

26TH ANNUAL REPORT

KANEL INDUSTRIES LIMITED

2017-2018

KANEL INDUSTRIES LIMITED

TWENTY SIXTH ANNUAL GENERAL MEETING PROGRAMME

DATE: 29TH SEPTEMBER 2018

DAY: SATURDAY

TIME: 09:00 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
Shri Asha Desai
Shri Jatin Vyas

Chairman & Managing
Director
Independent Woman Director
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. Suresh I Patel & Co.

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 26th Annual General Meeting of the Members of the **KANEL INDUSTRIES LIMITED** will be held on Saturday, 29th September 2018 at 09:00 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, 2018 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. Bhagat & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127250W), be and are hereby appointed as Statutory Auditors of the Company.

RESOLVED FURTHER THAT, M/s. Bhagat & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127250W), 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 2023, on such remuneration as may be fixed by the Board of Directors in consultation with them.”

SPECIAL BUSINESS:

- 4) **Re-appointment of Mr. Dhiren K Thakkar (DIN 00610001) as Managing Director.**

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof for the time being in force) read with schedule V to the Companies Act, 2013 and subject to such consent(s), approval(s) and permission(s) as may be required in this regard from any authority and as agreed by the Board of Directors (hereinafter referred to as the Board, which term shall unless repugnant to the context by the Board in this behalf), consent of the Members of the Company be and is hereby accorded to the reappointment of Mr. Dhiren K. Thakkar(DIN 00610001) as a Managing Director of the Company, liable to retire by rotation, for a period of 5 (Five) years with effect from October 3, 2018 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be

acceptable to Mr. Dhiren K. Thakkar subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

“RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors or Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard.”

DATE: 5th September, 2018
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 at its meeting held on 30TH August, 2018 reappointed Mr. Dhiren K. Thakkar(DIN 00610001) as Managing Director of the Company with effect from October 3, 2018 for a period of 5 years, on remuneration not exceeding Rs. 1,00,000/- (Rupees One Lakh only) per month.

The principal terms and conditions of appointment of Mr. Dhiren K. Thakkar(DIN 00610001) as Managing Director are as follows:

1) Tenure of Appointment:

For a period of 5 years commencing from October 3, 2018 i.e. from October 3, 2018 to October 3, 2023.

2) Nature of duties:

- (a) Subject always for all purpose and in all respects to the provisions of the Act or any statutory modification thereof for the time being in force and applicable to the duties and obligations to be performed and observed and the powers and authorities to be exercised by the Managing Director as such and certain restrictions mentioned in particular and under the General supervision, superintendence and control of the Board of Directors of the Company, the Managing Director shall have the general conduct of the management of business and financial and other affairs of the Company and exercise such powers, authorities and discretions as are hereby conferred upon and vested in him as such, as well by the Articles of Association and/or the Regulations of the Company for the time being in force and/or as may from time to time delegated by the Board, save and such as are specifically reserved to be exercised by the Company in General Meeting or by the Board.
- (b) The Managing Director undertakes to employ the best of his skill and ability to make his utmost endeavors to promote the interests and welfare of the Company and to conform to and comply with the directions and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.

3) Remuneration: Basic Salary not exceeding Rs. 1,00,000/- (Rupees One Lakh only) per month.

The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and further subject to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Managing Director and other Executive Directors of the Company taken together.

Provided, however, that in the event of absence or inadequacy of profit, the Managing Director shall be entitled to remuneration mentioned above within the overall maximum remuneration specified in Table A of Section II of Schedule V to the Companies Act, 2013.

Apart from the above mentioned details, the below mentioned terms and conditions have been entered into between the Company and the Whole-Time Director;

- (a) The Managing Director is also required to adhere with the Code of Conduct, intellectual property, non-competition, no conflict of interest with the Company and maintenance of confidentiality.
- (b) The Managing Director hereby covenant that during his tenure of office as such, he shall not be interested or otherwise concerned directly, or through his wife and/or minor children, in any

selling agency of the Company, without the prior approval thereto, AND THAT upon the contravention of this provision, his appointment as Managing Director shall cease.

- (c) This appointment may be terminated by fifteen days' notice on either side or the Company paying fifteen days remuneration in lieu of such notice.
- (d) The employment of the Managing Director may be terminated by the Company without notice or payment in lieu of notice;
 - a) if the Managing Director is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company for which he is required to render services; or
 - b) in the event of any serious or repeated or continuing breach (after prior warning) or non-observance by the Managing Director of any of the stipulations to be executed between the Company and the Managing Director; or
 - c) in the event the Board expresses its loss of confidence in the Managing Director.
- d) In the event the Managing Director is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.
- (e) Up on the termination by whatever means of the Managing Director's employment;
 - a) the Managing Director shall immediately tender his resignation from offices held by him in any subsidiaries and associated companies and other entities without claim for compensation for loss of office and in the event of his failure to do so the Company is hereby irrevocably authorised to appoint some person in his name and on his behalf to sign and deliver such resignation or resignations to the Company and to each of the subsidiaries 'and associated companies of which the Managing Director is at the material time a Director or other officer;
 - b) the Managing Director shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the Subsidiaries or associated companies.
- (f) The Managing Director's appointment is by virtue of his employment in the Company and his appointment shall be subject to the provisions of Section 167 of the Act.

The copy of Agreement entered into with Mr. Dhiren Thakkar by the Company containing the terms and Conditions of the said appointment is available at the registered office of the Company. Member can inspect the copy of agreement during the business hours of the Company on working days.

The relevant details as required under Schedule V to the Companies Act, 2013 are provided hereunder;

A. General Information

1. Nature of Industry:

The company is into the edible oil industry. The major product of the company is castor oil.

2. Date or expected date of commencement of commercial production

The Company was incorporated on January 29, 1992 under the Companies Act, 1956 and it started commercial production soon thereafter.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A..

1. Financial performance of the Company for F.Y. 2017-18 based on given indicators

Sr. No.	Particulars	(Rs.)
1.	Income for the year	617628686
2.	Profit before Interest, Depreciation and Tax	-133520
3.	Depreciation	778122
4.	Profit before Taxes	-911642
5.	Provisions for Taxation/ Deferred Tax	-
6.	Net Profit/(Loss) for the Current Year	-911642

B. **Foreign investments or collaborations, if any:** N.A.

Information about the appointee:

1. Past remuneration

N.A

2. Recognition or awards

Not Applicable

3. Job profile and his suitability

Mr. Dhiren Thakkar has more than 25 years of experience in the field of edible oils & agro commodities.

4. Remuneration proposed

Basic Salary not exceeding Rs. 1,00,000/- (Rupees One lakh only) per month.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Taking into consideration the size of the Company, the profile of Mr. Dhiren Thakkar, Managing Director of the Company, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level incumbents, in other companies.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Mr. Dhiren Thakkar, Managing Director of the Company, is also the promoter of the company.

In compliance with the provisions of Sections 196, 197 and other applicable provisions of the Act read with Schedule V to the Act, the terms of remuneration specified above are now being placed before the members for their approval. Further, the approval of the Members for the remuneration proposed herein above shall be valid for a period of 5 years w.e.f. October 3, 2018. The Board recommends this ordinary resolution for the approval of the Shareholders.

Except Mr. Dhiren Thakkar himself and his relatives to the extent of their shareholding in the Company, none of the directors or any key managerial personnel or any relative of any of the directors/key managerial personnel of the Company is, in anyway, concerned or interested in the above Resolution.

The Register of Members of the Company will remain closed from 23/09/2018 to 29/09/2018 (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 23/09/2018 to 29/09/2018 (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, Accurate securities and registry private limited, 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 Securities and Exchange Board of India (SEBI) has mandated the transfer of shares only in demat mode from December 5, 2018.
- 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, 2018 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 2017-18 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 2017-18 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 26, 2018, 9:00 a.m.> and ends on < September 28, 2018, 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 22, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

For Members holding shares in Demat Form and Physical Form

PAN Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.

Dividend Bank Details 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.

OR Date of Birth (DOB) • 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 (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for the relevant <Kanel Industries Limited> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) 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.
- (xviii) Shareholders can also use Mobile app - “m - Voting” for e voting. m - Voting app is available on Apple, Android and Windows based Mobile. Shareholders may log in to m - Voting using their e voting credentials to vote for the company resolution(s).
- (xix) **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, 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.
- (xx) 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.
- (xxi) 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 22, 2018, 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.

- (xxii) 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.
- (xxiii) 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.
- (xxiv) 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 26th September 2018 at 9:00 a.m. and ends on 28th September, 2018 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 22rd September 2018, may cast their vote electronically. The e- voting module shall be disabled by CDSL for voting thereafter.**
- b. 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.
- c. 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 BSE Limited.

INFORMATION ABOUT THE DIRECTORS WHO ARE PROPOSED TO BE APPOINTED/ RE-APPOINTED AT THE 26th 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
Director Identification Number.	00610001
Date of Birth	26/06/1972
Age.	45 yrs
Educational Qualification.	Graduate
Experience (No. of Years)	25 Yrs.
Business field in which Experience.	Edible Oil & Agro Commodities
Date of Appointment as Director in the Company.	06/06/1994
Directorship held in any other Company.	1. Dharti Proteins Limited 2. Shakti Nutraceuticals Private Limited. 3. T J R Sons Limited. 4. Kaufman Retail Private Limited
Member of any Committees of the Directors in the Company.	Audit Committee Nomination & Remuneration Committee Stakeholders Relationship Committee Dharti Proteins limited:
Member of any committees of the Directors in other Companies with names of the Company.	Audit Committee Nomination & Remuneration Committee Stakeholders Relationship Committee
Member of any Trade Association/ Charitable Organization/ NGOs etc.	N.A.

DATE: 5th September, 2018
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 26th Annual Report for the year ended on 31st March, 2018 of your Company.

PARTICULARS	[Amount in Rs.]	
	2017-18	2016-17
Income from Operation	617243758	661396062
Other Income	384929	1074
Increase/ (Decrease) in stock	NIL	NIL
Total Income	617628687	661397136
Total Expenditure	618540329	662664299
Profit/ (Loss) before Tax	-911642	-1267164
Provision for Tax	NIL	NIL
Tax for Earlier periods	NIL	NIL
Prior Period Extra Ordinary Items (Net)	NIL	NIL
Net Profit / (Loss) after Tax	-911642	-16120920

OPERATIONAL OVERVIEW

During the year under review the Company has made losses of Rs. 911642 compare to previous year's losses of Rs. 16120920 from business. The Company has earned total income Rs. 617628687 (Previous year's income was Rs. 661397136) and Total expenses is Rs. 618540329 (Previous year's expense is Rs. 662664299).

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 COMAPANIES

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 31.03.2018 is annexed hereto. The equity shares of the Company are listed on the BSE Ltd.

CORPORATE GOVERNANCE

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

INTERNAL AUDITOR

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

DEMATERIALISATION OF SECURITIES:

Your Company's Equity shares are admitted in the System of Dematerialization by both the Depositories namely NSDL and CDSL. The Company has signed tripartite Agreement through Registrar and Share Transfer Agent 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 2018 were 12,695,354 which constitute 68.95% of total capital. Your Directors request all the shareholders to dematerialize their shareholding in the company as early as possible.

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

The Company is entering into related parties transactions for sale/purchase of goods or services at preferential prices. However, all the transactions in the nature of sales/purchase of goods or services are made on arm's length basis. The same were reported to the Board at every meeting and Board took a note of the same and approved. Other details for inter corporate financial transactions or remuneration and other benefits paid to directors, their relatives, key managerial personnel etc. are given in the notes to the accounts vide note 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.

The Board of Directors of the Company had appointed Ms. Asha Desai as Independent, Director of the Company with effect from 30/09/2017.

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 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 I\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 year 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 2017-18, the Board of Directors state:

- a) In the preparation of the annual accounts for the financial year ended 31st March 2018, 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 6 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

M/s. Suresh I. Patel & Co., were appointed as Statutory Auditors of Company. Due to his unwillingness, the Board at their meeting held on 05th September, 2018 had recommended to appoint M/s. Bhagat & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127250W) 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 29th September, 2018.

As per Section 139 of the Companies Act, 2013, the Board recommends to appoint M/s. Bhagat & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127250W), 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. Bhagat & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127250W) 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 2017-18. They had 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.
7. The company is not regular in filling various returns with Direct and Indirect tax departments and all other necessary departments.

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. 76.00 lacs and from Non Related person Rs.24.21 Lacs during the financial year under audit. The Closing Balance at the yearend are Rs. 395.33 Lacs in case of related parties and firms and from key management person and Rs.449.22 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. 3.40 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.

ii) 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.

iii) 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.

iv) The Company has not deducted TDS from Professional fees paid / credited on sum of Rs 2.00 during the financial year under audit.

v) After repealed of SICA Act, all matters pending with BIFR court abandoned and company is planning to approach NCLT as other alternative option to resolve the pending matters. Company got registered with Industries Commissionerate, Gujarat to declare the company as sick industrial enterprise to avail relief. Company is preparing DRS to repay the dues of secured creditors as well as statutory dues.

vi) 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, on repeal of SICA, all matters pending with BIFR court cancelled and matters came to original status for the resolution, 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.

vii) The company has not paid Listing Fees for Ahmedabad, Jaipur and Calcuttal stock exchange.

viii) The company has not submitted quarterly compliances to the Exchange within the time as per the Regulations of SEBI (LODR), 2015

ix) *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 Company is in process of filing 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 iv:

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

REFER NOTE v:

Observation No. V of auditor's report is itself Self Explanatory.

REFER NOTE vi:

The Company is engaged into trading activities as operating a plant or to start manufacturing requires huge funds, and the company is going through fund crunch right now. Hence company is accounting his business of trading on a going Concern Basis.

REFER NOTE vii:

Due to Financial Crunch Company has not paid Fees of Ahmedabad, Jaipur & Calcutta stock exchange. Further these exchanges are non-operative now and no trading activities are going on there now-a-days.

REFER NOTE viii:

Company had not made Compliances within the time in its first half of the financial year however thereafter company is regular in filing of Documents with the Exchange as per SEBI (LODR) Regulations, 2015 within the prescribed time.

REFER NOTE ix:

Company is in search of a suitable candidate for the post of company secretary and will appoint the same soon. Further board of directors of company has decided to appoint Mr.

Dhiren Thakkar, Managing Director of the company as Chief Financial Officer of the company as all the financial transaction of the company are done by him only.

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: 5TH SEPTEMBER, 2018

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 31/03/2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- 1) CIN :- L15140GJ1992PLC017024
- 2) Registration date: 29/01/1992
- 3) Name of the Company : KANEL INDUSTRIES LIMITED
- 4) Category/ sub-category of the company: Company limited by shares/ Indian Non Government Company
- 5) Address of the registered office and contact details: 203/Abhijeet - 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 securities and registry private limited
23, Sarthik Complex Nr , Fun Republic Iscon Cross Road, Ahmedabad, Gujarat 380015

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SR. No.	Name and descriptions of main products / services	NIC Code of the Product / Service	% to Total turnover of the company
1	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-2017				No. of Shares held at the end of the year as on 31-March-2018				% Change during the year
	Demat	Physical	Total	% of total Share	Demat	Physical	Total	% of total Share	
A. Promoter's									
(1) Indian									
a) Individual/HUF	339216	0	339216	18.4	339216	0	339216	18.4	-
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	3.02	555904	0	555904	3.02	-
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)	394806	0	394806	21.4	394806	0	394806	21.4	-
(2) Foreign									
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	-
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)	394806	0	394806	21.4	394806	0	394806	21.4	-
B. Public Shareholding									
1.	0	0	0	0	0	0	0	0	-

Institutions									
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	0	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	0.01	-

2. Non-Institutions

a) Bodies Corp	997015	89101	108611	5.90	947161	89101	103626	5.62	-0.28
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	307823	53988	847707	46.0	649513	56262	121214	65.8	19.79
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	8	35	3	4	4	85	19	3	
c) Others (specify)	427338	24030	451368	24.5	917767	0	917767	4.98	-19.53
	1	0	1	1					
	100	0	100	0	0	0	0	0	-

Non Resident Indians	16375	0	16375	0.09	15865	0	15865	0.09	-
HUF Overseas	370930	0	370930	2.01	370862	1700	372562	2.02	0.01
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	400	0	400	0	-
Foreign Bodies	0	0	0	0	0	0	0	0	-
Sub-total	873603	55043	144642	78.5	874718	57170	144642	78.5	-
(B)(2):-	9	11	75	6	9	86	75	6	-
Total Public Shareholding	873613	55043	144643	78.5	874728	57170	144643	78.5	-
(B)=(B)(1)+(B)(2)	9	11	75	6	9	86	75	6	-
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	-
Grand Total (A+B+C)	12684204	5728236	18412440	0	12695354	5717086	18412440	0	-

ii) Shareholding of promoters

S N	Share holders Name	Shareholding at the beginning of the year			Share holding at the end of the year			%change in share holding during the year
		No. of Shares	%of total Shares of the compa ny	%of Shares Pledged / encumbe r ed to total shares	No. of Shares	%of total Shares of the compan y	%of Shares Pledged / encumber ed 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)

	Name of Shareholder	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	Jatin Balvantraai Parekh	306000	1.66	258513	1.40
4	Nalin R Johari	224670	1.22	224680	1.22
5	Kiritbhai Chaganbhai Patel	210000	1.14	210000	1.14
6	Radheshyam Rampal Lodh	204110	1.11	204110	1.11
7	Krupal Vikrambhai Patel	189212	1.03	190222	1.03
8	Raushina Kalpesh Patel	178765	0.97	178765	0.97
9	Chhaya Kishorkumar Bhatt	0	0	177093	0.96
10	Aditya Yogeshbhai Patel	175010	0.95	175010	0.95

(v) Shareholding of directors and key managerial personnel:

Sr. No.	Name of Director	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	Dhiren K Thakkar				
	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

INDEBTEDNESS:**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
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Indebtedness at the beginning of the financial year

i) Principal Amount	4,20,00,000	4,04,27,456.75	-	8,24,27,456.75
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4,20,00,000	4,04,27,456.75	-	8,24,27,456.75

Change in Indebtedness during the financial year

* Addition	-	1,00,27,567.30	-	1,00,27,567.30
* Reduction	(80,00,000)	-	-	(80,00,000)
Net Change	(80,00,000)	1,00,27,567.30	-	20,27,567.30

Indebtedness at the end of the financial year

i) Principal Amount	3,40,00,000	5,04,55,024.05	-	8,44,55,024.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3,40,00,000	5,04,55,024.05	-	8,44,55,024.05

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross salary	Mr. Dhiren Thakkar NIL	NIL
	(a) Salary as per provisions contained	NIL	NIL

in section 17(1) of the Income-tax Act, 1961

	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2	Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL
5	Total (A)	NIL	NIL

B. Remuneration to other directors:

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

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

SN.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO/CEO	Total
		NOT APPOINTED	NOT APPOINTED	
1	Gross salary	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL
	(b) Value of perquisites u/s	NIL	NIL	NIL

	17(2) Income-tax Act, 1961			
	(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 - as % of profit - others, specify...	NIL	NIL	NIL
5	Total (A)	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					

Place : Ahmedabad
Date : 5th September, 2018

For & On Behalf of the Board of Director of
Kanel Industries Limited
SD/-
(Dhiren K Thakkar)
Chairman & Managing Director
(DIN: 00610001)

FORM NO. MR-3
SECRETARIALAUDIT REPORT

FOR THE FINANCIALYEAR ENDED 31st MARCH, 2018

[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, 2018 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, 2018 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, 2017.
- 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 June, 2018

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 June, 2018**

**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 2018, the composition of the Board of Directors is shown as below. The Chairman is an executive Director and hence the composition of Independent Director is more than 50% comprising of non-executive independent directors.

BOARD MEETINGS: During the year under review, 6 Board Meetings were held on 18/04/2017, 30/05/2017, 04/09/2017, 14/09/2017, 14/11/2017 and 14/02/2018. 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 (30/09/2017)	No. of Other Directorship	Membership in the committee of other companies
Dhiren K Thakkar Chairman & MD	Promoter and Executive Director	6	YES	5	3
Jatin Vyas	Independent Director	6	YES	1	3
Asha Desai	Independent Director	6	YES	-	-

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.

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 MEETING
Board	6	18/04/2017 30/05/2017 04/09/2017 14/09/2017 14/11/2017 14/02/2018

Audit Committee Board	4	30/05/2017 14/09/2017 14/11/2017 14/02/2018
Stakeholders Relationship Committee	4	30/05/2017 14/09/2017 14/11/2017 14/02/2018
Nomination & Remuneration Committee	4	30/05/2017 14/09/2017 14/11/2017 14/02/2018

ATTENDANCE OF THE DIRECTORS IN VARIOUS MEETINGS:

S.No.	Name of Director	Board Meeting	ACB Meeting	Stakeholders Meeting	Remuneration Committee
1	Mr. Dhiren Thakkar	6	4	4	-
2	Mr. Jatin R Vyas	6	4	4	4
3	Ms. Asha Desai	6	4	4	4

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

S.No.	Date of AGM	Day	Time	Venue.
1	30/09/2015	Wednesday	10:00 A.M	203, 2 nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006
2	30/09/2016	Friday	9:30 A.M	203, 2 nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006
3	30/09/2017	Saturday	9:00 A.M	203, 2 nd 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 TRANSECTIONS

SCOPE AND PURPOSE OF POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and provisions of regulation 23 of SEBI(LODR) guidelines, our Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, provisions of regulation 23 of SEBI (LODR) guidelines require a company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, our Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, provisions of regulation 23 of SEBI(LODR) guidelines and any other laws and regulations as may be applicable to the Company.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a. Identification of related parties:

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and provisions of regulation 23 of SEBI(LODR) guidelines.

b. Identification of related party transactions:

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and provisions of regulation 23 of SEBI(LODR) guidelines.

DISCLOSURES

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

B. FAMILIARIZATION POLICY FOR INDEPENDENT DIRECTORS

PURPOSE AND OBJECTIVE OF THE POLICY

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

FAMILIARIZATION AND CONTINUING EDUCATION PROCESS

- The Company through its Managing Director / Executive Director / Key Managerial Personnel conducts programmes / presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company.
- Such programmes/presentations provide an opportunity to the Independent Directors to interact with the Senior Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.
- The programmes/presentations also familiarizes the Independent Directors with their roles, rights and responsibilities.
- When a new Independent Director comes on the Board of the Company, a meeting is arranged with the Chairperson, Managing Director, Chief Financial Officer to discuss the functioning of the Board and the nature of the operation of the Company's business activities.
- New Independent Directors are provided with copy of latest Annual Report, the Company's Code of Conduct, the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices, Schedule of upcoming Board and Committee meetings.
- The Company provides the Directors with the tours of company's facilities from time to time.
- A detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration and performance evaluation process, insurance cover, Tata Code of Conduct and obligations on disclosures, is issued for the acceptance of the Independent Directors.

C. RISK MANAGEMENT POLICY

LEGAL FRAMEWORK

Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the Company's activities. Risk management policy and processes will enable the Company to gain new opportunities.

BACKGROUND 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. VIGILMECHANISMPOLICY

LEGALFRAMEWORK

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 OFWOMEN ATWORK PLACE (POLICY WHERE MORE THAN 4WOMEN 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 2017-18 there were 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 were no penalties or strictures imposed on the Company by Stock Exchange or SEBI during the year under review.

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. 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.kanel.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 Depositories 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 31/03/2018 is 12695354 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 at Bombay Stock Exchange however its trading is suspended for more than a year and company is in process to revoke that suspension.

Name of Stock Exchange
Bombay Stock Exchange (BSE)

Trading Code
500236

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	Deliverable Quantity	% Deli. Qty to Traded Qty	Spread High-Low	Spread Close-Open
Apr-17	-	-	-	-	-	-	-	-	-	-	-
May-17	-	-	-	-	-	-	-	-	-	-	-
Jun-17	-	-	-	-	-	-	-	-	-	-	-
Jul-17	-	-	-	-	-	-	-	-	-	-	-
Aug-17	-	-	-	-	-	-	-	-	-	-	-
Sep-17	-	-	-	-	-	-	-	-	-	-	-
Oct-17	-	-	-	-	-	-	-	-	-	-	-
Nov-17	-	-	-	-	-	-	-	-	-	-	-
Dec-17	-	-	-	-	-	-	-	-	-	-	-
Jan-18	-	-	-	-	-	-	-	-	-	-	-
Feb-18	-	-	-	-	-	-	-	-	-	-	-
Mar-18	-	-	-	-	-	-	-	-	-	-	-

CATEGORY WISE HOLDING OF SHARES AS ON 31/03/2018

Category	No. of Shares	Percentage of Share Holding
Promoters	3948065	21.44
Financial Institutions	100	0.00
Bodies Corporate	1036262	5.63
Public (Indian)	13411748	72.84
NRI	15865	0.09
TRUST	400	0.00
Total	18412440	100.00

DISTRIBUTION OF SHAREHOLDING AS ON 31/03/2018

Share Holding		No. of Holder (s)		No. of Shares	
From	To	Folios	%	Shares	%
Less than	500	23040	89.46	4451173	24.17
501	1000	1750	6.80	1408067	7.65
1001	2000	487	1.89	749133	4.07
2001	3000	141	0.55	362070	1.97
3001	4000	65	0.25	237779	1.29
4001	5000	66	0.26	303180	1.65
5001	10000	93	0.36	652792	3.55
10001	Above	112	0.43	10248246	55.65
		25754	100.00	18412440	100.00

OTHER DETAILS:

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

BOOK CLOSURE DATES : 23rd September 2018 to
29th September 2018 (Both days inclusive)

REGISTRAR AND SHARE : Accurate Securities and Registry Private Limited
TRANSFER AGENT. 23, Sarthik Complex,
Iscon Cross Road, Satellite,
Ahmedabad – 380015.

ISIN NUMBER OF THE COMPANY: INE252C01015

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 2017-18.

Place : Ahmedabad

Date : 05th September, 2018

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

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 2018.

**For & On Behalf of the Board of Director of
Kanel Industries Limited
SD/-
(Dhiren K Thakkar)
Chairman & Managing Director
(DIN: 00610001)**

**Place : Ahmedabad
Date : 30th May, 2018**

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

We, Dhiren K Thakkar, Chairman of the Board of Directors and member of 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.

Place : Ahmedabad

Date : 05th September, 2018

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

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, 2018, 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 June, 2018

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



**SURESH I PATEL & CO.
CHARTERED ACCOUNTANTS**

**Suresh I Patel
B.Com., F.C.A.**

**Office : 402-403, M. V. House, Nr. Hajipura Garden, Opp. Hathesing's Wadi, O/s Delhi Darwaja,
Shahibaug Road, Ahmedabad-380004. Ph No. 079-25631869 E Mail: capatel402@gmail.com**

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, 2018 the Statement of Profit and Loss (including other comprehensive income), the statement of Changes in Equity and the Statement of 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. 76.00 lacs and from Non Related person Rs.24.21 Lacs during the financial year under audit. The Closing Balance at the yearend are Rs. 395.33 Lacs in case of related parties and firms and from key management person and Rs.449.22 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. 3.40 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. 11 to the financial Statements]*
- ii) 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. 05 to the financial Statements]**
- iii) 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]**
- iv) The Company has not deducted TDS from Professional fees paid / credited on sum of Rs 2.00 during the financial year under audit.
- v) After repealed of SICA Act, all matters pending with BIFR court abandoned and company is planning to approach NCLT as other alternative option to resolve the pending matters. Company got registered with Industries Commissionerate, Gujarat to declare the company as sick industrial enterprise to avail relief. Company is preparing DRS to repay the dues of secured creditors as well as statutory dues.

- vi) *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, on repeal of SICA, all matters pending with BIFR court cancelled and matters came to original status for the resolution, 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.*
- vii) *The company has not paid Listing Fees for Ahmedabad, Jaipur and Calcuttal stock exchange.*
- viii) *The company has not submitted quarterly compliances to the Exchange within the time as per the Regulations of SEBI (LODR),2015*
- ix) *The company has not appointed Company Secratery 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 **31/03/2018**
- (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
- (d) and the change in equity 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.9.13 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, 2018 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2018 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], BIFR matter is restated to original status on repeal of SICA Act, 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]

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,
SURESH I PATEL & CO.
CHARTERED ACCOUNTANTS
FRN : 117974

Sd/-
Suresh I Patel
Proprietor
M. NO. 104539

Date : 30/05/2018
Place: Ahmedabad



SURESH I PATEL & CO.
CHARTERED ACCOUNTANTS

Suresh I Patel
B.Com., F.C.A.

Office : 402-403, M. V. House, Nr. Hajipura Garden, Opp. Hathesing's Wadi, O/s Delhi Darwaja, Shahibaug Road, Ahmedabad-380004. Ph No. 079-25631869 E Mail: capatel402@gmail.com

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, 2018 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, 2018, 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 issues by the Institute of Chartered Accountants of India.

For,
SURESH I PATEL & CO.
CHARTERED ACCOUNTANTS
FRN : 117974

Sd/-
Suresh I Patel
Proprietor
M. NO. 104539

Date: 30/05/2018
Place: Ahmedabad



SURESH I PATEL & CO.
CHARTERED ACCOUNTANTS

Suresh I Patel
B.Com., F.C.A.

Office : 402-403, M. V. House, Nr. Hajipura Garden, Opp. Hathesing's Wadi, O/s Delhi Darwaja, Shahibaug Road, Ahmedabad-380004. Ph No. 079-25631869 E Mail: capatel402@gmail.com

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 2018

**To,
The Members of
KANDEL 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

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.

<i>SR. NO.</i>	<i>NATURE OF DUE</i>	<i>AMOUNT OUTSTANDING AS ON 31/03/2018 [Rs. In Lakhs] For more than 6 months</i>
<i>01</i>	<i>Income Tax</i>	<i>71.76</i>
<i>02</i>	<i>TDS Payable</i>	<i>1.05</i>
<i>03</i>	<i>Sales Tax</i>	<i>18.11</i>
<i>04</i>	<i>E.S.I.C.</i>	<i>0.88</i>
<i>05</i>	<i>FBT tax</i>	<i>0.06</i>
<i>06</i>	<i>Professional Tax</i>	<i>0.34</i>
<i>07</i>	<i>Municipal Tax</i>	<i>4.08</i>

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 but Rs.26.34 lacs paid during the year under audit against Outstanding Income tax liabilities. 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 2017-18, 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,

SURESH I PATEL & CO.

CHARTERED ACCOUNTANTS

FRN : 117974

Sd/-

Suresh I Patel

Proprietor

M. NO. 104539

Date: 30/05/2018

Place: Ahmedabad

Kanel Industries Ltd.
Balancesheet as at 31/03/2018

Sr No.	Particulars	Note No.	31-Mar-18	31-Mar-17	01-Apr-16
	ASSETS				
1	Non-Current Assets				
a)	Property, Plant and Equipment	3	8666430.73	9444552.73	10256279.00
b)	Capital Work in Progress		0.00	0.00	0.00
c)	Investment Property		0.00	0.00	0.00
d)	Goodwill		0.00	0.00	0.00
e)	Other Intangible Assets		0.00	0.00	0.00
f)	Intangible Assets		0.00	0.00	0.00
g)	Biological Assets other than Bearer Plants		0.00	0.00	0.00
h)	Financial Assets		0.00	0.00	0.00
(i)	Investments	4	5000.00	5000.00	5000.00
(ii)	Trade receivables	5	30515478.00	30515478.00	39378796.00
(iii)	Loans	6	3016862.29	2817428.29	2817428.29
i)	Deferred Tax Assets (net)		0.00	0.00	0.00
j)	Other Non-current Assets		0.00	0.00	0.00
2	Current Assets				
a)	Inventories	7	2209117.03	2113850.00	349564.79
b)	Financial Assets		0.00	0.00	0.00
(i)	Investments		0.00	0.00	0.00
(ii)	Trade Receivables	5	13846700.00	49186796.00	5592139.00
(iii)	Cash and cash equivalents	8	184730.38	234024.38	281014.38
(iv)	Bank Balances other than (iii) above	8	63136.42	29403.76	8950833.28
(v)	Loans	9	1948.40	1948.40	1948.40
(vi)	Others (to be specified)		0.00	0.00	0.00
c)	Current Tax Assets (Net)		0.00	0.00	0.00
d)	Other current assets		0.00	0.00	0.00
	TOTAL ASSETS		58509403.25	94348481.56	67633003.14
	EQUITY & LIABILITIES :				
	EQUITY:				
a)	Equity Share Capital	10A	184124400.00	184124400.00	184124400.00
b)	Other Equity	10B	245720221.41	244808578.73	228687658.50
C)					
	LIABILITIES:				
1)	Non Current Liabilities				

a)	Financial Liabilities		0.00	0.00	0.00
(i)	Borrowings	11	34000000.00	42000000.00	50000000.00
(ii)	Trade Payables		0.00	0.00	0.00
(iii)	Other financial liabilities (other than those specified in item (b), to be specified)		0.00	0.00	0.00
b)	Provisions		0.00	0.00	0.00
c)	Deferred Tax Liabilities		0.00	0.00	0.00
d)	Other non-current liabilities		0.00	0.00	0.00
2)	Current Liabilities				
a)	Financial Liabilities		0.00	0.00	0.00
(i)	Borrowings	12	50455024.05	40427456.75	30865624.75
(ii)	Trade Payables	13	16322292.00	58467511.13	16925039.07
(iii)	Other financial liabilities (other than those specified in item (c), to be specified)		0.00	0.00	0.00
b)	Other Current Liabilities	14	10253210.61	2480228.00	2635265.00
c)	Provisions	15	9074698.00	11657464.41	11770332.82
d)	Current Tax Liabilities (Net)		0.00	0.00	0.00
	TOTAL EQUITY AND LIABILITIES		58509403.25	94348481.56	67633003.14

The Notes referred to above form an integral part of the Balance Sheet.

As per our report of even date

For and On behalf of the Board

For, SURESH I PATEL & Co.

KANEL INDUSTRIES LIMITED

CHARTERED ACCOUNTANTS

FRN NO. 117974W

Sd/-

Sd/-

Sd/-

Suresh I Patel

DIRECTOR

DIRECTOR

Proprietor

Dhiren Thakkar

Jatin Vyas

M. No. 104539

Date : 30/05/2018

Date : 30/05/2018

Place: Ahmedabad

Place: Ahmedabad

Kanel Industries Ltd.
Profit and Loss Account for the Year ended on 31/03/2018

In (Rupees)

	Particulars	Note No.	1-Apr-2017 to 31-Mar-2018	1-Apr-2016 to 31-Mar-2017
I	Revenue from Operations	16	617243757.72	661396061.54
II	Other Income	17	384929.00	1074.00
III	TOTAL REVENUE (I + II)		617628686.72	661397135.54
IV	EXPENSES			
	Purchases of Stock-in-Trade	18	613658959.99	661645151.00
	Consumption of Packing Materials	19	1997046.48	667814.32
	Changes in Inventories	20	496024.46	-1788617.53
	Employee Benefit Expenses	21	323000.00	283000.00
	Depreciation and Amortization Expenses	22	778122.00	811726.33
	Other Expenses	23	1287176.47	15898981.65
	TOTAL EXPENSES		618540329.40	677518055.77
V	Profit before Exceptional and Extraordinary Items and Tax (III-IV)		-911642.68	-16120920.23
VI	Exceptional Items		-	-
VII	Profit before Extraordinary Items and Tax		-911642.68	-16120920.23
VIII	Extraordinary Items		-	-
IX	Profit Before Tax		-911642.68	-16120920.23
X	Tax Expense		-	-
	Current Tax		-	-
	Deferred Tax		-	-
XI	Profit/(Loss) for the period from Continuing Operations (IX-X)		-911642.68	-16120920.23
XII	Profit/(Loss) from Discontinuing Operations		-	-
XIII	Tax Expense of Discontinuing Operations		-	-
XIV	Profit/(Loss) from Discontinuing Operations (after tax) (XII-XIII)		-	-
XV	Profit(Loss) for the Period (XI+XIV)		-911642.68	-16120920.23
XVI	Earnings per Equity Share			
	-Basic		-0.05	-0.88
	-Diluted		-0.05	-0.88

The Notes referred to above form an integral part of the Balance Sheet.

As per our report of even date

For, SURESH I PATEL & Co.

CHARTERED ACCOUNTANTS

FRN NO. 117974W

Sd/-

Suresh I Patel

Proprietor

M. No. 104539

Date : 30/05/2018

Place: Ahmedabad

For and On behalf of the Board

KANEL INDUSTRIES LTD

Sd/-

Director

Dhiren Thakkar

Sd/-

Director

Jatin Vyas

Date : 30/05/2018

Place: Ahmedabad

**CASH FLOW STATEMENT, ANNEXURE TO BALANCE SHEET
FOR THE YEAR ENDED ON 31-03-2018
(PERSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)**

Particulars	2017-18	2016-17
1, Profit before Tax and extraordinary items	-911642	-16120920
Adjustments for :		
a) Depreciation	778122	811726.33
b) Financial Charges	0	0
c) Interest Received	0	0
d) Income from Kasar - Vatav & other income		
e) Bad debt provision		
OPERATING PROFIT [Loss] BEFORE WORKING CAPITAL CHARGES	-133520	-15309193.67
Adjustment for :		
a) Trade and Other Receivables	46078191.65	-36530164
b) Inventories	-95267.03	-1764285
c) Trade Payable & Other Liabilities	-47882532.58	43073389.59
d) Decrease in deposits/advances	0	0
CASH GENERATED FROM OPERATIONS	-2033127.96	-10530253.08
Income Tax Paid	0	0
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	-2033127.96	-10530253.08
Extra Ordinary Items	0	0
NET CASH FLOW FROM OPERATING ACTIVITIESA	-2033127.96	-10530253.08
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	-8000000
b)(Decrease)Increase in Unsecure loan	10027567.3	9551832.25
c) Interest Paid		
d) Interest received		0

NET CASH USED IN INVESTMENT ACTIVITIES.....C	2027567.3	1551832.25
NET INCREASE(DECREASE) IN CASH (A+B+C)	-5560.66	-8978420.83
Opening Balance of Cash & Cash Equivalents	253428.14	9231848
Closing Balance of Cash & Cash Equivalents	247867.48	253428.14

- Note: 1 Figures for the previous year have been regrouped/restated wherever material
2 All figures " - " indicates outflow.
3 The above cash flow statement has been prepared under the ' Indirect Method ' as set out in Accounting Standard 3 on Cash Flow statement" issued by the ICAI.
4. Closing Cash and Cash equivalents are Rs. 247867

As per our report of even date

For

SURESH I PATEL & Co.
CHARTERED ACCOUNTANTS
FRN NO. 117974W
Sd/-
Suresh I Patel
Proprietor
M. No. 104539
Date : 30/05/2018
Place: Ahmedabad

**SURESH I PATEL & CO.
CHARTERED ACCOUNTANTS**

Office : 402-403, M. V. House, Nr. Hajipura Garden, Opp. Hathesing's Wadi, O/s Delhi Darwaja, Shahibaug Road,
Ahmedabad-380004. Ph No. 079-25631869 E Mail: capatel402@gmail.com

AUDITOR'S CERTIFICATE

To,
Board of Directors,
Kanel Industries Limited
203, Abhijeet - 1,
Nr. Mithakhali Six Roads,
Ellisbridge,
Ahmedabad - 380006.

We have examined the above Cash Flow Statement of Kanel Industries Limited for the year ended on 31st March,2018
The Statements has been prepared by the company in accordance with the requirements of the Listing Agreement's
[clauses 32 with]the stock exchange and is based on and is in agreement with the corresponding Profit & Loss account
and Balance sheet of the company covered by report on 30/05/2018 to the members of the company.

As per our report attached of even date,

For, SURESH I PATEL & Co.

CHARTERED ACCOUNTANTS

FRN NO. 117974W

Sd/-

Suresh I Patel

Proprietor

M. No. 104539

Date : 30/05/2018

Place: Ahmedabad

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

		No. of Shares	in Rupees
a	Equity Share Capital:		
	Equity Shares of 10/- each, Issued, Subscribed and Fully Paid-up:	18412440	184124400
	As at April 1, 2016		
	Add: Equity Shares allotted through Right Issue	0	0
	Add: Equity Shares allotted under Scheme of Arrangement u/s 391 to 394 of Companies Act, 1956	0	0
	As at March 31, 2017	18,412,440	184,124,400
	As at March 31, 2018	18,412,440	184,124,400

b	Other Equity:	Capital Reserve		Retained Earnings		Other Comprehensive Income				Total	
		2017-18	2016-17	2017-18	2016-17	2017-18		2016-17		2017-18	2016-17
	Balance at the beginning of the year	0	0	(244,808,579)	(228,687,659)					(244,808,579)	(228,687,659)
	Add: Profit for the year	0	0	(911,642)	(16,120,920)					(911,642)	(16,120,920)
	Add/(Less) Adjusted upon sale/retirement of Asset held for sale	0	0	0	0	0	0	0	0	0	0
	Other Comprehensive Income for the year	0	0	0	0	0	0	0	0	0	0
	Less:									0	0
	Capital Redemption Reserve - I	0	0	0	0	0	0	0	0	0	0
	Capital Redemption Reserve - II	0	0	0	0	0	0	0	0	0	0
	Securities Premium Account	0	0	0	0	0	0	0	0	0	0
	Debenture Redemption Reserve	0	0	0	0	0	0	0	0	0	0
	Reconstruction Reserve	0	0	0	0	0	0	0	0	0	0
	Business Reconstruction Reserve	0	0	0	0	0	0	0	0	0	0
	Balance at	0	0	(245,720)	(244,808)	0	0	0	0	(245,720,221)	(244,808,

the end of the year			,221)	,579))	579)
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Notes : There is no reserve specifically represented by earmarked investments which can be termed as fund

as per our report of the even date

For,

For, SURESH I PATEL & Co.

CHARTERED ACCOUNTANTS

FRN NO. 117974W

Suresh I Patel

Proprietor

M. No. 104539

Date : 30/05/2018

Place: Ahmedabad

For and On behalf of the Board

KANEL INDUSTRIES LTD

DIRECTOR

Dhiren Thakkar

DIRECTOR

Jatin Vyas

Date : 30/05/2018

Place: Ahmedabad

KANEL INDUSTRIES LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

CORPORATE INFORMATION

KANEL INDUSTRIES LIMITED (“the Company”) is a public limited company, incorporated and domiciled in India

having its registered office at **203/Abhijeet – 1 Buildings, Near Mithakhali six Road, Ellisbridge, Ahmedabad 380006**, Gujarat State India.

The equity shares of the Company are listed on BSE Limited. The Company is primarily engaged in the business of Trading of Cotton / Ground nut seeds / castor seeds and Oil.

NOTE – 1

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (“the Act”) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities and land and building, which are measured at fair value. The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under section 133 of the Act read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (“Indian GAAP”) and the relevant provisions of the Act as applicable. These financial statements are the first financial statements of the Company under Ind AS. Refer to note 3 for information on first time adoption of Ind AS.

Current Assets do not include elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

(ii) Fair value measurement

The Company’s accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(iii) Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises sale of Oil & seeds.

Revenue is recognized from rent income are determinable and collectability is reasonably certain.

(iv) Property, Plant and Equipment:

Recognition and measurement:

Items of property, plant and equipment, Land and Building are measured at cost less accumulated depreciation and impairment, if any. The cost of property, plant and equipment includes purchase price, including freight, duties, taxes and expenses incidental to acquisition and installation. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Property, plant and equipment are derecognized from financial statements, either on disposal or when no economic benefits are expected from its use or disposal. The gain or losses arising from disposal of property, plant and equipment are recognized in the Statement of Profit and Loss in the year of occurrence.

Subsequent expenditures:

Subsequent expenditures related to an item of property, plant and equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company and cost can be reliably measured. All other repair and maintenance costs are recognized in the Statement of Profit and Loss during the year in which they are incurred.

Depreciation:

Depreciation is provided on all property, plant and equipment on straight-line method in the manner and useful life prescribed in Schedule II of the Companies Act, 2013. Depreciation on additions/deletion is provided on pro-rata basis with reference to the date of addition/deletion as the case may be.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 01 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment. Company has adopted cost model for all class of items of Property Plant and Equipment.

(v) Impairment of Non-Financial Assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset except 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.9.13 lacs less residual. In absence of technical report for fair value of assets, carrying amount of the assets shown at book value less depreciation.

If at the Balance Sheet date there is any indication that any impairment loss recognized for an asset in prior years may no longer exist or may have decreased, the recoverable amount is reassessed and such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

(vi) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial Assets

Initial recognition and measurement

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, if any.

Subsequent measurement

For the purpose of subsequent measurement, the financial assets are classified as under:

i) Financial assets at amortised cost

A financial asset is measured at the amortised cost, if both the following conditions are met:

l The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

l Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. Interest income from these financial assets is included in other income using the EIR in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are classified as FVTOCI, if both of the following criteria are met:

l These assets are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets; and

l Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Fair value movements are recognised in the other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income and foreign exchange gains or losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to Profit or Loss and recognised in other income/(loss).

iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is recognized in profit or loss and presented net in the Statement of Profit and Loss within other income in the period in which it arises.

iv) Impairment of financial assets

The Company applies 'simplified approach' for recognition of impairment loss on financial assets for loans, deposits and trade receivables.

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime Expected Credit Loss at each reporting date, right from its initial recognition.

De-recognition

A financial asset is derecognized when:

l the rights to receive cash flows from the assets have expired or

l the Company has transferred substantially all the risk and rewards of the asset, or

l the Company has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

Financial Liabilities

l Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost.

l Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. For trade and other payables maturing within operating cycle, the carrying amounts approximate the fair value due to short maturity of these instruments.

l Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using Effective Interest Rate (EIR) method. Gain and losses are recognized in the Statement of Profit and Loss when the liabilities are derecognized.

Amortised cost is calculated by taking into account any discount or premium on acquisition and transaction costs. The EIR amortization is included as finance costs in the Statement of Profit and Loss, if any.

1 Derecognition

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

1 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reflected in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(vii) Inventories:

Stock of Oil of seeds and Loose seeds are carried at the lower of cost or net realisable

value. Cost includes the fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

(viii) Taxes:

The tax expense comprises current and deferred tax. Tax is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or in OCI.

i. Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

ii. Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amount used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws. The company has not complied with AS 22 accounting for taxes on income since the company has not filed Income tax return from FY 2008-09 onwards and no provision for DT/DA done in absence of taxation information from the management.

(ix) Employee benefits:

Short term employee benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services.

Defined contribution plans:

The Company's contribution to Provident Fund, Pension, Superannuation and Employees State Insurance Contribution are considered as defined contribution plans, as the Company does not carry any further obligations apart from the contribution made to the respective fund/scheme and are charged as an expense based on the amount of contribution required to be made, if any.

(x) Borrowing Costs:

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense in the period in which these are incurred.

(xi) Cash and Cash Equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand, demand deposit and shortterm deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(xii) Provisions & Contingent Liabilities:

The Company recognizes a provision when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when there is a possible obligation arising from past

events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(xiii) Earnings per share

Basic earnings per share is calculated by dividing the net profit / (loss) for the year attributable to the equity shareholders by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed at each reporting date. Any revision to accounting estimates and assumptions are recognised prospectively i.e. recognised in the period in which the estimate is revised and future periods affected.

i. Fair value measurement of financial instruments

When the fair values of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market prices in active markets, their fair value is measured using valuation techniques.

The inputs to these models are taken from the observable market, where possible, but where this is not feasible, a review of judgement is required in establishing fair values. Changes in assumptions relating to these assumptions could affect the fair value of financial instruments.

3. FIRST TIME ADOPTION OF IND AS

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet as at April 01, 2016 (the Company's date of transition to Ind AS). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and other relevant provisions of the Act ("Indian GAAP" or "previous GAAP"). The effects of the transition to Ind AS on equity, total comprehensive income and reported cash flows are presented in this section and are further explained in the following notes.

Ind AS 101 allows first-time adopters certain exemptions/exceptions from the retrospective application of certain requirements under Ind AS. In preparing these financial statements, the Company has applied the following exemptions:

Ind AS Optional Exemptions:

Deemed cost for property, plant and equipment

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value and use that as its deemed cost as at the date of transition (April 01, 2016).

Reconciliation

The following reconciliations provide the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101:

Reconciliation of total equity as at March 31, 2017 and April 1, 2016

	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)	As at April 01, 2016 (Date of transition)
Total equity under previous GAAP		18412440	18412440
Total adjustments to equity		0	0
Total Equity under Ind		18412440	18412440

Reconciliation of total comprehensive income for the year ended March 31, 2017

	Notes	Year ended March 31, 2017 (latest period presented under previous GAAP)
Profit as per previous GAAP		(-) 16120920
Adjustments:		
Other income		
Total effect of transition to Ind AS		
Profit for the year as per Ind AS		(-) 16120920
Other comprehensive income for the year (net of tax)		
Total comprehensive income for the year under Ind AS		(-) 16120920

Impact of Ind AS adoption on the Statement of Cash Flow for the year ended March 31, 2017

There were no material differences between the Cash Flow Statement presented under Ind AS and the previous GAAP.

NOTE-2 Notes to and forming part of Balance Sheet 2017-18

10A. Share Capital

10A. 1 Authorized, Issued, Subscribed and Paid-up share capital

**In
(Rupees)**

Particulars	2017-18		2016-17	
	Number of Shares	Amount	Number of Shares	Amount
Authorised Share Capital				
Equity Shares of Rs. 10.00 each	20000000	200000000	20000000	200000000
Total	20000000	200000000	20000000	200000000
		0		0
Issued Share Capital				
Equity Shares of Rs. 10.00 each	18412440	184124400	18412440	184124400
Total	18412440	184124400	18412440	184124400
		0		0
Subscribed and fully paid				
Equity Shares of Rs. 10.00 each	18412440	184124400	18412440	184124400
Total	18412440	184124400	18412440	184124400
		0		0
Total	18412440	184124400	18412440	184124400
		0		0

10A . 2 Reconciliation of share capital

Particulars	2017-18		2016-17	
	Number of Shares	Amount	Number of Shares	Amount
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

10A. 3 Shares in the company held by other company

Particulars	2017-18		2016-17	
	Number of Shares	Amount	Number of Shares	Amount

Equity Shares				
TJR SONS LIMITED Associate.	555904	5559040	555904	5559040

Notes to Financial Statements

NOTE: 3- Property, Plant & Equipments

	Tangible Assets								Intangible Assets	
	Freehold Land	Factory Building	Office Building	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total	Computer Software	Total
Gross block:										
As at April 1, 2016*	379718 3	17777 122	4408 230	17984 436	626411 2	0 0	14209 15	51651 998	0	0
Additions	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0	0
As at March 31,2017	379718 83	17777 7122	4408 230	17984 436	626411 12	0	14209 15	51651 1998	0	0
Additions	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0	0
As at March 31,2018	379718 83	17777 7122	4408 230	17984 436	626411 12	0	14209 15	51651 1998	0	0
Depreciation, Amortization and Impairment:								0		0
As at April 1, 2016*	0	14769 716	2588 378	16613 800	606537 5	0	13584 50	41395 719	0	0
Depreciation Provided/ Amortization for the year	0	34737 8	1355 97	22844 0	66245 0	0	34066	81172 6	0	0
Disposals	0	0	0	0	0	0	0	0	0	0
As at March 31,2017	0	1511 7094	2723 975	16842 240	61316 20	0	13925 16	4220 7445	0	0
Depreciation Provided/ Amortization for the year	0	34737 8	1355 97	22844 0	66245 0	0	462	77812 2	0	0
Disposals	0	0	0	0	0	0	0	0	0	0
As at March 31,2018	0	1546 4472	2859 572	17070 680	61978 65	0	13929 78	4298 5567	0	0
Net Block:								0		0
As at April 1, 2016*	379718 3	30074 06	1819 852	13706 36	198737	0	62465	10256 279	0	0
As at March 31,2017	379718 3	26600 28	1684 255	11421 96	132492	0	28399	94445 53	0	0
As at March 31,2018	379718 83	2312 650	1548 658	91375 6	66247	0	27937	8666 431	0	0

	Rs. In Lakhs	
	Year ended March 31,	
	2018	2017
Depreciation, Amortization, and Impairment Expenses:		
Depreciation	7781	8117
	22	26
Total		

* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of the better understanding of the original cost of assets.

Particulars	2017-18		2016-17	
	Number of Shares	% of Holding	Number of Shares	% of Holding
HITESH K THAKKAR	1024550	5.56	1024550	5.56
DHIREN K THAKKAR	1884962	10.24	1884962	10.24

10B . Reserves and Surplus

In (Rupees)

Particulars	as at 31-Mar-2018	as at 31-Mar-2017	as at 01-Apr-2016
Other Reserves	194859100.00	194859100.00	194859100.00
Opening balance	194859100.00	194859100.00	194859100.00
Closing balance	194859100.00	194859100.00	194859100.00
Surplus	-440579321.41	-439667678.73	-423546758.50
Opening Balance	-439667678.73	-423546758.50	-421551008.05
(+) Net profit/(Net loss) for the Current Year	-911642.68	-16120920.23	-1995750.45
(+) Profit & Loss A/c (2017-18)	911642.68	0.00	1995750.00
(+) Profit & Loss A/c (2016-17)	0.00	16120920.23	0.00
Closing balance	-440579321.41	-439667678.73	-423546758.50
Total	-245720221.41	-244808578.73	-228687658.50

Notes : There is no reserve specifically represented by earmarked investments which can be termed as fund

4. Non-Current Investments

Particulars	as at 31-Mar-2018	as at 31-Mar-2017	as at 01-Apr-2016
Ahmedabad Commodity Exchange Ltd Shares	5000.00	5000.00	5000.00
Total	5000.00	5000.00	5000.00

5. Sundry Debtors

In (Rupees)

Particulars	as at 31-Mar-2018	as at 31-Mar-2017	as at 01-Apr-2016
Outstanding for less than 6 months from the due date	10213788.00	49186796.00	5592139.00
Unsecured, considered good	10213788.00	49186796.00	5592139.00
Unsecured, considered doubtful	0.00	0.00	0.00
Outstanding for more than 6 months from the due date	34148390.00	30515478.00	39378796.00
Unsecured, considered good	3632912.00	0.00	972596.00
Unsecured, considered doubtful	30515478.00	30515478.00	38406200.00
Total	44362178.00	79702274.00	44970935.00

6. Long term Loans and Advances

In (Rupees)

Particulars	as at 31-Mar-2018	as at 31-Mar-2017	as at 01-Apr-2016
Security Deposits	32715.00	32715.00	532715.00
Secured, considered good	27715.00	27715.00	27715.00
Unsecured, considered good	5000.00	5000.00	505000.00
Advance Income Tax (net of provisions)	614713.29	614713.29	614713.29
Unsecured, considered good	614713.29	614713.29	614713.29
Balances with Government Authorities	2369434.00	2170000.00	1670000.00
Unsecured, considered good	2170000.00	2170000.00	1670000.00
GST AND VAT BALANCE	199434.00	0.00	0.00
Total	3016862.29	2817428.29	2817428.29

7. Inventories

In (Rupees)

Particulars	as at 31-Mar-2018	as at 31-Mar-2017	as at 01-Apr-2016
Stock-in-trade	1292593.07	1788617.53	349565.79

Packing Material Stock	916523.96	325232.47	0.00
Total	2209117.03	2113850.00	349564.79

8 . Cash and Bank Balance

In (Rupees)

Particulars	as at 31-Mar-2018	as at 31-Mar-2017	as at 01-Apr-2016
Balances with banks	63136.42	29403.76	20623.76
Earmarked Balances	63136.42	29403.76	20623.76
Cash on hand	184730.38	234024.38	281014.38
Others	0.00	0.00	8930209.52
Total	247866.80	263428.14	9231847.66

9 . Loans and Advances

In (Rupees)

Particulars	as at 31-Mar-2018	as at 31-Mar-2017	as at 01-Apr-2016
Other Loans and Advances	1948.40	1948.40	1948.40
Unsecured, considered doubtful	1948.40	1948.40	1948.40
Total	1948.40	1948.40	1948.40

11 . Long-Term Borrowings

In (Rupees)

Particulars	as at 31-Mar-2018	as at 31-Mar-2017	as at 01-Apr-2016
Secured	34000000.00	42000000.00	50000000.00
Other Loans and Advances	34000000.00	42000000.00	50000000.00
<i>Adani Enterprises Ltd.</i>	<i>34000000.00</i>	<i>42000000.00</i>	<i>50000000.00</i>
Total	34000000.00	42000000.00	50000000.00

Notes:

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

Inter Corporate loan from Adani Enterprise Ltd of Rs.3.40 Crore[Previous Year Rs. 4.20 Crore] is secured by Equitable Mortgage of plot no. 213,214/2&3 in the Naroda Industrial Estate consisting Revenue S No. 174p & 175 / part within the village limit of muthia, dist-Ahmedabad. AND Unit No.101 & 102 of TJR house , Mithakhali , Ahmedabad AND office no. 203 of Abhijit , Mithakhali, Ahmedabad and personal properties of Directors and their relatives. No repayment terms and rate of interest mentioned in mortgage deed and no other loan agreement made. No charge created for the mortgage of property with ROC, Ahmedabad.

12. Short Term Borrowings

In (Rupees)

Particulars	as at 31-Mar-	as at 31-Mar-	as at 01-Apr-

	2018	2017	2016
Unsecured	50455024.05	40427456.75	30865624.75
Loans repayable on demand	4921813.00	2500919.00	2350000.00
From other parties	4921813.00	2500919.00	2350000.00
<i>Kadam Exports Pvt. Ltd.</i>	<i>850000.00</i>	<i>850000.00</i>	<i>850000.00</i>
<i>Tushar N Shah</i>	<i>4071813.00</i>	<i>1650919.00</i>	<i>1500000.00</i>
Loans and advances from related parties	45533211.05	37926537.75	28515624.75
<i>Dhiren K. Thakkar</i>	<i>8747290.30</i>	<i>5155617.00</i>	<i>3744704.00</i>
<i>Hitesh K Thakkar</i>	<i>6015000.00</i>	<i>2000000.00</i>	<i>0.00</i>
<i>Kanaiyalal J Thakkar (H U F)</i>	<i>7500000.00</i>	<i>7500000.00</i>	<i>7500000.00</i>
<i>Monika H Thakkar</i>	<i>2000000.00</i>	<i>2000000.00</i>	<i>0.00</i>
<i>Neelaben K Thakkar</i>	<i>4000000.00</i>	<i>4000000.00</i>	<i>0.00</i>
<i>T.J.R. Finance Ltd.</i>	<i>5471100.00</i>	<i>5471100.00</i>	<i>5471100.00</i>
<i>TJR Sons Ltd.</i>	<i>11799820.75</i>	<i>11799820.75</i>	<i>11799820.75</i>
Total	50455024.05	40427456.75	30865624.75

Notes: The company has not provided interest on Unsecured Loan.

13 . Trade Payables

In (Rupees)

Particulars	as at 31-Mar-2018	as at 31-Mar-2017	as at 01-Apr-2016
Others	16322292.00	58467511.13	16925039.13
Total	16322292.00	58467511.13	16925039.13

Note: The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures regarding the following matters as required under Section 22 of MSMED Act, 2006 have not been given:

- Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;
- Interest paid during the year;
- Amount of payment made to the supplier beyond the appointed day during accounting year;
- Interest due and payable for the period of delay in making payment;
- Interest accrued and unpaid at the end of the accounting year; and
- Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise;

The Company is making efforts to get the details.

14 . Other Current Liabilities

In (Rupees)

Particulars	as at 31-Mar-2018	as at 31-Mar-2017	as at 01-Apr-2016
Other Payables	10253210.45	2480228.00	2635265.00
Total	10253210.45	2480228.00	2635265.00

15 . Short-Term Provisions

In (Rupees)

Particulars	as at 31-Mar-2018	as at 31-Mar-2017	as at 01-Apr-2016
Others	9074698.00	11657464.41	11770332.82
Total	9074698.00	11657464.41	11770332.82

Notes to and forming part of Statement of Profit and Loss for the year ended 31-Mar-2018**16 . Revenue from Operations**

In (Rupees)

Particulars	1-Apr-2017 to 31-Mar-2018	1-Apr-2016 to 31-Mar-2017
Sale of Products	617243757.72	661396061.54
Total	617243757.72	661396061.54

17 . Other income

In (Rupees)

Particulars	1-Apr-2017 to 31-Mar-2018	1-Apr-2016 to 31-Mar-2017
Other Non-Operating Income	384929.00	1074.00
Total	384929.00	1074.00

18. Purchases of Stock-in-Trade

In (Rupees)

Particulars	1-Apr-2017 to 31-Mar-2018	1-Apr-2016 to 31-Mar-2017
Castor Seed Pur.	72240000.00	27159730.00
Ground Nut Loose Pur.	6470413.71	2367116.50
Ref. Cotton Oil Pur.	119342884.11	605399180.50
Refine Cotton Oil Pur	318142009.99	4791038.00
Refined Palmolein Oil Pur.	28269402.68	21928086.00
Ref. Soya Oil Purchase	68525003.43	0.00

Sun Flower Oil Purchase	669246.07	0.00
Total	613658959.99	661645151.00

19. Consumption of Packing Materials

In (Rupees)

Particulars	1-Apr-2017 to 31-Mar-2018	1-Apr-2016 to 31-Mar-2017
Opp. Stock	325232.47	349564.79
Purchase	2588337.97	643482.00
Total.....	2913570.44	993046.79
Less ; Closing Stock	916523.96	325232.47
Consumption of Packing Materials	1997046.48	667814.32

20 . Changes in Inventories

In (Rupees)

Particulars	1-Apr-2017 to 31-Mar-2018	1-Apr-2016 to 31-Mar-2017
Stock-in-Trade	496024.46	-1788617.53
-Opening Balance	1788617.53	0.00
Less : Closing Balance	1292593.07	1788617.53
Total	496024.46	-1788617.53

21 . Employee Benefit Expenses

In (Rupees)

Particulars	1-Apr-2017 to 31-Mar-2018	1-Apr-2016 to 31-Mar-2017
Salaries and Wages	323000.00	283000.00
Total	323000.00	283000.00

22 . Depreciation and Amortization Expenses

In (Rupees)

Particulars	1-Apr-2017 to 31-Mar-2018	1-Apr-2016 to 31-Mar-2017
Depreciation	778122.00	811726.33
Total	778122.00	811726.33

23 . Other Expenses

In (Rupees)

Particulars	1-Apr-2017 to 31-Mar-2018	1-Apr-2016 to 31-Mar-2017
Payment to Auditors	90000.00	90000.00
As Auditor	90000.00	90000.00
Repairs to buildings	1725.00	10795.00
Rates and taxes (excluding taxes on income)	135722.00	210625.00
Miscellaneous expenses	1059729.47	15587561.65
Total	1287176.47	15898981.65

24. The figures of the previous year have been regrouped, rearranged and changed wherever necessary so as to make them comparable with the current year.
25. The information's / details are as per the books maintained and determined and information compiled and furnished on the computer.
26. 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.
27. 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, 2018, 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.
28. 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.
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. By the time Company starts manufacturing activities, company is doing trading activities and packing of edible oil and selling to the market.
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 2017-18 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. GST returns filing compliances are met timely. Only the earlier years return filing is little bit difficult and in search of proper consultant to manage the pending matters.

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 withdrawn "Vandha Arajee" filed against Municipal Tax Department accepted the tax liability as revised by AMC, accounting effect given in book and excess liability credited to Profit and Loss account consequently.
- (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, 2018	Year ended 31 st March, 2017
1	Net Profit [Loss] (Rs. In Lacs)	(-)9.12	(-)161.21
2	Weighted Average Number of Shares	18412440	18412440
3	Basic/ Diluted EPS (Rs.) (on nominal value of Rs. 10 per share)	(-)0.05	(-)0.88

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

40. Related Party transactions:

Sr. No.	Nature of Relationship	Name of Related Parties
---------	------------------------	-------------------------

1.	Associate Companies/Enterprise	TJR Sons Ltd. TJR Finance Ltd. 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

[Rs. In Lakhs]

	Directors Remuner ation	Sales	Purchase	Loan Given	Loan Take n	Closing balance as on	
						31/03/20 18	31/03/20 17
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Key Management	0.00	0.00	0.00	0.00	34.0 4	87.47	0.00
Associates Firms / Company	0.00	2610.0 7	3668.89	2301. 94	782. 33	265.46	727.01
Relatives of Key Management	0.00	0.00	0.00	0.00	0.15	120.15	80.00

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.

KANEL INDUSTRIES LIMITED

CIN: L15140GJ1992PLC017024 E-mail: koeil@yahoo.com

ATTENDANCE SLIP

I Shri/Smt. _____ of _____ being a member/ proxy of Kanel Industries Limited do hereby record my presence at the 26th Annual General Meeting of the members of the Company to be held on Saturday the 29th September, 2018 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)

(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over at the entrance of the Meeting Hall)

-----Please tear here-----

KANEL INDUSTRIES LIMITED

CIN: L15140GJ1992PLC017024 E-mail: koeil@yahoo.com

**PROXY FORM
Form No. MGT11**

[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.

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

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

1. Name: _____
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 26th Annual general meeting of the company, to be held on the Saturday, 29th September, 2018 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.	Resolution	Vote (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Businesses				
1.	To Receive, Consider, Approve and Adopt the Audited Statement of Accounts i.e. The Audited Balance Sheet as at 31st March, 2018 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 appoint M/s. Bhagat & CO., Chartered Accountant, Ahmedabad (FRN: 127250W), as Statutory Auditors of the Company and to fix their remuneration.			

Special Business

4. To Re-appoint Mr. Dhiren K Thakkar (DIN 00610001) as Managing Director

Signed this..... Day of..... 2018

Signature of shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp of Rs. 1/-

Note:

1. 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.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the share capital of the company carrying rights a member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person a proxy and such person shall not act as a proxy for any other person or shareholder.
4. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
5. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.