

25th
Annual Report

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KANEL INDUSTRIES LIMITED

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

KANEL INDUSTRIES LIMITED

TWENTYFIFTH ANNUAL GENERAL MEETING PROGRAMME

DATE : 30TH SEPTEMBER 2017
DAY : SATURDAY
TIME : 9:00 A.M.
VENUE : 203, ABHIJEET – 1, 2nd FLOOR,
MITHAKHALI SIX ROADS,
ELLISBRIDGE,
AHMEDABAD – 380 006.

NOTE TO SHAREHOLDERS :

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

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:: BOARD OF DIRECTORS ::

Shri Dhiren K. Thakkar	Chairman & Managing Director
Shri Asha Desai (Appointed on 22/12/2016)	Independent Woman Director
Shri Shilpa Solanki (Resigned on 24/01/2017)	Independent Woman Director
Shri Jatin Vyas	Independent Director

:: BANKERS OF THE COMPANY ::

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

:: STATUTORY AUDITORS ::

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

:: LISTING AT ::

AHMEDABAD

The Ahmedabad Stock Exchange Ltd.
Ahmedabad

JAIPUR

The Jaipur Stock Exchange Ltd.
Jaipur

MUMBAI

The Bombay Stock Exchange Ltd.
Mumbai

CULCUTTA

The Calcutta Stock Exchange Ltd.
Calcutta

:: REGD. OFFICE ::

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

:: COMPLIANCE OFFICER ::

Mr. Dhiren Thakkar
203, 2nd Floor, Abhijeet-1,
Mithakhali Six Roads, Ellisbridge,
Ahmedabad - 380 006.

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Members of the **KANEL INDUSTRIES LIMITED** will be held on Saturday, 30th September 2017 at 9:00 a.m. at the Registered office of the Company at 203, Abhijeet-1, 2nd Floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad 380 006 to transact the following business:

ORDINARY BUSINESS:

- 1) To Receive, Consider, Approve and Adopt the Audited Statement of Accounts i.e. The Audited Balance Sheet as at 31st March, 2017 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) **To Consider and if thought fit to pass with or without modification following Resolution as an ORDINARY RESOLUTION:**

“**RESOLVED THAT**, pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), M/s. Suresh I. Patel & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 117974W), be and are hereby appointed as Statutory Auditors of the Company.

RESOLVED FURTHER THAT, M/s. Suresh I. Patel & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 117974W), be and are hereby appointed as Statutory Auditors of the Company for the period of 5 (Five) years from this Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2022, subject to the ratification of their appointment by the members at every annual general meeting on such remuneration as may be fixed by the Board of Directors in consultation with them.”

SPECIAL BUSINESS:

- 4) **Appointment of Ms. Asha Fulabhai Desai (DIN 07687427) as an Independent Director.**

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

“**RESOLVED THAT** pursuant to the provisions of section 149, 152 and all other applicable provisions of the Companies Act, 2013, if any and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV, Ms. Asha Fulabhai Desai (DIN 07687427) who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term from December 22, 2016 to December 21, 2021, not liable to retire by rotation.”

“**RESOLVED FURTHER THAT** Board of Directors of the Company be and are hereby authorized as to do all such acts, deeds and things incidental thereto to give effect to aforesaid resolution.”

DATE : 4TH SEPTEMBER, 2017
PLACE : AHMEDABAD

ON BEHALF OF THE BOARD OF DIRECTORS
OF KANEL INDUSTRIES LIMITED

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

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF
THE COMPANIES ACT, 2013****Item No. 4 of the Notice:**

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, had appointed Ms. Asha Fulabhai Desai (DIN 07687427), as an Independent, Additional Director of the Company with effect from December 22, 2016.

Ms. Asha Fulabhai Desai (DIN 07687427) is a Graduate. She specialises in Administration and related matters. Copy of the draft letter for appointment of Ms. Asha Fulabhai Desai as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company.

In the opinion of the Board, Ms. Asha Fulabhai Desai fulfils the conditions specified in the Companies Act, 2013 and rules made there under for her appointment as an Independent Director of the Company

The Board of Directors is of the opinion that her vast knowledge and varied experience will be of great value to the Company and hence recommends the Resolution at Item No. 4 of this Notice for your approval. Ms. Asha Fulabhai Desai does not hold any shares in the company.

None of the Directors, Key Managerial Personnel and relatives thereof other than, Ms. Asha Fulabhai Desai, has any concern or interest, financial or otherwise, in the resolution at Item No. 4 of the Notice.

The Register of Members of the Company will remain closed from 24/09/2017 to 30/09/2017 (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 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, and in terms of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (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 24/09/2017 to 30/09/2017 (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, 2017 is uploaded on the Company's website www.kanel.in and may be accessed by the members.
- 14) Electronic copy of the Annual Report for 2016-17 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 2016-17 is being sent in the permitted mode.
- 15) Electronic copy of the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

16) **Voting through electronic means:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, and in terms of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to exercise their right to vote by electronic means. The facility of casting votes using an electronic voting system from a place other than the AGM venue ('remote e-voting') will be provided to the members by Central Depository Services (India) Limited (CDSL).

The Company is providing facility for voting by electronic means and the business may be transacted through such electronic voting. The facility for voting through ballot paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote. The voting rights of Members shall be in the proportion of their shareholding in the Company as on Cut-off Date. The Company has appointed Mr. Chintan Patel, Practicing Company Secretary, Ahmedabad, as the Scrutinizer, to scrutinize the entire voting process including remote e-Voting in a fair and transparent manner.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on <September 27, 2017, 9:00 a.m.> and ends on < September 29, 2017, 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 September 23, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
 b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>For demat shareholders: Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department.</p> <p>For physical shareholders, please use the first two letters of your name and the 8 digits of the sequence number in the PAN field.</p> <ul style="list-style-type: none"> In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for Kanel Industries Limited.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app - CDSL m-Voting available for iPhone as well as Android and Windows based mobiles. Please follow the instructions as prompted by the mobile app while voting on your mobile.

I. Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- II. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- III. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the notice and holding shares as of the Cut-off Date i.e. September 23, 2017, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com. However, if he/she is already registered with CDSL for remote e-Voting then he/she can use his/ her existing User ID and password for casting vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evotingindia.com or contact CDSL at the Toll Free No.: 1800-200-5533.
- V. A person, whose name is recorded in the Register of Members or in the list of Beneficial Owners maintained by the Depositories as on Cut-off Date only shall be entitled to avail the facility of remote e-Voting as well as voting at the Meeting through Polling Paper.
- VI. The result of voting at the Meeting including remote e-Voting shall be declared after the Meeting but not later than Forty Eight Hours of the conclusion of the Meeting.
- VII. The result declared alongwith the Report of the Scrutinizer shall be placed on the website of the Company www.kanel.in and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The Company shall simultaneously forward the results to BSE Limited where the shares of the Company are listed.

General Instructions:

- a. **The voting period begins on 27th September 2017 at 9:00 a.m. and ends on 29th September, 2017 at 5:00 p.m. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of (record date) of 23rd September 2017, may cast their vote electronically. The e- voting module shall be disabled by CDSL for voting thereafter.**
- 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 under help section or write an email to helpdesk.evoting@cdslindia.com.
- c. 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.
- d. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website 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 25th ANNUAL GENERAL MEETING AS PER REGULATION OF SEBI (LODR), 2015 FORMING PART OF THE NOTICE CONVENING THE ANNUAL GENERAL MEETING OF THE COMPANY.

Particulars	Mr. Dhiren K. Thakkar	Ms. Asha Fulabhai Desai
Director Identification Number.	00610001	07687427
Date of Birth	26/06/1972	15/12/1987
Age.	45 yrs	29 years
Educational Qualification.	Graduate	Graduate
Experience (No. of Years)	25 Yrs.	5 years
Business field in which Experience.	Administration	Administration
Date of Appointment as Director in the Company.	08/10/2008	22/12/2016
Directorship held in any other Company.	1. Dharti Proteins Limited 2. TJR Agrocom Private Limited 3. Shakti Nutraceuticals Private Limited 4. T J R Sons Limited. 5. Sun Retail Private Limited 6. Kaufman Retail Private Limited	Nil
Member of any Committees of the Directors in the Company.	Audit Committee Remuneration Committee	Audit Committee Remuneration Committee
Member of any committees of the Directors in other Companies with names of the Company.	N.A.	N.A.
Member of any Trade Association/ Charitable Organization/ NGOs etc.	N.A.	N.A.

DATE : 4TH SEPTEMBER, 2017
PLACE : AHMEDABAD

ON BEHALF OF THE BOARD OF DIRECTORS
OF KANEL INDUSTRIES LIMITED

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

DIRECTORS' REPORT

To,
The Members,
Kanel Industries Limited

Dear Shareholders,

Your directors have pleasure in presenting herewith the 25th Annual Report for the year ended on 31st March, 2017 of your Company.

[Amount in Rs.]

PARTICULARS	2016-17	2015-16
Income from Operation	661396062	255586967
Other Income	1074	35507
Increase/ (Decrease) in stock	NIL	NIL
Total Income	661397136	255622474
Total Expenditure	662664299	257602831
Profit/ (Loss) before Tax	-1267164	-1995750
Provision for Tax	NIL	NIL
Tax for Earlier periods	NIL	NIL
Prior Period Extra Ordinary Items (Net)	NIL	NIL
Net Profit / (Loss) after Tax	-16120920	-1995750

OPERATIONAL OVERVIEW:

During the under review the Company has made losses of Rs. 16120920 (Previous year's loss of Rs. 1995750) from business. The Company has earned total income Rs. 661397136 (Previous year's income was Rs. 255622474) and Total expenses is Rs. 662664299 (Previous year's expense is Rs. 257602831).

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 COMPANIES:

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.

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 31.03.2017 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 2017-18 to above stock exchanges in time due to the financial crunch.

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.

DEMATERIALIZATION OF SECURITIES:

Your Company's Equity shares are admitted in the System of Dematerialization by both the Depositories namely NSDL and CDSL. The Company has signed tripartite Agreement through Registrar and Share Transfer Agent Accurate Securities and Registry Private Limited. 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 2017 were 12,684,204 which constitute 68.89% 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 PURSUANT 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 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.

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.

During the year Ms. Shilpaben Maganbhai Solanki, Independent Director of the Company had resigned with effect from 24/01/2017 from the Office of the Director.

The Board of Directors of the Company had appointed Ms. Asha Desai as Independent, Additional Director of the Company with effect from 22/12/2016

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.

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 2016-17, the Board of Directors state:

- a) In the preparation of the annual accounts for the financial year ended 31st March 2017, 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.

- 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:

M/s. Shah Dinesh Dahyalal & Associates, were appointed as Statutory Auditors of your Company. On expiry of term of M/s. Shah Dinesh Dahyalal & Associates, Chartered Accountants the Board at their meeting held on 30th May, 2017 had appointed M/s. Suresh I. Patel & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 117974W) as Statutory Auditor of the Company in compliance of Section 139 of the Companies Act, 2013, and Rule 3(7) of Companies (Audit and Auditors) Rules, 2014, subject to the approval of shareholders in the ensuing Annual General Meeting to be held on 30th September, 2017.

As per Section 139 of the Companies Act, 2013, the Board recommends to appoint M/s. Suresh I. Patel & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 117974W), as Statutory Auditors of the Company, at the forthcoming Annual General Meeting.

The Company has obtained a written confirmation under section 139 of the Companies Act, 2013 from M/s. Suresh I. Patel & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 117974W) that their appointment, if made, would be in conformity with the limits specified under the Act and that they are not disqualified for their appointment.

SECRETARIAL AUDITOR:

The Company has appointed Mr. Chintan K. Patel, Practicing Company Secretary as the secretarial auditor for the financial year 2016-17. 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 appointed Company Secretary and Chief Financial Officer as per Section 203 of the Companies Act, 2013.
5. The Company has not appointed Internal Auditors.
6. 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 taken inter corporate loan of Rs NIL [unsecured] and unsecured loans from related parties/ firms of Rs. 94.00 lacs and from Non Related person Rs. NIL during the financial year under audit. Out of Rs.94.00 lacs Unsecured loan taken from Directors and their relatives, Rs.80.00 lacs have been taken otherwise than by bank accounts. The Closing Balance at the year end are Rs. 379.00 Lacs in case of related parties and firms and from key management person and Rs.23.50 lacs 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.
- ii) Company has written off 88.63 lacs Debtors out of the total Rs 393.79 Lacs long outstanding debtors. Still the company has not made provision for doubtful Debtors of Rs 305.16 Lacs Which are long outstanding and as per our opinion, these are bad debts, to that extent, Current Assets have been overstated and current years Losses and accumulated losses have been understated.
- iii) The Company was having bank balance of Rs.89.30 lacs with various bank in No-Lien accounts. As informed by the management, banks were not providing bank statements or balance certificates or any authenticate documents in support of balance with banks. The bank loans have been settled under OTS in earlier years. After trying for many years for getting authenticate documents for the balance with banks, all balances with No-Lien accounts have been written off and transferred to Profit & Loss accounts.
- 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.
- v) The Company has not deducted TDS from Professional fees paid / credited on sum of Rs 1,95,000/- during the financial year under audit.
- vi) As per the information provided by the Management with regards to BIFR status, 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. In the hearing scheduled on 19/07/2016, the Company's COD was approved as 31/03/2016 and company was asked to submit a DRS with COD. The next date of hearing was fixed as 24/10/2016. Accordingly the company submitted the DRS and in the hearing dated 24/10/2016 the OA asked for some time to examine the scheme but the SICA act was repealed on 01/12/2016.

- vii) 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.
- viii) The Company has not made compliances within the time as per the Regulations of SEBI (LODR) Regulations, 2015
- ix) The Company has not paid the fees to NSDL AND CDSL for E-Voting facility and also Annual Issuer charges in time.
- x) The company has not appointed Company Secretary and Chief Financial Officer as per Sec 203 of the Companies Act, 2013.

MANAGEMENT PERCEPTION :**REFER NOTE - i :**

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. 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 - ii :

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 - iii :

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 - iv :

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 - v :

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

REFER NOTE - vi :

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

REFER NOTE - vii :

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

REFER NOTE - viii :

Due to financial Crunch Company has not made Compliances within the time as per the regulations. From the f.y. 2017-18 the Company is regular in filing of Documents with the Exchange as per SEBI (LODR) Regulations, 2015 within the prescribed time.

REFER NOTE - ix :

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 2017-18 so that Company will Step-up and make the payment to NSDL AND CDSL.

REFER NOTE - x :

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:

The Bombay Stock Exchange Limited had suspended the trading of Securities of the Company with effect from February 1, 2017 due to non-compliance with provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company has made all compliances but could not make timely compliances due to the fact that, during such period the Company was in the process of Revival and Rehabilitation before the Board for Industrial and Financial Reconstruction (BIFR) and also filed an appeal to Appellate Authority for Industrial and Financial Reconstruction (AAIFR). The Management was over occupied in pleadings, hearings and preparing the Rehabilitation Proposals and other related documents thereto. Also within that period the company was into losses which put more stress and pressure on the Management of the Company.

The Company had already applied for the Revocation of Suspension in Trading of Equity Shares on 26/05/2017 and the application has been already considered by the Exchange at it is at the Final Stage. The Management making continuous efforts to recommence the trading of shares of the Company soon.

No material other 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.

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.

DATE : 30TH MAY, 2017
PLACE : AHMEDABAD

ON BEHALF OF THE BOARD OF DIRECTORS
OF KANEL INDUSTRIES LIMITED

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 31/03/2017

[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	29/01/1992
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-1, Buildings, Near Mithakali Six Road, Ellisbridge, Ahmedabad-380006, Gujarat.
6)	Whether listed company	YES
7)	Name, address and contact details of registrar and Transfer agent if any	Accurate Security and Share Registry

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

S. N.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Trading of castor seeds & vegetable oils	46309	100%

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-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
A. Promoter's									
1) Indian									
a) Individual/HUF	3392161	0	3392161	18.42	3392161	0	3392161	18.42	-
b) Central Govt	0	0	0	0	0	0	0	0	-
c) State Govt(s)	0	0	0	0	0	0	0	0	-
d) Bodies Corp	555904	0	555904	3.019	555904	0	555904	3.019	-
e) Banks / FI	0	0	0	0	0	0	0	0	-
f) Any other	0	0	0	0	0	0	0	0	-
Sub Total (A)(1)	3948065	0	3948065	21.44	3948065	0	3948065	0	-
(2) Foreign	0	0	0	0	0	0	0	0	-
a) NRI Individual	0	0	0	0	0	0	0	0	-
b) Other Individuals	0	0	0	0	0	0	0	0	-
c) Bodies Corp	0	0	0	0	0	0	0	0	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
d) Banks, FI	0	0	0	0	0	0	0	0	-
e) Any other	0	0	0	0	0	0	0	0	-
Sub Total (A)(2)	0	0	0	0	0	0	0	0	-
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	3948065	0	3948065	21.44	3948065	0	3948065	21.44	-
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	-
a) Mutual Funds	0	0	0	0	0	0	0	0	-
b) Banks / FI	100	0	100	0.01	100	0	100	0.01	-
c) Central Govt	0	0	0	0	0	0	0	0	-
d) State Govt(s)	0	0	0	0	0	0	0	0	-
e) Venture Capital Funds	0	0	0	0	0	0	0	0	-
f) Insurance Companies	0	0	0	0	0	0	0	0	-
g) FIIS	0	00	0	0	0	0	0	0	-
H) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	-
i) Other (Specified)	0	0	0	0	0	0	0	0	-
Sub-total (B)(1):-	100	0	100	0.00	100	0	100	0.00	-
2. Non- Institutions									
a) Bodies Corp	1019821	74101	1093922	5.94	997015	89101	1086116	5.90	-0.04
i) Indian	0	0	0	0	0	0	0	0	-
ii) Overseas	0	0	0	0	0	0	0	0	-
b) Individuals	0	0	0	0	0	0	0	0	-
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	3089033	5441446	8530479	46.33	3078238	5398835	8477073	46.04	-0.29
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	4585824	240300	4826124	26.21	4273381	240300	4513681	24.51	-1.7
c) Others (specify)	0	0	0	0	100	0	100	0	-
Non Resident Indians	8400	0	8400	0.05	16375	0	16375	0.09	+0.04
HUF	0	0	0	0	370930	0	370930	2.01	+2.01
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	-
Foreign Nationals	0	0	0	0	0	0	0	0	-
Clearing Members	0	0	0	0	0	0	0	0	-
Trusts	0	0	0	0	0	0	0	0	-
Foreign Bodies	5350	0	5350	0.03	0	0	0	0	-
Sub-total (B)(2):-	8708428	5755847	14464275	78.56	8736039	5504311	14464275	78.56	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	8708428	5755847	14464275	78.56	8736139	5504311	14464375	78.56	-
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	-
Grand Total (A+B+C)	12656593	5755847	18412440	100.00	12684204	5728236	18412440	0	-

(ii) Shareholding of promoters :

S. N.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total of the company	% of Shares Pledged/ encumbered to total shares	
1	Hitesh K Thakkar	1024550	5.564	0	1024550	5.564	0	0
2	Dhiren K Thakkar	1884962	10.237	0	1884962	10.237	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) :

There is no change in Promoter's Shareholding during the year.

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

S. N.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Khyati Realities Limited	359450	1.95	359450	1.95
2	Khyati Multimedia Entertainment Ltd	289880	1.57	289880	1.57
3	Radheshyam Rampal Lodh	204110	1.11	204110	1.11
4	Kiritbhai Chaganbhai Patel	210000	1.14	210000	1.14
5	Jatin Balvantrai Parekh	306000	1.66	306000	1.66
6	Nalin R Johari	224670	1.22	224670	1.22
7	Krupal Vikrambhai Patel	189212	1.03	189212	1.03
8	Raushina Kalpesh Patel	178765	0.97	178765	0.97
9	Aditya Yogeshbhai Patel	175010	0.95	175010	0.95
10	Dipikaben Rajesh Sutaria	175000	0.95	175000	0.95

(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)		No Change		
	At the end of the year	1884962	10.237	1884962	10.237

(vi) INDEBTEDNESS :

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebted- ness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5,00,00,000	-	-	5,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	5,00,00,000	-	-	5,00,00,000
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	(80,00,000)	-	-	(80,00,000)
Net Change	(80,00,000)	-	-	(80,00,000)
Indebtedness at the end of the financial year				
i) Principal Amount	4,20,00,000	-	-	4,20,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4,20,00,000	-	-	4,20,00,000

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

S. N.	Particulars of Remuneration	Name of MD/WTD/Manager Mr. Dhiren Thakkar	Total Amount
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	NIL	NIL
	- as % of profit		
	- others, specify...		
5.		NIL	NIL
	Total (A)	NIL	NIL

B. Remuneration to other directors :

N.	Particulars of Remuneration	Name of Directors		Total Amount
		ASHABEN DESAI	JATIN VYAS	
1	Independent Directors			
	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 :

S. N.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO/CEO	Total
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		NONE		
	punishment				
	compounding				
B. DIRECTORS					
	Penalty		NONE		
	punishment				
	compounding				
C. Other Officers In Default					
	Penalty		NONE		
	punishment				
	compounding				

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

[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.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kanel Industries Limited** (hereinafter called the Company) (CIN: L15140GJ1992PLC017024) having its registered office at **203/Abhijeet-1 Buildings, Near Mithakhali six Road, Ellisbridge, Ahmedabad 380006**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Kanel Industries Limited** (the Company) for the financial year ended on 31st March, 2017 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

1. **The Company has not submitted quarterly compliances to the Exchange within the time as per the Regulations of SEBI (LODR), 2015**

2. The Company had not Paid Listing Fees.**3. However all the Non- Compliances is due to Severe Fund Crunch.**

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.
- (iii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- A) The Company has maintained a Register of Directors' Attendance as prescribed in the Secretarial Standards.
- B) The Directors have signed against their respective names after the meeting has been held.
- C) The Company had not received any proxy forms for the Annual General Meeting for the financial year ended 31st March, 2016.
- D) The Company has complied with requirements of at least one-third of the total number of directors as independent directors as stated in Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- E) The Company has complied with the of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- F) The Company has obtained all necessary approvals under the various provisions of the Act;
- G) There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

I further report that

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

- 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 paid the Fees to the NSDL AND CDSL for E-voting Facility and also Annual Issuer Charges in time.**
- 4. The company is not regular in filling various returns with Direct and Indirect tax departments and all other necessary departments**

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.

The following mentioned observations are made:

- A) The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
- B) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct and ethics for Directors and Management Personnel;

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

I further report that during the audit period, the Company has no other major / specific events, actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

- i. Public/Right/Preferential issue of shares / debentures/sweat equity etc.
- ii. Redemption / buy-back of securities
- iii. Merger / amalgamation / reconstruction etc.
- iv. Foreign technical collaborations.

Place : Ahmedabad
Date : 30th May, 2017

SD/-
Chintan K. Patel
Practicing Company Secretary
Mem. No.: A31987
COP No.: 11959

ANNEXURE - A to the Secretarial Audit Report

To,
The Members,
Kanel Industries Limited

Our report of even date is to be read along with this letter.

1. The Management of the company is responsible for maintenance of secretarial records, devise proper system to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
2. Our responsibility is to express an opinion on these secretarial records and procedures followed by the company with respect to Secretarial Compliances.
3. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. The secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy of effectiveness with which the management has conducted the affairs of the company.

Place : Ahmedabad
Date : 30th May, 2017

SD/-
Chintan K. Patel
Practicing Company Secretary
Mem. No.: A31987
COP No.: 11959

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 31st March 2017, 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, 5 Board Meetings were held on 30/05/2016, 12/08/2016, 05/11/2016, 22/12/2016 and 14/02/2017. 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 (30/09/2016)	No. of Other Director-ship	Membership in the committee of other companies	
					Member-ship	Chair-manship
Dhiren K Thakkar Chairman & MD	Promoter and Executive Director	5	YES	6	NIL	
Shilpaben Solanki	Independent Director	4	YES	2	1	
Jatin Vyas	Independent Director	5	YES	2	1	
Asha Desai	Independent Director	1	NA	-	-	

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
Ms. Asha Desai	Chairperson
Mr. Dhiren K Thakkar	Member
Mr. Jatin R Vyas	Member

FUNCTIONS OF AUDIT COMMITTEE :

The Audit Committee is headed by Ms. Asha Desai 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
Ms. Asha Desai	Chairperson
Mr. Jatin R. Vyas	Member

FUNCTIONS OF STAKEHOLDERS RELATIONSHIP COMMITTEE :

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

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

The Committee has also appointed Mr. Chintan Patel, Practicing 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 demat, 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 31st 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	30/05/2016 12/08/2016 05/11/2016 22/12/2016 14/02/2017
Audit Committee Board	4	30/05/2016 12/08/2016 05/11/2016 14/02/2017
Shareholders Grievance Committee	4	30/5/2016 12/08/2016 05/11/2016 14/02/2017

ATTENDANCE OF THE DIRECTORS IN VARIOUS MEETINGS :

S.No.	Name of Director	Board Meeting	ACB Meeting	IGCB Meeting
1.	Mr. Dhiren Thakkar	5	4	4
2.	Mr. Jatin R Vyas	5	4	4
3.	Ms. Shilpaben Solanki	4	3	3
4.	Ms. Asha Desai	1	1	1

Details of Annual General Meeting Held During the Last 3 Financial Years:

S.No.	Date of AGM	Day	Time	Venue
1	29/09/2014	Monday	10:00 A.M	203, 2nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006.
2	30/09/2015	Wednesday	10:00 A.M	203, 2nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006.
3	30/09/2016	Friday	9:30 A.M	203, 2nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006.

PASSING OF THE RESOLUTION BY POSTAL BALLOT SYSTEM :

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

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

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and 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 improve the governance practices across the Company's activities. Risk management policy and processes will enable the Company too 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 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) networth 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. VIGILMECHANISM POLICY:

LEGAL FRAME WORK :

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 2016-17 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 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

DEMATERIALISATION 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 31/03/2017 is 12684204 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 :

Dhiren Thakkar

Director

203, Abhijeet-1, 2nd 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 Mumbai. The details of the Trading code are as under:

Name of Stock Exchange	Trading Code
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 Quantity	Spread High-Low	Close-Open
Apr-16	2.71	3.4	2.4	3.39	64383	119	179283	64383	100	1	0.68
May-16	3.55	4.14	3.23	3.49	45693	115	174202	45693	100	0.91	-0.06
Jun-16	3.32	4.14	2.86	4	73657	100	242752	73657	100	1.28	0.68
Jul-16	3.8	4.29	3.08	3.09	25115	66	92576	25115	100	1.21	-0.71
Aug-16	3.09	3.57	2.67	2.85	58078	95	168377	58078	100	0.9	-0.24
Sep-16	2.71	3.58	2.53	3.3	21963	88	63197	21963	100	1.05	0.59
Oct-16	3.45	3.45	2.47	3	18693	67	53587	18693	100	0.98	-0.45
Nov-16	3.15	3.9	3	3.55	15651	43	51233	15651	100	0.9	0.4
Dec-16	3.72	4.61	3.72	4.61	3646	20	15953	3646	100	0.89	0.89
Jan-17	4.84	5.2	4.06	4.06	5915	28	26823	5915	100	1.14	-0.78
Feb-17	4.26	4.26	4.04	4.04	147	3	598	147	100	0.22	-0.22
Mar-17	4	4	4	4	22	2	88	22	100	0	0

CATEGORY WISE HOLDING OF SHARES AS ON 31/03/2017:

Category	No. of Shares	Percentage of Share Holding
Promoters	3948065	21.44
Financial Institutions	100	0.00
Bodies Corporate	1086116	5.90
Public (Indian)	13361784	72.57
NRI	16375	0.09
Total	18412440	100.00

DISTRIBUTION OF SHAREHOLDING AS ON 31/03/2017:

Share Holding		No. of Holder(s)		No. of Shares	
From	To	Folios	%	Shares	%
Less than	500	23041	89.43	4451687	24.18
501	1000	1752	6.8	1410650	7.66
1001	2000	487	1.89	749025	4.07
2001	3000	143	0.55	367310	1.99
3001	4000	64	0.25	233979	1.27
4001	5000	66	0.25	303180	1.65
5001	10000	95	0.37	666223	3.62
10001	Above	115	0.45	10230386	55.56
		25763	100.00	18412440	100.00

OTHER DETAILS :

REGISTERED OFFICE : 203, Abhijeet-1, Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380 006.

BOOK CLOSURE DATES : 23rd September 2017 to 29th September 2017 (Both days inclusive)

REGISTRAR AND SHARE TRANSFER AGENT : Accurate Share Registry Pvt Ltd.
: 23, Sarthik Complex, Iscon Cross Road, Satellite, Ahmedabad – 380015.

ISIN NUMBER OF THE COMPANY : INE252C1015

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 2016-17.

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

**Place : Ahmedabad
Date : 30th May, 2017**

**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 30th May 2017.

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

**Place : Ahmedabad
Date : 30th May, 2017**

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

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

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

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

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

**Place : Ahmedabad
Date : 30th May, 2017**

**SD/-
(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 ('the Company') for the year ended on 31st March, 2017, as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of 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 the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 within the prescribed time pursuant to the Listing Agreement of the said Company with the Bombay Stock Exchange Limited. However now the Company had complied with the all provisions of the SEBI (LODR) Regulations, 2015 and submitted the all pending compliances to the Exchange.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of the Efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Ahmedabad
Date : 30th May, 2017

Sd/-
Chintan K. Patel
Practicing Company Secretary
Mem. No. A31987
COP No. 11959

INDEPENDENT AUDITORS REPORT

TO,
THE MEMBERS OF KANEL INDUSTRIES LTD.

Report on the Indian Accounting Standards (Ind AS) Financial Statements:

We have audited the accompanying Ind AS financial statements of KANEL INDUSTRIES LTD. ("the Company"), which comprise the Balance Sheet as at 31st March, 2017 the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement for the year then ended, and a summary of the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the companies (Indian Accounting Standards) Rules, 2015 as amended under Section 133 of the Act. 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 taken inter corporate loan of Rs NIL [unsecured] and unsecured loans from related parties/ firms of Rs. 94.00 lacs and from Non Related person Rs. NIL during the financial year under audit. Out of Rs.94.00 lacs Unsecured loan taken from Directors and their relatives, Rs.80.00 lacs have been taken otherwise than by bank accounts. The Closing Balance at the year end are Rs. 379.00 Lacs in case of related parties and firms and from key management person and Rs.23.50 lacs 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 [closing balance at year end is Rs. 4.20 Crores.] . 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. [**Read with Notes No. 4 to the financial Statements**]

- ii) Company has written off 89.40 lacs Debtors out of the total Rs 430.89 Lacs long outstanding debtors. Still the company has not made provision for doubtful Debtors of Rs 305.15 Lacs Which are long outstanding and chances for recovery are very less, as per our opinion, these are bad debts, 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**]
- iii) The Company was having bank balance of Rs.89.30 lacs with various bank in No-Lien accounts. As informed by the management, banks were not providing bank statements or balance certificates or any authenticate documents in support of balance with banks after bank debts settled under OTS in past. After trying for many years for getting authenticate documents for the balance with banks, all balances with No-Lien accounts have been written off and transferred to Profit & Loss accounts. [**Read with Notes No-14 & 28**]
- 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 1,95,000/- during the financial year under audit.
- vi) As per the information provided by the Management with regards to BIFR status, 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. In the hearing scheduled on 19/07/2016, the Company's COD was approved as 31/03/2016 and company was asked to submit a DRS with COD. The next date of hearing was fixed as 24/10/2016. Accordingly the company submitted the DRS and in the hearing dated 24/10/2016 the OA asked for some time to examine the scheme but the SICA act was repealed on 01/12/2016.
- vii) 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.
- viii) The Company has not submitted quarterly compliances within the time as per the Regulations of SEBI(LORD),2015
- ix) The company has not paid Listing Fees for Ahmedabad, Jaipur and Calcuttal stock exchange.
- x) The Company has not paid the fees to NSDL AND CDSL for E-Votting facility and also Annual Issuer charges in time.
- xi) 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 31/03/2017
- (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. 1st April, 2004 while preparing the financial statements. The Management have not assessed technically the Plant and Machineries at Naroda Unit to decide 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 Eighteen years. Plant & Machinery of book value of Rs.11.42 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, 2017 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2017 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 unmodified 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 F Y 2007-08 to FY 2012-13, Demand notices received from Sales Tax department for various assessment years for the Meda Adraj Unit, Kadi which have been sold out in earlier years, 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 by the management 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]**
 04. The Company has provided with requisite disclosures in the financial statement as to holdings as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of accounts maintained by the Company and as produced to us by the Management. **[Read with Notes No. 57]**
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.
Proprietor

Place : Ahmedabad
Date : 31/05/2017

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, 2017 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 judgment, 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.

Opinion:

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

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

Shah Dinesh D.
Proprietor
MEMBERSHIP NO.106871

Place : Ahmedabad
Date : 31/05/2017

ANNEXURE – B TO THE INDEPENDENT AUDITORS' REPORT

**Reports under The Companies (Auditor's Report) Order, 2016 (CARO 2016)
for the year ended on 31st March 2017**

To,
The Members of
KANEL INDUSTRIES LTD.

(1) In Respect of Fixed Assets

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) **During the year, fixed assets of the Company have not been physically verified by the Management. The management decided to implement program of regular physical verification of all fixed assets at least once in a two year, which in our opinion, is reasonable, having regard to the size of Company, present business operations and the nature of the Fixed Assets. In absence of physical verification report, we could not comment on material discrepancy in fixed assets of the company and its accounting effect.**
- (c) The Title Deed of the Immovable properties are held in the name of the company

(2) In Respect of Inventories

Physical verification of inventory has been conducted at reasonable intervals by the management.

(3) Compliance under section 189 of The Companies Act, 2013

As informed, the company, company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the year under audit hence requirements of clause (a), (b) and (c) are not applicable.

(4) Compliance under section 185 and 186 of The Companies Act , 2013

While doing transaction for loans, investments, guarantees, and security provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.

(5) Compliance under section 73 to 76 of The Companies Act, 2013 and Rules framed there under while accepting Deposits

The company has not accepted any Deposits.

(6) Maintenance of cost records

To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the products of the company.

(7) Deposit of Statutory Dues

- (a) According to the information and explanations given to us, the Company is not regular in depositing undisputed statutory dues towards Employees' State Insurance, TDS, Professional Tax, Income Tax and Municipal Tax during the year under audit.

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

SR. NO.	NATURE OF DUE	AMOUNT OUTSTANDING AS ON 31/03/2017 [Rs. In Lakhs] For more than 6 months
01	Income Tax	98.10
02	TDS Payable	1.05
03	Sales Tax	17.53
04	E.S.I.C.	0.56
05	FBT tax	0.06
06	Professional Tax	0.34
07	Municipal Tax	5.40

TDS is not deducted during the year under audit and not paid to central government is Rs.0.20 lacs+Interest, such details are not included in above figure since the company has not complied with the provisions of income tax act and not provided in books of accounts. Provisions of ESI and Professional Tax are also not complied with by the company and no provision for such liability provided in books of account. In absence of required statutory records to ascertain the total amount relating to Interest thereon, the above amount does not includes the interest and penalty portion. In absence of Sales Tax Assessment order/Return copy and non filing of Sales tax Returns for the F Y 2007-08 to 2012-13 and in absence of required details and documents, we are unable to quantify the statutory liabilities relating to tax as well as of Interest and penalty there on and total statutory liability outstanding at the end of financial year under audit.

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

- (b) According to the information and explanation given to us by the management of the Company, there are no dues of Sales Tax and Income Tax which have not been deposited on account of any dispute except as mentioned in clause "a" above and as mentioned below. We are further informed by the management that during the F Y 2016-17, there were no further Order, Notice or other developments relating to matters pending for earlier years with different forum as well as for the year under Audit in case of Income tax and Sales tax Matter except as mentioned below for demand notices received from Sales Tax department for various assessment years but management have not accepted in absence of original assessment order from the sales tax department.

SR. NO.	NATURE OF DUES	AMOUNT [Rs. In Lakhs]	FORUM WHERE DISPUTE IS PENDING
01	Sales Tax	274.63	The Matter is remanded back to Asst. Comm.of Sales tax. [A.Y. 1998-99]
02	Sales Tax	245.92	Pending with the Appellate tribunal of Sales Tax [A.Y. 1997-98]
03	Sales Tax	24.30	Appeal Pending with Jt. Commercial Tax Commissioner, Appeal Division-1 [A.Y. 1999-2000]
04	Sales Tax	6.14	Appeal pending with Jt. Commercial Tax Commissioner, Appeal Divi.-1 [A.Y. 2000-01]
05	Sales Tax	2.88	Appeal pending with Jt. Commercial Tax Commissioner, Appeal Divi.-1 [A.Y. 2000-01]
06	Municipal Tax	10.95	Ahmedabad Municipal Corporation [Dues up to October, 2004]

Demand Notices received from Sales Tax department for following assessment years which have not been accepted by the management in absence of Original Assessment Orders. Details of Demand Notices are as follows.

Year	Principal Tax	Penalty 45(6)	Penalty 45(2)	Interest 47(14)K	Short Payments	Amount paid	Amount payable	Total as per notice
	A	B	C	D	E	F	G=A-F	
1995-96	701894	0	0	0	0	0	701894	701894
1996-97	8778494	3592960	12000	56732	4310352	2791894	5986600	13958644
1997-98	1532	920	0	2573		0	1532	5025
2001-02	9024410	8121969	0	6003566		0	9024410	23149945
2002-03	7304504	4385302	0	3944432		0	7304504	15634238
2001-02	144	127	0	78		0	144	349
2002-03	8324903	4994942	0	4495448		0	8324903	17815293

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

(8) Repayment of Loans and Borrowings:

Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank of debenture holders. Banking debts have been settled under OTS in earlier years.

(9) Utilization of Money Raised by Public Offers and Term Loan For which they Raised:

The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year under audit, hence this clause is not applicable.

(10) Reporting of Fraud During the Year:

Based on our audit procedures and the information and explanation made available to us no such fraud noticed or reported during the year.

(11) Managerial Remuneration : N.A.

(12) Compliance by Nidhi Company Regarding Net Owned Fund to Deposits Ratio :

As per information and records available with us The company is not Nidhi Company.

(13) Related party compliance with Section 177 and 188 of companies Act - 2013:

Company has not complied with provisions of Sec 177 of the Companies Act, 2013 by not forming any Audit Committee during the year under Audit hence all transactions including transactions with related parties are not reviewed by the audit committee. though company has disclosed in financial statements transactions with related parties as required.

All transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(14) Compliance under section 42 of Companies Act - 2013 regarding Private placement of Shares or Debentures : N.A

(15) Compliance under section 192 of Companies Act - 2013:

The company has not entered into any non-cash transactions with directors or persons connected with him and the provisions of section 192 of Companies Act, 2013 have been complied with.

(16) Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934:

The company is not required to be registered under section 45-IA of the Reserve Bank of India Act.

For, SHAH DINESH DAHYALAL & ASSOCIATES

Chartered Accountants

FRN NO. 120362W

Shah Dinesh D.

Proprietor

MEMBERSHIP NO.106871

Place: Ahmedabad

Date : 31/05/2017

BALANCE SHEET AS AT 31 March, 2017

In (Rupees)

Particulars	Note	2016-17	2015-16
I. EQUITY AND LIABILITIES :			
1. Shareholders' Funds		-60684179	-44563259
(a) Share Capital	2	184124400	184124400
(b) Reserves and Surplus	3	-244808579	-228687659
2. Non-Current Liabilities		42000000	50000000
(a) Long-Term Borrowings	4	42000000	50000000
3. Current Liabilities		113022660	60397437
(a) Short-Term Borrowings	5	40417457	30865625
(b) Trade Payables	6	58467511	15140100
(c) Other Current Liabilities	7	2480228	2621379
(d) Short-Term Provisions	8	11657464	11770333
TOTAL		94338482	65834178
II. ASSETS :			
1. Non-Current Assets :		12266981	13078707
(a) Fixed Assets	9	9444553	10256279
(i) Tangible Assets		9444553	10256279
(b) Non-Current Investments	10	5000	5000
(c) Long-Term Loans and Advances	11	2817428	2817428
2. Current Assets :		82071501	52755471
(a) Inventories	12	2113850	349565
(a) Trade receivables	13	79702274	43172110
(b) Cash and Cash Equivalents	14	253428	9231848
(c) Short-Term Loans and Advances	15	1948	1948
TOTAL		94338482	65834178

As per my even report of the date

For, SHAH DINESH DAHYALAL & ASSOCIATES
CHARTERED ACCOUNTANTSDinesh D Shah
Proprietor
M. No. 106871
Firm Regi. No. 120362WDate : 31/05/2017
Place : Ahmedabad

For, Kanel Industries Ltd.

Dhiren K. Thakkar Jatin Vyas
Director Director
DIN-00610001 DIN-07390282Date : 31/05/2017
Place : Ahmedabad

PROFIT AND LOSS FOR THE YEAR ENDED 31 March, 2017

In (Rupees)

Particulars	Note No.	1-Apr-2016 to 31-Mar-2017	1-Apr-2015 to 31-Mar-2016
I. Revenue from Operations	16	661396062	255586967
II. Other Income	17	1074	35507
III. TOTAL REVENUE (I + II)		<u>661397136</u>	<u>255622474</u>
IV. EXPENSES :			
Cost of Materials Consumed		0	0
Purchases of Stock-in-Trade	18	661645151	255408367
Changes in Inventories	19	-1788617	0
Consumption of Packing Materials	19A	667814	0
Employee Benefit Expenses	20	283000	239000
Finance Costs		0	0
Depreciation and Amortization Expenses	21	811726	818823
Other Expenses	22	1045225	1136641
TOTAL EXPENSES		<u>662664299</u>	<u>257602831</u>
V. Profit before Exceptional and Extraordinary Items and Tax (III-IV)		-1267164	-1980357
VI. Exceptional Items		0	0
VII. Profit before Extraordinary Items and Tax		-1267164	-1980357
VIII. Extraordinary Items	23	-14853757	-15394
IX. Profit Before Tax		<u>-16120920</u>	<u>-199575</u>
X. Tax Expense		-	-
Current Tax		0	0
Deferred Tax		0	0
XI. Profit/(Loss) for the period from Continuing Operations (IX-X)		<u>-16120920</u>	<u>-1995750</u>
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)		<u>0</u>	<u>0</u>
XV. Profit/(Loss) for the Period (XI+XIV)		<u>-16120920</u>	<u>-1995750</u>
XVI. Earnings per Equity Share			
- Basic		-0.88	-0.11
- Diluted		-0.88	-0.11

As per my even report of the date

For, SHAH DINESH DAHYALAL & ASSOCIATES
CHARTERED ACCOUNTANTSDinesh D Shah
Proprietor
M. No. 106871
Firm Regi. No. 120362WDate : 31/05/2017
Place : Ahmedabad

For, Kanel Industries Ltd.

Dhiren K. Thakkar Jatini Vyas
Director Director
DIN-00610001 DIN-07390282Date : 31/05/2017
Place : Ahmedabad

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

- (i) These financial statements have been prepared under historical cost convention from books of accounts maintained on an accrual basis (unless otherwise stated hereinafter) in conformity with accounting principles generally accepted in India and comply with the Accounting Standards issued by the Institute Of Chartered Accountants Of India and referred to Section 129 and Section 133 of The Companies Act, 2013 of India. The Accounting policies applied by the company are consistent with those used in previous year.
- (ii) The company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis except specified below
 - (a) Liability of Sales Tax, Income tax for pending assessments.
 - (b) Employees Benefit in respect of Gratuity, Leave Encashment and Bonus.

(B) FIXED ASSETS:

- (i) Tangible Fixed Assets acquired by the company are reported at acquisition value, with deduction for accumulated depreciation [other than "freehold land " where no depreciation is charged]. The acquisition value includes purchase price, inward freight, duties, taxes and incidental expenses related to acquisition and installation and allocable pre-operative expenditure.
- (ii) Intangible Fixed Assets: there are 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 is lower. | : | At Cost or Net realizable Value, whichever |
| 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 is below statutory limit.

(H) TAXATION:

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

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

(I) Value Added Tax(VAT) :

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

(J) PROVISIONS & CONTINGENCIES:

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

(K) PROVISION FOR BAD AND DOUBTFUL DEBTS:

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

(L) CASH FLOW STATEMENT:

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

Cash and Cash equivalents presented in the Cash flow statement consist of cash on hand and balance with banks including dormant bank accounts and No lien bank accounts [read with Notes no 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 as at 31-Mar-2017

In (Rupees)

Particulars	2016-17		2015-16	
	No. of Shares	Amount	No. of Shares	Amount
2.1 AUTHORIZED, ISSUED, SUBSCRIBED AND PAIDUP SHARE CAPITAL :				
Authorised Share Capital :				
Equity Shares of Rs. 10.00 each	20000000	200000000	20000000	200000000
Total	20000000	200000000	20000000	200000000
Issued Share Capital :				
Equity Shares of Rs. 10.00 each	18412440	184124400	18412440	184124400
Total	18412440	184124400	18412440	184124400
Subscribed and fully paid :				
Equity Shares of ? 10.00 each	18412440	184124400	18412440	184124400
Total	18412440	184124400	18412440	184124400
TOTAL	18412440	184124400	18412440	184124400

Particulars	2014-15		2013-15	
	No. of Shares	Amount	No. of Shares	Amount
2.2 RECONCILIATION OF SHARE CAPITAL :				
Equity Shares (Face Value Rs. 10.00)				
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

Particulars	as at 31-Mar-2017		as at 31-Mar-2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding

2.3 SHARES IN THE COMPANY HELD BY OTHER COMPANY :

Equity Shares :				
TJR SONS LIMITED, Associate	555904	5559040	555904	5559040

Particulars	as at 31-Mar-2017		as at 31-Mar-2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding

2.4 SHAREHOLDERS HOLDING MORE THAN 5% OF SHARE :

HITESH K THAKKAR	1024550	6	1024550	6
DHIREN K THAKKAR	1884962	10	1884962	10

Notes to and forming part of Balance Sheet as at 31-Mar-2017

In (Rupees)

Particulars	2016-17	2015-16
3. RESERVES AND SURPLUS :		
Other Reserves :		
Opening balance	194859100	194859100
Closing balance	194859100	194859100
Surplus	-439667679	-423546759
Opening Balance	-423546759	-421551008
(+) Net profit/(Net loss) for the Current Year	-16120920	-1995750
(-) Profit & Loss A/c (2016-17)	-16120920	0
(+) Profit & Loss A/c (2015-16)		1995750
Closing balance	-439667679	-423546759
TOTAL	-244808579	-228687659
4. LONG-TERMBORROWINGS :		
Secured :		
Other Loans and Advances	42000000	50000000
Adani Enterprises Ltd.	42000000	50000000
TOTAL	42000000	50000000
5. SHORT-TERM BORROWINGS :		
Unsecured	40417457	30865625
Loans repayable on demand	2500919	2350000
From other parties	2500919	2350000
Kadam Exports Pvt. Ltd.	850000	850000
Tushar N Shah	1650919	1500000
Loans and advances from related parties	37916538	28515625
Dhiren K. Thakkar	5145617	3744704
Hitesh K Thakkar	2000000	0
Kanaiyalal J Thakkar (H U F)	7500000	7500000
Monika H Thakkar	2000000	0
Neelaben K Thakkar	4000000	0
T.J.R. Finance Ltd.	5471100	5471100
TJR Sons Ltd.	11799821	11799821
TOTAL	40417457	30865625
6. TRADE PAYABLES :		
Others	58467511	15140100
TOTAL	58467511	15140100
7. OTHER CURRENT LIABILITIES :		
Other Payables	2480228	2621379
TOTAL	2480228	2621379

Notes to and forming part of Balance Sheet as at 31-Mar-2017

In (Rupees)

Particulars	2016-17	2015-16
8. SHORT-TERM PROVISIONS :		
Others	11657464	11770333
TOTAL	11657464	11770333

9. FIXED ASSETS :

Particulars of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 4/1/2016	Addition During the year	Deductions During the year	As on 3/31/2017	Up to 4/1/2016	Provided For the Year	Adjustment for Ded./Sales	As on 3/31/2017	As at 3/31/2017	As at 3/31/2016
9.1 TANGIBLE ASSETS :										
LAND	3797183	0	0	3797183	0	0	0	0	3797183	3797183
FACTORY BUILDING	17777122	0	0	17777122	14769716	347378	0	15117094	2660028	3007406
OFFICE BLDG. (NARODA)	1125000	0	0	1125000	725411	28547	0	753958	371042	399589
OFFICE BLDG.	3283230	0	0	3283230	1862967	107050	0	1970017	1313213	1420263
OFFICE EQUIPMENT	1420915	0	0	1420915	1358450	34066	0	1392516	28399	62465
PLANT & MACHINERY	17984436	0	0	17984436	16613800	228440	0	16842240	1142196	1370636
FURNITURE & FIXTURE	6264112	0	0	6264112	6065375	66245	0	6131620	132492	198737
TOTAL	51651998	0	0	51651998	41395719	811726	0	42207445	9444553	10256279
Previous Year Figures	51651998	0	0	51651998	40576896	818823	0	41395719	10256279	11075102

Particulars	2016-17	2015-16
-------------	---------	---------

10. NON-CURRENT INVESTMENTS :**Other Investments :****Investments in equity instruments :**

Ahmedabad Comm. Exch. Ltd. - Shares

5000

5000

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

Secured, considered good

31715

31715

Unsecured, considered good

1000

1000

Advance Income Tax (net of provisions)

Unsecured, considered good

1014713

1014713

Balances with Government Authorities

Unsecured, considered good

1770000

1770000

TOTAL**2817428****2816023****12. INVENTORIES :****Stock-in-trade****2113850****349565**

Goods-in Transit

2113850

2113850

TOTAL**2113850****349565**

Notes to and forming part of Balance Sheet as at 31-Mar-2017

In (Rupees)

Particulars	2016-17	2015-16
13. TRADE RECEIVABLES :		
Outstanding for more than 6 months from the due date		
Unsecured, considered good	45553884	3793314
Outstanding for more than 6 months from the due		
Unsecured, considered good	0	7380885
Unsecured, considered doubtful	34148390	31997911
TOTAL	79702274	43172110
14. CASH & CASH EQUIVALENTS :		
Balances with banks	19404	20624
Earmarked Balances	19404	20624
Cash on hand	234024	281014
Others	0	8930210
TOTAL	253428	9231848
15. SHORT-TERM LOANS AND ADVANCES :		
Other Loans and Advances	1948	1948
Unsecured, considered doubtful	1948	1948
TOTAL	1948	1948
16. REVENUE FROM OPERATIONS :		
Sale of Products	661396062	255586967
TOTAL	661396062	255586967
17. OTHER INCOME :		
Other Non-Operating Income	1074	35507
TOTAL	1074	35507
18. PURCHASES OF STOCK-IN-TRADE :		
Castor Seed Pur.	27159730	174219280
Ground Nut Loose Pur.	2367117	0
Ref. Cotton Oil Pur.	605399181	71814065
Refine Cotton Oil Pur	4791038	0
Refined Palmolein Oil Pur.	21928086	3815023
Washed Cottonseed Oil Pur.	0	5560000
TOTAL	661645151	255408367
19. CHANGES IN INVENTORIES :		
Stock-in-Trade	-1788617	0
-Opening Balance	0	0
Less : Closing Balance	1788617	0
TOTAL	-1788617	0
19A. CONSUMPTION OF PACKING MATERIALS:		
Opening stock of Packing Materials	349565	349565
Purchase	643482	0
Total	993047	349565
Less: Closing Balance	325233	349565
CONSUMPTION OF PACKING MATERIALS	667814	0

Notes to and forming part of Balance Sheet as at 31-Mar-2017

In (Rupees)

Particulars	2016-17	2015-16
20. EMPLOYEE BENEFIT EXPENSES :		
Salaries and Wages	283000	239000
TOTAL	283000	239000
21. DEPRECIATION AND AMORTIZATION EXPENSES :		
Depreciation	811726	818823
TOTAL	811726	818823
22. OTHER EXPENSES :		
Payment to Auditors :		
As Auditor	90000	90000
Prior period items	0	4247
Repairs to buildings	10795	34178
Rates and taxes (excluding taxes on income)	210625	202894
Miscellaneous expenses	733805	805322
TOTAL	1045225	1136641
23. EXTRAORDINARY ITEMS :		
Kasar & Vatav	-14853757	-15394
TOTAL	-14853757	-15394

Notes: Kesar & Vatav expenses include Rs. 8930210 for No Lien bank balances written off with various banks and Rs. 8940821 for a long outstanding debtor written off as bad debts and return of sum of long outstanding creditors.

- 23A.** The figures of the previous year have been regrouped, rearranged and changed wherever necessary so as to make them comparable with the current year.
- 24.** The information's / details are as per the books maintained and determined and information compiled and furnished on the computer.
- 25.** Management have broadly reviewed the data on the basis of compiling details and information and have test checked wherever considered necessary the books and / or the details / information compiled in the company and also on the computer.
- 26.** The Company has initiated the process of identifying the suppliers who qualify under the definition of Micro and Small Enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as at 31st March, 2017, 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 Dena bank [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 has been written off during the year under audit by the management.

29. Account confirmations in respect of some of the accounts of Sundry Debtors, Creditors, Loans and Advances and some of the banks and financial institution have not been received and they are subject to confirmations and reconciliations. The management is of the opinion that adjustments, if any, arising out of such reconciliation would not be material effecting current Year financial statements.
30. The company has not provided for listing fees of Jaipur, Calcutta and Ahmedabad Stock Exchange.
31. Certain documents, registers, etc. including fixed assets register were seized during the search operations as on 5th October, 2001. Such registers were not made available except fixed assets register prepared by management separately to us for inspections, usual verifications and periodical updation.
32. 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 2016-17 and all pending previous years and all pending Sales Tax Returns up to 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	Appeal pending with applet tribunal.
1998-99	16/02/06	274.63	Matter reminded back to Assistant commissioner of sales tax for fresh order.
1999-00	31/03/05	24.30	Appeal pending with joint Commercial tax commissioner, Appeal division 1 Ahmedabad.
2000-01	08/12/05	6.14	Under reassessment order dtd. 08/12/2005 by commissioner of Sales Tax. Appeal pending with Joint commercial tax commissioner Appeal division 1 Ahmedabad.

The company has received demand notices from sales tax department for Meda –Adraj unit [which has already been sold out in previous year] for which original assessment orders are not made available by the sales tax department. Company is demanding original assessment order in support to demand notices and since this liability relates to unit which have been sold-out by the company, company has not provided for such liability in books of accounts. Details of demand notices served are as under.

Year	Principal Tax	Penalty 45(6)	Penalty 45(2)	Interest 47(14)K	Short Payments	Amount paid	Amount payable	Total as per notice
	A	B	C	D	E	F	G=A-F	
1995-96	701894	0	0	0	0	0	701894	701894
1996-97	8778494	3592960	12000	56732	4310352	2791894	5986600	13958644
1997-98	1532	920	0	2573		0	1532	5025
2001-02	9024410	8121969	0	6003566		0	9024410	23149945
2002-03	7304504	4385302	0	3944432		0	7304504	15634238
2001-02	144	127	0	78		0	144	349
2002-03	8324903	4994942	0	4495448		0	8324903	17815293

- (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 st March, 2017	Year ended 31 st March, 2016
1	Net Profit [loss] (Rs. In Lacs)	(-)161.21	(-)19.96
2	Weighted Average Number of Shares	18412440	18412440
3	Basic/ Diluted EPS (Rs.) (on nominal value of Rs. 10 per share)	(-)0.88	(-)0.11

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:**

No.	Nature of Relationship	Name of Related Parties
1.	Associate Companies/Enterprise	TJR Sons Ltd. TJR Finance Ltd. Shakti Nutraceuticals Pvt. Ltd. Devika Proteins Ltd. TJR Agrocom Pvt Ltd. Sun Retail Pvt. Ltd.
2.	Key Management Person	Dhiren K. Thakkar Jatin. R. Vyas Asha Fulabhai Desai
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 :

No.	Nature of Transactions	Associate	Joint Venture	Key Management Personnel (KMP)	Relatives of KMP	Others	Total
1	LOANSTAKEN						
	Balance as at 1st April	18120921.00	0.00	3744704.00	0.00	0.00	21865625.00
	Taken During the Year	0.00	0.00	1173000.00	0.00	0.00	1173000.00
	Returned During the Year	0.00	0.00	40000.00	0.00	0.00	40000.00
	Balance as at 31st March	18120921.00	0.00	4877704.00	0.00	0.00	22998625.00
2	SUNDRY DEBTORS						
	Balance as at 1st April	1798825.00	0.00	0.00	0.00	0.00	1798825.00
	Balance as at 31st March	3632912.00	0.00	0.00	0.00	0.00	3632912.00
3.	Loans/Advances						
	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	SUNDRY CREDITORS						
	Balance as at 1st April	4647542.00	0.00	0.00	0.00	0.00	4647542.00
	Balance as at 31st March	50946954.00		0.00	0.00	0.00	50946954.00
5	SALES	26431737.00	0.00	0.00	0.00	0.00	26431737.00
6	OTHER INCOME	0.00	0.00	0.00	0.00	0.00	0.00
7	PURCHASES	694727437.00	0.00	0.00	0.00	0.00	694727437.00
8	EXPENDITURE	0.00	0.00	0.00	0.00	0.00	0.00
9	RENT	0.00	0.00	0.00	0.00	0.00	0.00
10	SALARY	0.00	0.00	0.00	0.00	0.00	0.00
11	INTEREST	0.00	0.00	0.00	0.00	0.00	0.00

42. PAYMENT TO STATUTORY AUDITORS :

	CURRENT YEAR	PREVIOUS YEAR
(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 execute 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 the 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	2016-17		2015-16	
		Rupees	in%	Rupees	in%
I	Imported	Nil	Nil	Nil	Nil
II	Indigenous	Nil	Nil	Nil	Nil

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

SR.	PARTICULARS	2016-17		2015-16	
		Rupees	in%	Rupees	in%
I	Imported	Nil	Nil	Nil	Nil
II	Indigenous	Nil	Nil	Nil	Nil

(c) TRADING GOODS :

SR.	PARTICULARS	2016-17		2015-16	
		Rupees	in%	Rupees	in%
I	Imported	Nil	Nil	Nil	Nil
II	Indigenous				
	Castor Seed	27299133.00	100%	17,44,02,942.00	100%
	Refined Cotton Oil	606225002.00	100%	7,18,03,857.00	100%
	Refined Palmolein Oil	21964572.00	100%	38,10,168.00	100%
	Washed cottonseed oil	NIL	NIL	55,70,000.00	100%
	Cotton Seed	3531461.00	100%	NIL	NIL
	Ground Nut Loose	2375894.00	100%	NIL	NIL

51. Particulars of Power and fuel Cos.

Sr.	PARTICULARS	2016-17	2015-16
1.	Power and Fuel	66947.00	81590.00

52. CIF value of Imports

Sr.	PARTICULARS	2016-17	2015-16
1.	Rupees	NIL	NIL

53. EXPENDITURE IN FOREIGN CURRENCY :

Sr.	PARTICULARS	2016-17	2015-16
1.	Rupees	NIL	NIL

54. Earning in Foreign Exchange :

Sr.	PARTICULARS	2016-17	2015-16
1.	Rupees	NIL	NIL

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 is Rs. NIL

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

57. DISCLOSURE ON SPECIFIED BANK NOTES (SBNs):

During the year, the Company had specified bank notes (SBNs) and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31st March, 2017, on the details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amt. in Rs.)

	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 th November, 2016	0	266304	266304
(+) Permitted receipts	0	0	0
(-) Permitted payments	0	20000	20000
(-) Amount deposited in banks	0	0	0
Closing cash in hand as on 30 th December, 2016	0	246304	246304

For the purpose of this clause 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

The statements of significant accounting policies and the notes numbered 1 to 57 from an integral part of the year ended 31st March 2017.

Signature to Schedule 1 to 57

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 : 31/05/2017
Place : Ahmedabad

For, Kanel Industries Ltd.

Dhiren K. Thakkar Jatini Vyas
Director Director
DIN-00610001 DIN-07390282

Date : 31/05/2017
Place : Ahmedabad

**CASH FLOW STATEMENT, ANNEXURE TO BALANCE SHEET
FOR THE YEAR ENDED ON 31-03-2017
(PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)**

In (Rupees)

Particulars	2016-17	2015-16
1. Profit before Tax and extraordinary Items	-16120920	-1995750
Adjustments for :		
a) Depreciation	811726	818823
b) Financial Charges	0	0.00
c) Interest Received	0	-11715
d) Income from Kasar - Vataav & other income	0	0
e) Bad debt provision	0	0
OPERATING PROFIT [Loss] BEFORE WORKING CAPITAL CHARGES :	-15309194	-1188642
Adjustment for :		
a) Trade and Other Receivables	-36530164	-5592139
b) Inventories	-1764285	0
c) Trade Payable & Other Liabilities	43073390	5921548
d) Decrease in deposits/advances	0	400000
CASH GENERATED FROM OPERATIONS	-10530253	-459233
Income Tax Paid	0	0
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	-10530253	-459233
Extra Ordinary Items	0	0
NET CASH FLOW FROM OPERATING ACTIVITIESA	-10530253	-459233
2. CASH FLOW FROM INVESTMENT ACTIVITIES :		
a) Purchase of Fixed Assets	0	0
b) Sale of Fixed Assets	0	0
c) Fresh Investment	0	0
d) Sale / reductuib of Investmetns	0	0
NET CASH USED IN INVESTING ACTIVITIES.....B	0	0
3. CASH FLOW FROM FINANCIAL ACTIVITIES :		
a) (Decrease)Increase in Long Term Borrowing (Net)	-8000000	0
b) (Decrease)Increase in Unsecure loan	9551832	495172
c) Interest Paid	0	0
d) Interest received	0	11715
NET CASH USED IN INVESTMENT ACTIVITIES.....C	1551832	506887
NET INCREASE(DECREASE) IN CASH (A+B+C)	-87551	-1629496
Opening Balance of Cash & Cash Equivalents	9231848	9184194
Closing Balance of Cash & Cash Equivalents	253428	9231848

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 [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.]

As per my even report of the date

For, SHAH DINESH DAHYALAL & ASSOCIATES
CHARTERED ACCOUNTANTSDinesh D Shah
Proprietor
M. No. 106871
Firm Regi. No. 120362WDate : 31/05/2017
Place : Ahmedabad

For, Kanel Industries Ltd.

Dhiren K. Thakkar Jatini Vyas
Director Director
DIN-00610001 DIN-07390282Date : 31/05/2017
Place : Ahmedabad

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,2017.
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 31/05/2017 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 : 31/05/2017

KANEL INDUSTRIES LIMITED
ATTENDANCE SLIP

I Shri/Smt. _____ of _____ being a member/ proxy of Kanel Industries Limited do hereby record my presence at the 25th Annual General Meeting of the members of the Company to be held on Saturday the 30th September, 2017 at 09:00 a.m. at 203, Abhijeet- I, 2nd Floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380 006, Gujarat, India.

Name of Shareholder : _____

Ledger Folio No : _____ D.P. NAME : _____

D.P. I.D. : _____ CLIENT I.D. : _____

Number of Shares Held _____

Date : _____

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

PROXY FORM
Form No. MGT-11
PROXY FORM

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

CIN : L15140GJ1992PLC017024

NAME OF THE COMPANY : KANEL INDUSTRIES LIMITED

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

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

1. Name : _____

Address : _____

E-mail Id: _____ Signature : _____, or failing him

2. Name : _____

Address : _____

E-mail Id: _____ Signature : _____, or failing him

3. Name : _____

Address : _____

E-mail Id: _____ Signature : _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual general meeting of the company, to be held on the Saturday, 30th September, 2017 At 9:00 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, 2017 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 a term of five years.

Signed this _____ day of _____ 2017

Signature of shareholder _____



Signature of Proxy holder(s) _____

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

Book Post

To

If Undelivered please return to :

KANEL INDUSTRIES LIMITED

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