper loan agreement and any other terms and conditions on which loan taken, we are unable to comment on the regularity of repayment of principal and payment of interest.
4. 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, the nature of its business and taking into consideration of overall business volume during the year with regard to manufacturing activities, purchases of raw materials, inventory, fixed assets and with regard to the business activities. On basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures except the high cash transactions during the year, high Cash on Hand on many dates and at the end of year, balance confirmation from parties, Banks, ESIC / PF departments, non verification of Fixed Assets periodically and very slow debtors recovery. Internal controls should be strengthen in such sensitive area.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transaction that need to be entered into the register maintained under section 301 have been not so entered.
- (b) There are no transactions [other than as reported under paragraph 3 (l)(a) and para 5 above]which are in excess of Rs. 5 Lacs in respect of any party, subject to our inability to express our opinion as mentioned in para 4 (d) of our main Audit Report.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from public with in the meaning of Sec. 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 made there under.
7. The company has no Internal Audit system during the year under Audit.
8. According to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for any of the products of the company.
9. (a) According to the information and explanations given to us, the Company has not been regular in depositing undisputed statutory dues towards Employees' State Insurance, TDS, Professional Tax, Sales Tax, Income Tax and Municipal Tax during the Financial Year.

The undisputed dues which are outstanding for more than six months as at the Balance Sheet date from the date they became payable were as follows.

SR. NO.	NATURE OF DUE	AMOUNT OUTSTANDING AS ON 31/03/2009 [Rs. In Lacs] For more than 6 months And already due
01	Income Tax	* 99.10
02	TDS Payable	1.05
03	Sales Tax	17.53
04	E.S.I.C.	0.56
06	Professional Tax	0.34

[TDS is not deducted during the year at the time of payment or credit to the parties and not paid to the Cent. Govt. such details are not included in above figures. FBT of Rs. 5796 is also not paid. ESI and Professional Tax are not paid during the year under audit and the company is not providing for interest accrued on above all amounts payable. In absence of required statutory records to ascertain the total amount relating to Interest thereon, the above amount does not includes the interest and penalty portion. In absence of Sales Tax Return copy and non filing of Sales tax Returns for the F Y 2007-08 and onwards, we cant quantify the liabilities relating to tax as well as of Interest and penalty also.]

* Amount due as per demand notice served by the Income Tax department is Rs.136.37 Lacs for the various assessment years. It was explained by the management that difference is not reconciled and not provided in books of account.

(b) According to the information and explanation given to us by the management of the Company, there are no dues of Sales Tax and Income Tax which have not been deposited on account of any dispute except as mentioned in clause "a" above and as mentioned below.. We further reports that quantum of liability towards TDS payment is not worked out since the Company has not complied with the provisions of Income Tax Act to the extent and no amount provided for. Below details does not includes such liability. We are further informed that during the F Y 2008-09, there were no further developments in cases pending with Sales tax authority and there are no cases pending with Income Tax department at any level.

SR.	NATURE OF DUES	AMOUNT [Rs. In Lacs]	FORUM WHERE DISPUTE IS PENDING
01	Sales Tax	274.63	The Matter is remanded back to Asst. Comm. Of Sales tax . [AY 1998-99]
02	Sales Tax	245.92	Pending with the Appelat tribunal of Sales Tax [A.Y. 1997-98]
03	Sales Tax	24.30	Appeal Pending with Jt. Commercial Tax Commissioner , Appeal Division-1 [AY 1999-2000]
04	Sales Tax	6.14	Appeal pending with Jt. Commercial Tax Commissioner, Appeal Divi.-1 [AY 2000-01]
05	Sales Tax	2.88	Appeal pending with Jt. Commercial Tax Commissioner, Appeal Divi.-1 [AY 2000-01]
06	Municipal Tax	12.62	Ahmedabad Municipal Corporation [dues upto October, 2004]

[above details are based on records made available to us for the verification only.]

10. In our opinion, the accumulated losses of the Company have exceeded fifty percent of the net worth as at the end of the financial year 2008-09. The Company has incurred Cash Losses of Rs. 1.91 Crores during the financial year under audit and the company had incurred cash lossess of Rs. 3.12 lacs the immediately preceding financial year.

11. In our opinion and according to the information and explanation given to us, we are of the opinion that the Company has defaulted in the repayment of dues to Financial Institutions. The Schedule of default is given below.

SR	PARTICULARS	AMOUNT OUTSTNDING SINCE 31/03/2004		TOTAL RUPEES (in Crore)
		PRINCIPAL	INTEREST	
01	Short Term Loans from Institution - SICOM	3.00	2.39	5.39

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The Company has taken secured Loans from the Company of Rs. 5 Crore in June, 2008. There is no repayment towards principal or Interest. Management had not provided us copy of agreement containing terms and conditions for repayment and interest charges. In absence of the same, we could not comment on default status.

We have been informed by the management that the Company had settled the dues of banks during year 2008-09 by way of OTS and no due certificates have been received. [Notes-No.12 of Notes on Accounts]

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund, nidhi, mutual benefit fund of society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable the Company.
14. In our opinion , the Company is not dealing in or trading in shares, securities, debenture and other investments.
15. In our opinion and according to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year as per the information given by the management and available records made available for our verification.
16. In our opinion , no term loans were availed by the Company during the financial year except unsecured loans taken from directors related firms and their relatives as reported in Point No. 3(e).
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment and No long-term funds have been used to finance short-term assets except core (permanent) working capital during the year under Audit.
18. Based on our examination of records and information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. During the year covered by our audit report, the company has not issued any debentures.
20. The Company has not raised any money by public issue during the year.
21. according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For, SHAH DINESH DAHYALAL & ASSOCIATES
CHARTERED ACCOUNTANTS

Place : Ahmedabad

Shah Dinesh D.

Date : 01/09/2009

Membership No. 106871

KANEL OIL & EXPORT INDUSTRIES LTD.

BALANCE SHEET AS AT 31.03.2009

In Rupees

PARTICULARS	SCHEDULE	AS AT 31 ST MARCH - 2009	AS AT 31 ST MARCH - 2008
I. SOURCES OF FUNDS:			
1. SHARE HOLDERS' FUND:			
(a) Share Capital	A	184,124,400	184,124,400
(b) Reserves & Surplus	B	194,859,100	194,859,100
2. LOAN FUNDS:			
(a) Secured Loans	C	103,890,884	914,420,688
(b) Unsecured Loans	D	17,145,475	17,587,975
	TOTAL	500,019,859	1,310,992,163
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS:			
(a) Gross Block	E	51,684,570	244,757,338
(b) Less: Depreciation		33,839,211	195,783,364
Net Block		17,845,359	48,973,974
2. INVESTMENTS			
	F	15,000	15,000
3. CURRENT ASSETS, LOANS & ADVANCES:			
(a) Inventories	G	-	1,218,091
(b) Sundry Debtors	H	44,503,037	55,989,951
(c) Cash & Bank Balances	I	10,811,327	10,267,508
(d) Loans & Advances	J	4,429,720	5,612,410
		59,744,084	73,087,960
Less: Current Liabilities & Provisions: (A)			
(a) Current Liabilities (B)	K	28,502,538	38,800,069
NET CURRENT ASSETS (A-B)		31,241,546	34,287,891
4. PROFIT & LOSS A/C			
		450,917,954	1,227,715,298
TOTAL		500,019,859	1,310,992,163

Significant Accounting Policies and Notes Forming integral part to Accounts

S

As per our report of even date

For and On behalf of

Shah Dinesh Dahyalal & Associates
Chartered Accountants

Shah Dinesh D.
(Proprietor)

Place : Ahmedabad
Date : 01.09.2009

For and on behalf of the Board of Directors of
Kanel Oil & Export Industries Ltd.

Dhiren Thakkar Vinodbhai Pandya
(Managing Director) (Director)

Place : Ahmedabad
Date : 01.09.2009

KANEL OIL & EXPORT INDUSTRIES LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
ON 31 ST MARCH 2009

In Rupees

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 31 ST MARCH - 2009	FOR THE YEAR ENDED 31 ST MARCH - 2008
I. INCOME			
SALES	L	-	32,496,188
OTHER INCOME	M	749,171,457	18,752,106
INCREASE/(DECREASE) IN STOCK	N	-	9,114,460
		749,171,457	42,133,834
II. EXPENDITURE			
PROCESSING & OTHER EXPENSES	O	17,233,130	27,652,016
ADMINISTRATIVE EXPENSES	P	1,369,580	5,473,492
FINANCIAL CHARGES	Q	236,263	134,078
DEPRECIATION		2,342,009	6,738,617
TOTAL....		21,180,982	39,998,203
III. PROFIT/(LOSS) BEFORE TAX		727,990,475	2,135,631
Add :- Net Profit from Sales of Fixed Assets	R	48,730,443	11,372,642
IV. PROVISION FOR TAX		-	-
TAXES FOR THE EARLIER PERIODS		-	-
		776,720,918	13,508,273
V. PRIOR PERIOD/EXTRA ORDINARY ITEMS (NET)		76,426	43,047
VI. PROFIT/(LOSS) AFTER TAX		776,797,344	13,465,226
VII. LAST YEAR DEBIT BALANCE		- 1,227,715,298	- 1,241,180,524
		- 450,917,954	- 1,227,715,298
APPROPRIATION:			
VIII. DEBIT BALANCE CARRIED TO BALANCE SHEET		- 450,917,954	- 1,227,715,298
Significant Accounting Policies and Notes Forming integral parts to Accounts	S		

As per our report of even date

For and On behalf of

Shah Dinesh Dahyalal & Associates
Chartered AccountantsShah Dinesh D.
(Proprietor)Place : Ahmedabad
Date : 01.09.2009For and on behalf of the Board of Directors of
Kanel Oil & Export Industries Ltd.Dhiren Thakkar Vinodbhai Pandya
(Managing Director) (Director)Place : Ahmedabad
Date : 01.09.2009

KANEL OIL & EXPORT INDUSTRIES LTD.

In Rupees

PARTICULARS	FOR THE YEAR ENDED 31 ST MARCH - 2009	FOR THE YEAR ENDED 31 ST MARCH - 2008
<u>SCHEDULE : (A) SHARE CAPITAL</u>		
AUTHORISED SHARE CAPITAL 2,00,00,000 equity shares of Rs.10/- each Fully Paid	200,000,000	200,000,000
<u>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</u>		
1,84,12,440 Equity Shares of Rs. 10/- each Fully Paid up	184,124,400	184,124,400
	184,124,400	184,124,400
<u>SCHEDULE: (B) RESERVES & SURPLUS</u>		
General Reserve	8,500,000	8,500,000
Share Premium	177,000,000	177,000,000
Capital Reserve	9,359,100	9,359,100
	194,859,100	194,859,100
<u>SCHEDULE : (C) SECURED LOANS *</u>		
Cash Credit and WCDL from Banks	1	-
Packing Credit from Banks	1	-
SICOM Ltd.	2	30,000,000
Adani Enterprises Ltd	3	50,000,000
Interest Accrued and Due But not Paid		23,890,884
		103,890,884
<u>SCHEDULE : (D) UNSECURED LOANS *</u>		
Deposits form Directors, Relatives & Related Firms		
TJR Finance Ltd.		2,664,500
Dhiren K Thakkar		2,324,632
Hitesh K Thakkar		59,633
TJR Sons Ltd.		3,436,710
Kanaiyalal J Thakkar HUF		7,500,000
Intercorporation Loan from		
Aaryavart Commodities P. Ltd.		-
Vishal Export Overseas Ltd.		1,160,000
		17,145,475
		17,587,975

Note No. 1

During the F.Y. 2008-09, All banking debts have been settled under OTS consequently the charges created on property became free [read with clause no.4[c] of main audit report]

Secured by way of charges on future and movable properties of the company stock as material, Stock in process, Semi finish goods and finished goods, stores, spares, plant and machinery, and other assets. Further secured by way of mortgage of title deed of immovable property of the company at Meda Adraj Unit.

Note No. 2

Secured by way of pledge shares of promoters and their friend and relatives including personal Guarantee of two directors of the company.

In absence of sanction letters of the above secured loans, the above information has been compiled on the basis of the details available.

Note No. 3

Secured by way of a charges on present immovable properties of the company at Office premises at TJR House and Abhijeet - 1 and Plot No. 213, 214/2 and 214/3 GIDC, Naroda, Ahmedabad and Immovable Properties of Promoter, Director and relatives of Director.

In absence of sanction letters of the above secured loans, the above information has been compiled on the basis of the details available.

KANEL OIL & EXPORT INDUSTRIES LTD.

SCHEDULE : (E) FIXED ASSETS

In Rupees

Particulars of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Addition During the year	Deductions During the year	As on 31.03.2009	Up to 31.03.2008	Provided For the Year	Adjustment for Ded./Sales	As on 31.03.2009	As at 31.03.2009	As at 31.03.2008
LAND	6,885,438	-	3,088,255	3,797,183	-	-	-	-	3,797,183	6,885,438
FACTORY BUILDING	50,676,868	-	32,899,746	17,777,122	35,545,597	855,628	24,994,313	11,406,912	6,370,210	15,131,271
OFFICE BLDG. (NARODA)	1,125,000	-	-	1,125,000	517,283	30,386	-	547,669	577,331	607,717
OFFICE BLDG.	3,764,532	-	481,302	3,283,230	1,604,516	108,001	481,304	1,231,213	2,052,017	2,160,016
ELECTRIC INSTALLATION	4,565,458	-	4,560,382	5,076	3,511,403	27,070	3,534,578	3,895	1,181	1,054,055
OFFICE EQUIPMENT	3,254,065	-	1,805,653	1,448,412	2,897,697	56,369	1,785,153	1,168,913	279,499	356,368
PLANT & MACHINERY	161,529,147	-	143,544,711	17,984,436	140,043,140	1,058,858	126,985,527	14,116,471	3,867,965	21,486,007
FURNITURE & FIXTURE	10,911,565	-	4,647,453	6,264,112	9,640,140	204,651	4,480,654	5,364,137	899,975	1,271,425
VEHICLES	2,045,264	-	2,045,264	-	2,023,587	1,046	2,024,633	-	-	21,677
TOTAL	244,757,338	-	193,072,766	51,684,570	195,783,364	2,342,009	164,286,162	33,839,211	17,845,361	48,973,974
Previous Year Figures	279,501,891	-	34,762,554	244,757,338	211,929,943	6,738,617	22,885,197	195,783,364	48,973,974	67,589,948

PARTICULARS	FOR THE YEAR ENDED 31 ST MARCH - 2009	FOR THE YEAR ENDED 31 ST MARCH - 2008
SCHEDULE : (F) INVESTMENTS		
Investment in Government Securities - (At Cost)		
National Saving Certificates (Lying with Government departments)	15,000	15,000
	15,000	15,000
SCHEDULE : (G) INVENTORIES		
(As taken, valued and certified by the Management)		
1. Raw material, Finished Goods & Others	-	1,218,091
	-	1,218,091
SCHEDULE : (H) SUNDRY DEBTORS		
(Unsecured and Considered good unless otherwise stated and certified by the Management)		
(i) Debts outstanding for a period exceeding six months	4,45,03,037	46,023,084
(ii) Other Debts	-	9,966,867
	4,45,03,037	55,989,951
SCHEDULE : (I) CASH & BANK BALANCES		
1. Cash on hand	1,693,859	747,933
2. Bank balances with Scheduled Banks (In Current Accounts, F.D. Account and No lien Accounts)	9,117,468	9,519,575
	10,811,327	10,267,508
SCHEDULE : (J) LOANS & ADVANCES		
(Unsecured, and considered good unless otherwise stated)		
1. Deposits with Government Departments & others	669,162	2,085,007
2. Income tax, T.D.S. and Sales Tax	2,074,754	2,037,637
3. Advances Recoverable in cash or in Kind or for the value to be received	1,685,804	1,383,036
4. Advance Given to Creditors	-	106,730
	4,429,720	5,612,410

KANEL OIL & EXPORT INDUSTRIES LTD.

In Rupees

PARTICULARS	FOR THE YEAR ENDED 31 ST MARCH - 2009	FOR THE YEAR ENDED 31 ST MARCH - 2008
<u>SCHEDULE : (K) CURRENT LIABILITIES</u>		
Creditors for Goods, capital goods and expenses	14,201,012	26,471,451
Advance Received from Debtors	2,369,312	-
Advance Payable in Cash or Kind	68,500	82,500
Statutory Dues	11,857,918	12,246,118
Provisions	5,796	-
	28,502,538	38,800,069
<u>SCHEDULE : (L) SALES</u>		
Rapeseeds	-	830,587
Rapeseed Bardan	-	74,325
Rapeseed Oil	-	20,048,494
Rapeseed Cake	-	87,436
Rapeseed Doc	-	786,188
Soyabean Oil	-	10,669,158
	-	32,496,188
<u>SCHEDULE: (M) OTHER INCOME</u>		
Job Work & Others Income	17,443,236	18,455,126
Kasar / Vatav income	731,620,521	177,070
Brokerage income	13,846	-
Interest received	93,854	119,910
	749,171,457	18,752,106
<u>SCHEDULE : (N) INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS</u>		
Opening stock of Finished goods and others	-	9,114,460
Closing stock of Finished goods and others	-	-
	-	9,114,460
<u>SCHEDULE : (O) PROCESSING & DIRECT EXPENSES</u>		
Consumption of Consumables and Material	6,160,349	21,463,227
	2008-09	2007-08
(A) Opening stock of Hexane	1,218,091	701,689
ADD: Purchase of Hexane	4,942,258	21,979,629
	6,160,349	22,681,318
LESS: Closing stock of consumables	-	1,218,091
Consumed	6,160,349	21,463,227
Direct Expenses	4,031,470	2,478,308
Stores & Spares Consumed	-	193,266
Salary & Wages [Factory]	874,647	520,128
Power, Fuel and Electricals	6,166,664	2,997,087
	17,233,130	27,652,016

KANEL OIL & EXPORT INDUSTRIES LTD.

In Rupees

PARTICULARS	FOR THE YEAR ENDED 31 ST MARCH - 2009	FOR THE YEAR ENDED 31 ST MARCH - 2008
<u>SCHEDULE : (P) ADMINISTRATIVE EXPENSES</u>		
Electricity exps.	57,549	58,065
Stationery & Printing	18,817	65,793
Postage, Telephone & Telegram	66,052	88,669
Travelling and Conveyance	88,758	163,264
Auditors Remuneration	51,000	91,000
Legal and Professional Fees	177,674	440,874
Advertisement Expenses	5,502	15,101
Salary & Wages [Office]	283,020	160,000
Miscellaneous Expenses.	186,569	169,895
Maintainance & Repairs	<u>2009</u>	<u>2008</u>
- Building Repairs	0	7,135
- Machinery Repairs	114,975	339,658
- Others	19,180	189,913
Security Expense	-	520,788
Selling & Distribution Expenses	-	83,645
Loss on future option trasactions	-	171,526
Rates,Duties & Taxes including others	196,003	2,818,678
Insurance	82,585	30,553
Penalty	720	54,418
Lago Charges	-	2,117
Sales Tax Samadhan Yojana	-	2,400
FBT Tax Exp.	21,176	-
	1,369,580	5,473,492
<u>SCHEDULE : (Q) FINANCIAL CHARGES</u>		
Bank charges and other Financial Charges	236,263	134,078
	236,263	134,078
<u>SCHEDULE: (R) PROFIT or LOSS FROM SALE OF FIXED ASSETS:</u>		
Profit on Sale of Fixed Assets	49,016,738	15,608,984
Loss on Sales of Fixed Assets	286,295	4,236,342
NET PROFIT.....	48,730,443	11,372,642

SCHEDULE – S : NOTES FORMING PART TO ACCOUNTS**1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES****(A) METHOD OF ACCOUNTING**

- i) The Financial Statement are prepared under historical cost convention and on accrual basis.
- ii) The company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis except specified below
 - (a) Liability of Sales Tax, Income tax for pending assessments.
 - (b) Employees Benefit in respect of Gratuity, Leave Encashment and Bonus.

(B) FIXED ASSETS

Fixed Assets are accounted at cost inclusive of inward freight, duties, taxes and incidental expenses related to acquisition and installation and allocable pre-operative expenditure.

(C) DEPRECIATION

Depreciation has been provided on the assets at written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956. Depreciation on Plant & Machinery at Naroda unit has been provided for normal Wear & tear though it has been inoperative throughout the year.

(D) INVESTMENTS

All the investments are current investments and valued at purchase cost.

(E) INVENTORIES

There are no closing stock of Finished Goods, Raw Material and any WIP at year end.

(F) REVENUE RECOGNITION

- i. Vatav / Kasar income are recognised on settlement of Account.
- ii. Income from Jobwork / Processing are recognised on raise of Debit Note.
- iii. Interest Income is accounted on Accrual Basis.
- iv. Brokerage Income is accounted on raise of Debit note.

(G) RETIREMENT BENEFITS

- 1) Gratuity and other ex-gratia benefits are accounted on cash basis and hence no provision for accrued gratuity has been made.
- 2) Company has no Leave encashment scheme as a part of retirement benefits scheme. The employees of the company are entitled to encash their unavailed leave accrued during course of their employment in accordance with the company's rules and regulations. The same are accounted in the books of accounts as and when claimed.

(H) TAXATION

Deferred tax assets arising on account of brought forward business losses including unabsorbed depreciation are recognised only when there is virtual certainty supported by convincing evidence that such assets will be realised. Deferred tax assets arising on temporary timing difference are recognised only if there is reasonable certainty of realisation.

(I) CONTINGENT LIABILITIES

All contingent liabilities are disclosed to the extent of details available.

(J) PROVISION FOR BAD AND DOUBTFUL DEBTS

Provision for bad and doubtful debt has been made as per management's option and their decision, if any.

2. NOTES ON ACCOUNTS

1. The figures of the previous year have been regrouped, rearranged and changed wherever necessary so as to make them comparable with the current year.
2. The information's / details are as per the books maintained and determined and information compiled and furnished on the computer.
3. Management have broadly reviewed the data on the basis of compiling details and information and have test checked wherever considered necessary the books and / or the details / information compiled in the company and also on the computer.
4. In the absence of complete information in respect of each SSI Registered creditors, outstanding as on 31.03.2009, the details of aggregate amount due to Small Scale industrial undertakings outstanding as on 31-3-2009 are not given.
5. All banking debts have been settled under OTS and no due certificates have been obtained by the company from Kotak Mahindra Bank Ltd and ARCIL. The Secured Creditors under debts settlement have also withdrawn the recovery suits filed with DRT.
6. Account copy of current accounts, except Central Bank of India Current account no. 20450 and The Bhuj Mercantile Co. Op. Bank Ltd. C.A. No. 80766 and Kotak Mahindra Bank Ltd. , all the bankers are not available for reconciliation as statements are not given to the company by all bankers. Management have written letters to the above banks requesting them for submission of latest bank statements directly to the Auditor but they have not received any account copy. Balance with No lien deposit account with banks does not reconcile with total transactions of Company.
7. Account confirmations in respect of some of the accounts of Sundry Debtors, Creditors, Loans and Advances and some of the banks and financial institution have not been received and they are subject to confirmations and reconciliations. The management is of the opinion that adjustments, if any, arising out of such reconciliation would not be material effecting current Year financial statements.
8. The company has not provided for listing fees of Jaipur and Ahmedabad Stock Exchange. The company has not paid listing fees of Ahmedabad Stock Exchange since 2003-04.
9. Certain documents, registers, etc. including fixed assets register were seized during the search operations as on 5th October, 2001. Such registers were not made available except fixed assets register prepared by management separately to us for inspections, usual verifications and periodical updation.
10. In absence of sufficient non-executive/ professional directors, company could not comply with report on corporate governance and audit committee u/s 292A of the Companies Act, 1956 has not been formed.

11. The management is in the process of taking stringent remedial actions for the recovery of outstanding dues, optimum utilisation of cash management, interdivision cash transfer, maintenance and updating of proper stock records, stringent controls over production, receipt and dispatch of stock, direct settlement of debtors/creditors through journal entry and improving overall profitability and adequate capacity utilisation of the factories.
12. Factory at Meda Adraj Unit has been Sale out during the F.Y.2008-09 as a whole and banking debt have been settled under OTS and no due certificated from KMBL and ARCIL have been taken and in this arrangements, the company has taken Term Loan from Adani Enterprises Ltd of Rs. 5 Cr.
13. The company had deposited the amount of dividend declared in preceding years with SBS Isanpur Branch and SBS IFC Branch. As per the amendments made in the Companies Act, 1956 the amount of unclaimed dividend has to be transferred to special fund called Investor Protection and Education Fund from the date on which the unclaimed dividend has been transferred to a special bank account. Company has no information about the balance of unclaimed dividend with Bank. In absence of the above information, management is unable to comment about status of unclaimed dividend amount or its transfer to Investor Protection and Education Fund. Since dividend declared in year 1995, 1996, 1997 and 1998 are due from Transfer U/s. 205C of Company's Act, 1956. The company has received several complaints for revalidation of dividend cheques but inabsence of banker's cheque and details of unclaimed dividend, management is unable to solve their complaints.
14. Company have not made provision for income tax in the books of accounts.
15. Contingent liabilities not provided for in the books of accounts are as under:
 - (i) The company has a various matter for different assement year and pending with different forum of sales tax authority. Total demand of Rs. 553.87 lacs for which the appeals are pending at various forum of sales tax department as details given below.

A.Y.	Order Dt.	Amount (Rs. In Lacs)	Forum where dispute is pending
1997-98	14/07/03	245.92	Appeal pending with applet tribunal.
1998-99	16/02/06	274.63	Matter reminded back to Assistant commissioner of sales tax for fresh order.
1999-00	31/03/05	24.30	Appeal pending with joint Commcial tax commissioner , Appeal division 1 Ahmedabad.
2000-01	08/12/05	6.14	Under reassessment order dtd. 08/12/2005 by commissioner of Sales Tax. Appeal pending with Joint commercial tax commissioner Appeal division 1 Ahmedabad.
2000-01	05/03/05	2.88	Appeal pending with joint commercial tax commissioner appeal division a Ahmedabad.

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- (ii) Company has filed "Vandha Arjee" against Municipal Tax and interest bills for several previous years. The matters are under litigation with authorities.
- (iii) Details of Claims lodged against the company, not acknowledged as debts :
Such amount is not ascertainable by the company.
- (iv) Liabilities on account of Suspension of Trading activities on Stock Exchange can not be quantified.
16. In the opinion of the Board, the company has done processing jobwork only in the year under Audit and no other trading or manufacturing activities were done hence no separate segments are reported as per AS-17 on Segment Reporting.
17. The company has huge accumulated losses resulting into Deferred Tax Asset. As a prudent policy, the said Deferred Tax Asset has not been recognised due to virtual uncertainties about realisation of profits in the forthcoming years in accordance with Accounting Standard, 22.
18. The information required to be disclosed in accordance with AS 18 is as follows :

RELATED PARTY TRANSACTION

PARTICULARS	KEY MANAGEMENT PERSONNEL	ASSOCIATED FIRM	TOTAL
SALES	0 (0)	0 (0)	0 (0)
PURCHASE	0 (0)	0 (415117)	0 (415117)
RECEIPT	1415000 (0)	12665000 (2763000)	14080000 (2763000)
PAYMENTS	0 (0)	14272500 (946290)	14272500 (946290)
ADVANCE PAID	0 (0)	0 (0)	0 (0)
SALARY	0 (0)	0 (0)	0 (0)
INCOME	0 (0)	0 (0)	0 (0)
CLOSING BALANCE			
DEBIT	0 (0)	613855 (613855)	613855 (613855)
CREDIT	2384265 (969265)	19539423 (21146923)	21923688 (22116188)

KEY MANAGEMENT :

1. Dhiren K. Thakkar
2. Bachubhai K Patel
3. Vinodbhai K Pandya

ASSOCIATED FIRMS

1. Devika Proteins Limited
2. T. J. R. SONS Limited.
3. T. J. R. Finance Limited.
4. Devika Roadlines Private Limited

• **Notes :**

a. Company does not maintain separate accounts for purchase and sales of goods or advances to related party. Net account after adjustment of purchase and sale has been shown as Advances paid and received.

b. Above details includes only related party transactions during the year.

• **Above transactions does not include the following transactions:**

a. 6044317 shares of Kanel Oil & Export Industries Limited belonging to promoters and their friends and relatives have been pledged to SICOM as securities for availing the loan to the company.

19. Company's Naroda division is not technically viable due to obsolescence in technologies since long time. Company has provided depreciation of Rs. 13.63 lacs due to normal wear and tear for assets.

20. Earnings per share (EPS)

Sr. No.	Particulars	Year ended 31 st March, 2009	Year ended 31 st March, 2008
1	Net Profit [loss] (Rs. In crores)	77.68	1.35
2	Weighted Average Number of Shares	18412440	18412440
3	Basic/ Diluted EPS (Rs.) (on nominal value of Rs. 10 per share)	42.19	0.73

21. In the opinion of the Board of Director the Current Assets, Loans and Advances are approximately of the value stated, if realized in normal courses of business.

22. Amount due from companies under the same management from Directors/Director's relatives are as follows:

NAME	MAXIMUM BALANCE	CLOSING BALANCE
1. Devika Proteins Limited	Rs. 10688213 (Cr.)	Rs. 5938213 (Cr.)
2. Devika Roadlines Pvt. Limited	Rs. 613855 (Dr.)	Rs. 613855 (Dr.)
3. Kanaiyalal J. Thakkar HUF	Rs. 7500000 (Cr.)	Rs. 7500000 (Cr.)
4. TJR Finance Ltd.	Rs. 2664500 (Cr.)	Rs. 2664500 (Cr.)
5. Dhiren K Thakkar	Rs. 2324632 (Cr.)	Rs. 2324632 (Cr.)
6. TJR Sons Ltd	Rs. 3436710 (Cr.)	Rs. 3436710 (Cr.)
7. Hitesh K Thakkar	Rs. 59633 (Cr.)	Rs. 59633 (Cr.)

23. Wherever external evidence in the form of bills, invoice, debit notes, credit notes, etc are not made available, and Management have relied upon the internal vouchers prepared and authenticated by Directors/ Authorised officers of the company and entry passed in the accounts maintained by the company.

24. PAYMENT TO STATUTORY AUDITORS :

	CURRENT YEAR	PREVIOUS YEAR
(a) Audit Fees	51000	91000
	-----	-----
	51000	91000
	=====	=====
25. Value of Import on CIF basis:		
Raw Material	NIL	NIL
Finished Goods	NIL	NIL
26. Stores and spares consumed		
Imported	NIL	NIL
Indigenous	NIL	NIL
27. Expenditure in Foreign Currency		
Travelling	NIL	NIL
Miscellaneous	NIL	NIL
28. Earning in Foreign Exchange.		
FOB value of Exports of Goods	NIL	NIL
29. Remittance made on account of Dividend	NIL	NIL
30. (A) Managerial Remuneration to Managing Director/Director		
1) Salary and allowance	NIL	NIL
2) Contribution to P.F	NIL	NIL
3) Commission	NIL	NIL

(B) Computation of Net profit in accordance with section 349 of Companies Act, 1956 are not required as director's were not paid commission on the basis of net profit.

31. Company has reduced its staff at all the plants, division and Head Office. Company has engaged persons on retainer basis at Head office from March, 2003. Company has not provided for ESI Contribution.

32. Prior Period Expenditure :

Prior period expenditure / Income have been debited / Credited to the profit and loss account under the following account heads :

Included under the Head of Account

2008-09 (Rs.)

EXPENSES:

01	Listing fees penalty	3300
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INCOME : reimbursement of

01	Telephone exps	775
02	Laboratory exps	12032
03	Maintanance and Repairs exps	45299
04	Transportation exps	21620

33. STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT 2000 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE.

I. Registration Details

Registration No.	17024	State Code No.	04
Balance Sheet Date	31. 03. 2009	Date Month Year	

II. Capital raised during the year (Amount In Rs. Lacs)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of (Amount in Rs. Lacs)

Total Liabilities	5000.20	Total Assets	5000.20
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Sources of Funds

Paid-up Capital	1841.24	Reserve & Surplus	1948.59
Secured Loans	1038.91	Unsecured Loans	171.46

Application of Funds

Net Fixed Assets	178.45	Investments	0.15
Net Current Assets	312.42	Misc. Expenditure	Nil
Accumulated Losses	4509.18		

IV. Performance of Company (Amount in Rs. Lacs)

Turnover	NIL	Total Expenditure	212.57
Profit before Tax	7280	Profit after Tax	7280

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Profit on extra ordinary event 487.30 Net profit after extraordinary event 7767.97

Dividend Rate (%) Nil

Notes : Other Income of Rs. 7491.82 Lacs not considered as Turnover

V. Generic Names of Three Principal Products/Services of Company

ITEM CODE NO. : 151530

PRODUCT DESCRIPTION : Castor Oil and Derivatives

The statements of significant accounting policies and the notes numbered 2 to 36 from an integral part of the year ended 31st March 2009

Signature to Schedule A to S

As per our report of even date
For and on behalf of
Shah Dinesh Dahyalal & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Kanel Oil & Export Industries Ltd.

Sd/-
Shah Dinesh Dahyalal
(Proprietor)

Sd/-
Dhiren Thakkar
Director

Sd/-
Vinod K Pandya
Director

Place : Ahmedabad
Date : 01/09/2009

Place : Ahmedabad
Date : 01/09/2009

34 LICENSED CAPACITY , INSTALLED CAPACITY & PRODUCTION (As certified by Management)

Sr.No.	DESCRIPTION	UNIT	LICENCED CAPACITY		INSTALLED CAPACITY	
			31.03.2009	31.03.2008	31.03.2009	31.03.2008
1	CASTOR SEED CRUSHING	M.T	N.A	N.A	87,600	222,000
2	CASTOR OIL REFINING	M.T	N.A	N.A	35,000	90,000
3	EDIBLE OIL REFINING	M.T	N.A	N.A	0	15,000

Sr.No.	PRODUCTION	UNIT	31.03.2009	31.03.2008
1	RAPESEED EXPELLER. OIL	M.T	-	68.646
2	RAPESEED CAKE	M.T	-	145.884
3	RAPESEED DOC	M.T	-	136.274

(A) OPENING STOCK OF RAW MATERIAL, FINISHED GOODS & CONSUMABLES

Sr.No.	PRODUCT	CURRENT YEAR		PREVIOUS YEAR	
		Qty.(MT)	Amount(Rs)	Qty.(MT)	Amount(Rs)
1	Rape Seed	0.000	0	0.000	0
2	Rapeseed Solvent Oil	0.000	0	13.466	546,719
3	Rapeseed Expeller Oil	0.000	0	75.295	3,056,977
4	Rapeseed Cake	0.000	0	15.060	143,070
5	Rapeseed DOC	0.000	0	14.916	70,105
6	Packing Material	0.000	0	0.000	69,940
7	Consumable, Chemical & Others	0.000	1,218,091	0.000	798,652
8	Refined Rapeseed Exp. Oil	0.000	0	78.853	3331539
9	Refined Sol. Rapeseed Exp. Oil	0.000	0	46.260	1966050
			1,218,091		9,983,052

(B) RAW MATERIAL CONSUMED

Sr.No.	PRODUCT	UNIT	CURRENT YEAR		PREVIOUS YEAR	
			Quantity	Amount	Quantity	Amount
1	RAPESEED	M.T	0.000	0	243.972	0
2	RAPESEED EXP. OIL. (Due to reduction in Value)	M.T	0.000	0	105.153	0
3	CASTOR CAKE					
	Purchase	M.T	0.000	0	0.000	0
	Received from Production of Rapeseed	M.T	0.000	0	68.646	0
4	PACKING MATERIAL			0	0	
5	CHEMICAL		0.000	6,160,349	0.000	69,940
			0.000	6160349	417.771	69940

(C) PURCHASE OF RAW MATERIAL & FINISHED GOODS

Sr.No.	PRODUCT	CURRENT YEAR		PREVIOUS YEAR	
		Qty.(MT)	Amount(Rs)	Qty.(MT)	Amount(Rs)
1	Rapeseed	0.000	0.00	251.403	4578232.00
2	Rapeseed Expeller Oil	0.000	0.00	169.316	6963047.00
3	Degged Soyabean Oil Pur.	0.000	0.00	243.110	8066928.00
4	Packing Material	0.000	0.00	0.000	73485.00
5	Chemical & Others	0.000	4942258.00	0.000	2297937.00
			4942258.00		21979629.00

(D) SALES OF RAW MATERIAL, FINISHED GOODS, JOB WORK & OTHER INCOME

Sr.No.	PRODUCT	CURRENT YEAR		PREVIOUS YEAR	
		Qty.(MT)	Amount(Rs)	Qty.(MT)	Amount(Rs)
1	Rapeseed	0.000	0	45.180	830,587
2	Rapeseed Expeller Oil	0.000	0	56.110	2,276,599
3	Rapeseed DOC	0.000	0	151.190	786,188
4	Rapeseed Cake	0.000	0	12.315	87,436
5	Packing Material	0.000	0	0.000	74,325
6	Refined Rapeseed Exp. Oil	0.000	0	398.675	17,771,895
7	Ref. Soyabean Oil	0.000	0	231.435	10,669,158
8	Job work & Other Income	0.000	17,443,236	0.000	18,455,126
			17,443,236		50,951,314

(E) CLOSING STOCK OF RAW MATERIAL, FINISHED GOODS & CONSUMABLES

Sr.No.	PRODUCT	CURRENT YEAR		PREVIOUS YEAR	
		Qty.(MT)	Amount(Rs)	Qty.(MT)	Amount(Rs)
1	Rapeseed	0.000	0.00	0.000	0.00
2	Rapeseed - Stock in Process	0.000	0.00	0.000	0.00
3	Rapeseed Expeller Oil	0.000	0.00	0.000	0.00
4	Rapeseed Cake	0.000	0.00	0.000	0.00
5	Rapeseed DOC	0.000	0.00	0.000	0.00
6	Packing Material	0.000	0.00	0.000	0.00
7	Consumables, Chemical & Others	0.000	0.00	29.213	1218091.00
8	Refined Rapeseed Exp. Oil	0.000	0.00	0.000	0.00
9	Ref. Sol. Rapeseed Exp. Oil	0.000	0.00	0.000	0.00
			0.00		1218091.00

(F) SHORTAGE

Sr.No.	PRODUCT	UNIT	CURRENT YEAR	PREVIOUS YEAR
			31.03.2009	31.03.2008
1	RAPESEED	M.T	0.000	1.742
2	RAPESEED EXP. (RefiningShortage)	M.T	0.000	3.201
3	REFINED EXP. (WEIGHT SHORTAGE	M.T	0.000	3.145
4	REFINED SOYABEAN	M.T	0.000	11.675

**CASH FLOW STATEMENT, ANNEXURE TO BALANCE SHEET
FOR THE YEAR ENDED ON 31-03-2009
(PERSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)**

In Rupees

31.03.2009

31.03.2008

Rs.

Rs.

1, Profit before Tax and extraordinary items	727990475	2135631
Adjustments for :		
a) Depreciation	2,342,009	6,738,617
b) Financial Charges	236,263	134,078
c) Interest Received	(93,854)	(119910)
d) Income from writing off debts - K	(73,13,29,805)	0
OPERATING PROFIT [Loss] BEFORE WORKING CAPITAL CHANGES	(8,54,912)	8888416
Adjustment for :		
a) Trade and Other Receivables	12669604	(8512458)
b) Inventories	1218091	8764961
c) Trade Payable & Other Liabilities	(10297531)	13758720
CASH GENERATED FROM OPERATIONS	2735252	22899639
Income Tax Paid	0	0
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	2735252	22899639
Extra Ordinary Items	76426	(43047)
NET CASH FLOW FROM OPERATING ACTIVITIESA	2811678	22856592
2. CASH FLOW FROM INVESTMENT ACTIVITIES		
a) Purchase of Fixed Assets	(14000)	0
b) Sale of Fixed Assets	77531050	23250000
c) Sale of Investment	0	15,000
NET CASH USED IN INVESTING ACTIVITIES.....B	77517050	23265000
3. CASH FLOW FROM FINANCIAL ACTIVITIES		
a) (Decrease) Increase in Long Term Borrowing (Net)	(79200000)	(46048617)
b) (Decrease) Increase in Unsecure loan	(442500)	
c) Interest Paid	(236263)	(134078)
d) Interest received	93,854	119,910
NET CASH USED IN INVESTMENT ACTIVITIES.....C	(79784909)	(46062785)
NET INCREASE(DECREASE) IN CASH (A+B+C)	534819	58807
Opening Balance of Cash & Cash Equivalents	10,267,508	10,208,701
Closing Balance of Cash & Cash Equivalents	10811327	10,267,508

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Note: Figures for the previous year have been regrouped/restated wherever material

Place : Ahmedabad.

For and On Behalf of the Board of Directors of
Kanel Oil & Export Industries Limited.

Date : 01.09-2009

Dhiren Thakkar
(Director)

Vinodbhai Pandya
(Director)

Notes :

1. The closing cash and cash equivalents as at 31-3-2009 of Rs. 10811327/- includes Rs. 9030011/- with banks in No lien deposit accounts. Balance in Noliem deposit account shall not be freely available with the bank

SHAH DINESH DAHYALAL & ASSOCIATES
CHARTERED ACCOUNTANTS

Dinesh D Shah
B. Com., FCA, DISA [ICAI]

Office : 713, Loha Bhavan, Opp. Old High-Court lane, Income Tax, Ahmedabad
Contact No. : Cell 9426355848, [o] 079-27540062, 66305480

AUDITOR'S CERTIFICATE

To,
Board of Directors,
Kanel Oil & Export Ind. Ltd.
203, Abhijeet - 1,
Nr. Mithakhali Six Roads,
Ellisbridge,
Ahmedabad - 6.

We have examined the above Cash Flow Statement of Kanel Oil & Export Industries Limited for the year ended on 31st March, 2009. The statements has been prepared by the company in accordance with the requirements of the Listing agreement's clause 32 with the Stock Exchange and is based on and is in agreement with the corresponding Profit & Loss account and Balance Sheet of the company covered by our report on 1st September, 2009 to the members of the company.

As per our report attached of even date,
For Shah Dhiesh Dahyalal Shah & Associate.
Chartered Accountants

Dinesh D Shah
(Proprietor)

Place : Ahmedabad
Date : 01.09.2009

Kanel Oil & Export Industries LimitedRegd. Office : 203, 2nd Floor, Abhijeet I, Mithakhali Six Roads, Ellisbridge, Ahmedabad: 380 006.**ATTENDANCE SHEET**

I Shri / Smt _____ of _____ Being a member / proxy of
 KANEL OIL & EXPORT INDUSTRIES LIMITED do hereby record my presence at the 17th Annual General Meeting of the member
 of the Company to be held on Wednesday the 30th September, 2009 at 1.00 P.M. at Registered Office Of the Company at 203, 2nd
 Floor, Abhijeet-I, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad 380006.

FOLIO NO / CLIENT I.D.	
D.P. ID.	
D.P. NAME	
NAME OF SHAREHOLDER	
NUMBER OF SHARE HELD	

Date :

Place :

(Signature of the Member/ Proxy attending the Meeting)

Kanel Oil & Export Industries LimitedRegd. Office : 203, 2nd Floor, Abhijeet I, Mithakhali Six Roads, Ellisbridge, Ahmedabad: 380 006.**PROXY FORM**

FOLIO NO / CLIENT I.D.	
D.P. ID.	
D.P. NAME	
NAME OF SHAREHOLDER	
NUMBER OF SHARE HELD	

I Shri/Smt _____ being a member of KANEL OIL & EXPORT INDUSTRIES LIMITED, holding
 _____ Shares in the Company do hereby appointed Shri _____ of
 _____ or falling him Shri _____ of _____ to remain
 present at the 17th Annual General Meeting of the Company to be held on Wednesday the 30th September, 2009 at 1.00 P.M. at the
 Registered Office of the Company at 203, 2nd Floor, Abhijeet-I, Near Mithakhali Six Road Circle, Ellisbridge, Ahmedabad: 380 006
 or at any adjournment thereof and to vote for and on my behalf if poll is granted.

Affix Rs. 1/-
 revenue
 stamp

Date :

Place :

(Signature of the member appointing a proxy)

Proxy form duly stamped, signed and completed in all respect should be deposited 48 hours before the time fixed for the
 meeting at the registered office of the company.

Book - Post
PRINTED MATTER

If undelivered please return to :

KANEL OIL & EXPORT INDUSTRIES LIMITED.

Regd. Office : 203, 2nd Floor, Abhijeet – 1, Mithakhali Six Roads,
Ellisbridge, Ahmedabad – 380 006.