

REPORT ON CORPORATE GOVERNANCE 2013-14

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 2014, the composition of the Board of Directors is shown as below. The Chairman is a non-executive Director and hence the composition of Independent Director is more than 50% comprising of non-executive independent directors.

BOARD MEETINGS:

During the year under review, 5 Board Meetings were held on 1st May, 2013, 30th July, 2013, 2nd September, 2013; 28th September, 2013; 28th October, 2013; 22nd January, 2014. 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 (28/09/2013)	No. of Other Director-ship	Membership in the committee of other companies	
					Member-ship	Chair-manship
Dhiren K Thakkar Chairman & MD	Promoter Director	5	Yes	3	2	Nil
Kiritbhai C Patel	Director	3	Yes	2	Nil	Nil
Aditya Y Patel	Director	5	Yes	0	Nil	Nil
Vinodchandra Pandya	Director	3	Yes	3	Nil	2
Yogesh R Patel	Director	4	Yes	0	Nil	Nil

COMPOSITION OF COMMITTEES :

- A. **Audit Committee:** Brief description of the terms of reference for a qualified and independent audit committee has been set up by the board. The terms of reference of the Audit Committee include;
- Review of quarterly and half yearly financial results with the management and the statutory auditors;
 - Review with the management and statutory auditors of the annual financial statements before submission to the Board;
 - Review with the management, statutory auditors and the internal auditors about the nature and scope of audits and of the adequacy of internal control system;
 - Consideration of the reports of the internal auditors and discussion about their findings with the management and suggesting corrective actions wherever necessary;
 - Review of the financial report process and disclosure of financial information;
 - Review of the adequacy of the internal audit function;
 - Look into the reasons for any substantial defaults in payments to the depositors, shareholders, creditors, if any;
 - Recommending the appointment and removal of External Auditors, fixation of audit fees and approval for payment for any other services;
 - Authority to investigate into any matter covered by section 292A of the Company Act, 1956;
 - Reviewing the Company's financial and risk management policies;

COMPOSITION, NAME OF MEMBERS AND CHAIRMAN :

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

FUNCTIONS OF AUDIT COMMITTEE :

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

B. INVESTOR GRIEVANCE COMMITTEE :

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

FUNCTIONS OF INVESTORS SERVICE COMMITTEE :

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

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

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

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

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

C. REMUNERATION COMMITTEE :

The Company has only one Managing Director Mr. Dhiren K Thakkar. He was not withdrawing any Managerial Remuneration from the Company. However, now the Company has framed within the company a Remuneration Committee which is the same as the Audit Committee. There was only one meeting held during the year of the remuneration committee on 31st May, 2014. The Committee had reviewed the proposal for re-appointment of Mr. Dhiren K Thakkar as Managing Director of the Company for a further period of 3 years. The Committee, had after considering the financial position of the company, the current economic conditions of the country, inflationary trends, the past performance of Mr. Dhiren K Thakkar as Managing Director, and all other relevant parameters, had recommended for his re-appointment as Managing Director for a further period of 3 years without any managerial remuneration. The Board has recommended to pass necessary resolution at the General Meeting in this regard by the members.

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

Number of Board and Committees Meetings Held During the Year :

NAME OF COMMITTEE	NO. OF MEETING HELD	Dates of Board Meeting/ Committee Meetings
Board	5	1st May, 2013, 30th July, 2013 2nd September, 2013; 28th September, 2013; 28th October, 2013; 22nd January, 2014
Audit Committee of Board	4	1st May, 2013, 30th July, 2013 28th October, 2013; 22nd January, 2014
Investors Grievance Committee	12	27th April, 2013; 21st May, 2013; 29th June, 2013; 25th July, 2013; 28th August, 2013; 26th September, 2013; 30th October, 2013; 29th November, 2013; 27th December, 2013; 22nd January, 2014; 26th February, 2014; 20th March, 2014

ATTENDANCE OF THE DIRECTORS IN VARIOUS MEETINGS :

S.No.	Name of Director	Board Meeting	ACB Meeting	IGCB Meeting
1	Mr. Dhiren K Thakkar	5	4	12
2	Mr. Vinodchandra K Pandya	3	4	-
3	Mr. Aditya Y Patel	5	0	10
4	Mr. Kiritbhai C Patel	3	2	-
5	Mr. Yogeshbhai R Patel	4	4	9

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

S.No.	Date of AGM	Day	Time	Venue
1	30/09/2010	Thursday	11.00AM	203, 2nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006
2	30/09/2011	Friday	10.00AM	203, 2nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006
3	29/09/2012	Saturday	10.00AM	203, 2nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006
4	28/09/2013	Saturday	10.00AM	203, 2nd floor, Abhijeet-1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380 006

PASSING OF THE RESOLUTION BY POSTAL BALLOT SYSTEM:

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

MANAGEMENT DISCUSSION AND ANALYSIS

A) PRESENT STRENGTH OF THE COMPANY:

The company has tied up with a 50 years old strong edible oil brand 'DHARTI BRAND' for branding of various edible oils. Various Edible oils under this strong, old brand will be packed and distributed from the company's 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 infact 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 its manufacturing activity too at the Naroda unit and start manufacturing edible oils.

DISCLOSURES**A) MATERIALLY RELATED PARTY TRANSACTION:**

During the financial year 2013-14 there was no transactions for sell/purchase of goods or services of material nature with its promoters, the directors and the management, their subsidiaries or relatives, etc., which may have potential conflict with the interest of the company at large. However details of transactions with related parties are given in note (B) Notes of Accounts Schedule No. - 19 given by auditors as per Accounting Standard 18.

B) DETAILS OF NON-COMPLIANCE

During the year, the Company had not made any default in statutory compliances with the Registrar of Companies, Stock Exchanges, SEBI or any other authorities for filing and submission of yearly, half yearly or quarterly information. Any information which are event based are submitted within the statutory time limits as per provisions of relevant rules and regulations or law to appropriate authorities.

MEANS OF COMMUNICATIONS:**ESTABLISHMENT OF INTERNAL MANAGEMENT INFORMATION SYSTEM:**

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

INFORMATION SYSTEM BETWEEN COMMITTEES AND THE BOARD

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

INFORMATION SYSTEM BETWEEN THE COMPANY AND INVESTORS

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

STATUTORY COMPLIANCES MADE AND RETURNS ETC., FILED

The Company has duly complied with the provisions of the Companies Act 1956, all the provisions of the Listing Agreement. The Company has also filed various unaudited financial results, Balance sheets, Income Tax returns and other statutory returns with all the authorities in time. There are no defaults as on date in any such compliances and no legal action of any nature has been taken against the company or its officers/ directors

DEMATERIALISATION OF SHARES AND LIQUIDITY:

The Company has entered into Triparty Agreement with both Depository namely National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). Now the Shareholders have the option to hold their share either in physical form or in Demat form. However as per SEBI circular hereby advise all its shareholders to dematerialize their holding at the earliest. Total Shares dematerialized up to 31/03/2014 is 11380604 shares.

SHARE TRANSFER SYSTEM :

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

NAME AND ADDRESS OF THE COMPLIANCE OFFICER:

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

STATUS OF LISTING / TRADING OF SHARES :

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

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

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

(MARKET PRICE IN RS.)

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	Deliverable Quantity	% Deli. Qty to Traded Quantity	Spread	
										High-Low	Close-Open
Apr-13	4.08	5.38	3.69	5.38	3488	28	14169	3488	100	1.69	1.3
May-13	5.23	5.23	4.97	4.97	400	3	2040	400	100	0.26	-0.26
Jun-13	5.2	5.39	4.21	4.21	33731	9	151281	33731	100	1.18	-0.99
Jul-13	4	4.2	3.11	3.11	3271	10	12239	3271	100	1.09	-0.89
Aug-13	3.26	4.4	3.26	3.8	2327	14	9280	2327	100	1.14	0.54
Sep-13	3.62	4.45	2.96	4.45	1733	16	5779	1733	100	1.49	0.83
Oct-13	4.44	4.44	3.81	3.81	4345	26	18513	4345	100	0.63	-0.63
Nov-13	3.62	3.62	2.09	2.41	26216	52	68171	26216	100	1.53	-1.21
Dec-13	2.29	4.52	2.18	4.52	55844	129	194252	55844	100	2.34	2.23
Jan-14	4.74	9.61	4.7	9.38	724458	1210	5303926	724458	100	4.91	4.64
Feb-14	9.7	16.9	9.3	15.36	678103	5232	12509542	678103	100	7.6	5.66
Mar-14	15.9	17.5	13.8	14.25	419085	4210	6506533	419085	100	3.7	-1.65

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

CATEGORY WISE HOLDING OF SHARES AS ON 31/03/2014 :

Category	Shares %	Percentage of Holding
Promoters	3806701	2.76%
Bodies Corporate	1640895	08.91%
Public (Indian)	12958894	70.38%
NRI	5660	00.03%
Total	18412440	100.00%

Distribution of Shareholding as on 31/03/2014 :

Description	Holder (S)		Holding (s)			
	From	To	Folios	%	Shares	%
Less than	500		23722	89.649	462001	25.092
501	1000		1836	06.939	1479914	08.038
1001	5000		741	02.800	1559777	08.472
5001	10000		83	00.314	591579	03.212
10001	above		79	00.298	10161169	55.186

OTHER DETAILS :

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

BOOK CLOSURE DATES : 25th September 2014 to 29th September 2014 (Both days inclusive)

REGISTRAR AND SHARE TRANSFER AGENT : System Support Service : 209, Shivai Ind. Estate, 89, Andheri Kurta Road, Sakinaka, Andheri (E), Mumbai – 400 072

ISIN NUMBER OF THE COMPANY : INE 252 C 01015

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

This is to declare that the company has received affirmations of compliance with applicable Code of Conduct from the Directors and Senior Management personnel of the company in respect of the financial year 2013-14.

PLACE: AHMEDABAD
DATE: 31st MAY, 2014

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

(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,
Dharti Proteins Limited,
Ahmedabad.

I, Dhiren K Thakkar, Managing Director of the Company, hereby certify that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Clause-49.1.D of the Listing Agreement entered into with Stock Exchange.

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

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

The above Report was adopted by the Board at their meeting held on 31st May 2014.

PLACE: AHMEDABAD
DATE: 31st MAY, 2014

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

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

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

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

- (a) We have reviewed the financial statement and the cash flow Statement for the year and to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
 - (ii) These statements together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) As per the best of our knowledge and belief, no transactions entered into by Kanel Industries Limited during the year which is fraudulent, illegal or violate 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: 31st MAY, 2014

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

VINODCHANDRA PANDYA (DHIREN K THAKKAR)
CHAIRMAN OF AUDIT COMMITTEE MANAGING DIRECTOR
(DIN : 00610001)

AUDITORS' REPORT ON COMPLIANCE WITH CODE OF THE CORPORATE GOVERNANCE

To
The Members of
Kanel Industries Limited

We have examined the relevant records for the year ended March 31, 2014 relating to the Compliance with the requirement of corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges.

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

Date : 31st May 2014
Place : Ahmedabad

For Shah Dinesh Dahyalal & associates
Chartered Accountants,

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