

**24<sup>th</sup>**  
**Annual Report**  

---

**2 0 1 5 - 2 0 1 6**

---

**KANEL INDUSTRIES LIMITED**

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

# **KANEL INDUSTRIES LIMITED**

## **TWENTY FOURTH ANNUAL GENERAL MEETING PROGRAMME**

**DATE** : 30<sup>TH</sup> SEPTMEBER, 2016  
**DAY** : FRIDAY  
**TIME** : 9.30 A.M.  
**VENUE** : 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.

<b>CONTENTS .....</b>	<b>Page No.</b>
1 GENERAL INFORMATION .....	1
2 NOTICE AND EXPLANATORY STATEMENT .....	2
3 DIRECTORS' REPORT .....	8
4 CORPORATE GOVERNANCE REPORT.....	29
5 AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE .....	41
6 AUDITOR'S REPORT BALANCE SHEET AND CASH FLOW STATEMENT .....	42
7 BALANCE SHEET .....	52
8 PROFIT & LOSS ACCOUNT.....	53
9 SCHEDULES & NOTES ON ACCOUNTS .....	54
10 CASH FLOW STATEMENT .....	71
11 ATTENDANCE & PROXY FORM.....	74

**BOARD OF DIRECTORS**

Shri Dhiren K. Thakkar	Chairman & Managing Director
Shri Shilpa Solanki	Additional Woman Director
Shri Jatin Vyas	Director

**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 Culcutta Stock Exchange Ltd.**  
Culcutta

**REGD. OFFICE**

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

**COMPLIANCE OFFICER**

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

**NOTICE**

**NOTICE** is hereby given that the 24<sup>th</sup> Annual General Meeting of the Members of the **KANEL INDUSTRIES LIMITED** will be held on Friday the 30<sup>th</sup> September, 2016 at 09:30 A.M. at the Registered office of the Company at 203, Abhijeet-1, 2<sup>nd</sup> 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, 2016 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. DHIREN KANAIALAL THAKKAR 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 2016-17 and to fix their remuneration as per section 139(2) of the Companies Act 2013.

**PLACE: AHMEDABAD.  
DATE: 31<sup>ST</sup> MAY, 2016**

**ON BEHALF OF THE BOARD OF DIRECTORS  
OF KANEL INDUSTRIES LIMITED**

**SD/-  
(DHIREN K THAKKAR)  
CHAIRMAN & MANAGING DIRECTOR  
(DIN: 00610001)**

**The Register of Members of the Company will remain closed from 23/09/2016 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 23/09/2016 TO 30/09/2016 (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, 2016 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 Participant(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 Regulation 44 of the SEBI (LODR), 2015 the Company is pleased to provide members facility to exercise their right to vote at the 24<sup>TH</sup> 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:
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - 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:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <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	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <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 27<sup>th</sup> September 2016 at 9.00 a.m. and ends on 29<sup>th</sup> September, 2016 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 23<sup>rd</sup> September 2016, 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 160909032.**
- 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. ACS: 8356 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 24th ANNUAL GENERAL MEETING AS PER REGULATION OF SEBI (LODR),2015 FORMING PART OF THE NOTICE CONVENING THE ANNUAL GENERAL MEETING OF THE COMPANY.**

<b>Particulars</b>	Mr. Dhiren K. Thakkar
<b>Director Identification Number.</b>	00610001
<b>Date of Birth.</b>	26/06/1972
<b>Age.</b>	45 yrs
<b>Educational Qualification.</b>	Graduate
<b>Experience (No. of Years)</b>	25 Yrs.
<b>Business field in which Experience.</b>	Administration
<b>Date of Appointment as Director in the Company.</b>	08/10/2008
<b>Directorship held in any other Company.</b>	<ol style="list-style-type: none"> <li>1. DHARTI PROTEINS LIMITED</li> <li>2. TJR AGROCOM PRIVATE LIMITED</li> <li>3. SHAKTI NUTRACEUTICALS PRIVATE LIMITED.</li> <li>4. T J R SONS LIMITED.</li> <li>5. SUN RETAIL PRIVATE LIMITED</li> <li>6. KAUFMAN RETAIL PRIVATE LIMITED</li> <li>7. MANDAR AGRO INDUSTRIES LLP</li> </ol>
<b>Member of any Committees of the Directors in the Company.</b>	Audit Committee Remuneration Committee
<b>Member of any committees of the Directors in other Companies with names of the Company.</b>	N.A.
<b>Member of any Trade Association/ Charitable Organization/ NGOs etc.</b>	N.A.

PLACE: AHMEDABAD.  
DATE: 31<sup>ST</sup> MAY, 2015

ON BEHALF OF THE BOARD OF DIRECTORS OF  
KANEL INDUSTRIES LIMITED

SD/-  
(DHIREN K THAKKAR)  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN: 00610001)

**DIRECTORS' REPORT**

To,  
The Members,  
**KANEL INDUSTRIES LIMITED**

Dear Shareholders,  
Your directors have pleasure in presenting herewith the 24<sup>TH</sup> Audited Annual Report for the year ended on 31<sup>ST</sup> March, 2016 of your Company.

[Amount in Rs.]

<b>PARTICULARS</b>	<b>2015-16</b>	<b>2014-15</b>
Income from Operation	255586967	226872301
Other Income	35507	39299
Increase/ (Decrease) in stock	NIL	NIL
Total Income	255622474	226911600
Total Expenditure	257618225	229329378
Profit/ (Loss) before Tax	-1995750	-2417778
Provision for Tax	NIL	NIL
Tax for Earlier periods	NIL	NIL
Prior Period Extra Ordinary Items (Net)	NIL	NIL
Net Profit / (Loss) after Tax	-1995750	-2417778
Balance Carried to B/S -	1995750	-2417778

**OPERATIONAL OVERVIEW**

During the under review the Company has made net losses of rs.-1995750(Previous year's loss of Rs.-2417778) from business. The Company has earned total income RS.255622474(Previous year's income was Rs.229329378) and Total expenses is Rs.257618225 (Previous year's expense is Rs.229329378).

**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.

**DETAILS OF THE ASSOCIATES/ JOINT VENTURE / SUBSIDIARIES COMAPAN IES**

The company does not have holding or subsidiary companies during the year and no other company has become holding / subsidiary/ joint venture.

**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.

## **FIXED DEPOSIT**

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.

## **REGULATORY STATEMENT**

In conformity with Regulations of SEBI (Listing Obligation and Disclosure Requirement) 2015, the Cash Flow Statement for the year ended 31.03.2016 is annexed hereto. The equity shares of the Company are listed on the BSE Ltd.

The Company has not paid listing fees for the year 2016-17 to above stock exchanges.

## **CORPORATE GOVERNANCE**

Your Company practices a culture that is built on core values and ethical governance practices and is committed to transparency in all its dealings. A Report on Corporate Governance as per the Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report as an Annexure.

## **INTERNAL AUDITOR**

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

## **DEMATERIALISATION 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 Services. The Investors are advised to take advantage of timely dematerialization of their securities. The ISIN allotted to your Company is INE252C01015. Total Share dematerialized up to 31st March 2016 were 12,605,293 which constitute 68.46% of total capital. Your Directors request all the shareholders to dematerialize their shareholding in the company as early as possible.

## **DETAILS OF RELATED PARTIES TRANSACTIONS PURUSANT TO SECTION 188 (1) OF THE COMPANIES ACT, 2013**

The Company is entering into related parties transactions for sale/purchase of goods or services at preferential prices. However, all the transactions in the nature of sales/purchase of goods or services are made on arm's length basis. The same were reported to the Board at every meeting and Board took a note of the same and approved. Other details for inter corporate financial transactions or remuneration and other benefits paid to directors, their relatives, key managerial personnel etc. are given in the notes to the accounts vide note no 31 as per requirements of AS 18. The Company has formulated various other policies Evaluation of Board Performance Policy etc.

As the Company is loss making one, the provisions related to CSR is presently not applicable to the Company.

Regarding Performance Review of each of the member of the Board and also the performance of the various Committees and the Board, the Company has adopted the Model Code of Conduct for Independent Directors, Key Managerial Personnel as prescribed in Schedule IV to the Companies Act, 2013 and also as prescribed in the SEBI (Insider Trading) Regulations. The Company strictly follows the procedure to obtain necessary timely declarations from each of the directors and key managerial personnel from time to time.

### 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 separately in Corporate Governance Report.

### DEPOSITS:

The company has not invited or accepted any Deposit, Loans or finance from the public in violation of section 73(1) of Companies Act 2013 or any rules made there under.

### DIRECTORS:

Mr. Dhiren K. Thakkar shall retire by rotation at the ensuing Annual General Meeting as per provisions of Law. He is eligible for Reappointment and offers himself for reappointment.

### 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 have provided long term loans and Advances of Rs.2817428. The Company has taken the secured loans from Adani Enterprises Limited. The same is not yet registered with ROC.

### DECLARATION BY 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.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of section 134 Clause (C) of Sub-Section (3) of the Companies Act, 2013, in relation to financial statements for the year 2015-16, the Board of Directors state:

- a) In the preparation of the annual accounts for the financial year ended 31st March 2016, as far as possible and to the extent, if any, accounting standards mentioned by the auditors in their report as not complied with, all other applicable accounting standards have been followed along with proper explanation relating to material departure;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit and loss account of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis; and
- e) The directors in the case of a listed company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**DECLARATION BY BOARD AS PER REQUIREMENT OF SECTION 178 (1)**

In compliance with Section 178 (1) as also in compliance with applicable Regulations of SEBI (LODR), 2015 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 SEBI (LODR), 2015. 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.
- b. The Company has constituted Nomination and Remuneration Committee, Stakeholders Relationship Committee, Audit Committee as per requirements of the SEBI (LODR), 2015 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 pays managerial remuneration to its Managing/Whole Time Directors based upon their qualification, experience and past remuneration received by them from their previous employers and company's financial position.
- e. The Independent Directors are paid sitting fee for attending sitting fees for attending Board and other committee meetings as decided by the Board from time to time. This sitting fee is decided considering the financial position of the company.
- f. The Company is not paying any commission on net profits to any directors.
- g. During the year the Board has met 5 times during the year. The details of presence of every director at each meeting of the Board including the meetings of the Committees, if any, are given in the reports of the Corporate Governance.

## SYSTEM OF PERFORMANCE EVALUATION OF THE BOARD, INDEPENDENT DIRECTORS AND COMMITTEES AND INDIVIDUAL DIRECTORS

1. The Board makes evaluation of the effectiveness and efficiency of every individual director, committee of directors, independent directors and board as a whole.
2. For these purpose the Board makes evaluation twice in a year on a half yearly basis.
3. The performance of individual directors are evaluated by the entire Board, excluding the Director being evaluated on the basis of presence of every directors at a meeting, effective participation in discussion of each of the business of agenda for the meetings, feedback receives from every directors on draft of the minutes and follow up for action taken reports from first line management.
4. Effectiveness and performance of various committees are evaluated on the basis of the scope of work assign to each of the committees the action taken by the committees are reviews and evaluated on the basis of minutes and agenda papers for each of the committee meetings.
5. The performance of independent directors are evaluated on the basis of their participation at the meetings and post meeting follow up and communication from each of such independent directors.

## PARTICULARS OF THE EMPLOYEES

Particulars of the employees as required under provisions of Section 197 (12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, are not attached with this report since there was no employee who was in receipt of remuneration in excess of Rs.8, 50,000 per month during the year or Rs. 1.20 Cr. per annum in the aggregate if employed part of the year.

## AUDITORS

### STATUTORY AUDITORS

SHAH DINESH DAHYALAL & ASSOCIATES, an Auditors firm are present statutory auditors of the company. They have given their letter of consent and confirmation U/S 139 of the Companies Act, 2013. for reappointment as statutory auditors of the Company. The board has now proposed to appoint the Statutory Auditors for the period of one year as per requirement of section 139(1) of the Companies Act,2013. read with the Companies (Audit and Auditors) rules 2014.Necessary resolution for their appointment as Statutory Auditors and fixing their remuneration is proposed to be passed at the Annual General Meeting.

### SECRETARIAL AUDITOR

The Company has appointed M/s. KAMLESH SHAH & SHAH CO. as the secretarial auditor for the financial year 2015-16. They have given their report in the prescribed form MR-3 which is annexed to this report as an ANNEXURE A.

### OBSERVATIONS OF THE SECRETARIAL AUDITOR

1. The Company has not made Compliances within the time as per the Regulations of SEBI (LODR), 2015
2. The Company had not Paid Listing Fees.
3. All the Non- Compliances is due to Severe Fund Crunch.
- 4.The Company has not paid the Annual Fees to its Registrar to an Issue and Share Transfer Agents.
5. The New Listing Agreement is not entered into by the Company with Stock Exchanges as per SEBI (LODR), 2015.
6. The Company has not appointed Company Secretary and Chief Financial Officer as per Section 203 of the Companies Act, 2013.
7. The Company has not appointed Internal Auditors.
8. The Company has not filed FORM DIR-12 to Registrar of Companies for Change in Designation of Directors.

9. More than 50% of Net worth of the Company is been Eroded so that it is referred that the Company is a Sick Company and also has not made application to the BIFR.

10. The Company has not paid the Fees to the NSDL AND CDSL for E-voting Facility and also Annual Issuer Charges in time.

### AUDITORS REPORT AND OBSERVATION:

- i) The Company has not arranged to make available the confirmations and / or reconciliations to verify the balance stated in the financial statements in respect of majority parties of :
  - a. Trade receivables Rs.449.71 lakhs
  - b. Trade payables Rs.Rs.195.60 lakhs
  - c. All No lien bank accounts with various banks Rs.89.30 lakhs
- ii) The Company has taken inter corporate loan of Rs 0.10 Lacs [ unsecured ] and unsecured loans from related parties/firms of Rs. 4.85 lakhs and from Non Related person Rs. NIL during the financial year under audit. The Closing Balance at the year end are Rs. 523.50 Lacs in case of inter corporate loans and Rs.285.16 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.
- iii) 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. 4 to the financial Statements ]
- iii) Company has not made provision for doubtful Debtors of Rs 384.06 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 ]
- iv) 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 34 to the financial Statements ]
- v) The Company has not deducted TDS from Professional fees paid / credited on sum of Rs. 119000/- during the financial year under audit.
- vi) 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 undervalued. [Read with Notes No. 28 to the financial Statements ]
- vii) 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. Company has filed appeal against the order of BIFR with AAIFR on 19/06/2014 and the appeal was allowed and remanded the matter back to BIFR for considering the DRS for revival of the company by its order dated 20/01/2015. Next hearing is scheduled on 19/07/2016.

- viii) 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.
- ix) The Company has not made compliances within the time as per the Regulations of SEBI(lord),2015
- x) The New Listing agreement is not entered into by the company with stock exchange as per SEBI(LORD)2015.
- xi) The Company has not paid the fees to NSDL AND CDSL for E-Votting facility and also Annual Issuer charges in time.
- xii) The company has not appointed Company Secretary and Chief Financial Officer as per Sec 203 of the Companies Act, 2013.

#### MANAGEMENT PERCEPTION

##### REFER NOTE 1:-

Outstanding balances of debtors and creditors are subject to confirmation from various parties. The management is in process of obtaining the same. Regarding closing balances of no lien bank accounts as the Company has made reference to BIFR, there has been non-Co operation from all the bankers and they are not providing bank account statements.

##### REFER NOTE 2:-

The Company has taken ICD's and unsecured loans from directors / KMPs and their related parties to meet with requirements of day to day Financial needs of the company.

##### REFER NOTE 3:-

All short term borrowings are repayable on demand and non-interest bearing hence, as per terms of acceptance, no interest liabilities is provided.

##### REFER NOTE 4:-

The management is taking active steps for recovery of its debtors. The management is hopeful of its recovery hence no provision is made for doubtful debtors.

##### REFER NOTE 5:-

The company accounting all the professional fees which were paid to professionals on accrual basis.

##### REFER NOTE 6:-

The Company is in process of filing at all pending returns. Due to operational financial losses in every financial years there is no statutory liability on account of income tax on the company.



## REFER NOTE 7:-

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 undervalued. [Read with Notes No. 28 to the financial Statements

## REFER NOTE 8:-

Observation No. Vii of auditor's report is its self is Self Explanatory.

## REFER NOTE 9:-

The Company is doing business of trading so that company is accounting his business of trading on going Concern Basis.

## REFER NOTE 9:-

However Due to financial Crunch Company has not made Compliances within the time as per the regulations.

## REFER NOTE 10:-

The Company is in process of entering New listing agreement with Stock Exchange as per the SEBI (LODR),2015

## REFER NOTE 11:-

Due to Financial Crunch Company has not at all funds to pay the Fees of NSDL AND CDSL however, the Company is hoping to receive some funds during the year 2016-17 so that Company will Step-up and make the payment to NSDL AND CDSL.

## REFER NOTE 12:-

Due to Financial Crunch in the Company, All financial transaction is been done by Managing Director himself personally i.e. Mr. Dhiren Thakker however when the Company will receive a suitable Funds company will appoint Company Secretary and CFO as per Companies Act,2013

**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 (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 regarding the conservation of energy; technology absorption, foreign exchange earnings and outgo are not applicable to the company. As Company is not manufacturing any product or providing any services.

**MATERIAL CHANGES / INFORMATION:**

1. No material changes have taken place after the closure of the financial year up to the date of this report which may have substantial effect on the business and financial of the Company.
2. No significant and material orders have been passed by any of the regulators or courts or tribunals impacting the going concern status and companies operations in future.

**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 and 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  
Kanel Industries Limited**

**Place: Ahmedabad.  
Date: 31<sup>st</sup> May, 2016**

**SD/-  
(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 31/03/2016

[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

#### 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:-

SR. No.	Name and descriptions 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 Companies 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-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% 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	3392161	0	3392161	18.42	3392161	0	3392161	18.42	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	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>	3948065	0	3948065	21.44	3948065	0	3948065	21.44	0
<b>(2) Foreign</b>									
a) NRI-Individual	0	0	0	0	0	0	0	0	0
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>	0	0	0	0	0	0	0	0	0
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	3948065	0	3948065	21.44	3948065	0	3948065	21.44	0
<b>B. Public Shareholding</b>									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	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>	100	0	100	0.001	100	0	100	0.001	0
<b>2. Non-Institutions</b>									
a) Bodies Corp.	1748429	62601	1811030	9.84	1019821	74101	1093922	5.94 -	3.9
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	2388673	5397353	7786026	42.29	3089033	5441446	8530479	46.33	4.04
ii) Individual shareholders holding nominal share capital in excess of Rs 2lakh	4121859	734310	4856169	26.37	4585824	240300	4826124	26.21	0.16
c) Others (specify)	0	0	0	0	0	0	0	0	0
Non Resident Indians	9900	0	9900	0.05	8400	0	8400	0.05	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies	1150	0	1150	0.006	5350	0	5350	0.03	0.024
<b>Sub-total (B)(2):-</b>	8270011	6194264	14464275	78.56	8708428	5755847	14464275	78.56	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	8270111	6194264	14464475	78.58	8708528	5755847	14464375		

C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	12218176	6194264	18412440	100.000	12656593	5755847	18412440	100.000	0.000

## ii) Shareholding of promoters

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dhiren K Thakkar	1884962	10.237	0	1884962	10.237	0	0
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
	Total	3948065	21.441	0	3948065	21.441	0	0

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

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

		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	1884962	10.237	1884962	10.237
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	-	-	-	-
	-	-	-	-
At the end of the year	1884962	10.237	1884962	10.237

**TEDNESS****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>NIL</b>	<b>NIL</b>	<b>5,00,00,000</b>
i) Principal Amount	5,00,00,000	NIL	NIL	5,00,00,000
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	5,00,00,000	NIL	NIL	5,00,00,000
<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
Net Change	NIL	NIL	NIL	NIL
<b>Indebtedness at the end of the financial year</b>	<b>5,00,00,000</b>	<b>NIL</b>	<b>NIL</b>	<b>5,00,00,000</b>
i) Principal Amount	5,00,00,000	NIL	NIL	5,00,00,000
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>NIL</b>	<b>NIL</b>	<b>5,00,00,000</b>

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Dhiren Thakkar	
1	Gross salary	NIL	NIL
	(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
2	Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL
5		NIL	NIL
	Total (A)	NIL	NIL

*B. Remuneration to other directors:*

SN.	Particulars of Remuneration	Total Amount		
1	Independent Directors	SHILPABEN SOLANKI	JATIN VYAS	
	Fee for attending board committee meetings	NIL	NIL	NIL
	Commission	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL
	Total (1)	NIL	NIL	NIL
2	Other Non-Executive Directors	N.A.	N.A.	N.A.
	Fee for attending board committee meetings	N.A.	N.A.	N.A.
	Commission	N.A.	N.A.	N.A.
	Others, please specify	N.A.	N.A.	N.A.
	Total (2)	NIL	NIL	NIL
	Total (B)=(1+2)	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL
	Overall Ceiling as per the Act	NIL	NIL	NIL

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

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO/CEO	Total
		NOT APPOINTED	NOT APPOINTED	
1	Gross salary	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
	Total	NIL	NIL	NIL

**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)
------	------------------------------	-------------------	---	-------------------------------	------------------------------------

**A. COMPANY**

Penalty	No	No	No	No	No
punishment	No	No	No	No	No
compounding	No	No	No	No	No

**B. DIRECTORS**

Penalty	No	No	No	No	No
punishment	No	No	No	No	No
compounding	No	No	No	No	No

**C. Other Officers In Default**

Penalty	No	No	No	No	No
punishment	No	No	No	No	No
compounding	No	No	No	No	No

For & On Behalf of the Board of Director of  
Kanel Industries Limited

SD/-

(Dhiren K Thakkar)

Chairman & Managing Director  
(DIN: 00610001)

Place: Ahmedabad  
Date: 31<sup>st</sup> May, 2016

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies  
(Appointment and Remuneration of Key Managerial 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**. 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 31<sup>st</sup> March 2016 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 31.03.2016 according to the provisions of:

- (i) The Companies Act, 2013(the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulations) Act,1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act,1999 and the rules and 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;

**However**

**1. The Company has not made Compliances within the time as per the Regulations of SEBI (LODR), 2015**

**2. The Company had not Paid Listing Fees.**

**3. All the Non- Compliances is due to Severe Fund Crunch.**

(b) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeover) Regulations, 2011;  
**(Not Applicable)**

(c) The Securities and Exchange Board of India (Prohibition of Insider Training)Regulations,1992; **(Not Applicable)**

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable)**

(e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable)**

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable)**

- (g) 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; *However*  
**1. The Company has not paid the Annual Fees to its Registrar to an Issue and Share Transfer Agents.**  
 (h) The Securities and Exchange Board of India(Delisting of Equity Shares)Regulations, 2009 and  
 (i) The Securities and Exchange Board of India (Buyback of Securities)Regulations, 1998;

(vi) As stated in the **Annexure – A** – all the laws, rules, regulations are applicable specifically to the company.

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

- (j) Secretarial Standards issued by The Institute of Company Secretaries of India though are applicable w.e.f 1<sup>st</sup> day of July 2015 are partly complied.  
 (ii) The New Listing Agreement is not entered into by the Company with Stock Exchanges as per SEBI (LODR), 2015.

During the period under review the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I/We further report that**

The Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executives Directors, Independent Directors and Woman Director. *However*

1. *The Company has not appointed Company Secretary and Chief Financial Officer as per Section 203 of the Companies Act, 2013.*
2. *The Company has not appointed Internal Auditors.*
3. *The Company has not filed FORM DIR-12 to Registrar of Companies for Change in Designation of Directors.*
4. *More than 50% of Net worth of the Company is been Eroded so that it is referred that the Company is a Sick Company and also has not made application to the BIFR.*
5. *The Company has not paid the Fees to the NSDL AND CDSL for E-voting Facility and also Annual Issuer Charges in time.*

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, *but agenda and detailed notes on agenda were not sent along with Board meeting notice so the Effective participant of Directors in the Board meeting are doubtful. The Company has given at least seven days in advance notices for Board Meeting and a system exists for seeking and obtaining further information and clarification on the agenda items.*

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 made 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: 31<sup>st</sup> May, 2016**

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

**(KAMLESH M. SHAH)  
 PROPRIETOR  
 ACS: 8356, COP: 2072**

## 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 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.  
**(NOT APPLICABLE)**
3. Provisions with relate to compliances of PF/ESI/Gratuity Act are applicable to Company and Complied with. **(NOT APPLICABLE)**

***Environmental Laws***

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

***Taxation Laws***

1. ***The company is not regular in filling various returns with Direct and Indirect tax departments and all other necessary departments.***

Place: Ahmedabad

Date: 31<sup>st</sup> May, 2016

FOR KAMLESH M. SHAH & CO,  
PRACTICING COMPANY SECRETARIES

(KAMLESH M. SHAH)  
PROPREITOR  
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:

(I) <b><u>POWER &amp; FUEL CONSUMPTION</u></b>	<b>2015-16</b>	<b>2014-15</b>
<b>1 ELECTRICITY</b>		
<b>(a) Purchased</b>		
Unit (Kwh)	2117	2784
Total Amount (Rs.)	32150	34353
Rate / Unit (Rs)	15.19	12.34
<b>(b) Own Generation</b>		
(i) <i>Through Diesel Generator Unit (Kwh)</i>		
Unit Per Ltr of Diesel Oil	Nil	Nil
Cost / Unit (Rs)	Nil	Nil
(ii) <i>Through Steam Turbine / Generator Unit (Kwh)</i>		
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</b>		
(used in the generation of power)		
Quantity (K Ltr)	Nil	Nil
Total Cost (Rs)	Nil	Nil
Average Rate (Rs)	Nil	Nil
<b>4 OTHERS – LIGNITE</b>		
(used in the generation of steam)		
Quantity (K Tonns)	Nil	Nil
Total Cost (Rs)	Nil	Nil
Average Rate (Rs)	Nil	Nil
<b>(II) <u>CONSUMTION PER M.T. OF PRODUCTION</u></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)**

Particulars	2015-16	2014-15
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:**

Particulars	2015-16	2014-15
Company has not carried out research, development & innovation activities.		
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)

Particulars	2015-16	2014-15
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

### 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 31<sup>st</sup> March 2016, 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 30<sup>th</sup> May, 2015; 22<sup>nd</sup> June, 2015; 14<sup>th</sup> August, 2015; 5<sup>th</sup> November, 2015; 4<sup>th</sup> February, 2016; 24<sup>th</sup> January, 2016. 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 (30/09/2015)	No. of Other Directorship	Membership in the committee of other companies	
					Membership	Chairmanship
Dhiren K Thakkar Chairman & MD	Promoter and Executive Director	5	Yes	3	2	Nil
SHILPABEN SOLANKI	Non-promoter and Independent Director	5	Yes	2	1	1
JATIN VYAS	Non-promoter and Independent Director	1	NO	2	1	1

### 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 SEBI (LODR) guidelines) 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

Name	Type
Mrs. Shilpaben M.Solanki	Chairman
Mr. Dhiren K Thakkar	Member
Mr. Jatin R Vyas	Member

### FUNCTIONS OF AUDIT COMMITTEE:

The Audit Committee is headed by Mrs. Shilpaben M. Solanki as Chairman and includes other directors namely Mr. Dhiren thakkar, Mr. Jatin R Vyas, , 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 provision of regulation 18 of the SEBI(LODR) guidelines 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)

	Name	Designation
1	Mrs. Shilpaben M. Solanki	Chairman
2	Mr. Jatin R. Vyas	Member
3	Mr. Dhiren K. Thakkar	Members

### 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 provision of regulation 20 of SEBI (LODR) guidelines, 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 31<sup>st</sup> May, 2016.

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	5	30 <sup>th</sup> May, 2015; 22 <sup>nd</sup> June, 2015; 14 <sup>th</sup> August, 2015 5 <sup>th</sup> November, 2015; 4 <sup>th</sup> February, 2016;
Audit Committee of Board	5	30 <sup>th</sup> May, 2015; 22 <sup>nd</sup> June, 2015; 14 <sup>th</sup> August, 2015

		5 <sup>th</sup> November, 2015; 4 <sup>th</sup> February, 2016;
Stakeholders Grievance Committee	12	26 <sup>th</sup> April, 2015; 21 <sup>st</sup> May, 2015; 28 <sup>th</sup> June, 2015; 25 <sup>th</sup> July, 2015; 28 <sup>th</sup> August, 2015; 26 <sup>th</sup> September, 2015; 30 <sup>th</sup> October, 2015; 29 <sup>th</sup> November, 2015; 27 <sup>th</sup> December, 2015; 22 <sup>nd</sup> January, 2016; 26 <sup>th</sup> February, 2016; 20 <sup>th</sup> March, 2016

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

S.No.	Name of Director	Board Meeting	ACB Meeting	IGCB Meeting
1	Mr. Dhiren K Thakkar	5	5	12
2	Mr. Jatin R. Vyas	5	5	12
3	Mrs. Shilpaben Solanki	5	5	12

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

Sr. No.	Date of AGM	Day	Time	Venue.
2	29/09/2012	Saturday	10.00AM	203, 2 <sup>nd</sup> floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006
3	28/09/2013	Saturday	10.00AM	203, 2 <sup>nd</sup> floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006
4	29/09/2014	Monday	10.00AM	203, 2 <sup>nd</sup> floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006
4	30/09/2015	Wednesday	10.00AM	203, 2 <sup>nd</sup> 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 provisions of regulation 23 of SEBI(LODR) guidelines, our Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, provisions of regulation 23 of SEBI (LODR) guidelines require 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, provisions of regulation 23 of SEBI(LODR) guidelines 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 provisions of regulation 23 of SEBI(LODR) guidelines.

#### **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 provisions of regulation 23 of SEBI(LODR) guidelines.

### **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 provision of regulation 21 of SEBI (LODR) guidelines, 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.

## A. 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.

## B. 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.

Provision of regulation 22 of SEBI (LODR) guidelines 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.

## 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 2015-16 there was transactions for sell/purchase of goods or services of material nature with its promoters, the directors and the management, their subsidiaries or relatives, etc., for which statement AOC-2 has been provided as the part of the report.

**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 Disclosures of Requirements of Corporate Governance specified in Regulation 17 to 27 and clause (b) to (i) of Sub-regulation (2) of Regulation 46 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 relevant provision of SEBI(LODR) guidelines 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 2013, all the provisions of the SEBI (LODR) guide lines. 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

**DEMATRIALISATION OF SHARES AND LIQUIDITY:**

The Company has entered into Tripartite 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 31/03/2016 is **12605293** 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. Jatin M Vyas  
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
Bombay Stock Exchange (BSE)	500236

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	Deliverable Quantity	% Deli. Qty to Traded Qty	Spread High-Low	Spread Close-Open
Apr 15	15.55	20.55	15.05	18.35	8,61,860	7,219	1,53,38,858	5,98,806	69.48	5.50	2.80
May 15	17.50	17.50	12.95	14.25	87,551	731	12,96,843	87,551	100.00	4.55	-3.25
Jun 15	14.75	18.90	13.07	14.09	17,36,563	10,573	2,99,74,295	4,86,534	28.02	5.83	-0.66
Jul 15	13.39	14.80	6.79	7.51	7,76,844	4,151	84,59,945	4,42,139	56.91	8.01	-5.88
Aug 15	7.80	13.65	7.75	11.95	8,17,448	6,332	98,38,510	4,80,448	58.77	5.90	4.15
Sep 15	12.45	12.45	6.50	7.23	7,47,439	3,242	68,07,462	4,43,674	59.36	5.95	-5.22
Oct 15	7.50	9.81	6.96	7.93	8,41,997	2,652	73,00,604	3,58,630	42.59	2.85	0.43
Nov 15	7.91	8.05	5.56	5.57	2,88,707	1,240	18,96,143	2,06,787	71.63	2.49	-2.34
Dec 15	5.60	6.52	3.91	6.30	3,07,698	586	16,35,084	2,81,198	91.39	2.61	0.70
Jan 16	6.60	6.64	4.41	4.60	1,08,033	261	5,89,613	1,08,033	100.00	2.23	-2.00
Feb 16	4.83	4.83	2.78	2.82	97,450	189	3,50,132	97,450	100.00	2.05	-2.01
Mar 16	2.96	3.17	2.53	2.59	63,325	160	1,78,218	63,325	100.00	0.64	-0.37

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.

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

(MARKET PRICE IN RS.)

## CATEGORY WISE HOLDING OF SHARES AS ON 31/03/2016

Category	Shares %	Percentage of Holding
Promoters	3948065	21.44%
Financial Institutions /	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 31/03/2016

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:

REGISTERED OFFICE	:	203, Abhijeet-1, Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006
BOOK CLOSURE DATES	:	23 <sup>rd</sup> September 2016 to 30 <sup>th</sup> September 2016 (Both days inclusive)
REGISTRAR AND SHARE TRANSFER AGENT.	:	System Support Service 209, Shivai Ind. Estate, 89, Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072



ISIN NUMBER OF THE COMPANY : INE 252 C 01015

**Declaration by the Managing Director on Code of Conduct as required by Regulation 17(5) SEBI (LODR), 2015.**

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 2015-16.

**For & On Behalf of the Board of Director of  
Kanel Industries Limited**

Place: Ahmedabad.  
Date: 31<sup>st</sup> May, 2016

**SD/-  
(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 regulation 17 (5) of SEBI (LODR), 2015.

As required by regulation 17 (5) of SEBI (LODR), 2015, 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 30<sup>th</sup> May 2016.

Date: 31<sup>st</sup> MAY, 2016  
Place: Ahmedabad

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

**KAMLESH M. SHAH  
PROPREITOR  
ACS: 8356 COP: 2072**

**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  
KANEL INDUSTRIES LIMITED**

**Place: Ahmedabad.  
Date: 31<sup>st</sup> May, 2016**

**(Shilpaben Solanki)  
Director & Chairman of Audit Committee  
(DIN: 02600107)**

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

**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
**KANEL INDUSTRIES LIMITED**

We have examined the compliance of conditions of corporate governance by KANEL INDUSTRIES LIMITED, for the year ended on March 31, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has not complied with the conditions of Corporate Governance as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchange(s). *However Company is Complying with many regulations of SEBI (LODR), 2015 on belated basis, **Except the Company has not appointed Company Secretary and Chief Financial Officer as per Section 203 of Companies Act, 2013 and as per SEBI (LODR), 2015. The Company has also not appointed Internal auditors.***

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**DATE: 31<sup>st</sup> May, 2016**  
**PLACE: AHMEDABAD**

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

**KAMLESH M. SHAH**  
**PROPREITOR**  
**ACS: 8356 COP: 2072**

**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 **31/03/2016**, 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 Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility:** Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the

financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **BASIS FOR QUALIFIED OPINION**

#### **Further we report that**

- i) The Company has not arranged to make available the confirmations and / or reconciliations to verify the balance stated in the financial statements in respect of majority parties of :
  - a. Trade receivables Rs.449.71 lakhs
  - b. Trade payables Rs.195.60 lakhs
  - c. All No lien bank accounts with various banks Rs.89.30 lakhs

ii) *The Company has taken inter corporate loan of Rs 0.10 Lacs [ unsecured ] and unsecured loans from related parties/firms of Rs. 4.85 lakhs and from Non Related person Rs. NIL during the financial year under audit. The Closing Balance at the year end are Rs. 523.50 Lacs in case of inter corporate loans and Rs.285.16 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. 4 to the financial Statements ]*

iii) *Company has not made provision for doubtful Debtors of Rs 384.06 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 ]*

- iv) *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 34 to the financial Statements]*
- v) *The Company has not deducted TDS from Professional fees paid / credited on sum of Rs119000/- during the financial year under audit.*
- vi) *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. 28 to the financial Statements]*
- vii) *Delhi High Court has remanded back the company to BIFR in its pending appeal on 19<sup>th</sup> 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. Company has filed appeal against the order of BIFR with AAIFR on 19/06/2014 and the appeal was allowed and remanded the matter back to BIFR for considering the DRS for revival of the company by its order dated 20/01/2015. Next hearing is scheduled on 19/07/2016.*
- viii) *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.*

- ix) The Company has not made compliances within the time as per the Regulations of SEBI(lord),2015*
- x) The New Listing agreement is not entered into by the company with stock exchange as per SEBI(LORD)2015.*
- xi) The Company has not paid the fees to NSDL AND CDSL for E-Votting facility and also Annual Issuer charges in time.*
- xii) The company has not appointed Company Secretary and Chief Financial Officer as per Sec 203 of the Companies Act, 2013.*

#### **QUALIFIED OPINION**

In our opinion and to the best of our information and according to the explanations given to us subject to our comments in above paragraph the afore said 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 **31/03/2016**
- (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**

##### **01. 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 as mentioned above.**
- b. In our opinion proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of the books of accounts.
- c. The Balance sheet, 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 except:*
  - i. The Company has not complied with AS 28, introduced w.e.f. 1<sup>st</sup> April, 2004 while preparing the financial statements. The Management have not assessed technically the Plant and Machinerics 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.13.71 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 note no. 36"]**
- e. On the basis of written representation received from the Directors as on March 31, 2016 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2016 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 the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such control, referred to our separate reporting "Annexure-A". Our Report express an un modified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.
- g. With respect to the other matters to be included in Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations 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 FY 2007-08 to FY 2012-13, certain matters are pending with different forum in sales tax department [ refer note no.35 ], 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 125 of the Companies Act, 2013. 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.33 to the financial Statements ]*

02 As required by the Companies (Auditors' Report ) Order,2016(the "order") issued by the Central Government in terms of Section 143(11) of the Act, We give in Annexure –B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Shah Dinesh D.                      Place: Ahmedabad**  
**Proprietor                      Date : 31/05/2016**  
MEMBERSHIP NO.106871

## ANNEXURE – A TO THE INDEPENDENT AUDITORS' REPORT

**“Annexure A” to the Independent Auditor's Report of even date on the Standalone Financial Statements of KANEL INDUSTRIES LTD. Company limited (Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements of our report of even date)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **KANEL INDUSTRIES LTD.** Company Limited (“The Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and operating effectiveness of internal control based on the assessed risk. The procedures selected depend upon on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Qualified opinion**

According to the information and explanations given to us and based on our audit, the following material weakness/es has / have been identified as at March 31, 2016.

a) The Company did not have an appropriate internal control system for customer acceptance, credit evaluation and establishing customer credit limits for sales, which could potentially result in the Company recognising revenue without establishing reasonable certainty of ultimate collection.

b) The Company failed to meet with compliances relating to Income Tax for getting done audit under Income tax act,1961, filing Income tax returns and clearing assessment of earlier years and matters pending with Sales Tax departemtn which may result in legal liabilities in future and materially affect to the company.

c) The Company did not have an appropriate internal control system for recovery of amount with No Lien account with various banks and no proper documents evidencing the genuineness of balance received from the management of the company, which may affect materially the future current assets of the company.

d) The Naroda Plant is inoperative since many years and the management has not carried out technical viability of the plant and machinery and carried forward after providing depreciation for normal wear and tear but in our opinion technical viability of the plant can decide its utility to the company, in absence of proper technical report and documentation, we are unable to comment upon the value of assets carrying in balancesheet and which may affect the assets of the company materially in future date.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. In our opinion, except for the effects/possible effects of the material weakness/es described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". We have considered the material weakness/es identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of the Company, and the / these material weakness/es does not / do not affect my / our opinion on the standalone financial statements of the Company.

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

**Shah Dinesh D.                      Place: Ahmedabad**  
**Proprietor                              Date : 31/05/2016**  
MEMBERSHIP NO.106871

## Balance Sheet as at 31-Mar-2016

In  
(Rupees)

	Particulars	Note No.	2015-16	2014-15
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' Funds</b>		<b>-44563259</b>	<b>-42567508</b>
	(a) Share Capital	<b>2</b>	184124400	184124400
	(b) Reserves and Surplus	<b>3</b>	-228687659	-226691908
<b>2</b>	<b>Non-Current Liabilities</b>		<b>50000000</b>	<b>50000000</b>
	(a) Long-Term Borrowings	<b>4</b>	50000000	50000000
<b>3</b>	<b>Current Liabilities</b>		<b>62196262</b>	<b>55779541</b>
	(a) Short-Term Borrowings	<b>5</b>	30865625	30370453
	(b) Trade Payables	<b>6</b>	16925039	11479335
	(c) Other Current Liabilities	<b>7</b>	2635265	2159886
	(d) Short-Term Provisions	<b>8</b>	11770333	11769867
	<b>Total</b>		<b>67633003</b>	<b>63212033</b>
<b>II.</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-Current Assets</b>		<b>13078707</b>	<b>14297530</b>
	(a) Fixed Assets	<b>9</b>	10256279	11075102
	(i) Tangible Assets		10256279	11075102
	(b) Non-Current Investments	<b>10</b>	5000	5000
	(c) Long-Term Loans and Advances	<b>11</b>	2817428	3217428
<b>2</b>	<b>Current Assets</b>		<b>54554296</b>	<b>48914503</b>
	(a) Inventories	<b>12</b>	349565	349565
	(b) Trade receivables	<b>13</b>	44970935	39378796
	(c) Cash and Cash Equivalents	<b>14</b>	9231848	9184194
	(d) Short-Term Loans and Advances	<b>15</b>	1948	1948
	<b>Total</b>		<b>67633003</b>	<b>63212033</b>

As per my even report of the date

For,  
SHAH DINESH DAHYALAL & ASSOCIATES  
CHARTERED ACCOUNTANTSFor,  
Kanel Industries Ltd.Dinesh D Shah  
Proprietor  
M. No. 106871  
Firm Regi. No. 120362W  
Date : 31/05/2016  
Place : AhmedabadDirector      Director  
  
Date : 31/05/2016  
Place : Ahmedabad

## Statement of Profit and Loss for the year ended 31-Mar-2016

In  
(Rupees)

	Particulars	Note No.	2015-16	2014-15
I	Revenue from Operations	16	255586967	226872301
II	Other Income	17	35507	39299
III	TOTAL REVENUE (I + II)		255622474	226911600
IV	EXPENSES			
	Purchases of Stock-in-Trade	18	255408367	226898379
	Changes in Inventories	19	0	-349565
	Employee Benefit Expenses	20	239000	235000
	Finance Costs		0	0
	Depreciation and Amortization Expenses	21	818823	818823
	Other Expenses	22	1152035	1726741
	TOTAL EXPENSES		257618225	229329378
V	Profit before Exceptional and Extraordinary Items and Tax (III-IV)		-1995750	-2417778
VI	Exceptional Items		0	0
VII	Profit before Extraordinary Items and Tax		-1995750	-2417778
VIII	Extraordinary Items		0	0
IX	Profit Before Tax		-1995750	-2417778
X	Tax Expense		0	0
	Current Tax		0	0
	Deferred Tax		0	0
XI	Profit/(Loss) for the period from Continuing Operations(IX-X)		-1995750	-2417778
XII	Profit/(Loss) from Discontinuing Operations		0	0
XIII	Tax Expense of Discontinuing Operations		0	0
XIV	Profit/(Loss) from Discontinuing Operations (after tax)(XII-XIII)		0	0
XV	Profit(Loss) for the Period(XI+XIV)		-1995750	-2417778
XVI	Earnings per Equity Share			
	Basic		--	--
	Diluted		--	--

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 : 31/05/2016

Place : Ahmedabad

For,

Kanel Industries Ltd.

Director

Director

Date : 305/2016

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
- (iii) 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 workout.

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 14 & 28** ] .

**(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 to and forming part of Balance Sheet 2015-16

## 2. Share Capital

## 2.1 Authorized, Issued, Subscribed and Paidup share capital

in  
(Rupees)

Particulars	2015-16		2014-15	
	Number of Shares	Amount	Number of Shares	Amount
<b>Authorised Share Capital</b> Equity Shares of 10.00 each	20000000	200000000	20000000	200000000
<b>Total</b>	<b>20000000</b>	<b>200000000</b>	<b>20000000</b>	<b>200000000</b>
<b>Issued Share Capital</b> Equity Shares of 10.00 each	18412440	184124400	18412440	184124400
<b>Total</b>	<b>18412440</b>	<b>184124400</b>	<b>18412440</b>	<b>184124400</b>
<b>Subscribed and fully paid</b> Equity Shares of 10.00 each	18412440	184124400	18412440	184124400
<b>Total</b>	<b>18412440</b>	<b>184124400</b>	<b>18412440</b>	<b>184124400</b>

## 2.2 Reconciliation of share capital

Particulars	as at 31-Mar-2016		as at 31-Mar-2015	
	Number of Shares	Amount	Number of Shares	Amount
<b>Equity Sharesace Value</b> Shares outstanding at the beginning of the year	18412440	184124400	18412440	184124400
Shares Issued during the year				
Shares bought back during the year				
Shares outstanding at the end of the year	18412440	184124400	18412440	184124400

## 2.3 Shares in the company held by other company

Particulars	as at 31-Mar-2016		as at 31-Mar-2015	
	Number of Shares	Amount	Number of Shares	Amount
<b>Equity Shares</b> TJR SONS LIMITED, Associate.	555904	5559040	555904	5559040

**2.4 Shareholders holding more than 5% of Share**

Particulars	as at 31-Mar-2016		as at 31-Mar-2015	
	Number of Shares	% of Holding	Number of Shares	% of Holding
HITESH K THAKKAR	1024550	5.56	1024550	5.56
DHIREN K THAKKAR	1884962	10.24	1884962	210.4

**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.

**3. Reserves and Surplus**

In  
(Rupees)

Particulars	2015-16	2014-15
<b>Other Reserves</b>	<b>194859100</b>	<b>194859100</b>
Opening balance	194859100	194859100
Closing balance	194859100	194859100
<b>Surplus -</b>	<b>423546759</b>	<b>-421551008</b>
Opening Balance -	421551008	-419133230
(+) Net profit/(Net loss) for the Current Year	-1995750	-2417778
(+) Profit & Loss A/c ( 2015-16 )	1995750	
(+) Profit & Loss A/c ( 2014-15 )		2417778
Closing balance -	423546759	-421551008
<b>Total -</b>	<b>228687659</b>	<b>-226691908</b>

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

		In (Rupees)	
<b>4. Long Term Borrowings</b>			
Particular	2015-16	2014-15	
<b>Secured</b>	<b>50000000</b>	<b>50000000</b>	
Other Loans and Advances	50000000	50000000	
Adani Enterprises Ltd.	50000000	50000000	
<b>Total</b>	<b>50000000</b>	<b>50000000</b>	

**5 . Short-Term Borrowings**

Particulars	2015-16	2014-15
<b>Unsecured</b>	<b>30865625</b>	<b>30370453</b>
Loans repayable on demand	2350000	2350000
From other parties	2350000	2350000
Kadam Exports Pvt. Ltd.	850000	850000
Tushar N Shah	1500000	1500000
Loans and advances from related parties	28515625	28020453
Dhiren K. Thakkar	3744704	3259532
Kanaiyalal J Thakkar ( H U F )	7500000	7500000
T.J.R. Finance Ltd.	5471100	5471100
TJR Sons Ltd.	11799821	11789821
<b>Total</b>	<b>30865625</b>	<b>30370453</b>

**Notes: the company has not provided interest on Unsecured Loan.**

**6 . Trade Payables**

		In (Rupees)	
Particulars	2015-16	2014-15	
Others	16925039	11479335	
<b>Total</b>	<b>16925039</b>	<b>11479335</b>	

**7 . Other Current Liabilities**

		In (Rupees)	
Particulars	2015-16	2014-15	
Other Payables	2635265	2159886	
<b>Total</b>	<b>2635265</b>	<b>2159886</b>	

**8 . Short-Term Provisions**

		In (Rupees)	
Particulars	2015-16	2014-15	
Others	11770333	11769867	
<b>Total</b>	<b>11770333</b>	<b>11769867</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. 174p & 175 / part within the village limit of muthia, dist-Ahmedabad. AND Unit No.101 & 102 of TJR house , Mithakhali , Ahmedabad AND office no. 203 of Abhijit , Mithakhali, Ahmedabad and personal properties of Directors and their relatives. No repayment terms and rate of interest mentioned in mortgage deed and no other loan agreement made. No charge created for the mortgage of property with ROC, Ahmedabd.

In (Rupees)

Particulars of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 4/1/2015	Addition During the year	Deductions During the year	As on 3/31/2016	Up to 4/1/2015	Provided For the Year	Adjustment for Ded./Sales	As on 3/31/2016	As at 3/31/2015
<b>9.1 TANGIBLE ASSETS</b>									
LAND	3797183	0	0	3797183	0	0	0	3797183	3797183
FACTORY BUILDING	17777122	0	0	17777122	14393791	375925	0	3007406	3383331
OFFICE BLDG. (NARODA)	1125000	0	0	1125000	701906	23505	0	399589	423094
OFFICE BLDG.	3283230	0	0	3283230	1779422	83545	0	1420263	1503808
OFFICE EQUIPMENT	1420915	0	0	1420915	1317287	41163	0	62465	103628
PLANT & MACHINERY	17984436	0	0	17984436	16385360	228440	0	1370636	1599076
FURNITURE & FIXTURE	6264112	0	0	6264112	5999130	66245	0	198737	264982
<b>TOTAL</b>	<b>51651998</b>	<b>0</b>	<b>0</b>	<b>51651998</b>	<b>40576896</b>	<b>818823</b>	<b>0</b>	<b>10256279</b>	<b>11075102</b>
Previous Year Figures	51623598	28400	0	51651998	39758073	818823	0	11075102	11865525

9.2 There are no Intangible Assets and Capital Work in Progress as on Balance sheet date

## 10 .Non Current Investments

In  
(Rupees)

Particulars	Balance	
	2015-16	2014-15
Trade Investments	0	0
Other Investments	5000	5000
Investments in equity instruments		
Ahmedabad Comm. Exch. Ltd. - Shares	5000	5000
<b>Total</b>	<b>5000</b>	<b>5000</b>

## 11 .Long-Term loans and Advances

In  
(Rupees)

Particulars	2015-16	2014-15
<b>Security Deposits</b>	<b>532715</b>	<b>832715</b>
Secured, considered good	27715	327715
Unsecured, considered good	505000	505000
<b>Advance Income Tax (net of provisions)</b>	<b>614713</b>	<b>614713</b>
Unsecured, considered good	614713	614713
<b>Balances with Government Authorities</b>	<b>1670000</b>	<b>1670000</b>
Unsecured, considered good	1670000	1670000
<b>Other loans and advances</b>		<b>100000</b>
Unsecured, considered good	0	100000
<b>Total</b>	<b>2817428</b>	<b>3217428</b>

## 12 . Inventories

In  
(Rupees)

Particulars	2015-16	2014-15
<b>Stock-in-trade</b>		
Packing Material Stock	349565	349565
<b>Total</b>	<b>349565</b>	<b>349565</b>

## 13 .Trade Receivables

In  
(Rupees)

Particulars	2015-16	2014-15
<b>Outstanding for less than 6 months from the due date</b>	<b>5592139</b>	<b>0</b>
Unsecured, considered good	5592139	0
<b>Outstanding for more than 6 months from the due date</b>	<b>39378796</b>	<b>39378796</b>
Unsecured, considered good	972713	972713
Unsecured, considered doubtful	38406083	38406083
<b>Total</b>	<b>44970935</b>	<b>39378796</b>

**14 .Cash and Cash Equivalents**In  
(Rupees)

Particulars	2015-16	2014-15
<b>Balances with banks</b>	<b>20624</b>	<b>21111</b>
Earmarked Balances	20624	21111
<b>Cash on hand</b>	<b>281014</b>	<b>232873</b>
<b>Others</b>	<b>8930210</b>	<b>8930210</b>
<b>Total</b>	<b>9231848</b>	<b>9184194</b>

Notes: Others" are No Lien Bank Accounts with various banks, not freely available .

[ read with Note No. 28 and 1(a)(iv) of Main Audit Report ]

**15 .Short Term Loans and Advances**In  
(Rupees)

Particulars	as at 31- Mar-2016	as at 31- Mar-2015
<b>Other Loans and Advances</b>	<b>1948</b>	<b>1948</b>
Unsecured, considered doubtful	1948	1948
<b>Total</b>	<b>1948</b>	<b>1948</b>

**16 . Revenue from Operations**In  
(Rupees)

Particulars	2015-16	2014-15
Sale of Products	2.56E+08	226872301
<b>Total</b>	<b>2.56E+08</b>	<b>226872301</b>

**17 . Other income**In  
(Rupees)

Particulars	2015-16	2014-15
Other Non-Operating Income	35507	39299
<b>Total</b>	<b>35507</b>	<b>39299</b>

**18 . Purchases of Stock-in-Trade**In  
(Rupees)

Particulars	2015-16	2014-15
Gross Purchase of Trading goods	2.55E+08	226898379
<b>Total</b>	<b>2.55E+08</b>	<b>226898379</b>

## 19 . Changes in Inventories

Particulars	In (Rupees)	
	2015-16	2014-15
Stock-in-Trade	0	0
Packing Material stock		
-Opening Balance	349565	0
Less : Closing Balance	349565	349565
<b>Total</b>	<b>0</b>	<b>-349565</b>

## 20 . Employee Benefit Expenses

Particulars	In (Rupees)	
	2015-16	2014-15
Salaries and Wages	239000	235000
<b>Total</b>	<b>239000</b>	<b>235000</b>

## 21. Depreciation and Amortization Expenses

Particulars	In (Rupees)	
	2015-16	2014-15
Depreciation	818823	818823
<b>Total</b>	<b>818823</b>	<b>818823</b>

## 22 . Other Expenses

Particulars	In (Rupees)	
	2015-16	2014-15
Payment to Auditors	90000	90000
As Auditor	90000	90000
Prior period items	4247	0
Repairs to buildings	34178	32673
Rates and taxes (excluding taxes on income)	202894	241042
Miscellaneous expenses	820716	1363026
<b>Total</b>	<b>1152035</b>	<b>1726741</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 31<sup>st</sup> March, 2016, 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 5<sup>th</sup> 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. 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.
33. 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, 2013 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.

**34.** Company is preparing for filing Income tax Return for the FY 2015-16 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.

**35.** 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	<b>Appeal pending with applet tribunal.</b>
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	<b>Appeal pending with joint Commercial tax commissioner, Appeal division 1 Ahmedabad.</b>
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	<b>Appeal pending with joint commercial tax commissioner appeal division a Ahmedabad.</b>

- (ii) Company has filed "Vandha Arjee" against Municipal Tax and interest bills for several previous years. The matters are under litigation with authorities.
- (iii) Details of Claims lodged against the company, not acknowledged as debts :Such amount is not ascertainable by the company.
- (iv) Liabilities on account of Suspension of Trading activities on Stock Exchange cannot be quantified.

**36.**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.

**37.**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.

**38.** Earnings per share (EPS)

Sr. No.	Particulars	Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2015
1	Net Profit [ Loss ] (Rs. In Lacs)	(-)19.96	(-) 24.18
2	Weighted Average Number of Shares	18412440	18412440
3	Basic/ Diluted EPS (Rs.) (on nominal value of Rs. 10 per share )	(-)0.11	(-)0.13

**39.**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.

**40. Related Party transactions:**

Sr. No.	Nature of Relationship	Name of Related Parties
1.	Associate Companies/Enterprise	TJR Sons Ltd. TJR Finance Ltd. Kadam Exports Pvt. Ltd. Shakti Nutraceuticals Pvt. Ltd. Devika Proteins Ltd. TJR Agrocom Pvt Ltd.
2	Key Management Person	Dhiren K. Thakkar Shilpaben. M. Solanki. Jatin. R. Vyas Vinodchandra K Pandya Kiritbhai Chhaganbhai Patel Aditya Yogesh bhai patel Yogesh R Patel
3	Relative of key management person	Hitesh K Thakkar Devika H Thakkar Gauri D. Thakkar Jaysheel D. Thakkar Monika H. Thakkar Neela Thakkar

**41. List of Transactions entered with them**

Sr No.	Nature of Transactions	Associate	Joint Venture	Key Management Personnel (KMP)	Relatives of KMP	Others	Total
1	<b>LOANS TAKEN</b>						
	Balance as at 1st April	18110921.00	0.00	3259532.00	0.00	0.00	21370453.00
	Taken During the Year	10000.00	0.00	485172.00	0.00	0.00	495172.00
	Returned During the Year	0.00	0.00	0.00	0.00	0.00	0.00
	Balance as at 31st March	1812921.00	0.00	3744704.00	0.00	0.00	21845625.00
2	<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
3	<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
4	<b>SUNDRY CREDITORS</b>						
	Balance as at 1st April	7520557.00	0.00	0.00	0.00	0.00	7520557.00
	Balance as at 31st March	9319382.00	0.00	0.00	0.00	0.00	9319382.00
5	<b>SALES</b>	0.00	0.00	0.00	0.00	0.00	0.00
6	<b>OTHER INCOME</b>	0.00	0.00	0.00	0.00	0.00	0.00
7	<b>PURCHASES</b>	186412523.00	0.00	0.00	0.00	0.00	186412523.00
8	<b>EXPENDITURE</b>	0.00	0.00	0.00	0.00	0.00	0.00
9	<b>RENT</b>	0.00	0.00	0.00	0.00	0.00	0.00
10	<b>SALARY</b>	0.00	0.00	0.00	0.00	0.00	0.00
11	<b>INTEREST</b>	0.00	0.00	0.00	0.00	0.00	0.00

**42. PAYMENT TO STATUTORY AUDITORS :**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
(a) Audit Fees	Rs.90000	Rs. 90000
	-----	-----
[ 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.** 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. Additional information pursuant to paragraph 3, 4(C) & 4 (D) of PART II to Schedule III of Companies Act, 2013 have been given to the extent applicable to the company.

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

SR	PARTICULARS	2015-16		2014-15	
		Rupees	in%	Rupees	in%
I	Imported	Nil	Nil	Nil	Nil
ii	Indigenous				
	Refined Cotton Oil	Nil	Nil	7465552.00	100%
	Refined Rice Bran Oi	Nil	Nil	1084941.00	100%
	Packing Material	Nil	Nil	814887.00	100%

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

SR	PARTICULARS	2015-16		2014-15	
		Rupees	in%	Rupees	in%
I	Imported	Nil	Nil	Nil	Nil
ii	Indigenous	Nil	Nil	Nil	Nil

(c) Trading Goods

SR	PARTICULARS	2015-16		2014-15	
		Rupees	in%	Rupees	in%
I	Imported	Nil	Nil	Nil	Nil
ii	Indigenous				
	Castor Seed	17,44,02,942	100%	198151693	100%
	Refined Cotton Oil	7,18,03,857	100%	15574992	100%
	Refined Palmolein	38,10,168	100%	3284785	100%
	Washed cottonseed	55,70,000	100%	Nil	Nil

51. Particulars of Power and fuel Cos

Sr	Particulars	2015-16	2014-15
	Power and Fuel	81590.00	87754.00

52. CIF value of Imports

Sr	Particulars	2015-16	2014-15
<b>Rupees NIL</b>			

**53. Expenditure in Foreign Currency**

Sr	Particulars	2015-16	2014-15
<b>Rupees NIL</b>			

**54. Earning in Foreign Exchange**

Sr	Particulars	2015-16	2014-15
<b>Rupees NIL</b>			

**55.** 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.

**56. Prior Period Expenditure :-**

Prior period expenditure / Income have been debited / Credited to the profit and loss account under the following account heads : Included under the Head of Account 2015-16( Rs. )

-----  
Water charge at naroda plant 4247/-

The statements of significant accounting policies and the notes numbered **1 to 56** from an integral part of the year ended 31<sup>st</sup> March 2016

**Signature to Schedule 1 to 56**

As per our report of even date  
**SHAH DINESH DAHYALAL & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FRN 120362`W

**DINESH D SHAH**  
PROPRIETOR  
M NO. 106871

Place : Ahmedabad  
Date : 31/05/2016

For and on behalf of the Board of Directors

**MG. DIRECTOR DIRECTOR**

Place : Ahmedabad  
Date : 31/05/2016

**CASH FLOW STATEMENT, ANNEXURE TO BALANCE SHEET  
FOR THE YEAR ENDED ON 31-03-2015  
(PERSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)**

Particulars	Thursday, March 31, 2016	Tuesday, March 31, 2015
1, Profit before Tax and extraordinary items	- 1995750	- 2417778
Adjustments for :		
a) Depreciation	818823	818823
b) Financial Charges	0	0
c) Interest Received	-11715	-26969
d) Income from Kasar - Vatav & other income	0	0
e) Bad debt provision	0	0
OPERATING PROFIT [ Loss ] BEFORE WORKING CAPITAL CHARGES	- 1188642	-1625924
Adjustment for :		
a) Trade and Other Receivables	- 5592139	- 89219150
b) Inventories	0	349565
c) Trade Payable & Other Liabilities	5921548	- 87269881
d) Decrease in deposits/advances	400000	0
CASH GENERATED FROM OPERATIONS -	459233	26220
Income Tax Paid	0	0
CASH FLOW BEFORE EXTRA ORDINARY ITEMS -	459233	- 26220
Extra Ordinary Items	0	0
NET CASH FLOW FROM OPERATING ACTIVITIES .....A -	459233	-26220
2. CASH FLOW FROM INVESTMENT ACTIVITIES		
a) Purchase of Fixed Assets	0	-28400
b) Sale of Fixed Assets	0	0
c) Fresh Investment	0	0
d) Sale / redemptio of Investmetns	0	15000
NET CASH USED IN INVESTING ACTIVITIES.....B	0	-13400
3. CASH FLOW FROM FINANCIAL ACTIVITIES		
a)( Decrease)Increase in Long Term Borrowing (Net)	0	0
b)( Decrease)Increase in Unsecure loan	495172	-74900
c) Interest Paid	0	0
d) Interest received	11715	26969
NET CASH USED IN INVESTMENT ACTIVITIES.....C	506887	-47931
NET INCREASE(DECREASE) IN CASH (A+B+C)	47654	-87551
Opening Balance of Cash & Cash Equivalents	9184194	9271745
Closing Balance of Cash & Cash Equivalents	9231848	9184194



Note: 1 Figures for the previous year have been regrouped/restated wherever material  
2 All figures " - " indicates outflow.  
3 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.

4. The closing cash and cash equivalents as at 31-3-2016 of Rs.9231848 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 clause (vi) of main audit report & Notes No. 28 ]

As per our report of even date

For

**SHAH DINESH DAHYALAL & ASSOCIATES**

**Chartered Accountants**

**Shah Dinesh D.**

Proprietor

FRN : 120362W M. No. : 106871

Place: Ahmedabad

Date: 31/05/2016

**SHAH DINESH DAHYALAL & ASSOCIATES  
CHARTERED ACCOUNTANTS**

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

**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,2016,  
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 31/05/2016 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 : 31/05/2016

**ATTENDANCE SLIP**

I Shri/Smt. \_\_\_\_\_ of \_\_\_\_\_ being a member/ proxy of Kanel Industries Limited do hereby record my presence at the 24th Annual General Meeting of the members of the Company to be held on Friday the 30<sup>th</sup> September, 2016 at 09.30 A.M. at 203, Abhijeet- I, 2<sup>nd</sup> 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, 2<sup>ND</sup> FLOOR, MITHAKHALI SIX ROADS, ELLISBRIDGE, AHMEDABAD-380006.

Name of the member (s): Registered address: E-mail Id: Folio No/ Client Id: DP ID:
--

I/We, being the member (s) of ..... shares of the above named company, hereby appoint  
 1. Name:

## KANEL INDUSTRIES LIMITED

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 24<sup>TH</sup> Annual general meeting of the company, to be held on the Friday day of 30<sup>TH</sup> September, 2016 At 9:30 a.m. at 203, Abhijeet-I, 2nd Floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006, Gujarat, India. & at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No

- 1) To Receive, Consider, Approve and Adopt the Audited Statement of Accounts i.e. The Audited Balance Sheet as at 31st March, 2016 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. DHIREN KANAIYALAL THAKKAR who retires by rotation and being eligible offers himself for reappointment
- 3) Appointment of Statutory Auditors for the Next financial Year i.e. 2016-17.

Signed this..... day of..... 2016

Signature of shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp
---------------------------

**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, Mithakhali Six Roads,  
Ellisbridge, Ahmedabad-380 006