

23<sup>rd</sup>  
Annual Report  
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KANEL INDUSTRIES LIMITED

**Regd. Office :** 203, 2<sup>nd</sup> Floor, Abhijeet-1, Mithakhali Six Roads,  
Ellisbridge, Ahmedabad - 380 006.

# KANEL INDUSTRIES LIMITED

## TWENTYTHIRD ANNUAL GENERAL MEETING PROGRAMME

**DATE** : 30<sup>TH</sup> SEPTMEBER, 2015  
**DAY** : WEDNESDAY  
**TIME** : 10.00 A.M.  
**VENUE** : REGISTERED OFFICE OF THE COMPANY AT  
203, ABHIJEET – 1, 2<sup>ND</sup> FLOOR,  
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 to the meeting.

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**BOARD OF DIRECTORS**

Shri Dhiren K. Thakkar	Chairman & Managing Director
Shri. Vinodchandra K. Pandya	Director
Shri Aditya Y. Patel Director	(Resigned w.e.f. 22/06/2015)
Shri Kiritbhai C. Patel Director	(Resigned w.e.f. 22/06/2015)
Shri Yogeshkumar R. Patel Director	(Resigned w.e.f. 22/06/2015)
Shri Shilpa Solanki	Additional Woman Director (Appointed w.e.f. 22/06/2015)

**COMPANY LAW CONSULTANT**

**M/s Kamlesh M. Shah & Co.,**  
Company Secretaries,  
801-A, Mahalay Building, Opp. Hotel President,  
Off. C.G. Road, Ahmedabad - 380 009.

**BANKERS OF THE COMPANY**

**The Kalol Nagarik Sahkari Bank Ltd.**  
**HDFC Bank Ltd.**  
**Shri Kadi Nagarik Sahkari Bank Ltd.**

**STATUTORY AUDITORS**

**M/s. Dinesh Dahyalal & Associates**  
Chartered Accountants  
Ahmedabad.

**LISTING AT**

**AHMEDABAD**

**The Ahmedabad Stock Exchange Ltd.**  
Ahmedabad

**JAIPUR**

**The Jaipur Stock Exchange Ltd.**  
Jaipur

**MUMBAI**

**The Bombay Stock Exchange Ltd.**  
Mumbai

**CULCUTTA**

**The Calcutta Stock Exchange Ltd.**  
Calcutta

**REGD. OFFICE**

203, 2<sup>nd</sup> Floor, Abhijeet-1, Mithakhali Six Roads,  
Ellisbridge, Ahmedabad - 380 006.

**COMPLIANCE OFFICER**

**Vinodchandra K. Pandya**  
203, supath Vijay, Char Rasta,  
Navrangpura, Ahmedabad - 380 009.

**NOTICE**

NOTICE is hereby given that the 23RD Annual General Meeting of the Members of the KANEL INDUSTRIES LIMITED will be held on Wednesday the 30th September, 2015 at 10:00 A.M. at the Registered office of the Company at 203, Abhijeet-1, 2nd floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad: 380 006 to 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 31st March, 2015 The Profit & Loss Account for the year ended on that date, the report of the Auditors and Directors thereon.
- 2) To reappoint a director Mr. Vinodchandra K. Pandya who retires by rotation and being eligible offers himself for reappointment
- 3) **To Consider and if thought fit to pass with or without modification following Resolution as an ORDINARY RESOLUTION :**

RESOLVED THAT pursuant to provisions of Section 139 (1) and other applicable provisions of the Companies Act 2013 (Corresponding provisions of Section 224(1B) of the Companies Act 1956) read with Rule 4 and 6 of the Companies (Audit and Auditors) Rules 2014 as in force, the consent of the members of the Company be and is hereby accorded to the Appointment of Shah Dinesh Dahyalal & Associates, a firm of Chartered Accountants (Proprietor firm Registration Number:120362W and CA Member No: 106871) , as Statutory Auditors of the Company for the next financial years i.e. for the financial years 2015-16 and to fix their remuneration as per section 139(2) of the Companies Act 2013.

**SPECIAL BUSINESS :**

- 5) **To Consider and if thought fit to pass with or without modification following Resolution as an ORDINARY RESOLUTION.**
- 1) To appoint Mr. Vinodchandra K. Pandya (DIN- 02600107) as an Independent Director and in this regard to consider and if thought fit, to pass, the following resolution as an ORDINARY RESOLUTION-  
"RESOLVED THAT pursuant to the provisions of section 149, 152 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualifications of directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement Mr. Vinodchandra K. Pandya (DIN- 02600107) who was appointed as director liable to retire by rotation at this Annual General Meeting and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 4 (four) consecutive years, from the date of this Annual General Meeting up to the conclusion of 27th Annual General Meeting of the Company in the calendar year 2019."

PLACE : AHMEDABAD  
DATE : 12TH AUGUST, 2015

BY ORDER OF THE BOARD OF DIRECTORS  
OF KANEL INDUSTRIES LIMITED

(DHIREN K THAKKAR)  
CHAIRMAN & MANAGING DIRECTOR  
(DIN : 00610001)

The Register of Members of the Company will remain closed from 23/09/2015 to 30/09/2015 (both days inclusive).

**NOTES :**

- 1) A Member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote and that a proxy need not be a member of the company.
- 2) Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, Trusts, etc., must be backed by appropriate resolution / authority as applicable, issued on behalf of the nominating organization.
- 3) A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- 4) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement (Including any Statutory Modification or re-enactment thereof for the time being in force), the Company is providing e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. The instructions for e-voting are enclosed herewith.
- 5) Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- 6) The Register of members and share transfer books of the Company shall remain closed from 23/09/2015 TO 30/09/2015 (Both days inclusive).
- 7) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- 8) Members desiring any information on accounts are requested to write to the company 7 days before the meeting to enable the management to keep the information ready.
- 9) Shareholders holding shares in physical form are requested to advise any change of address immediately to Company's Registrar and Share Transfer Agent, System Support Service Shareholders holding shares in electronic form must advise to their respective depository participants about change in address and not to company.
- 10) All shareholders are requested to dematerialize their shareholding immediately as the shares are traded compulsorily in demat segment only.
- 11) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- 12) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
- 13) The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31st March, 2015 is uploaded on the Company's website [www.kanel.in](http://www.kanel.in) and may be accessed by the members.
- 14) Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014-15 is being sent in the permitted mode.
- 15) Electronic copy of the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

- 16) Instructions for e-voting: In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 read with clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 23rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

**In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" i.e. KANEL INDUSTRIES LIMITED from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID:
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company. (6 Digit Alpha-Numeric)
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details for	Enter the Dividend Bank Details as recorded in your demat account or in the company records the said demat account or folio. <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> i.e. The KANEL INDUSTRIES LIMITED, on which you choose to vote.

- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy :**

Please follow all steps from sr. no. (i) to sr. no. (xvii) above to cast vote.

**General Instructions :**

- a. The voting period begins on 27th September 2015 at 9.00 a.m. and ends on 29th September, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of (record date) of 23rd September 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The EVSN Number for e-voting generated on the website [www.evotingindia.com](http://www.evotingindia.com) is 150916023.
- b. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- c. Mr. Kamlesh M. Shah, Practicing Company Secretary, (Membership No. A8356 and COP No. 2072) (Address: 801-A, Mahalay Complex, Opp: Hotel President, B/h. Fairdeal House, Swastik Cross Roads, Navrangpura, Ahmedabad: 380 009, Gujarat, India, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- d. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
- e. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kanel.in](http://www.kanel.in) and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the ASE and BSE Limited.

**INFORMATION ABOUT THE DIRECTORS WHO ARE PROPOSED TO BE APPOINTED/ RE-APPOINTED AT THE 23RD ANNUAL GENERAL MEETING AS PER CLAUSE 49 OF THE LISTING AGREEMENT FORMING PART OF THE NOTICE CONVENING THE ANNUAL GENERAL MEETING OF THE COMPANY.**

<b>Particulars</b>	<b>Mr. Vinodchandra K.Pandya</b>
Director Identification Number	02600107
Date of Birth	01/02/1943
Age	73 Yrs.
Educational Qualification	Graduate
Experience (No. of Years)	30 Yrs.
Business field in which Experience	Administration
Date of Appointment as Director in the Company	08/10/2008
Directorship held in any other Company.	1. DHARTI PROTEINS LIMITED 2. TJR AGROCOM PRIVATE LIMITED 3. SHAKTI NUTRACEUTICALS PVT. LTD>
Member of any Committees of the Directors in the Company	Audit Committee
Member of any committees of the Directors in other Companies with names of the Company	N.A.
Member of any Trade Association/ Charitable Organization/ NGOs etc.	N.A.

<b>Particulars</b>	<b>Ms. Shilpa Solanki</b>
Director Identification Number	07217341
Date of Birth	13/03/1989
Age	26 Yrs.
Educational Qualification	M S (Psy)
Experience (No. of Years)	2 Yrs.
Business field in which Experience.	Administration, Finance and Marketing
Date of Appointment as Director in the Company	22/06/2015
Directorships held in any other Company	N.A.
Member of any Committees of the Directors in the Company	N.A.
Member of any committees of the Directors in other Companies with names of the Company	N.A.
Member of any Trade Association/ Charitable Organization/ NGOs etc.	N.A.



**ANNEXURE TO NOTICE CONVENING OF THE 23RD ANNUAL GENERAL MEETING OF  
KANEL INDUSTRIES LIMITED**

**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013  
(Corresponding Section 173(2) of the Companies Act 1956)**

**The following statement sets out all material facts relating to  
the Special Business mentioned in the accompanying Notice :**

**ITEM NO. 5 :**

The Board of Directors of the Company pursuant to section 161 and section 149 of the Companies Act, 2013 refer to Companies (Directors Appointment & Qualification) Rules, 2014, Ms. SHILPABEN M. SOLANKI (Holding a valid Director Identification Number: 07217341) is not disqualified for being appointed as a Director of the company in term of the section 164 of the Companies Act, 2013 or any other applicable provisions and had given his consent to for appointment as a Independent woman Director be and is hereby appointed as Independent Director of the company with effect from 22nd June, 2015. In terms of the provisions of Section 161(1) of the Act, Ms. Shilpa Solanki would hold office up to the date of ensuring Annual General Meeting."

**ITEM NO. 5 RESOLUTION (2) :**

Mr. Vinodchandra K. Pandya (DIN- 02600107) is independent director of the Company and has held the position as such for more than 5 Years.

As per the current provisions of company law and clause 49 of the Listing Agreement, independent directors are permitted to be appointed for a consecutive period of 5 years without being liable to retire by rotation.

It is proposed to appoint Mr. Vinodchandra K. Pandya as independent director under section 149 of the Act and clause 49 of the Listing Agreement to hold office for 4 (Four) consecutive years for a term up to the conclusion of 27th Annual General Meeting of the company in the calendar year 2019.

Mr. Vinodchandra K. Pandya is not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent to act as directors.

The company has received notices in writing from members along with deposits of requisite amount under section 160 of the Act proposing the candidature of each of Mr. Vinodchandra K. Pandya for the office of Director of the Company.

The company has also received declarations from Mr. Vinodchandra K. Pandya that he meet with the criteria of independence as prescribed both under sub section (6) of section 149 of the Act and under clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Vinodchandra K. Pandya fulfil the conditions for appointment as independent director as specified in the Act and the Listing Agreement. Mr. Vinodchandra K. Pandya is independent of the management.

Brief resume of Mr. Vinodchandra K. Pandya nature of their expertise in specific functional areas and names of Companies in which they hold directorships and memberships / chairmanships of Board committees, shareholding as stipulated under clause 49 of the Listing Agreement with the stock exchanges, are provided herein below:

Statutory Information as per requirement of Part – II of Schedule V of Companies Act, 2013

**I. General Information :**

- 1) Nature of Industry : Trading of Edible Oil
- 2) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.  
The company is already earning from Trading of Edible Oil.
- 3) Financial performance based on given indicators Company has income from operations of Rs. 226872301.00
- 4) Foreign investment or collaborations, if any: There is no foreign investment or collaborations.

**II. Information about the appointee : N.A.****III. Other information :**

- 1) Reasons of loss: Due to unavailability of sufficient working capital in the company
- 2) Steps taken or proposed to be taken for improvement: Steps are being taken to restart the manufacturing activity at the company's Naroda unit by promoters by bringing in funds for working capital.

**IV. Disclosures :**

Except the above disclosure of the nature of interest, no other directors of the company or any of their relatives have either director or indirect interest or concern in the proposed resolution.

**PLACE : AHMEDABAD  
DATE : 12TH AUGUST, 2015**

**BY ORDER OF THE BOARD OF DIRECTORS OF  
KANEL INDUSTRIES LIMITED**

**(DHIREN K THAKKAR)  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN: 00610001)**

**DIRECTORS' REPORT**

Your Directors are pleased to submit herewith their report together with the audited statement of accounts for the 23rd financial year ended 31st March, 2015.

[Amount in Rs.]

<b>PARTICULARS</b>	<b>2014-15</b>	<b>2013-14</b>
Income from Operation	226872301.00	86215954.00
Other Income	39304.00	290252.00
Increase/(Decrease) in stock	NIL	NIL
Total Income	226911605.00	86506206.00
Total Expenditure	229329382.00	88687758.00
Profit/ (Loss) before Tax	(2417777.00)	(2181552.00)
Provision for Tax	NIL	NIL
Tax for Earlier periods	NIL	NIL
Prior Period Extra Ordinary Items (Net)	NIL	NIL
Net Profit / (Loss) after Tax	(2417777.00)	(2181552.00)
Previous Year Debit Balance	(419133866.00)	(416952314.00)
Balance Carried to B/S	(421551008.00)	(419133866.00)

**SHARE CAPITAL STRUCTURE :**

During the year under review there were no changes in the Authorized, Issued, Subscribed and Paid up Share Capital Structure of the Company.

**DIVIDEND :**

As our company incurred heavy losses during the year under review and due to the accumulated losses our directors regret for their inability to declare dividend to the members.

**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 since the company could not meet its liabilities towards its bankers in time, the bankers are not co operating and so company will make 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 had received more than 2000 investor complaints for nonpayment 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. Company however has almost solved most of the complaints related to non receipt of dividend warrants.

**BUY BACK OF EQUITY SHARES :**

The Company had not made any Buy Back of its paid up equity shares during the year 2014-15. Hence no specific disclosure is required to be made in this report.

**YEAR UNDER REVIEW :**

During the year under review the Company has made net loss of Rs. 24,17,777/- (Previous Year's loss of Rs. 21,81,552/-) from business. The Company has earned total income Rs 22,69,11,605.00 (Previous year's income was 8,65,06,206.00) and the Total expense is Rs. 22,93,29,382.00 (Previous year's expense is Rs. 8,86,87,758.00)

**DETAILS OF LOANS, GUARANTEES AND INVESTMENTS U/S 186 OF THE COMPANIES ACT, 2013 :**

During the year under review the Company has not made any inter corporate loans, investments, given any corporate guarantee to any other body corporate, subsidiary, associate or any other company. However, the Company had in earlier years provided Long term Loans and Advances of Rs. 2817428. The Company has taken Secured Loan from Adani Enterprise Limited. The same is not yet registered with the ROC.

**DEPOSITS :**

During the year under review your company has neither invited nor accepted any public deposit as defined under Section 73 to 76 of the Companies Act, 2013.

**DEMATERIALIZATION OF SECURITIES :**

Your Company's Equity shares are admitted in the System of Dematerialization by both the Depositories namely NSDL and CDSL. The Company has signed tripartite Agreement through Registrar and Share Transfer Agent System Support Service. The Investors are advised to take advantage of timely dematerialization of their securities. The ISIN allotted to your Company is INE 248C01013. Total Share dematerialized up to 31st March, 2015 were 12218176 which constitute 66.36% of total capital. Your Directors request all the shareholders to dematerialize their shareholding in the company as early as possible.

**COMPLIANCE WITH THE STOCK EXCHANGE LISTING AGREEMENT :**

The company is regular in making timely compliance of all the applicable clauses of the Listing Agreement from time to time whether it is event based compliance or time bound compliance of monthly, quarterly, half yearly or yearly compliances. Your Company has already paid Annual Listing fees of the Bombay stock exchange Limited for and up to the financial year 2015-16. The same is pending for Ahmedabad Stock Exchange. The Trading in equity shares of the Company is active on the Bombay Stock Exchange Limited and the same is not suspended for penal reasons by BSE during the year. The Trading platform of the Ahmedabad Stock Exchange Limited, Jaipur Stock Exchange Limited and Calcutta Stock Exchange Limited has been suspended/ cancelled by SEBI hence, no trading is recorded. The highest, lowest, average prices recorded on the Bombay Stock Exchange on every month of the financial year 2014-15 including the volume in shares traded is separately given in other information para of Corporate Governance report attached here to. During the year your company has neither issued any shares or stock options or ESOPs or other employee benefits.

**MANAGEMENT'S DISCUSSION AND ANALYSIS :**

Management's discussion and perceptions on existing business, future outlook of the industry, future expansion and diversification plans of the Company and future course of action for the development of the Company are fully explained in a separate para in Corporate Governance Report.

**DIRECTORS :**

Mr. Vinodchandra K. Pandya shall retire by rotation at the ensuing Annual General Meeting as per provisions of Law. He eligible for reappointment and have offered themselves for directorship of the company. Your directors recommend for their reappointment.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges. Members are requested to refer to the Notice of the Annual General Meeting and the Explanatory Statement for details of the qualifications and experience of the Directors and the period of their appointment. The Board recommends the passing of the Resolutions at Item Nos. 5 to 9 of the Annual General Meeting Notice.

**MANAGING DIRECTOR :**

Mr. Dhiren K Thakkar is the Managing Director of the Company. Because of the Company's bad financial position as well as it is a loss making one he is not taking any managerial Remuneration.

**FORMATION OF AUDIT COMMITTEE IN COMPLIANCE TO SECTION 177 OF THE COMPANIES ACT, 2013 AND CLAUSE 49 OF THE LISTING AGREEMENT ON CORPORATE GOVERNANCE :**

In Compliance with the provisions of Section 177 of the Companies Act 2013 your company has formed an Audit Committee within the Organization consisting of 3 independent directors. An Internal Auditors have been appointed as Advisors in their professional capacity on this committee. The area of operations and functional responsibilities

assigned to the committee are as per the guidelines provided in Clause 49 of the Listing Agreement for implementation of code of corporate governance. The Committee meets at least once in a quarter and gives its report of each meeting to the Board for its approval, record and information purposes. The detail of powers, responsibilities and system of functioning of this committee is given in report on Corporate Governance forming part of this report.

#### STATUTORY INFORMATION :

The Information required to be disclosed in the report of the Board of Directors as per the provisions of Section 134 of the Companies Act, 2013 and the Companies Rules regarding the conservation of energy, technology absorption, foreign exchange earnings and outgo is not applicable to the Company. As Company is not manufacturing any product or providing any services.

#### MATERIAL CHANGES :

Except the information given in this report, no material changes have taken place after completion of the financial year up to the date of this report which may have substantial effect on business and finances of the company.

#### EMPLOYEES :

There are no employees of the company who were in receipt of the remuneration of Rs.60,00,000/- annually in the Aggregate if employed for the year and in receipt of the Monthly remuneration of Rs. 5,00,000/- in the aggregate if employed for a part of the year under review. Hence the information required under being not applicable and hence not given in this report.

#### DISCLOUSER AS PER COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULE, 2014 :

- i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year :
 

Total Remuneration expenses	Rs. 235,000/-
Managerial Remuneration Expenses	Rs. Nil/-
Other employees Remuneration	Rs. 235,000/-
- ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year :
 

No remuneration is increased during the year for any of the Key Managerial Personnel, CFO, CEO, CS or Manager.
- iii) The percentage increase in the median remuneration of employees in the financial year :
 

During the year there was increase of Rs. 8500/- (03.75%) in remuneration of any employees during the financial year.
- iv) The number of permanent employees on the rolls of company; 1 (One)\*
 

\*-However there are several other employees who are contractual and not permanent.
- v) The explanation on the relationship between average increase in remuneration and company performance :
 

There is increase of 3.75% in the average Remuneration of the employees, whereas Company is still a loss making one. So there is no any direct relationship between the average increase in remuneration and company's performance.
- vi) Comparison of the remuneration of the Key managerial personnel against the performance of the company;
 

The KMP i.e. Managing Director is not paid any managerial Remuneration. Hence, his remuneration is not comparable inter company, intra company or inter industry as a whole.
- vii) Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;

Closing Market Price of shares of Company as on 31/03/2014 : Rs.14.25/-

Closing Market Price of shares of Company as on 31/03/2015 : Rs.16.34/-

- viii) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; NOT APPLICABLE as there is increase of 03.75% in Remuneration of any employees of the company. But the Managerial Personnel of the Company are not paid any Managerial Remuneration.
- ix) Comparison of the each remuneration of the key managerial personnel against the performance of the company; Not Comparable.
- x) The key parameters for any variable component of remuneration availed by the directors; NOT APPLICABLE.
- xi) The ratio of the remuneration of the highest paid director to the of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and No employee is receiving remuneration in excess or higher than the remuneration of Director or Key Managerial Personnel.
- xii) Affirmation that the remuneration is as per the remuneration policy of the company.

All remuneration of the Employees and directors are decided by Nomination & Remuneration Committee and by the Board of Directors within the organization.

#### **DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the provision contained in Section 134(5) of the Companies Act 2013 (Corresponding Section 217(2AA) of the Companies Act, 1956), the Directors of your Company confirm:

- A. That in the preparation of the annual accounts, as far as possible and except the Accounting Standards which are mentioned by the Auditors in their Report and the Notes to the Accounts separately, the applicable accounting standards has been followed and no material departure has been made from the same;
- 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 that period;
- 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.
- E. The Directors, in the case of Listed Company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operative effectively.
- F. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **DECLARATION AS TO INDEPENDENT DIRECTORS : (Pursuant to Provisions of section 149(6) OF the Companies Act 2013).**

All the Independent Directors of the Company do hereby declare that:

- (1) All the Independent Directors of the Company are neither Managing Director, nor a Whole Time Director nor a Manager or a Nominee Director.
- (2) All the Independent Directors in the opinion of the Board, are persons of integrity and possesses relevant expertise and experience.
- (3) Who are or were not a Promoter of the Company or its Holding or subsidiary or associate company.
- (4) Who are or were not related to promoters or directors in the company, its holding, subsidiary or associate company.
- (5) Who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company

or their promoters or directors, during the two immediately preceding financial years or during the current financial year.

- (6) None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary, or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lacs rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year,
- (7) Who neither himself, nor any of his relatives,
- (a) Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of three financial years immediately preceding the financial year in which he is proposed to be appointed.
- (b) Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial years in which he is proposed to be appointed of
- (i) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; OR
- (ii) Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent, or more of the gross turnover of such firm;
- (iii) Holds together with his relatives two per cent, or more of the total voting power of the company; OR
- (iv) Is a Chief Executive or director, by whatever name called, or any non-profit organization that receives twenty five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; OR
- (v) Who possesses such other qualifications as may be prescribed.

**DECLARATION BY BOARD AS PER REQUIREMENT OF SECTION 178 :**

In compliance with Section 178 (1) as also in compliance with Clause 49 of the Listing Agreement, the Board of Directors does hereby declare that:

- a. The Company has proper constitution of the Board of Directors including independent directors in proportion as per requirement of clause 49 of the Listing Agreement. However, the Company is still in process for appointing a suitable person as woman director as required under Section 149 of the Companies Act, 2013 as well as the CEO and Company Secretary in Job.
- b. The Company has constituted Nomination and Remuneration Committee, Stakeholders Relationship Committee, Audit Committee as per requirements of the Clause 49 of the Listing Agreement and provisions of the Companies Act 2013.
- c. The Company has the policy for selection and appointment of independent directors who are persons of reputation in the society, have adequate educational qualification, sufficient business experience and have integrity & loyalty towards their duties.
- d. The Company does not pay any managerial remuneration to its Managing Directors and Directors because of Company's weak financial position.
- e. The Independent Directors are not paid any sitting fee for attending Board and other committee meetings as decided by the Board from time to time.
- f. The Company is not paying any commission on net profits to any directors.

**AUDITORS :**

**STATUTORY AUDITORS :**

Shah Dinesh Dahyalal & Associates, Present Statutory Auditors of the company have given their letter of consent and confirmation under section 139 the Companies Act 2013 for reappointment as Statutory Auditors of the Company. The Board has now proposed to appoint the Statutory Auditors for a period of 1 year as per requirements of section

139 (1) of the Companies Act 2013 read with Companies (Audit and Auditors) Rules 2014. Necessary Resolution for their appointment as the Statutory Auditors and fixing their remuneration is proposed to be passed at the Annual General Meeting.

**Internal Auditors :**

The company is in process of appointing an independent Chartered Accountant to act as an Internal Auditor as per suggestion of auditors in order to strengthen the internal control system for the Company.

**SECRETARIAL AUDITOR :**

The Company has appointed M/s. KAMLESH SHAH & SHAH CO. as the secretarial auditor for the financial year 2014-15. They have given their report in the prescribed form MR-3 which is annexed to this report as an ANNEXURE.

**OBSERVATION OF THE SECRETARIAL AUDITOR :**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executives Directors and Independent Directors except the woman director. The Company has still not appointed CFO and a Whole-time Company Secretary. The company is in process of finding of suitable woman director, CFO and Whole-time Company Secretary in Job looking at the financial status of the Company.

**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) NON CLARIFICATION ON LOAN FROM ADANI ENTERPRISES LIMITED :**

The Company has taken secured/mortgage loan from Adani Enterprises Limited of Rs. 5 Crore in earlier year. However the Charge has not registered with the ROC.

**2) NON FILLING OF INCOME TAX RETURN FROM F.Y. 2008-09 ONWARDS :**

The Companies accounts are not yet Tax Audited. Thus, the Company has not filled the Income Tax Return of the Company. The Company will as soon as possible get its Accounts Tax Audited and fill Income Tax Return.

**3) NON DEDUCTION OF TDS :**

The Company has huge accumulated losses and expenses. Due to bad financial position as well as being sick unit the Company does not have sufficient funds for the TDS deduction. Now the Company started earning from the Naroda unit. So now Company is in the process of growing up. Now all the provisions will be followed by the Company.

**4) BANK STATEMENT OF NO LIEN ACCOUNT :**

Company had deposited Rs. 89.30 lacs as per BIFR directive in the No Lien A/C with the 4 consortium Banks. This amount was meant for rehabilitation of the Company. However in spite of the numerous communications by auditors of the Company with the Banks for providing stake of money deposited along with statements, the Banks have not responded. In absence of the response from bank, the Company has been helpless and unable to reconcile these no lien accounts.

**5) OPERATIONS OF NARODA PLANT :**

The Company has just restarted its Naroda Unit. The majority of Financial and Operating indicators are negative because the Company has just restarted the Naroda unit. The Company is working hard for making it profitable. Because of huge accumulated losses, with the passing of some years Company will start making profits.

**6) NON COMPLIANCE OF THE ACCOUNTING STANDARD 28 :**

The physical verification was not done by the Auditor at the Naroda unit. The Machinery at Naroda Unit is still operative for the Manufacturing process. The Company used the same for the Manufacturing so that Company doesn't have to bear the high cost of Machinery.

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

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

**9) 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 are crystallized, it will make necessary arrangement for its payment and make necessary provision in the books of account.

**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.

**For & On Behalf of the Board of Director of**

**Place : Ahmedabad  
Date : 30th May, 2015**

**(Vinodchandra Pandya)  
Director & Chairman of Audit Committee  
(DIN: 02600107)**

**(Dhiren K Thakkar)  
Chairman & Managing Director  
(DIN: 00610001)**



## ANNEXURE TO THE DIRECTORS REPORT

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN  
AS ON THE FINANCIAL YEAR ENDING ON 31/03/2015[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of  
the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS :

1)	CIN	L15140GJ1992PLC017024
2)	Registration date	29/01/1992
3)	Name of the company	KANEL INDUSTRIES LIMITED
4)	Category/sub-category of the company	Company limited by shares/ Indian Non Government Company
5)	Address of the registered office and contact details	203/Abhijeet Buildings near, Mithakhali 6 Road, Ellisbridge, Ahmedabad-380006, Gujarat.
6)	Whether listed company	YES
7)	Name, address and contact details of registrar and Transfer agent if any	System Support Services 209, Shivali Ind. Estate, 89, Andheri Kurla Road, Saki Naka, Andheri (E), MUMBAI 400 072. Phone No. 022 2850 0835 FAX No. 022 2850 1438

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

S. N.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Processing and trading of castor seeds	512	87%
2	Branding of Edible Oils	512	12%

## II. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

The Company does not have any Holding, Subsidiary and Associate Companies.

## III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) :

## i) Category-wise Share Holding :

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoter's</b>									
<b>1) Indian</b>									
a) Individual/ HUF	3250797	0	3250797	17.655	3392161	0	3392161	18.423	0.768
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	555904	0	555904	3.019	555904	0	555904	3.019	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>Sub Total (A) (1)</b>	<b>3806701</b>	<b>0</b>	<b>3806701</b>	<b>20.675</b>	<b>3948065</b>	<b>0</b>	<b>3948065</b>	<b>21.442</b>	<b>0.767</b>
<b>(2) Foreign</b>	0	0	0	0	0	0	0	0	0
a) NRI - Individual	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp	0	0	0	0	0	0	0	0	0
d) Banks. FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>3806701</b>	<b>0</b>	<b>3806701</b>	<b>20.675</b>	<b>3948065</b>	<b>0</b>	<b>3948065</b>	<b>21.442</b>	<b>0.767</b>
<b>B. Public Shareholding :</b>									
<b>1. Institutions</b>	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	100	0	100	0.001	100	0	100	0.001	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1) :</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0.001</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0.001</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	1578294	62601	1640895	8.912	1748429	62601	1811030	9.836	0.924
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	2482167	5502215	7984382	43.364	2388673	5397353	7786026	42.287	1.077
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3507392	1467020	4974412	27.017	4121859	734310	4856169	26.374	0.643
c) Others (specify)	0	0	0	0	0	0	0	0	0
Non Resident Indians	4400	0	4400	0.024	9900	0	9900	0.054	0.030
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies	1550	0	1550	0.008	1150	0	1150	0.006	0.002
<b>Sub-total (B)(2):</b>	<b>7573803</b>	<b>7031836</b>	<b>14605639</b>	<b>79.325</b>	<b>8270011</b>	<b>6194264</b>	<b>14464275</b>	<b>78.557</b>	<b>0.768</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>7573903</b>	<b>7031836</b>	<b>14605739</b>	<b>79.325</b>	<b>8270011</b>	<b>6194264</b>	<b>14464375</b>	<b>78.558</b>	<b>0.768</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>11380604</b>	<b>7031836</b>	<b>18412440</b>	<b>100.000</b>	<b>12218176</b>	<b>6194264</b>	<b>18412440</b>	<b>100.000</b>	<b>0.000</b>

## (ii) Shareholding of promoters :

S. N.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total of the company	% of Shares Pledged/encumbered to total shares	
1	Dhiren K Thakkar	1743598	9.469	0	1884962	10.237	0	0.767
2	Hitesh K Thakkar	1024550	5.564	0	1024550	5.564	0	0
3	Monika H Thakkar	482649	2.621	0	482649	2.621	0	0
4	TJR Sons Ltd.	555904	3.019	0	555904	3.019	0	0
	<b>Total</b>	<b>3806701</b>	<b>20.674</b>	<b>0</b>	<b>3948065</b>	<b>21.441</b>	<b>0</b>	<b>0.767</b>

## (iii) Change In Promoter's Shareholding (Please Specify, If There Is No Change) :

S. N.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1743598	9.469	1743598	9.469
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	141364 (Net Increase)	0.768 (Net Increase)	1884962	10.237
	At the end of the year	1884962	10.237	1884962	10.237

## (iv) shareholding pattern of top ten shareholder ( other than directors, promoters and holders of GDRs and ADRs) :

S. N.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Rajnikant N Patel	259900	1.411	259900	1.411
2	Nalin R Johari	199514	1.083	229670	1.247
3	Kiritbhai C Patel	350000	1.900	225000	1.222
4	Radheshyam R Lodh	204110	1.108	204110	1.108
5	Chhaya Kishor Bhatt	150000	0.814	177093	0.961
6	Aditya Y Patel	175010	0.950	175010	0.950
7	Dipikaben R Sutaria	175000	0.950	175000	0.950
8	Jagdishkumar M Chauhan	175000	0.950	175000	0.950
9	Jatin R Vyas	163410	0.887	133410	0.725
10	Shanchi N Johari	103705	0.563	121815	0.661

**(v) Shareholding of directors and key managerial personnel :**

1	Dhiren K. Thakkar	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1743598	9.469	1743598	9.469
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc)	141364 (Net Increase)	0.768 (Net Increase)	1884962	10.237
	At the end of the year	1884962	10.237	1884962	10.237
2	Kiritbhai C. Patel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3,50,000	01.90%	3,50,000	01.90%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc)	(1,25,000) (Net Increase)	(00.68%)	2,25,000	1.22%
	At the end of the year	2,25,000	1.22%	2,25,000	1.22%
3	Aditya Y. Patel (NO CHANGE)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,75,010	00.95%	1,75,010	00.95%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc)	NIL	NIL	1,75,010	00.95%
	At the end of the year	1,75,010	00.95%	1,75,010	00.95%

**(vi) INDEBTEDNESS :**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	<b>5,00,00,000</b>	<b>3,03,70,453</b>	<b>NIL</b>	<b>8,03,70,453</b>
i) Principal Amount	5,00,00,000	3,03,70,453	NIL	8,03,70,453
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>5,00,00,000</b>	<b>3,03,70,453</b>	<b>NIL</b>	<b>8,03,70,453</b>

**(vi) INDEBTEDNESS : (Contd.....)**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebted- ness
<b>Change in Indebtedness during the financial year</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
* Addition	NIL	NIL	NIL	NIL
* Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Indebtedness at the end of the financial year</b>	<b>5,00,00,000</b>	<b>3,03,70,453</b>	<b>NIL</b>	<b>8,03,70,453</b>
i) Principal Amount	5,00,00,000	3,03,70,453	NIL	8,03,70,453
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>5,00,00,000</b>	<b>3,03,70,453</b>	<b>NIL</b>	<b>8,03,70,453</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :****A. Remuneration to Managing Director, Whole-time Directors and/or Manager :**

S. N.	Particulars of Remuneration	Name of MD/WTD/Manager Mr. Dhiren Thakkar	Total Amount
<b>1</b>	<b>Gross salary</b>	<b>NIL</b>	<b>NIL</b>
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
<b>2</b>	Stock Option	NIL	NIL
<b>3</b>	Sweat Equity	NIL	NIL
<b>4</b>	Commission	NIL	NIL
	- as % of profit		
	- others, specify...		
<b>5</b>		NIL	NIL
	<b>Total (A)</b>	<b>NIL</b>	<b>NIL</b>

**B. Remuneration to other directors :**

N.	Particulars of Remuneration	Name of Directors				Total Amount
		Vinodchandra Pandya	Kirit Patel	Aditya Patel	Yogeshkumar Patel	
<b>1</b>	<b>Independent Directors</b>					
	Fee for attending board committee meetings	NIL	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL
	<b>Total (1)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>2</b>	<b>Other Non-Executive Directors</b>	N.A.	N.A.	N.A.	N.A.	N.A.
	Fee for attending board committee meetings	N.A.	N.A.	N.A.	N.A.	N.A.
	Commission	N.A.	N.A.	N.A.	N.A.	N.A.
	Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.
	<b>Total (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Total (B)=(1+2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Total Managerial Remuneration</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Overall Ceiling as per the Act</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD :**

S. N.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO/CEO	Total
1	<b>Gross salary</b>	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL
	others, specify...	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :**

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made if any (give details)
<b>A. COMPANY</b>					
	Penalty	No	No	No	No
	punishment	No	No	No	No
	compounding	No	No	No	No
<b>B. DIRECTORS</b>					
	Penalty	No	No	No	No
	punishment	No	No	No	No
	compounding	No	No	No	No
<b>C. Other Officers In Default</b>					
	Penalty	No	No	No	No
	punishment	No	No	No	No
	compounding	No	No	No	No

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015**  
**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of**  
**the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To,  
The Members,  
KANEL INDUSTRIES LIMITED  
CIN: L15140GJ1992PLC017024

I/we have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KANEL INDUSTRIES LIMITED. (Hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the records of KANEL INDUSTRIES LIMITED, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent , in the manner and subject to the reporting made hereinafter:

I/We have examined the books, papers, minute books, forms and returns filed and record maintained by KANEL INDUSTRIES LIMITED (CIN: L15140GJ1992PLC017024) for the financial year ended on 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013(the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulations) Act,1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act,1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') :-
  - (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeover) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Training) Regulations,1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India(Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India(Delisting of Equity Shares) Regulations, 2009 and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) As stated in the Annexure – A – all the laws, rules, regulations be applicable specifically to the company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India though it is applicable w.e.f 1st day of July 2015 and not mandatory right now is also complied.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchanges.

During the period under review the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observations make in Annexure – A

I/We further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executives Directors and Independent Directors except

- I. The woman director is yet to be appointed as per requirement of Section 149.
- II. The Company Secretary in job is yet to be appointed.
- III. The Company has still not appointed CEO/CFO.

No changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I/We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

I/We further report that during the audit period the company has not make any

- (I) Public/ Right/Preferential issue of shares/ debentures/sweat equity, etc.
- (II) Redemption/ buy-back of securities
- (III) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (IV) Merger/ amalgamation/reconstruction etc.
- (V) Foreign technical collaborations

**Place : Ahmedabad**  
**Date: 30th May, 2015**

**FOR KAMLESH M. SHAH & CO.,**  
**PRACTICING COMPANY SECRETARIES**

**(Kamlesh M. Shah)**  
**ACS : 8356, COP : 2072**

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#### **ANNEXURE - A**

##### **Securities Laws :**

1. All Price Sensitive Information was informed to the stock exchanges from time to time
2. All investors complain directly received by the RTA& Company is recorded on the same date of receipts and all are resolved within reasonable time.

##### **Labour Laws :**

1. All the premises and establishments have been registered with the appropriate authorities.
2. The Company has not employed any child labour/ Bonded labour in any of its establishments.
3. Provisions with relate to compliances of PF/ESI/Gratuity Act and comply as per regularly as applicable law.

##### **Environmental Laws :**

AS the company is engaged in the manufacturing activities so the Environmental laws are applicable to the company.

1. The company is not discharging the contaminated water at the public drains/rivers. The company has efficient water treatment plants at its factory premises.
2. The company has been disposing the hazardous waste as per applicable rules.

##### **Taxation Laws :**

The company follows all the provisions of the taxation and Income Tax Act, 1961 and filing the returns at proper time with Income tax department and all other necessary departments.

**Place : Ahmedabad**  
**Date: 30th May, 2015**

**FOR KAMLESH M. SHAH & CO.,**  
**PRACTICING COMPANY SECRETARIES**

**(Kamlesh M. Shah)**  
**ACS : 8356, COP : 2072**



**A. CONSERVATION OF ENERGY :****(a) Energy conservation measures taken :**

Your company gives priority to Energy conservation. It regularly reviews measures to be taken for Energy Conservation/Consumption and its effective utilization.

**(b) Total energy consumption and energy consumption per unit of production :**

<b>(I) POWER &amp; FUEL CONSUMPTION :</b>	<b><u>2014-15</u></b>	<b><u>2013-14</u></b>
<b>1 ELECTRICITY</b>		
<b>(a) Purchased</b>		
Unit (Kwh)	2784	2281
Total Amount (Rs.)	34353	25766
Rate / Unit (Rs)	12.34	11.29
<b>(b) Own Generation</b>		
(i) Through Diesel Generator Unit (Kwh)		
Unit Per Ltr of Diesel Oil	Nil	Nil
Cost / Unit (Rs)	Nil	Nil
(ii) Through Steam Turbine / Generator Unit (Kwh)	Nil	Nil
Unit Per Kg of Lignite	Nil	Nil
Cost Lignite / Unit (Rs)	Nil	Nil
Cost Coal / Unit (Rs)	Nil	Nil
Cost Coal & Lignite / Unit (Rs)	Nil	Nil
<b>2 COAL (Including Coal Fines)</b>		
Quantity (MT)	Nil	Nil
Total Cost (Rs)	Nil	Nil
Average Rate (Rs)	Nil	Nil
<b>3 FURNACE OIL (used in the generation of power)</b>		
Quantity (K Ltr)	Nil	Nil
Total Cost (Rs)	Nil	Nil
Average Rate (Rs)	Nil	Nil
<b>4 OTHERS – LIGNITE (used in the generation of steam)</b>		
Quantity (K Tonns)	Nil	Nil
Total Cost (Rs)	Nil	Nil
Average Rate (Rs)	Nil	Nil
<b>(II) CONSUMTION PER M.T. OF PRODUCTION :</b>		
<b>Particulars of Product</b>		
Electricity (in Unit)	Nil	Nil
Furnace Oil	Nil	Nil
Coal (Specify quantity)	Nil	Nil
Others	Nil	Nil

**B. TECHNOLOGY ABSORPTION :****(I) Research and Development (R & D) :**

N.	Particulars	2014-15	2013-14
1.	Specific areas in which R&D carried out by the company.	Nil	Nil
2.	Benefits derived as a result of the above R&D	Nil	Nil
3.	Future plan of action:		
a.	Capital	Nil	Nil
b.	Recurring	Nil	Nil
c.	Total Nil	Nil	
d.	Total R&D expenditure as a percentage of total turnover	Nil	Nil

**(II) Technology absorption, adaptation :**

N.	Particulars	2014-15	2013-14
	<b>Company has not carried out research, development &amp; innovation activities</b>		
1.	Efforts, in brief, made towards technology absorption, adaptation and innovation	Nil	Nil
2.	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	Nil	Nil
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	Nil	Nil
a.	Technology imported		
b.	Year of import		
c.	Has technology has been fully absorbed		
d.	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.		

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :***(Rs. in lakhs)*

N.	Particulars	2014-15	2013-14
1)	<b>EARNINGS &amp; OUTGO</b>		
a.	Foreign Exchange earnings	Nil	Nil
b.	Foreign Exchange outgo	Nil	Nil
2)	<b>TOTAL FOREIGN EXCHANGE USED AND EARNED</b>	Nil	Nil

**REPORT ON CORPORATE GOVERNANCE 2014-15****Company's Philosophy on Code of Corporate Governance :**

The Corporate Governance policies followed by your Company are aimed at ensuring transparency in all dealings and in the functioning of the management and the Board. These policies seek to focus on enhancement of long term shareholder value without compromising on integrity, social obligations and regulatory compliances. The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationship between itself and its stake – holders.

**Board of Directors :**

As on 31st March 2015, the composition of the Board of Directors is shown as below. The Chairman is a non-executive Director and hence the composition of Independent Director is more than 50% comprising of non-executive independent directors.

**BOARD MEETINGS:**

During the year under review, 6 Board Meetings were held on 21st April, 2014; 31st May, 2014; 12th August, 2014; 29th September, 2014; 30th October, 2014; 24th January, 2015. The details of the attendance of the directors in the board meeting along with number of meeting held during their tenure are given below.

Name & Designation	Category	No. of Board Meeting Attended	Attendance at Last AGM (29/09/2014)	No. of Other Director-ship	Membership in the committee of other companies	
					Member-ship	Chair-manship
Dhiren K Thakkar Chairman & MD	Promoter and Executive Director	6	Yes	3	2	Nil
Kiritbhai C Patel	Non-promoter and Non-executive Director	5	Yes	2	Nil	Nil
Aditya Y Patel	Non-promoter and Non-executive Director	5	Yes	0	Nil	Nil
Vinodchandra Pandya	Non-promoter and Non-executive Director	6	Yes	3	Nil	1
Yogesh R Patel	Non-promoter and Non-executive Director	6	Yes	0	Nil	Nil

**CODE OF CONDUCT :**

The company has already adopted a code of conduct for all employees of the company and executive directors. The board has also approved a code of conduct for the non-executive directors of the company.

All board members and senior management personnel (as per clause 49 of listing agreement) have affirmed compliance with the applicable code of conduct has been provided in the Annual Report.

The directors and senior management of the company have made disclosures to the board confirming that there are no material financial and/ or commercial transactions between them and the company that could have potential conflict of interest with the company at large.

**COMPOSITION OF COMMITTEES :****A. AUDIT COMMITTEE :**

Reviewing, with the management, the annual financial statements and auditor's report before submission to the board;

1. Reviewing, with the management, the annual financial statements and auditor's report before submission to the board;
2. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
3. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
4. Recommendation for appointment, remuneration and terms of appointment of auditors of the company.

5. Approval of payment to statutory auditors for any other services rendered by the statutory Auditors;
6. Review and monitor the auditor's independence and performance, and effectiveness of audit Process;
7. Approval or any subsequent modification of transactions of the company with related parties;
8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the company, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
12. Discussion with internal auditors of any significant findings and follow up there on;
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
15. To review the functioning of the Whistle Blower mechanism;
16. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**COMPOSITION, NAME OF MEMBERS AND CHAIRMAN :**

No.	Name	Type
1.	Mr. Vinodchandra K Pandya	Chairman
2.	Mr. Kiritbhai C Patel	Member
3.	Mr. Aditya Y Patel	Member
4.	Mr. Dhiren K Thakkar	Member
5.	Mr. Yogeshbhai R Patel	Member

**FUNCTIONS OF AUDIT COMMITTEE :**

The Audit Committee is headed by Mr. Vinodchandra K Pandya as Chairman and includes other directors namely Mr. Kiritbhai C Patel, Mr. Aditya Y Patel, Mr. Dhiren K Thakkar, Mr. Yogeshbhai R Patel. The Committee is regularly giving feedback on daily financial and accounting position of the company to the Board. The Committee meets at least once in every quarter and prepare its minutes on the proceedings and business discussed, transacted. All committee Reports and minutes are placed before the Board in all its meetings for information, guidance, directions and taking the same on record. Other functions, powers, duties etc. of the committee are defined taking in to account the legal provisions of the Listing Agreement and the same are kept flexible to be decided by the Board from time to time.

**B. STAKEHOLDERS RELATIONSHIP COMMITTEE (RENAMED FROM INVESTOR GRIEVANCE COMMITTEE) :**

No.	Name	Designation
1.	Mr. Vinodchandra Pandya	Chairman
2.	Mr. Aditya Y Patel	Member
3.	Mr. Yogesh R Patel	Member

**FUNCTIONS OF STAKEHOLDERS RELATIONSHIP COMMITTEE :**

This Committee looks in to all aspects and business related to shares and retail investors. The Committee also looks after the Dematerialization process of equity shares.

The Committee is also empowered to keep complete records of Shareholders, Statutory Registers relating to Shares and securities, maintaining of the complete records of Share Demated, Investors Grievances, complaints received from investors and also from various agencies.

The Committee has also appointed Mr. Kamlesh. M. Shah Company secretary to look after the legal cases and problems relating to the investors, shares etc.

The Committee meets every month to approve all the cases of shares demate, transfer, issue of duplicate and resolution of investors complaints, submission of information to various statutory authorities like NSDL/CDSL, SEBI, Stock Exchanges, Registrar of Companies periodically and from time to time.

Other functions, roles, duties, powers etc. have been clearly defined in line with the Clause 49 of the Listing Agreement and are kept flexible for modification by the Board from time to time.

#### C. REMUNERATION COMMITTEE :

The Company has only one Managing Director Mr. Dhiren K Thakkar. He was not withdrawing any Managerial Remuneration from the Company. However, now the Company has framed within the company a Remuneration Committee which is the same as the Audit Committee. There was only one meeting held during the year of the remuneration committee on 30th May, 2015.

During the year the Company has not offered any Stock Options or provided any finance to purchase any such stock options or offered ESOP Scheme to any of its Directors or the employees.

#### Number of Board and Committees Meetings Held During the Year :

NAME OF COMMITTEE	NO. OF MEETING HELD	Dates of Board Meeting/ Committee Meetings
Board	6	21st April, 2014; 31st May, 2014; 12th August, 2014; 29th September, 2014; 30th October, 2014; 24th January, 2015
Audit Committee of Board	4	21st April, 2014; 12th August, 2014; 30th October, 2014; 24th January, 2015
Investors Grievance Committee	12	26th April, 2014; 21st May, 2014; 28th June, 2014; 25th July, 2014; 28th August, 2014; 26th September, 2014; 30th October, 2014; 29th November, 2014; 27th December, 2014; 22nd January, 2015; 26th February, 2014; 20th March, 2015

#### ATTENDANCE OF THE DIRECTORS IN VARIOUS MEETINGS :

S.No.	Name of Director	Board Meeting	ACB Meeting	IGCB Meeting
1	Mr. Dhiren K Thakkar	6	4	12
2	Mr. Kiritbhai C Patel	5	3	-
3	Mr. Aditya Y Patel	5	3	12
4	Mr. Vinodchandra K Pandya	6	4	-
5	Mr. Yogeshbhai R Patel	6	4	12

#### Details of Annual General Meeting Held During the Last 4 Financial Years :

S.No.	Date of AGM	Day	Time	Venue
1	30/09/2011	Friday	10.00AM	203, 2nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380 006.
2	29/09/2012	Saturday	10.00AM	203, 2nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380 006.
3	28/09/2013	Saturday	10.00AM	203, 2nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380 006.
4	29/09/2014	Monday	10.00AM	203, 2nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380 006.

**PASSING OF THE RESOLUTION BY POSTAL BALLOT SYSTEM :**

The Company had not passed any resolution by means of Postal Ballot since the last Annual General Meeting. The Company has not proposed to pass any resolution in this Annual General Meeting which is to be passed by means of Postal Ballot system.

**POLICIES :****A. POLICY ON RELATED PARTY TRANSACTIONS :****SCOPE AND PURPOSE OF THE POLICY :**

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Clause 49 of the Listing Agreement (as amended by SEBI Circulars dated April 17, 2014 and September 15, 2014), our Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Clause 49(VII)(C) of the Listing Agreement requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, our Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

**OBJECTIVE OF THE POLICY :**

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

**MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS :****a) Identification of related parties :**

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Clause 49 of the Listing Agreement.

**b) Identification of related party transactions :**

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Clause 49 of the Listing Agreement.

**DISCLOSURES :**

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business along with the justification for entering into such transaction.

**B. FAMILIARIZATION POLICY FOR INDEPENDENT DIRECTORS :****PURPOSE AND OBJECTIVE OF THE POLICY :**

The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

**FAMILIARIZATION AND CONTINUING EDUCATION PROCESS :**

- The Company through its Managing Director / Executive Director / Key Managerial Personnel conducts programmes / presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company.
- Such programmes/presentations provide an opportunity to the Independent Directors to interact with the Senior Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.
- The programmes/presentations also familiarizes the Independent Directors with their roles, rights and responsibilities.
- When a new Independent Director comes on the Board of the Company, a meeting is arranged with the Chairperson, Managing Director, Chief Financial Officer to discuss the functioning of the Board and the nature of the operation of the Company's business activities.

- New Independent Directors are provided with copy of latest Annual Report, the Company's Code of Conduct, the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices, Schedule of upcoming Board and Committee meetings.
- The Company provides the Directors with the tours of company's facilities from time to time.
- A detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration and performance evaluation process, insurance cover, Tata Code of Conduct and obligations on disclosures, is issued for the acceptance of the Independent Directors.

**C. RISK MANAGEMENT POLICY :**

**LEGAL FRAMEWORK :**

Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the Company's activities. Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

**BACK GROUND AND IMPLEMENTATION :**

The Company is prone to inherent business risks. The objective of Risk Management Policy shall be identification, evaluation, monitoring and minimization of identifiable risks. This policy is in compliance with the amended Clause 49 of the Listing Agreement (w.e.f 1 st October 2014) which requires the Company to lay down procedure for risk assessment and procedure for risk minimization. The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network. Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

**COMMITTEE :**

The Company has not made Risk Management Committee but the Board of Directors & Audit Committee is looking after the Risk Management of the Company.

**D. CORPORATE SOCIAL RESPONSIBILITY POLICY**

India's new Companies Act, 2013 has introduced several new provisions which change the face of Indian corporate business. One of such new provisions is Corporate Social Responsibility (CSR). As per Section 135 of the Companies Act, 2013, it provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the company to be Rs 500 crore or more; (b) turnover of the company to be Rs 1000 crore or more; (c) net profit of the company to be Rs 5 crore or more.

Our Company is the Loss making one. So that CSR Policy is Not Applicable to the Company. So any CSR Activities have not been undertaken by the Company & has not made Corporate Responsibility Committee.

**E. VIGIL MECHANISM POLICY :**

**LEGAL FRAMEWORK :**

Section 177 of the Companies Act, 2013 requires every listed company and such class or classes of companies, as may be prescribed to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed.

Effective October 1, 2014, Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges, inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called "Whistle Blower Policy" for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the company's code of conduct.

**POLICY :**

In compliance of the above requirements, Kanel Industries Limited, being a Listed Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism.

The Vigil (Whistle Blower) Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment

or unfair treatment. The mechanism provides for adequate safeguards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

**F. SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (POLICY WHERE MORE THAN 4 WOMEN WORKING) AND ELIMINATION OF CHILD LABOUR POLICY.**

The Company is not employing more than 4 women employees. As well as the Company is not employing any child labor. So these both policies are not applicable to the Company.

**MANAGEMENT DISCUSSION AND ANALYSIS :**

**A) PRESENT STRENGTH OF THE COMPANY :**

The company has started Manufacturing at the Naroda unit. The Edible oil business is company's core business and demand of edible oils is growing in India @ of 10 percent per annum and in fact the demand of branded edible oils is growing even faster with the government having started taking actions to ban sale of edible oils in loose and implementation of its order for allowing sale of edible oils in packed format only under the packaging act.

**B) FUTURE OUTLOOK :**

The Company will soon start earn more profit from its manufacturing activity. The Company is doing many activities to increase its sales and profit.

**DISCLOSURES**

**A) MATERIALLY RELATED PARTY TRANSACTION:**

During the financial year 2014-15 there was no transactions for sell/purchase of goods or services of material nature with its promoters, the directors and the management, their subsidiaries or relatives, etc., which may have potential conflict with the interest of the company at large. However details of transactions with related parties are given in note (B) Notes of Accounts Schedule No. – 19 given by auditors as per Accounting Standard 18.

**B) DETAILS OF NON-COMPLIANCE**

The Company has complied with the requirements of the Stock Exchange/SEBI/any statutory authorities on all matters related to capital markets. There are no penalties or strictures imposed on the Company by Stock Exchange or SEBI.

**CERTIFICATE ON CORPORATE GOVERNANCE :**

As required under Clause 49 of Listing Agreement, Certificate is provided in the Annual Report.

**MEANS OF COMMUNICATIONS :**

**ESTABLISHMENT OF INTERNAL MANAGEMENT INFORMATION SYSTEM :**

The Company has established the Management information system whereby any problem requiring policy decisions are being intimated to Audit Committee for redressal or amendments in the policy and procedures. The progress reports are being maintained regularly. All the Investors' grievances or share department related queries are addressed to the Compliance officer who in turn put the same before the Investors' Grievances Committee.

**INFORMATION SYSTEM BETWEEN COMMITTEES AND THE BOARD**

Both Audit Committee and Investors' Grievances Committees receive periodical regular information from the concerned functional heads, after resolutions of all the problems communicate back the same to functional heads for further communications. The progress report and minutes of all meetings held of both the committees are being placed before the Board for information and taking the same on records.

**INFORMATION SYSTEM BETWEEN THE COMPANY AND INVESTORS**

The Company is regularly taking on record the un-audited financial results on quarterly basis as per requirements of the Clause 41 of the listing Agreement and the same are published. The Material information relating to the business of the Company is being intimated to the Stock Exchange who in turn publishes the same in their official bulletin. The Audited Financial Balance Sheet is being dispatched to every shareholder in time at their registered addresses.

**COMPANY'S WEBSITE :**

The Company's website [www.kanelindustries.in](http://www.kanelindustries.in) contains a separate dedication section "Financial" where shareholder information is available. Full annual report is also available on the website in a user friendly and downloadable form.

**STATUTORY COMPLIANCES MADE AND RETURNS ETC., FILED :**

The Company has duly complied with the provisions of the Companies Act 1956, all the provisions of the Listing Agreement. The Company has also filed various unaudited financial results, Balance sheets, Income Tax returns and



other statutory returns with all the authorities in time. There are no defaults as on date in any such compliances and no legal action of any nature has been taken against the company or its officers/ directors.

**DEMATERIALISATION OF SHARES AND LIQUIDITY:**

The Company has entered into Triparty Agreement with both Depository namely National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). Now the Shareholders have the option to hold their share either in physical form or in Demat form. However as per SEBI circular hereby advise all its shareholders to dematerialize their holding at the earliest. Total Shares dematerialized up to 31/03/2015 is 12218176 shares.

**SHARE TRANSFER SYSTEM :**

The share transfer system in physical form is processed and the Share Certificates are returned within a period of 15 days from the date of receipt. At the end of the year, there were no complaints pending with the company related to Transfer of shares.

**NAME AND ADDRESS OF THE COMPLIANCE OFFICER :**

Mr. Vinodchandra K Pandya  
Director  
203, Abhijeet-1, 2<sup>nd</sup> Floor,  
Mithakhali Six Roads, Ellisbridge,  
Ahmedabad – 380 007.

**STATUS OF LISTING / TRADING OF SHARES :**

The Company's Equity Shares are at present listed and are freely traded on the Stock Exchange at Ahmedabad and Mumbai. The details of the Trading code are as under :

Name of Stock Exchange : Trading Code  
Ahmedabad Stock Exchange (ASE) : 29590  
Mumbai Stock Exchange (BSE) : 500236

**MARKET PRICE DATA – HIGH, LOW DURING EACH MONTH IN LAST FINANCIAL YEAR :**

(MARKET PRICE IN RS.)

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	Delive- rable Quantity	% Deli. Qty to Traded Quantity	Spread	
										High- Low	Close- Open
Apr 14	14.95	15.68	13.08	13.63	6,28,274	4,121	89,26,545	6,91,854	110.12	2.60	-1.32
May 14	13.50	14.00	7.21	8.38	6,74,732	4,822	74,32,866	6,74,732	100.00	6.79	-5.12
Jun 14	8.74	12.83	7.97	10.83	5,59,046	4,383	59,95,611	4,84,326	86.63	4.86	2.09
Jul 14	11.37	12.06	8.28	9.27	7,51,928	5,516	79,43,642	7,51,928	100.00	3.78	-2.10
Aug 14	9.73	11.90	8.81	10.00	2,79,419	1,252	29,47,205	2,33,506	83.57	3.09	0.27
Sep 14	9.50	10.45	6.60	6.67	1,38,783	1,328	11,55,212	1,12,115	80.78	3.85	-2.83
Oct 14	6.89	7.26	4.53	6.45	52,984	667	3,15,422	43,972	82.99	2.73	-0.44
Nov 14	6.77	8.33	6.09	7.16	1,95,895	1,154	14,28,273	1,56,353	79.81	2.24	0.39
Dec 14	7.51	9.10	4.55	5.36	1,32,918	787	9,37,568	1,08,716	81.79	4.55	-2.15
Jan 15	5.62	6.45	3.80	6.21	1,76,368	944	8,91,557	1,56,836	88.93	2.65	0.59
Feb 15	6.50	12.72	6.18	11.95	12,92,275	16,443	1,19,96,886	6,44,201	49.85	6.54	5.45
Mar 15	12.17	18.60	10.35	16.34	16,68,243	10,426	2,35,22,365	8,58,410	51.46	8.25	4.17

**Note :** (1) The Face Value of equity shares of the company is Re. 10/- per share. As the Company's share are not included in any Index of the Stock Exchange, the effect of price movement of shares of the company viz a viz general index of the industry are not given.

**CATEGORY WISE HOLDING OF SHARES AS ON 31/03/2015 :**

Category	Shares %	Percentage of Holding
Promoters	3948065	21.44%
Financial Institutions/Banks	100	0.00%
Bodies Corporate	1811030	09.84%
Public (Indian)	12642195	68.66%
NRI	11050	00.06%
<b>Total</b>	<b>18412440</b>	<b>100.00 %</b>

**Distribution of Shareholding as on 31/03/2015 :**

Description		Holder (S)		Holding (s)	
From	To	Folios	%	Shares	%
Less than	500	23321	89.779	4520381	24.551
501	1000	1754	06.752	1412582	07.672
1001	5000	723	02.784	1530114	08.310
5001	10000	77	00.296	555918	03.019
10001	above	101	00.389	10393445	56.448

**OTHER DETAILS :**

<b>REGISTERED OFFICE</b>	: 203, Abhijeet-1, Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006
<b>BOOK CLOSURE DATES</b>	: 23rd September 2015 to 30th September 2015 (Both days inclusive)
<b>REGISTRAR AND SHARE TRANSFER AGENT</b>	: System Support Service : 209, Shivai Ind. Estate, 89, Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072
<b>ISIN NUMBER OF THE COMPANY</b>	: INE 252 C 01015

**Declaration by the Managing Director on Code of Conduct as required by Clause 49.1.(D) (ii).**

This is to declare that the company has received affirmations of compliance with applicable Code of Conduct from the Directors and Senior Management personnel of the company in respect of the financial year 2014-15.

**For & On Behalf of the Board of Director of**

Place : Ahmedabad  
Date : 30th May, 2015

(Vinodchandra Pandya)  
Director & Chairman of Audit Committee  
(DIN: 02600107)

(Dhiren K Thakkar)  
Chairman & Managing Director  
(DIN: 00610001)

**CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT  
FOR BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL**

To,  
The Members,  
Kanel Industries Limited,  
Ahmedabad.

I, Dhiren K Thakkar, Managing Director of the Company, hereby certify that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Clause-49.I.D of the Listing Agreement entered into with Stock Exchange.

As required by Clause 49 of the Listing Agreement, Certificate of Compliance with the Corporate Governance Requirements by the Company issued by Auditors is given as an annexure to the Directors' Report.

We further confirm that during the year, none of the Directors or any of the Key managerial persons had done any trading in shares of the Company in the secondary market. Further the company had not made any allotment of shares to any Directors or any of the key managerial personnel during the year.

The above Report was adopted by the Board at their meeting held on 30th May 2015.

**For and On Behalf of the Board of Directors**

**Date : 30th May, 2015**  
**Place : Ahmedabad**

**(DHIREN K THAKKAR)**  
**Chairman & Managing Director**  
**(DIN : 00610001)**

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER OF THE COMPANY**

We, Dhiren K Thakkar, Chairman of the Board of Directors and Audit Committee of Kanel Industries Limited, do hereby certify that :

- (a) We have reviewed the financial statement and the cash flow Statement for the year and to the best of our knowledge and belief;
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
- (ii) These statements together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) As per the best of our knowledge and belief, no transactions entered into by Kanel Industries Limited during the year which is fraudulent, illegal or volatile of the company's Code of Conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting in Kanel Industries Limited and we have evaluated the effectiveness of the internal control system of the company pertaining to financial reporting. We have disclosed to the auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit Committee:
- (i) Significant changes in internal controls over financial reporting during the year.
- (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements.
- (iii) Instance of Significant fraud of which we have become aware and the involvement therein, if any, of the management of an employee having a significant role in the Company internal control system.
- (e) We affirm that we have not denied any personal access to the Audit Committee of the Company (in respect of matters involving alleged misconduct, if any.)
- (f) We further declare that all Board Members and senior management have affirmed compliance with the code of conduct for the current year.

For & On Behalf of the Board of Director of

Place : Ahmedabad  
Date : 30th May, 2015

(Vinodchandra Pandya)  
Director & Chairman of Audit Committee  
(DIN: 02600107)

(Dhiren K Thakkar)  
Chairman & Managing Director  
(DIN: 00610001)

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**AUDITORS' REPORT ON COMPLIANCE WITH CODE OF THE CORPORATE GOVERNANCE**

To  
The Members of  
Kanel Industries Limited

We have examined the relevant records for the year ended March 31, 2015 relating to the Compliance with the requirement of corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges.

On the basis of our review and according to the information and explanations given to us by the company, we state that in our opinion and to the best of our knowledge, the Company has complied with the mandatory requirements as contained in the Listing Agreement with the Stock Exchanges and as per Section 292A of the Companies Act 1956.

Date : 30th May, 2015  
Place : Ahmedabad

For Shah Dinesh Dahyalal & associates  
Chartered Accountants,

(Dinesh D Shah)  
Proprietor  
M No.: 106871  
Firm No.: 120362W

**INDEPENDENT AUDITORS REPORT****TO THE MEMBERS OF KANEL INDUSTRIES LTD****Report on the Financial Statements :**

We have audited the accompanying financial statements of KANEL INDUSTRIES LTD, ("the company") which comprise the Balance Sheet as at 31/03/2015, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements :**

The Company's Board of Directors is responsible for the matters stated in Sec. 134(5) of the companies Act 2013("The Act") with respect to preparation of these financial statements that give a true and fair view of financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including Accounting Standards specified U/s 133 of The Act, read with rule 7 of the companies (account) rules 2014. This responsibility also includes the maintenance of adequate accounting records with the provisions of the act for safeguarding the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgment and estimates that are reasonable and prudent; and design, implementation and maintenance of internal control, that were operating and presentation of financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility:** Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued specified U/s 143(10) of the Act those standard required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An Audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon auditor's judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

**Opinion :**

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

- (a) in case of the Balance Sheet, of the state of affairs of the Company as at 31/03/2015;
- (b) in case of Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
- (c) In the case of Cash Flow statement, of the cash flow for the year ended on that date

**Report on Other Legal and Regulatory Requirements :****1. As required by Sec 143 (3) of the Act, we report that:**

- a. **We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except**
  - i. The Company has taken inter corporate loan of Rs 1.34 Lacs [ unsecured ] and unsecured loans from related parties/firms of Rs. NIL and from Non Related person Rs. NIL during the financial year under audit. The Closing Balance at the year end are Rs. 681.11 Lacs in case of inter corporate loans and Rs.107.60 lacs for related parties and firms and from key management person and Rs.NIL from other parties. No interest provided on loan accounts. In absence of formal agreement or supporting other documents, we could not comment and could not quantify the non provision of interest thereon.

Out of total Inter Corporate Loans as above, the Company has taken Mortgage Loan of Rs. 5 Crore from Adani Enterprises Ltd in earlier years. We are not provided any formal Loan Agreement copy except Mortgage Deed which does not contain any repayment terms and interest rate. 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 company and related documents and information. Account confirmation copy is not available for our verification and consequently uncertainty arises in Financial Statements as to the exact amount. **[Read with Notes No. 5 to the financial Statements].**

Company has not made provision for doubtful Debtors of Rs 93.75 Lacs, for the debtors outstanding for the long time, to that extent, Current Assets have been overstated and current years Losses and accumulated losses have been understated. **[Read with Notes No. 13 to the financial Statements].**

- ii. The Company has violated provisions of Income Tax Act, 1961 by non filing Income Tax Returns from FY 2008-09 onwards. Proper records are not made available to us for our verification and to compute Income Tax and related statutory liabilities. In this situation, we are unable to comment upon the non provision of statutory liabilities for current year as well as for the earlier years. **[Read with Notes No. 28 to the financial Statements]**
  - iii. The Company has not deducted TDS from Professional fees paid / credited on sum of Rs.290000 during the financial year under audit.
  - iv. Bank Balance certificate or Bank Statements for various banks for No lien accounts with banks showing total balance of Rs. 89.30 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 as bank balance. It is also not clarified that whether these bank balances in No-lien accounts are receivable by the company or adjusted against bank loans settled under OTS in earlier years since all respective banks debts have been settled under OTS in earlier years. In absence of such documents and clarifications, we could not comment upon the genuineness of balance with banks and as per our opinion, current assets are overvalued to the extent of this amount and to the extent losses are under valued. **[Read with Notes No. 21 to the financial Statements]**
  - v. The Naroda Unit has been inoperative since last many years. Company is doing Trading activities during the year under audit but 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.
  - vi. Delhi High Court has remanded back the company to BIFR in its pending appeal on 19th January, 2010 and thereafter in the next hearing held on 29/04/2010, and as per the order of the Honorable Delhi High-court, BIFR had appointed IDBI as OA to inspect the unit and submit the report thereon. In the last date of hearing on 29/08/2013, the honorable BIFR has directed the company to revise and resubmit with OA, the DRS, with cutoff date as 31/03/2013. The Company had submitted the revised DRS to OA as directed by the Honorable BIFR but in the hearing on 27/03/2014 due to late submission by OA (IDBI) with respect to certain query of the BIFR, the BIFR dismissed the company's reference. However the Company is filling an appeal with AAIFR against the order of BIFR.
- 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, the Statement of Profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of accounts.
  - d. In our opinion, Balance Sheet, the Statement of Profit and Loss and Cash Flow statements complied

with the Accounting Standards referred to in Sec 133 of the companies Act, 2013, read with rules 7 of the Companies (Accounts) rules, 2014.

- i. The Company has not complied with AS 28, introduced w.e.f. 1st April, 2004 while preparing the financial statements. The Management have not assessed technically the Plant and Machineries at Naroda Unit to decided about its impairment or carrying Value. 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 in operative for Seventeen years. Plant & Machinery of book value of Rs.18.27 lacs less residual value 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.
  - ii. The Company has not complied with AS 22, Accounting for Taxes on Income. The company failed to file Income Tax Returns for the F Y 2008-09 onwards. In absence proper documents and records, we could not quantify the Income Tax liability for which provision not made. Deferred Tax Assets/ Deferred Tax Liabilities are not provided for in the books of accounts, in absence of proper working and database from the management. We could not quantify the non provision for DTL or disclosures regarding DTA.[Read with 1(a)(ii) above and read with note no. 28"]
  - e. On the basis of written representation received from the Directors as on March 31, 2015 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of sub-section (2) of the Section 164 of the Companies Act, 2013.
  - f. With respect to other matters included in Auditor's Report and to best of our information and according to the explanation given to us.
- 01 The Companies has not disclosed the impact of pending litigations on its financial position in its financial statements. Management informed that there are no pending litigations pending with any departments which may have financial effect in future but as per our opinion the company has not filled Income Tax Return since FY 2008-09, company has not done Tax Audit for the previous years also, No sales tax return filed for the F Y 2007-08 to FY 2012-13, certain matters are pending with different forum in sales tax department [ refer note no.29 ], vandha arji filed with Municipal Corporation is still pending, BIFR matter is still pending with AAIFR and the expenses incurred by the company for professional fees for lawyers which shows some matter might be under litigation and its exact status and its probable effect on financial statement is not disclosed with us.
- 02 Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts including derivative contract.
- 03 There has been delay in transferring amounts, required to be transferred, to the investor's education and protection fund by the company. 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, SBI [Previously SBS] , Industrial finance Branch, Ellisbridge, Ahmedabad and SBI [ Previously SBS Isanpur Branch, 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. **[Read with Notes No.27 to the financial Statements]**

**For, SHAH DINESH DAHYALAL & ASSOCIATES**  
Chartered Accountants  
FIRM REGISTRATION NO. 120362W

Shah Dinesh D.  
Proprietor  
MEMBERSHIP NO. 106871

Place: Ahmedabad  
Date : 30/05/2015

## ANNEXURE TO THE AUDITORS' REPORT OF

## KANEL INDUSTRIES LTD.

The annexure referred to in our report to the member of **KANEL INDUSTRIES LTD.** ('the company') for the year ended on 31st March, 2015, we report that;

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 program 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, present business operations and the nature of the Fixed Assets. In absence of physical verification report, we could not comment on material discrepancy in fixed assets of the company and its accounting effect.**
2. (a) According to the information and explanation given to us, inventories have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanation 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.
- (c) The Company is maintaining proper records of inventories. In our opinion, discrepancies noticed on physical verification of inventory were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account, if any except trading transactions of Ex godown where goods do not move from one place to other place on sale or purchase where no documentary evidence available for our verification regarding movement of goods and its control except invoice bill.
3. The company has not granted any loans, secured or unsecured to companies, firm or other parties covered in the registered maintained u/s 189 of The Companies Act,2013 during the year under audit hence sub clause (a) and (b) are not applicable.
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 and the nature of its business with regard to purchase of inventory and Fixed Assets and for the sale of goods. During the course of audit, no major weakness has been noticed in the internal controls (Read with notes No 2 (C ) above).
5. The company has not accepted deposits during the year under audit, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other provision of the Companies Act and the rules framed there under are not applicable.
6. As per the information and explanation given by the management, the provisions of sub-section (1) of section 148 of the Companies Act for maintenance of cost records specified by the Central Government are not applicable to the company in the year under audit.
7. (a) **According to the information and explanations given to us, the Company is not regular in depositing undisputed statutory dues towards Employees' State Insurance, TDS, Professional Tax, Income Tax and Municipal Tax during the year under audit.**

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

SR.	NATURE OF DUE	AMOUNT OUTSTANDING AS ON 31/03/2015 [Rs. In Lacs] For more than 6 months And already due
01	Income Tax	98.10
02	TDS Payable	1.05
03	Sales Tax	17.53
04	E.S.I.C.	0.56
05	FBT tax	0.06
06	Professional Tax	0.34
07	Municipal Tax	5.40



TDS is not deducted during the year under audit and not paid to central government is Rs.0.29 lacs, such details are not included in above figure since the company has not complied with the provisions of income tax act and not provided in books of accounts. Provisions of ESI and Professional Tax are also not complied with by the company and no provision for such liability provided in books of account. 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 Assessment order/Return copy and non filing of Sales tax Returns for the F Y 2007-08 to 2012-13 and in absence of required details and documents, we are unable to quantify the statutory liabilities relating to tax as well as of Interest and penalty there on and total statutory liability outstanding at the end of financial year under audit

Amount due as per demand notice served by the Income Tax department is Rs.136.37 Lacs for the various assessment years previously. In continuation to its followup, it was explained by the management that no final order received from the concern department consequently no provision made in books of account. No fresh order passed by the department during the year under audit for previous assessment years hence liability could not quantified while preparing books of accounts, as explained by the management.

- (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 are further informed by the management that during the F Y 2014-15, there were no further Order, Notice or other developments relating to matters pending for earlier years with different forum as well as for the year under Audit in case of Income tax and Sales tax Matter.

SR. NO.	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. [A.Y. 1998-99]
02	Sales Tax	245.92	Pending with the Appellate tribunal of Sales Tax [A.Y. 1997-98]
03	Sales Tax	24.30	Appeal Pending with Jt. Commercial Tax Commissioner, Appeal Division-1 [A.Y. 1999-2000]
04	Sales Tax	6.14	Appeal pending with Jt. Commercial Tax Commissioner, Appeal Divi.-1 [A.Y. 2000-01]
05	Sales Tax	2.88	Appeal pending with Jt. Commercial Tax Commissioner, Appeal Divi.-1 [A.Y. 2000-01]
06	Municipal Tax	10.95	Ahmedabad Municipal Corporation [Dues up to October, 2004]

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

- (c) As per the information and explanations received from the management, there are no such amount required to be transferred to Investors Education and Protection Fund and not transferred except 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, SBI [Previously SBS], Industrial finance Branch, Ellisbridge, Ahmedabad and SBI [Previously SBS Isanpur Branch, Ahmedabad]. In absence of proper records and supporting evidences from management and from the nominated banks, we could not quantify the amount not transferred as required by the law and its compliance.

- (viii) 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 2014-15. The Company has incurred Cash Losses of Rs. 1.10 crores during the financial year under audit and the company had incurred cash losses of Rs. 1.08 Crores the immediately preceding financial year.

- (ix) We are of the opinion that the company has not defaulted in repayment of dues to banks or financial institutions in the year under audit. Further we have to report that banking dues have been settled under OTS in earlier years. The Company has taken secured Loans from the Company of Rs. 5 Crore in earlier year. There is no repayment towards principal or Interest. Management has not provided us copy of agreement of loans containing terms and conditions for repayment and interest charges. In absence of the required agreements and documents, we could not comment on repayment schedule or default status. The Company has no borrowings from Financial Institutions or by way of Debentures.
- (x) 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.
- (xi) In our opinion, no term loans were taken by the company in the year under audit.
- (xii) In our opinion and 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.

## BALANCE SHEET AS AT 31 March, 2015

*In (Rupees)*

Particulars	Note No.	AS AT 31 March, 2015	AS AT 31 March, 2014
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1. Shareholders' Funds</b>		<b>-42567508</b>	<b>-40149730</b>
(a) Share Capital	2	184124400	184124400
(b) Reserves and Surplus	3	-226691908	-224274130
<b>2. Non-Current Liabilities</b>		<b>50000000</b>	<b>50000000</b>
(a) Long-Term Borrowings	4	50000000	50000000
<b>3. Current Liabilities</b>		<b>55379541</b>	<b>142722916</b>
(a) Short-Term Borrowings	5	30370453	30445353
(b) Trade Payables	6	11477670	99646049
(c) Other Current Liabilities	7	2161551	1262294
(d) Short-Term Provisions	8	111369867	11369221
<b>TOTAL</b>		<b>62812033</b>	<b>152573186</b>
<b>II. ASSETS :</b>			
<b>1. Non-Current Assets :</b>		<b>13897530</b>	<b>14701548</b>
(a) Fixed Assets	9	11075102	11865525
(i) Tangible Assets		11075102	11865525
(b) Non-Current Investments	10	5000	20000
(c) Long-Term Loans and Advances	11	2817428	2816023
<b>2. Current Assets :</b>		<b>48914503</b>	<b>137871638</b>
(a) Inventories	12	349565	0
(a) Trade receivables	13	39378796	128560693
(b) Cash and Cash Equivalents	14	9184194	9271744
(c) Short-Term Loans and Advances	15	1948	39201
<b>TOTAL</b>		<b>62812033</b>	<b>152573186</b>

As per my even report of the date

For, SHAH DINESH DAHYALAL & ASSOCIATES  
CHARTERED ACCOUNTANTSDinesh D Shah  
Proprietor  
M. No. 106871  
Firm Regi. No. 120362WDate : 30/05/2015  
Place : Ahmedabad

For, Kanel Industries Ltd.

Director Director

Date : 30/05/2015  
Place : Ahmedabad

## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 March, 2015

In (Rupees)

Particulars	Note No.	2014-15	2013-14
I. Revenue from Operations	16	226872301	86215954
II. Other Income	17	39304	290249
III. TOTAL REVENUE (I + II)		<b>226911605</b>	<b>86506203</b>
IV. EXPENSES:			
Purchases of Stock-in-Trade	18	225616470	86105828
Consumption of Packing materials	18.1	932344	0
Changes in Inventories	19	0	0
Employee Benefit Expenses	20	235000	226500
Depreciation and Amortization Expenses	21	818823	912135
Other Expenses	22	1726746	1442656
<b>TOTAL EXPENSES</b>		<b>229329382</b>	<b>88687120</b>
V. Profit before Exceptional and Extraordinary Items and Tax (III-IV)		-2417777	-2180916
VI. Exceptional Items		-	-
VII. Profit before Extraordinary Items and Tax		-2417778	-2180916
VIII. Extraordinary Items		-	-
IX. Profit Before Tax		-2417778	-2180916
X. Tax Expense		-	-
Current Tax			
Deferred Tax			
XI. Profit/(Loss) for the period from Continuing Operations (IX-X)		-2417778	-2180916
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/(Loss) from Discontinuing Operations (after tax) (XII-XIII)		-	-
XV. Profit/(Loss) for the Period (XI+XIV)		-2417778	-2180916
XVI. Earnings per Equity Share			
- Basic		-	-
- Diluted		-	-

As per my even report of the date

For, SHAH DINESH DAHYALAL & ASSOCIATES  
CHARTERED ACCOUNTANTSDinesh D Shah  
Proprietor  
M. No. 106871  
Firm Regi. No. 120362WDate : 30/05/2015  
Place : Ahmedabad

For, Kanel Industries Ltd.

Director Director

Date : 30/05/2015  
Place : Ahmedabad

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS****(1.) SIGNIFICANT ACCOUNTING POLICIES :****(A) METHOD OF ACCOUNTING :**

- (i) These financial statements have been prepared under historical cost convention from books of accounts maintained on an accrual basis (unless otherwise stated hereinafter) in conformity with accounting principles generally accepted in India and comply with the Accounting Standards issued by the Institute Of Chartered Accountants Of India and referred to Section 129 and Section 133 of The Companies Act, 2013 of India. The Accounting policies applied by the company are consistent with those used in previous year.
- (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 :**

- (i) Tangible Fixed Assets acquired by the company are reported at acquisition value, with deduction for accumulated depreciation [ other than "freehold land " where no depreciation is charged]. The acquisition value includes purchase price, inward freight, duties, taxes and incidental expenses related to acquisition and installation and allocable pre-operative expenditure.
- (ii) Intangible Fixed Assets: there is no intangible fixed assets.
- (iii) There is no Capital work in progress during the year under audit.

**(C) DEPRECIATION :**

Depreciation has been provided based on life assigned to each asset in accordance with Schedule II of The Companies Act, 2013

**(D) INVESTMENTS :**

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

**(E) INVENTORIES :**

The cost of various categories of Inventory is determined as follows.

1. Raw material and packing material : At Cost including local taxes (Net of setoff)  
Or Net realizable value, whichever is lower
2. Stock in Process : At Cost or Net realizable Value, whichever is lower
3. Stock of Finished Goods : At Cost or Net realizable Value, whichever is lower
4. Consumable stores and spares : At Cost or Net realizable Value, whichever is lower
5. Scrap : At Net realizable Value

Cost of raw material and packing material are determined in using FIFO method. Cost of Finished goods and stock in process include cost of raw material and packing materials, cost of conversion and other cost incurred in bringing inventories to the present location and condition. Accounting policy for inventory applied to the extent applicable to present business operation of the company.

**(F) REVENUE RECOGNITION :**

- (i) **SALES** - Sales are exclusive of all the duty, forwarding charges. (ii) Dividend income are realized on cash basis. (iii) Interest Income from Bank Fixed Deposit accounted on receipt basis.

**(G) RETIREMENT BENEFITS :**

Gratuity, other ex-gratia benefits and leave encashment are accounted on cash basis. Provisions for Provident Fund, Super annotation, pension and ESIC are not applicable to the company as number of employees are below statutory limit.

**(H) TAXATION :**

Current Tax provision not done by the company. Management is arranging to file all income tax pending returns and at that time current tax provision will be worked out.

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) Value Added Tax(VAT) :**

VAT payable of finished goods is accounted net of setoff i.e. VAT payable on finished goods less VAT paid on inputs.

**(J) PROVISIONS & CONTINGENCIES :**

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligations, in respect of which reliable estimate can be made. These are reviewed at each balance sheet and adjusted to reflect the current best estimate. Contingent liabilities are not recognised but are disclosed in the notes to the Financial Statements to the extent of details available, if any. A contingent Assets is neither recognised nor disclosed.

**(K) 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.

**(L) CASH FLOW STATEMENT :**

Cash Flow are reported using the indirect method, whereby profit (loss) before tax is adjusted for the effect of transactions of a non-cash nature and any income due to writing-off liabilities of the company and any expenses due to provision for bad debts have been considered as extra ordinary item.

Cash and Cash equivalents presented in the Cash flow statement consist of cash on hand and balance with banks including dormant bank accounts and No lien bank accounts [ read with Notes no 26] .

**(M) IMPAIRMENT OF ASSETS :**

Impairment losses, if any, are recognized in accordance with the Accounting Standard 28 issued in this regard by the Institute Of Chartered Accountants Of India.

**(N) BORROWING COST :**

Borrowing cost attributable to acquisition, construction or production of qualifying assets are capitalized as part of the cost of that assets, till the assets is ready for use. Other Borrowing costs are recognized as an expense in the period in which these are incurred.

**(O) PRELIMINARY EXPENSES :**

Preliminary expenses and Share issue expenses have been amortized over a period of years as defined in section 35D of Income Tax Act, 1961.

**(P) EARNING PER SHARE :**

The Basic and Diluted Earning Per Share ( EPS) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

## NOTES ON FINANCIAL STATEMENTS

In (Rupees)

Particulars	2014-15		2013-15	
	No. of Shares	Amount	No. of Shares	Amount
<b>2. SHARE CAPITAL:</b>				
<b>2.1 AUTHORIZED, ISSUED, SUBSCRIBED AND PAIDUP SHARE CAPITAL :</b>				
<b>Authorised Share Capital :</b>				
Equity Shares of Rs. 10.00 each	20000000	200000000.00	20000000	200000000.00
<b>Total</b>	<b>20000000</b>	<b>200000000.00</b>	<b>20000000</b>	<b>200000000.00</b>
<b>Issued Share Capital :</b>				
Equity Shares of Rs. 10.00 each	18412440	184124400.00	18412440	184124400.00
<b>Total</b>	<b>18412440</b>	<b>184124400.00</b>	<b>18412440</b>	<b>184124400.00</b>
<b>Subscribed and fully paid :</b>				
Equity Shares of ? 10.00 each	18412440	184124400.00	18412440	184124400.00
<b>Total</b>	<b>18412440</b>	<b>184124400.00</b>	<b>18412440</b>	<b>184124400.00</b>
<b>TOTAL</b>	<b>18412440</b>	<b>184124400.00</b>	<b>18412440</b>	<b>184124400.00</b>

Particulars	2014-15		2013-15	
	No. of Shares	Amount	No. of Shares	Amount
<b>2.2 RECONCILIATION OF SHARE CAPITAL :</b>				
<b>Equity Shares (Face Value Rs. 10.00)</b>				
Shares outstanding at the beginning of the year	18412440	184124400.00	18412440	184124400.00
Shares Issued during the year				
Shares bought back during the year				
Shares outstanding at the end of the year	18412440	184124400.00	18412440	184124400.00

Particulars	2014-15		2013-15	
	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>2.3 SHARES IN THE COMPANY HELD BY OTHER COMPANY :</b>				
<b>Equity Shares :</b>				
TJR SONS LIMITED, Associate	555904	5559040	555904	5559040
<b>2.4 SHAREHOLDERS HOLDING MORE THAN 5% OF SHARE :</b>				
HITESH KTHAKKAR	1024550	5.56	1024710	5.57%
DHIREN KTHAKKAR	1884962	10.24	1743598	9.47%

**Notes :**

- (a) There are No (Previous year -No ) rights, preference and restriction attaching to each class of shares including restriction on the distribution of dividend and the repayment of capital.
- (b) There are Nil number of shares (Previous year Nil) in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiary or associates of the holding company or the ultimate holding company in aggregate.
- (c) There are Nil number of shares (Previous Year Nil) reserved for issue under option and contracts/ commitment for the sale of shares / disinvestment including the terms and amounts.
- (d) For the period of 5 years immediately preceding the date as at which balance sheet is prepared.

Particulars	No. of Shares in C.Y.	No. of Shares in P.Y.
Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	Nil	Nil
Aggregate number and class of shares allotted as fully paid up by way of bonus shares	Nil	Nil
Aggregate number and class of shares bought back	Nil	Nil
(e) There are no securities (Previous year No) convertible into equity/preferential shares.		
(f) There are no call unpaid (Previous Year No) including calls unpaid by directors and officers as on balance sheet date.		

## NOTES ON FINANCIAL STATEMENTS

In (Rupees)

Particulars	2014-15	2013-14
<b>3. RESERVES AND SURPLUS:</b>		
<b>Other Reserves</b>		
Opening balance	194859100	194859100
Closing balance	194859100	194859100
<b>Surplus</b>	<b>-421551008</b>	<b>-419133230</b>
Opening Balance	-419133230	-416952314
(+) Net profit/(Net loss) for the Current Year	-2417778	-2180916
(+) Profit & Loss A/c (2014-15)	2417778	0
(-) Profit & Loss A/c (2013-14)	0	2180916
Closing balance	-421551008	-419133230
<b>TOTAL</b>	<b>-226691908</b>	<b>-224274130</b>

(i) There is no reserve specifically represented by earmarked investments which can be termed as fund.

**4. LONG-TERM BORROWINGS:**

<b>Secured</b>	50000000	50000000
Other Loans and Advances	50000000	50000000
Adani Enterprises Ltd.	50000000	50000000
<b>TOTAL</b>	<b>50000000</b>	<b>50000000</b>

**Nature of Security and terms of repayment for long term secured borrowings :**

- 4.1 Inter Corporate Loan from Adani Enterprise Ltd of Rs. 5 Crore [Previous Year Rs. 5 Crore] is secured by Equitable mortgage of Plot No. 213, 214/2 & 3 in the Naroda Industrial Estate consisting Revenue S No. 174 p & 175 / part withing the village limit of Muthia, Dist Ahmedabad. AND Unit No 101 & 102 of TJR house, Mithakhali, Ahmedabad AND office no. 203 of ABHIJIT, Mithakhali Six Roads, Ahmedabad and personal properties of Directors and their relatives.

No repayment terms & rate of interest mentioned in mortgage deed and no other loan agreement made available to us for verification.

No charge created for the mortgage of property with ROC., Ahmedabad.

Particulars	2014-15	2013-14
<b>5. SHORT-TERM BORROWINGS :</b>		
<b>Unsecured</b>	30370453	30445353
<b>Loans repayable on demand</b>	2350000	2350000
<b>From other parties</b>	<b>2350000</b>	<b>2350000</b>
<b>Kadam Exports Pvt. Ltd.</b>	<b>850000</b>	<b>850000</b>
<b>Tushar N Shah</b>	<b>1500000</b>	<b>1500000</b>
<b>Loans and advances from related parties</b>	<b>28020453</b>	<b>28095353</b>
Dhiren K. Thakkar	3259532	3268332
Kanaiyalal J Thakkar (HUF)	7500000	7500000
T.J.R. Finance Ltd.	5471100	5471100
TJR Sons Ltd.	11789821	11855921
<b>TOTAL</b>	<b>30370453</b>	<b>30445353</b>

**Note :** The Company has not provided interest on Unsecured loan.

**6. TRADE PAYABLES :**

Others	11477670	99646049
<b>TOTAL</b>	<b>11477670</b>	<b>99646049</b>



## NOTES ON FINANCIAL STATEMENTS

In (Rupees)

Particulars	2014-15	2013-14
<b>7. OTHER CURRENT LIABILITIES :</b>		
Other Payables	2161551	1262294
<b>TOTAL</b>	<b>2161551</b>	<b>1262294</b>

**8. SHORT-TERM PROVISIONS :**

Others	11369867	11369221
<b>TOTAL</b>	<b>11369867</b>	<b>11369221</b>

**9. FIXED ASSETS :**

Particulars of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 01.04.2014	Addition During the year	Deductions During the year	As on 31.03.2015	Up to 31.03.2014	Provided For the Year	Adjustment for Ded./Sales	As on 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>9.1 TANGIBLE ASSETS :</b>										
LAND	3797183	0	0	3797183	0	0	0	0	3797183	3797183
FACTORY BUILDING	17777122	0	0	17777122	14017866	375925	0	14393791	3383331	3759256
OFFICE BLDG. (NARODA)	1125000	0	0	1125000	678401	23505	0	701906	423094	446599
OFFICE BLDG.	3283230	0	0	3283230	1695877	83545	0	1779422	1503808	1587353
OFFICE EQUIPMENT	1392515	28400	0	1420915	1276124	41163	0	1317287	103628	116391
PLANT & MACHINERY	17984436	0	0	17984436	16156920	228440	0	16385360	1599076	1827516
FURNITURE & FIXTURE	6264112	0	0	6264112	5932885	66245	0	5999130	264982	331227
<b>TOTAL</b>	<b>51623598</b>	<b>28400</b>	<b>0</b>	<b>51651998</b>	<b>39758073</b>	<b>818823</b>	<b>0</b>	<b>40576896</b>	<b>11075102</b>	<b>11865525</b>
Previous Year Figures	51619895	3703	0	51623598	38845938	912135	0	39758073	11865525	12773957

9.2 There are no Intangible Assets and Capital Work in Progress as on Balancesheet date.

Particulars	2014-15	2013-14
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**10. NON-CURRENT INVESTMENTS :****Trade Investments****Investments in government or trust securities**

National Savings Certificate 0 15000

**Other Investments**

Ahmedabad Comm. Exch. Ltd. - Shares 5000 5000

**TOTAL** **5000** **20000****11. LONG-TERM LOANS AND ADVANCES :****Security Deposits :**

Secured, considered good 327715 327715

Unsecured, considered good 505000 505200

**Advance Income Tax (net of provisions) :**

Unsecured, considered good 614713 613108

**Balances with Government Authorities :**

Unsecured, considered good 1270000 1270000

**Other loans and advances :**

Unsecured, considered good 100000 100000

**TOTAL** **2817428** **2816023**

## NOTES ON FINANCIAL STATEMENTS

In (Rupees)

Particulars	2014-15	2013-14
<b>12. INVENTORIES :</b>		
<b>Stock-in-trade</b>		
Goods-in Transit	349565	0
<b>TOTAL</b>	<b>349565</b>	<b>0</b>
<b>13. TRADE RECEIVABLES :</b>		
<b>Outstanding for more than 6 months from the due date</b>		
Unsecured, considered good	0	89935848
<b>Outstanding for more than 6 months from the due</b>		
Unsecured, considered good	30004207	0
Unsecured, considered doubtful	9374589	38624845
<b>TOTAL</b>	<b>128560693</b>	<b>38624845</b>
<b>14. CASH &amp; CASH EQUIVALENTS :</b>		
Balances with banks	21111	17705
Earmarked Balances	21111	17705
Cash on hand	232873	323829
Others	8930210	8930210
<b>TOTAL</b>	<b>9184194</b>	<b>9271744</b>
<b>Note :</b> 'Others' are No Lien Bank Accounts with various banks, not freely available. [Read with Note No. 21 and 1(a)(iv) of Main Audit Report]		
<b>15. SHORT-TERM LOANS AND ADVANCES :</b>		
Other Loans and Advances	1948	39201
Unsecured, considered good	1433	1433
Unsecured, considered doubtful	515	37768
<b>TOTAL</b>	<b>1948</b>	<b>39201</b>
<b>16. REVENUE FROM OPERATIONS :</b>		
Sale of Products	226872301	86215954
<b>TOTAL</b>	<b>226872301</b>	<b>86215954</b>
<b>17. OTHER INCOME :</b>		
Other Non-Operating Income	39304	290249
<b>TOTAL</b>	<b>39304</b>	<b>290249</b>
<b>18. PURCHASES OF STOCK-IN-TRADE :</b>		
Purchase of products	225616470	86105828
<b>TOTAL</b>	<b>225616470</b>	<b>86105828</b>
<b>18.01 CONSUMPTION OF PACKING MATERIALS :</b>		
Purchase of products	932344	0
<b>TOTAL</b>	<b>932344</b>	<b>0</b>
<b>19. CHANGES IN INVENTORIES :</b>		
<b>Stock-in-Trade</b>		
-Opening Balance	0	0
Less : Closing Balance	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

## NOTES ON FINANCIAL STATEMENTS

*In (Rupees)*

Particulars	2014-15	2013-14
<b>20. EMPLOYEE BENEFIT EXPENSES :</b>		
Salaries and Wages	235000	226500
<b>TOTAL</b>	<b>235000</b>	<b>226500</b>
<b>21. DEPRECIATION AND AMORTIZATION EXPENSES :</b>		
Depreciation	818823	912135
<b>TOTAL</b>	<b>818823</b>	<b>912135</b>
<b>22. OTHER EXPENSES :</b>		
<b>Payment to Auditors :</b>		
As Auditor	90000	90000
Repairs to buildings	32673	3233
Rates and taxes (excluding taxes on income)	241042	193806
Miscellaneous expenses	1363031	1155617
<b>TOTAL</b>	<b>1726746</b>	<b>1442656</b>

23. The figures of the previous year have been regrouped, rearranged and changed wherever necessary so as to make them comparable with the current year.
24. The information's / details are as per the books maintained and determined and information compiled and furnished on the computer.
25. 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.
26. The Company has initiated the process of identifying the suppliers who qualify under the definition of Micro and Small Enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as at 31st March, 2015, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished. In the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material and NIL.
27. Wherever external evidence in the form of bills, invoice, and debit notes, credit notes, Journal entry etc are not available, Management has relied upon the internal vouchers prepared and authenticated by the directors/Authorized officers of the company and also entry passed in the accounts maintained by the company.
28. Bank Account statement / balance certificate of Denabank [No lien A/c], SBI [previously SBBJ (No lien A/c) 2.5%, previously SBBJ (No lien A/c) 10%, previously SBS (No lien A/c) 10% are not available. Management trying hard to get all such required statements / certificates from the banks. Management have written letters to the above banks requesting them for submission of latest bank statements directly to the Auditor but the same are not received. Balance with No lien deposit account with banks does not reconcile with total transactions of Company.
29. 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.
30. The company has not provided for listing fees of Jaipur, Calcutta and Ahmedabad Stock Exchange.
31. 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.
32. 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.

33. The management is in the process to start manufacturing activities and will implement the stringent remedial actions for the recovery of outstanding dues, optimum utilisation of cash management, 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.
34. 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. 125 of Companies Act, 2013. The company has received several complaints for revalidation of dividend cheques but in absence of banker's cheque and details of unclaimed dividend, management is unable to solve their complaints.
35. Company is preparing for filing Income tax Return for the FY 2014-15 and all pending previous years and all pending Sales Tax Returns upto FY 2012-13 shortly and till that the company have not made provision for income tax and sales tax in the books of accounts.
36. Contingent liabilities not provided for in the books of accounts are as under:
- (i) The company has a various matter for different assessment 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 Commercial 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.

- (i) Company has filed "Vandha Arjee" against Municipal Tax and interest bills for several previous years. The matters are under litigation with authorities.
- (ii) 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.
37. 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.
38. Company's Naroda division is closed since long time. Company has provided depreciation of Rs.2.28 lacs due to normal wear and tear for assets.
39. Earnings per share (EPS)

Sr. No.	Particulars	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014
1	Net Profit [ loss ] (Rs. In Lacs)	(-) 24.18	(-) 21.81
2	Weighted Average Number of Shares	18412440	18412440
3	Basic/ Diluted EPS (Rs.) (on nominal value of Rs. 10 per share)	(-)0.13	(-) 0.12

40. 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.

**41. Related Party transactions:**

No.	Nature of Relationship	Name of Related Parties
1.	Associate Companies/Enterprise	TJR Finance Ltd. Kadam Exports Pvt. Ltd. Shakti Nutraceuticals Pvt. Ltd. Devika Proteins Ltd.
2	Key Management Person	TJR Agrocom Pvt Ltd. Vinodchandra K. Pandya Kiritbhai Chagganbhai Patel Aditya Yogeshbhai Patel Yogeshkumar Rajnikant Patel
3	Relative of key management person	Hitesh K Thakkar Devika H Thakkar Gauri D. Thakkar Jaysheel D. Thakkar Monika H. Thakkar Neela Thakkar

**(II) List of Transactions entered with them :**

No.	Nature of Transactions	Associate	Joint Venture	Key Management Personnel (KMP)	Relatives of KMP	Others	Total
<b>1</b>	<b>LOANSTAKEN</b>						
	Balance as at 1st April	18177021.00	0.00	3268332.00	0.00	0.00	21445353.00
	Taken During the Year	133900.00	0.00	0.00	0.00	0.00	133900.00
	Returned During the Year	200000.00	0.00	8800.00	0.00	0.00	208800.00
	Balance as at 31st March	18110921.00	0.00	3259532.00	0.00	0.00	21370453.00
<b>2</b>	<b>SUNDRY DEBTORS</b>						
	Balance as at 1st April	0.00	0.00	0.00	0.00	0.00	0.00
	Paid During The Year	0.00	0.00	0.00	0.00	0.00	0.00
	Balance as at 31st March	0.00	0.00	0.00	0.00	0.00	0.00
<b>3</b>	<b>LOANS/Advances</b>						
	Advances Paid during the year	0.00	0.00	0.00	0.00	0.00	0.00
	Advances Received During the year	0.00	0.00	0.00	0.00	0.00	0.00
<b>4.</b>	<b>SUNDRY CREDITORS</b>						
	Balance as at 1st April	91663987.00	0.00	0.00	0.00	0.00	91663987.00
	Balance as at 31st March	7520557.00	0.00	0.00	0.00	0.00	7520557.00
<b>5</b>	<b>SALES</b>	72211511.00	0.00	0.00	0.00	0.00	72211511.00
<b>6</b>	<b>OTHER INCOME</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>7</b>	<b>PURCHASES</b>	132067978.00	0.00	0.00	0.00	0.00	132067978.00
<b>8</b>	<b>EXPENDITURE</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>9</b>	<b>RENT</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>10</b>	<b>SALARY</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>11</b>	<b>INTEREST</b>	0.00	0.00	0.00	0.00	0.00	0.00

**42. PAYMENT TO STATUTORY AUDITORS :**

	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
<b>(a) Audit Fees</b>		
[As Statutory Auditors]	Rs.90000	Rs. 90000

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

Figures have been regrouped and rearranged wherever found necessary so as to make them comparable with in the current year and Figures in the Balance Sheet are rounded off to the nearest of the rupee.

44. Management have broadly reviewed the basis of compiling details and information and made test checked wherever considered necessary. The books and / or the details / information compiled in the company on the computer.
45. Writing off debtors, Bad and Doubtful debts, investments, loans and advances are as per management's decision and opinion. Debtors/Creditors are accounted at the time of settlement of claims.
46. Contract remaining to executed on Capital Account not provided for Rs. Nil/- (Previous year Rs. Nil)
47. 40. The company is operating only in one segment of trading of goods. Hence no separate Segment wise Accounting is required and given herewith.
48. Due to settlement dispute with debtor/creditor, advance given and advance taken we could not quantify closing balance at the end of year as such balances have been arrived by unilateral actions. Amount of dispute cannot be quantified. No fraud by company or on company has been initiated during the year.
49. NSC matured could not be encased as they are lying with sales tax department. Recoveries of such NSC are negligible. As per auditor these investment must be written off in absence of details.
50. We could not employ full time company secretary u/s.383A of Companies Act, 1956, due to non-availability of professional.
51. Additional information pursuant to paragraph 3, 4(C) & 4 (D) of PART II to Schedule III of the Companies Act,2013 have been given to the extent applicable to the company.

**52. (a) CONSUMPTION OF RAW MATERIALS IN TERMS OF VALUE AND PERCENTAGE**

SR.	PARTICULARS	<u>2014-15</u>		<u>2013-14</u>	
		Rupees	in%	Rupees	in%
I	Imported	Nil	Nil	Nil	Nil
II	Indigenous	Nil	Nil	Nil	Nil
	Refined Cotton Oil	7465552.00	100%	Nil	Nil
	Refined Rice Bran Oil	1085016.00	100%	Nil	Nil
	Packing Material	815647.00	100%		

**(b) CONSUMPTION OF STORSE AND SPARES IN TERMS OF VALUE AND PERCENTAGE :**

SR.	PARTICULARS	<u>2014-15</u>		<u>2013-14</u>	
		Rupees	in%	Rupees	in%
I	Imported	Nil	Nil	Nil	Nil
II	Indigenous	Nil	Nil	Nil	Nil
	Packing Materials	932344.00	100	Nil	Nil

**(c) TRADING GOODS :**

SR.	PARTICULARS	<u>2014-15</u>		<u>2013-14</u>	
		Rupees	in%	Rupees	in%
I	Imported	Nil	Nil	Nil	Nil
II	Indigenous	2170.11 lacs	100.00%	862.16 lacs	100%

## 53. Particulars of Power and fuel Cos.

Sr.	PARTICULARS	2013-14	2012-13
1.	Power and Fuel	87754.00	Nil

## 54. CIF value of Imports

Sr.	PARTICULARS	2013-14	2012-13
1.	Rupees	NIL	NIL

## 55. EXPENDITURE IN FOREIGN CURRENCY :

Sr.	PARTICULARS	2013-14	2012-13
1.	Rupees	NIL	NIL

## 56. Earning in Foreign Exchange :

Sr.	PARTICULARS	2013-14	2012-13
1.	Rupees	NIL	NIL

57. The information/details given in the Audit report are as per the books maintained and determined and information are compiled and furnished on the computer.

## 58. Prior Period Expenditure :-

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

<u>Included under the Head of Account</u>	<u>2014-15 (Rs.)</u>
EXPENSES :	NIL

The statements of significant accounting policies and the notes numbered 1 to 58 form an integral part of the year ended 31st March 2015

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Signature to Schedule 1 to 50

As per my even report of the date

For, SHAH DINESH DAHYALAL & ASSOCIATES  
CHARTERED ACCOUNTANTS

Dinesh D Shah  
Proprietor  
M. No. 106871  
Firm Regi. No. 120362W

Date : 30/05/2015  
Place : Ahmedabad

For, Kanel Industries Ltd.

Director Director

Date : 30/05/2015  
Place : Ahmedabad

**CASH FLOW STATEMENT, ANNEXURE TO BALANCE SHEET  
FOR THE YEAR ENDED ON 31-MAR-2015  
(PERSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)**

In (Rupees)

Particulars	31-MAR-2015	31-MAR-2014
<b>1. Profit before Tax and extraordinary Items</b>	<b>-2417778</b>	<b>-2180916</b>
Adjustments for :		
a) Depreciation	818823	912135
b) Financial Charges	0	0.00
c) Interest Received	-26969	-27297
d) Income from Kasar - Vatav & other income	0	0
e) Bad debt provision	0	0
<b>OPERATING PROFIT [Loss] BEFORE WORKING CAPITAL CHARGES :</b>	<b>-1625924</b>	<b>-1296078</b>
Adjustment for :		
a) Trade and Other Receivables	89219150	-89703483
b) Inventories	-349565	0
c) Trade Payable & Other Liabilities	-87269881	88866971
<b>CASH GENERATED FROM OPERATIONS</b>	<b>-26220</b>	<b>-2132590</b>
Income Tax Paid	0	0
<b>CASH FLOW BEFORE EXTRA ORDINARY ITEMS</b>	<b>-26220</b>	<b>-2132590</b>
Extra Ordinary Items	0	0
<b>NET CASH FLOW FROM OPERATING ACTIVITIES .....A</b>	<b>-26220</b>	<b>-2132590</b>
<b>2. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>		
a) Purchase of Fixed Assets	-28400	3703
b) Sale of Fixed Assets	0	0
c) Fresh Investment	0	0
d) Sale / reductuib of Investmetns	15000	0
<b>NET CASH USED IN INVESTING ACTIVITIES.....B</b>	<b>-13400</b>	<b>3703</b>
<b>3. CASH FLOW FROM FINANCIAL ACTIVITIES :</b>		
a) (Decrease)Increase in Long Term Borrowing (Net)	0	0
b) (Decrease)Increase in Unsecure loan	-74900	479500
c) Interest Paid	0	0
d) Interest received	26969	27297
<b>NET CASH USED IN INVESTMENT ACTIVITIES.....C</b>	<b>-47931</b>	<b>506797</b>
<b>NET INCREASE(DECREASE) IN CASH (A+B+C)</b>	<b>-87551</b>	<b>-1629496</b>
Opening Balance of Cash & Cash Equivalents	9271745	10901241
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>9184194</b>	<b>9271745</b>

- Note :**
- Figures for the previous year have been regrouped/restated wherever material.
  - All figures “ - ” indicates outflow.
  - The above cash flow statement has been prepared under the ‘ Indirect Method ‘ as set out in Accounting Standard 3 on Cash Flow statement” issued by the ICAI.
  - The closing cash and cash equivalents as at 31-3-2015 of Rs.9184194 includes Rs.8930209 /- with banks in no lien deposit accounts. Balance in no lien deposit accounts shall not be freely available with the bank. [read with 1 (a)(vi) of main audit report]

As per my even report of the date

For, SHAH DINESH DAHYALAL & ASSOCIATES  
CHARTERED ACCOUNTANTSDinesh D Shah  
Proprietor  
M. No. 106871  
Firm Regi. No. 120362WDate : 30/05/2015  
Place : Ahmedabad

For, Kanel Industries Ltd.

Director Director

Date : 30/05/2015  
Place : Ahmedabad



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**AUDITOR'S CERTIFICATE**

To,  
Board of Directors,  
**Kanel Industries Limited**  
203, Abhijeet - 1,  
Nr. Mithakhali Six Roads,  
Ellisbridge, Ahmedabad - 6.

We have examined the above Cash Flow Statement of Kanel Industries Limited for the year ended on 31st March, 2015, The Statements has been prepared by the company in accordance with the requirements of the Listing Agreement's [clauses 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 report on 30/05/2015 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 : 30/05/2015**

**ATTENDANCE SLIP**

I Shri/Smt. \_\_\_\_\_ of \_\_\_\_\_ being a member/ proxy of Kanel Industries Limited do hereby record my presence at the 23rd Annual General Meeting of the members of the Company to be held on Wednesday the 30th September, 2015 at 10.00 A.M. at 203, Abhijeet-I, 2nd Floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006, Gujarat, India.

Name of Shareholder : \_\_\_\_\_

Ledger Folio No : \_\_\_\_\_ D.P. NAME : \_\_\_\_\_

D.P. I.D. : \_\_\_\_\_ CLIENT I.D. : \_\_\_\_\_

Number of Shares Held \_\_\_\_\_

Date : \_\_\_\_\_

Place : \_\_\_\_\_ (Signature of the Member/Proxy attending the meeting)

**PROXY FORM**

**Form No. MGT-11**

**Proxy form**

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

**CIN : L15140GJ1992PLC017024**

**NAME OF THE COMPANY : KANEL INDUSTRIES LIMITED**

**REGISTERED OFFICE : 203, ABHIJEET-I, 2ND FLOOR, MITHAKHALI SIX ROADS,  
ELLISBRIDGE, AHMEDABAD-380006.**

I/We, being the member (s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature : \_\_\_\_\_, or failing him

2. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature : \_\_\_\_\_, or failing him

3. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature : \_\_\_\_\_

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the \_\_\_\_\_ Annual general meeting/  
Extraordinary general meeting of the company, to be held on the \_\_\_\_\_ day of \_\_\_\_\_ At \_\_\_\_\_ a.m./p.m.  
at \_\_\_\_\_ (Place) and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution No.**

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_



**Note :** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**Book Post**

To

*If Undelivered please return to :*

**KANEL INDUSTRIES LIMITED**

**Regd. Office :** 203, Abhijeet-1, Mitakhali Six Roads,  
Ellisbridge, Ahmedabad-380 006