

Registered Office :
203, Abhijeet - 1,
Mithakhali Six Roads,
Ellisbridge, Ahmedabad-380006.
Ph. : + 91-79-26423365/66
Fax : +91-79-26423367
E-mail : koeil@yahoo.com
Website : www.kanel.in
CIN : L15140GJ1992PLCO17024



KANEL INDUSTRIES LTD.

Date:September 06, 2023

To,
Department of Corporate Services
Bombay Stock Exchange Limited
Ground Floor, P. J. Towers,
Dalal Street,
Mumbai – 400 001

Dear Sir,

Sub: 31st Annual Report for the Financial Year 2022-2023.
Ref: Kanel Industries Limited (Scrip Code: 500236)

In compliance with Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of the Company for the financial year 2022-2023 to be approved and adopted by the Members of the Company in the 31st Annual General Meeting of the Company going to be held on Saturday 30th September, 2023 at 09:30 a.m. at the Registered Office of the Company.

Thanking you,

Yours faithfully,
FOR, KANEL INDUSTRIES LIMITED
(A company under Corporate Insolvency Resolution Process
by NCLT, Ahmedabad Bench)

PRASHANT BHARATKUMAR PATEL (Resolution Professional)
IBBI REGISTRATION NO.: IBBI/IPA-002/IP- No. 0827/2019-2020/12627

Encl: 31st Annual Report of Kanel Industries Limited

31ST ANNUAL REPORT

KANEL INDUSTRIES LIMITED



2022-2023

KANEL INDUSTRIES LIMITED

(31ST) THIRTY ANNUAL GENERAL MEETING:

DATE: 30TH SEPTEMBER 2023

DAY: SATURDAY

TIME: 09:30 A.M.

VENUE: 203, ABHIJEET BUILDINGS, NEAR MITHAKHALI 6 ROAD, ELLISBRIDGE, AHMEDABAD-380006, GUJARAT.

NOTE TO SHAREHOLDERS:

As a measure of economy and Green Initiative, copies of the Annual Report will not be distributed at the Annual General Meeting.

| | | |
|----|---|----|
| 1 | GENERAL INFORMATION | 3 |
| 2 | NOTICE AND EXPLANATORY STATEMENT | 5 |
| 3 | DIRECTORS' REPORT | 22 |
| 4 | SECRETARIAL AUDIT REPORT | 33 |
| 5 | MANAGEMENT DISCUSSION AND ANALYSIS REPORT | 37 |
| 6 | CORPORATE GOVERNANCE REPORT | 41 |
| 7 | AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE | 55 |
| 8 | INDEPENDENT AUDITOR'S REPORT AND ANNEXURES | 57 |
| 9 | BALANCE SHEET | 77 |
| 10 | PROFIT & LOSS ACCOUNT | 79 |
| 11 | CASH FLOW STATEMENT | 80 |
| 12 | SCHEDULES & NOTES ON ACCOUNTS | 82 |
| 13 | ATTENDANCE, PROXY FORM AND POLLING PAPER | 95 |
| 14 | ROUTE MAP | 98 |



KANEL INDUSTRIES LIMITED

➤ **BOARD OF DIRECTORS:**

- Shri Dhiren K. Thakkar
- Shri Hitesh K Thakkar
- Shri Asha F Desai
- Shri Vikram Ishvarbhai Desai
- Chairman, Managing Director & CFO
- Non-Executive Director
- Independent Woman Director
- Independent Director

➤ **RESOLUTION PROFESSIONAL:**

- Shri Prashant Bharatkumar Patel
IBBI Registration No.: IBBI/IPA-002/IP- No. 0827 /2019-2020/12627

➤ **BANKERS OF THE COMPANY:**

- The Kalol Nagarik Sahakari Bank Ltd.
- HDFC Bank Ltd.
- Shri Kadi Nagarik Sahakari Bank Ltd.
- IndusInd Bank Ltd.

➤ **STATUTORY AUDITORS:**

- **M/s. Bhagat & Co.**
Chartered Accountants,
Ahmedabad.



➤ **SECRETARIAL AUDITOR:**

- **M/s. Himanshu S K Gupta & Associates**
Practicing Company Secretary
Ahmedabad.

➤ **LISTING AT:**

AHMEDABAD

The Ahmedabad Stock Exchange Ltd.

JAIPUR

The Jaipur Stock Exchange Ltd.

MUMBAI

The Bombay Stock Exchange Ltd.

KOLKATA

The Calcutta Stock Exchange Ltd.

➤ **REGD. OFFICE:**

203, Abhijeet Buildings, Near Mithakhali 6 Road,
Ellisbridge, Ahmedabad-380006, Gujarat.

CIN: L15140GJ1992PLC017024

E-mail: koeil@yahoo.com

Website: www.kanel.in

KANEL INDUSTRIES LIMITED

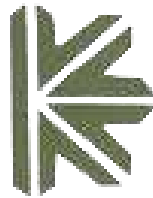
➤ **REGISTRAR & SHARE TRANSFER AGENT:**

Accurate Securities & Registry Private Limited

203, Shangrila Arcade, Above Samsung Showroom,

Nr. Shyamal Cross Road, Satellite, Ahmedabad - 380015.

E-mail: investor@accuratesecurities.com



KANEL INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of the **KANEL INDUSTRIES LIMITED** will be held on Saturday 30th September, 2023 at 09:30 a.m. at the Registered office of the Company at 203, Abhijeet Buildings, Near Mithakhali 6 Road, Ellisbridge, Ahmedabad-380006, Gujarat 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, 2023, the Profit & Loss Account for the year ended on that date, the report of the Auditors and Directors thereon.**
- 2) To appoint a director in place of Mr. Hitesh Kanaiyalal Thakkar, who retires by rotation and being eligible offers himself for re-appointment.**
- 3) Appointment of M/s N.S. Nanavati & Co., Chartered Accountants as Statutory Auditors of the company for the term of 5 years**

To Consider and if thought fit, to pass with or without modification(s), the following resolution as **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. N.S. Nanavati & Co., Chartered Accountants, (Firm Registration No. 134235W), be and are hereby appointed as Statutory Auditors of the Company.

RESOLVED FURTHER THAT, M/s. N.S. Nanavati & Co., Chartered Accountants, (Firm Registration No. 134235W), be and are hereby appointed as Statutory Auditors of the Company for a term of 5 years commencing from 2023-2024 to 2027-2028 on such remuneration as fixed by the Board of Directors in consultation with auditor and who shall hold office till the conclusion of 36th Annual General Meeting for the year i.e., for the financial year 2027-2028.

RESOLVED FURTHER THAT, any Director of the Company be and is hereby authorized as to do all such acts, deeds and things incidental thereto to give effect to aforesaid resolution."

SPECIAL BUSINESS:

- 4) To reappoint Mr. Dhiren Kanaiyalal Thakkar (DIN: 00610001) as Managing Director of the Company for a term of 5 years:**

To Consider and if thought fit, to pass with or without modification(s), the following resolution as **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

KANEL INDUSTRIES LIMITED

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 re-appointment of Mr. Dhiren Kanaiyalal 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 03, 2023 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 Kanaiyalal 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.

Tenure of Appointment:

For a period of 5 years commencing from October 03, 2023.

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 for 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 the 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.

Remuneration:

Basic Salary not exceeding Rs. 1,00,000/- (Rupees One Lakhs 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 Whole-Time 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 Managing 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

KANEL INDUSTRIES LIMITED

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 Whole Time 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.

- Up on the termination by whatever means of the Managing Director's employment;
- 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;
- 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.
- 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.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors 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."

Registered Office:

203, Abhijeet Buildings, Near Mithakhali 6
Road, Ellisbridge, Ahmedabad-380006.

**By order of the Board,
For, Kanel Industries Limited**

Date: September 06, 2023
Place: Ahmedabad

**Sd/-
Prashant Bharatkumar Patel
Resolution Professional
IBBI Registration No.: IBBI/IPA-
002/IP- No. 0827 /2019-2020/12627**

KANEL INDUSTRIES LIMITED

NOTES:

In view of the outbreak of the COVID- 19 pandemic, Ministry of Home Affairs has from time to time through various circulars and guidelines has clearly indicated the precautions to be taken if there is a social gathering to stop the spread of novel coronavirus. We assure that we have proper arrangements and precautions being taken at the venue of AGM. There is sufficient space so that social distancing of shareholders attending the meeting can be maintained. Further precaution will be taken that none of the attendees will be allowed to the venue without the use of masks and hand sanitizers. In addition to that health checkups will be done of the attendees so as to protect the spread of any kind of disease.

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy so appointed 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 Sunday 24th September, 2023 to Saturday 30th September, 2023 (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 enclosed herewith.
- 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**, 203, Shangrila Arcade, Above Samsung Showroom, Nr. Shyamal Cross Road, Satellite, Ahmedabad - 380015 Shareholders holding shares in electronic form must advise to their respective depository participants about change in address and not to company.

KANEL INDUSTRIES LIMITED

- 10) All shareholders are requested to dematerialize their shareholding immediately as Securities and Exchange Board of India (SEBI) has mandated the transfer of shares only in demat mode.
- 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's Registrar and Share Transfer Agent, **Accurate securities and registry private limited**, 203, Shangrila Arcade, Above Samsung Showroom, Nr. Shyamal Cross Road, Satellite, Ahmedabad – 380015.
- 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, 2023** is uploaded on the Company's website www.kanel.in and may be accessed by the members.
- 14) Members are requested to register their email IDs with the Company and encourage paper free communications. The Company would send its annual reports and other communications to the members on their registered email IDs. The shareholders may register their email IDs with the Company's Registrar and Share Transfer Agent, **Accurate securities and registry private limited**, 203, Shangrila Arcade, Above Samsung Showroom, Nr. Shyamal Cross Road, Satellite, Ahmedabad – 380015.
- 15) Electronic copy of the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.
- 16) **Voting through electronic means:**

In terms of the provisions of Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing to the members facility of voting by electronic means in respect of businesses to be transacted at the Meeting which includes remote e-voting (i.e. voting electronically from a place other than the venue of the Meeting). The Company also proposes to provide the option of voting by means of poll paper at the venue of Meeting in addition to the remote electronic voting mentioned above. The Company has engaged the services of National Securities Depository Limited (NSDL) for facilitating voting by electronic means.

The facility for voting through poll 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

KANEL INDUSTRIES LIMITED

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. Himanshu Surendrakumar Gupta of M/s. Himanshu S K Gupta & Associates, 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 MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:

The remote e-voting period begins on Wednesday, 27th September 2023 at 09:00 a.m. and ends on Friday, 29th September 2023 at 05:00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Saturday September 23, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Saturday September 23, 2023.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system



A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

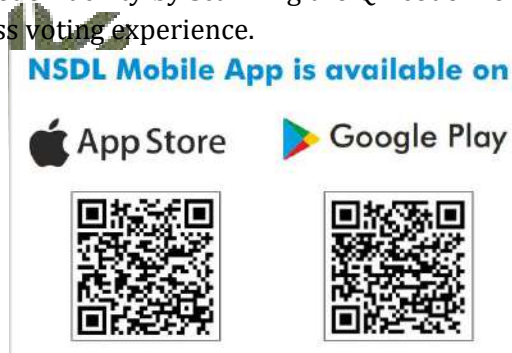
In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | 1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting |

KANEL INDUSTRIES LIMITED

your vote during the remote e-Voting period If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nSDL.com>. Select “Register Online for IDeAS Portal” or click at <https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp>

2. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nSDL.com/> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.
3. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.



Individual Shareholders holding securities in demat mode with CDSL

1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password.
2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service

KANEL INDUSTRIES LIMITED

| | |
|---|---|
| | <p>Providers, so that the user can visit the e-Voting service providers' website directly.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.</p> <p>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p> |
| <p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p> | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p> |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.

| Login type | Helpdesk details |
|---|---|
| <p>Individual Shareholders holding securities in demat mode with NSDL</p> | <p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000</p> |
| <p>Individual Shareholders holding securities in demat mode with CDSL</p> | <p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33</p> |

KANEL INDUSTRIES LIMITED

B) Login Method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12***** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

KANEL INDUSTRIES LIMITED

- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii. If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.



Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

KANEL INDUSTRIES LIMITED

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to himanshushkgupta@live.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Prajakta Pawle at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to koeil@yahoo.com
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to koeil@yahoo.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

KANEL INDUSTRIES LIMITED

General Instructions:

- The Scrutinizer shall within a period not exceeding three (2) 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.
- The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kanel.in within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

Explanatory Statement to the Ordinary Business:

Item: 2: To appoint a director in place of Mr. Hitesh Kanaiyalal Thakkar (DIN: 00610006) who retires by rotation and being eligible offers himself for re-appointment

Information about the directors who are proposed to be appointed/ re-appointed at the **31st Annual General Meeting** as per regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 Secretarial Standard on general meetings issued by the Institute of Company Secretaries of India forming part of the notice convening the annual general meeting of the company.

| | |
|--|--|
| Particulars | Mr. Hitesh Kanaiyalal Thakkar |
| Director Identification Number. | 00610006 |
| Date of Birth | December 09, 1968 |
| Age | 54 years |
| Educational Qualification. | Graduate |
| Experience (No. of Years) | 34 years |
| Business field in which Experience. | Edible Oil & Agro Commodities |
| Date of Initial Appointment | 03/11/2018 |
| Date of Appointment as Director in the Current Term. | 03/11/2018 |
| Directorship held in any other Company. | Shakti Nutraceuticals Private Limited |
| Member of any Committees of the Directors in the Company. | Nomination & Remuneration Committee Stakeholders Relationship Committee |
| Member of any committees of the Directors in other Companies with names of the Company. | Nil |
| Member of any Trade Association/ Charitable Organization/ NGOs etc. | Nil |
| Shareholding in Company as on September 02, 2022 | Nil |
| Remuneration paid or sought to be paid | 0 |
| Relationship with other Directors/KMPs | Mr. Dhiren Thakkar (Brother) |
| No. of meetings attended during the year | N.A. |

KANEL INDUSTRIES LIMITED

Item: 3: To appoint M/s N.S. Nanavati & Co., Chartered Accountants as Statutory Auditors of the company for a term of 5 years

The members of the company have appointed M/s Bhagat & Co., Chartered Accountants (Firm Registration No.: 127250W), as Statutory Auditors of the Company for the period of 5 financial years i.e., from 2018-2019 to 2022-2023 in the 26th Annual General Meeting of the company. The tenure of M/s. Bhagat & Co., Chartered Accountants is expiring on the conclusion of the general meeting for the year 2022-2023.

The Board of Directors of the company therefore proposes this resolution to approve the appointment of M/s. N.S. Nanavati & Co., for the period of five years i.e., from 2023-2024 to 2027 -2028 and to hold the office of the statutory auditor till the conclusion of 36th Annual General Meeting of the company.

After evaluating and considering various factors such as industry experience, competency of the audit team, efficiency in conduct of audit, independence, etc., the Board of Directors of the Company has, based on the recommendation of the Audit Committee proposed the appointment of M/s. N.S. Nanavati & Co., Chartered Accountants (Firm Registration No.: 134235W), as the Statutory Auditors of the Company, at a remuneration and the terms and conditions as may be mutually agreed between the Board of Directors and the Statutory Auditors.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the Resolution set out at Item No. 3 of the accompanying Notice.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the Members of the Company.

Item: 4: To reappoint Mr. Dhiren Kanaiyalal Thakkar (DIN: 00610001) as Managing Director of the Company for a term of 5 years

The Board of Directors at its meeting held on 05th September, 2023 reappointed Mr. Dhiren Kanaiyalal Thakkar (DIN 00610001) as Managing Director of the Company with effect from October 3, 2023 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 Kanaiyalal Thakkar (DIN 00610001) as Managing Director are as follows:

1) Tenure of Appointment:

For a period of 5 years commencing from October 3, 2023 i.e. from October 3, 2023 to October 3, 2028.

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

KANEL INDUSTRIES LIMITED

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 Managing 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.

KANEL INDUSTRIES LIMITED

- (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.

Financial performance of the Company for F.Y. 2022-23 based on given indicators

| Sr. No. | Particulars | (Rs. In Lakhs) |
|---------|--|----------------|
| 1. | Income for the year | 0.28 |
| 2. | Profit before Interest, Depreciation and Tax | -15.23 |
| 3. | Depreciation | 2.44 |
| 4. | Profit before Taxes | -17.83 |
| 5. | Provisions for Taxation/ Deferred Tax | Nil |
| 6. | Net Profit/(Loss) for the Current Year | -17.83 |

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

Information about the appointee:

1. Background Details:

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

KANEL INDUSTRIES LIMITED

2. Past remuneration

N.A

3. Recognition or awards

Not Applicable

4. Job profile and his suitability

Mr. Dhiren Thakkar has more than 25 years of experience in the field of the operations of the company.

5. 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. Further, Mr. Hitesh Kanaiyalal Thakkar, who is a Non-Executive Director of the company is brother of Mr. Dhiren Kanaiyalal Thakkar



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, 2023.

The Board recommends this ordinary resolution for the approval of the Shareholders.

Except Mr. Dhiren Thakkar himself and his brother, Mr. Hitesh Kanaiyalal Thakkar 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.

Information about Mr. Dhiren Kanaiyalal Thakkar who is proposed to be re-appointed at the **31st Annual General Meeting** as per regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 Secretarial Standard on general meetings issued by the Institute of Company Secretaries of India forming part of the notice convening the annual general meeting of the company.

KANEL INDUSTRIES LIMITED

| | |
|--|--|
| Particulars | Mr. Dhiren Kanaiyalal Thakkar |
| Director Identification Number. | 00610001 |
| Date of Birth | June 26, 1972 |
| Age | 52 years |
| Educational Qualification. | Graduate |
| Experience (No. of Years) | 25 years |
| Business field in which Experience. | Edible Oil & Agro Commodities |
| Brief Resume | Mr. Dhiren Thakkar has more than 25 years of experience in the field of edible oils & agro commodities |
| Date of Initial Appointment | 06/06/1994 |
| Date of Appointment as Director in the Current Term. | 03/10/2018 |
| Directorship held in any other Company. | Shakti Nutraceuticals Private Limited |
| Member of any Committees of the Directors in the Company. | Nomination & Remuneration Committee Stakeholders Relationship Committee |
| Member of any committees of the Directors in other Companies with names of the Company. | Nil |
| Member of any Trade Association/ Charitable Organization/ NGOs etc. | Nil |
| Shareholding in Company as on September 01, 2023 | 13,680 shares |
| Remuneration paid or sought to be paid | Not exceeding Rs. 1,00,000/- per month |
| Relationship with other Directors/KMPs | Mr. Hitesh Kanaiyalal Thakkar (Brother) |
| No. of meetings attended during the year | N.A. |

Registered Office:
203, Abhijeet Buildings, Near Mithakhali 6
Road, Ellisbridge, Ahmedabad-380006.

By order of the Board,
For, Kanel Industries Limited

Date: September 06, 2023
Place: Ahmedabad

Sd/-
Prashant Bharatkumar Patel
Resolution Professional
IBBI Registration No.: IBBI/IPA-
002/IP- No. 0827 /2019-2020/12627

KANEL INDUSTRIES LIMITED

BOARD OF DIRECTORS' REPORT

To,
The Members,
Kanel Industries Limited,
Ahmedabad

Your directors have pleasure in presenting the 31st Annual Report of the Company together with the Audited Statements of Accounts for the year ended March 31, 2023.

1. FINANCIAL RESULTS:

The Company's financial performance for the year under review along with previous year's figures is given hereunder:

| PARTICULARS | (Amount In Lakhs) | |
|---|-------------------------------------|-------------------------------------|
| | FOR THE YEAR ENDED ON 31.03.2023 | FOR THE YEAR ENDED ON 31.03.2022 |
| Net Income from Business Operations | Nil | 5.23 |
| Other Income | 0.28 | 16.16 |
| Total Income | 0.28 | 21.39 |
| Profit / (loss) before depreciation & tax | (20.27) | 4.06 |
| Less Depreciation | 2.44 | 2.44 |
| Profit before Tax | (17.83) | 1.62 |
| Less Tax Expenses: | 0 | 0 |
| Net Profit after Tax | (17.83) | 1.62 |

2. STATE OF AFFAIRS:

The Company is engaged in the business of trading of various edible oils. There has been no change in the business of the Company during the financial year ended 31st March, 2023.

The highlights of the Company's performance are as under:

- i. Revenue from operations decreased from Rs. 5.23 Lakhs to Nil.
- ii. Loss for the year ended 31.03.2023 is Rs. 17.83 Lakhs against the Net Profit of Rs.1.62 Lakhs in the previous year.

3. SHARE CAPITAL:

As on 31.03.2023 the paid-up Equity Share capital of the Company is Rs. 18,41,24,400/-.

During the year under review, the company has neither issued any shares with or without differential voting rights nor granted any stock Option nor any sweat Equity Shares.

4. DIVIDEND:

In absence of adequate profits, Dividend is not recommended for the financial year ended on 31.03.2023.

5. RESERVES:

The Board of Directors transferred the entire amount of losses to the Reserves & Surplus.

6. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

KANEL INDUSTRIES LIMITED

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

7. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES:

The Company does not have any Holding, Subsidiary, Joint Venture or Associate Company.

8. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which these financial statements relate on the date of this report.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are annexed as Annexure "A".

10. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY:

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. The same has also been adopted by your Board and is also subject to its review from time to time. Risk mitigation process and measures have been also formulated and clearly spelled out in the said policy. The Risk Management policy has been uploaded on the website of the company at www.kanel.in.

11. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The provisions of section 135 of the companies act, 2013 are not applicable to the company considering the net worth, turnover and net profit of the company.

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and the same has been disclosed under Note No. 7 of the Notes to the Balance Sheet.

13. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The internal auditor of the company checks and verifies the internal control and monitors them in accordance with policy adopted by the company. The Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business.

14. STATUTORY AUDITORS:

M/s. Bhagat & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127250W) was appointed as Statutory Auditor of the Company to hold office from the 26th AGM to the 31st AGM of the company for a term of five years in terms of the first proviso to Section 139 of the Companies Act,

KANEL INDUSTRIES LIMITED

2013. However, on completion of tenure of M/s Bhagat & Co., the Board of Director has proposed to appoint M/s. N.S. Nanavati & Co., Chartered Accountants (Firm Registration No.: 134235W) for the period of five years i.e., from 2023-2024 to 2027 -2028 and to hold the office of the statutory auditor till the conclusion of 36th Annual General Meeting of the company

15. STATUTORY AUDITOR'S REPORT & OBSERVATIONS:

The report of the Statutory Auditors of the Company is annexed herewith.

The auditors have not reported any frauds under sub section 12 of section 143 which are reportable to the Central Government.

Except the Following, there are no qualifications, reservations or adverse remarks made by the Statutory Auditor:

1. *Out of total Inter Corporate Loans as above, the Company has taken total Mortgage Loan of Rs.3.43 Crore from M/s Ardent Ventures LLP in earlier years and in current year closing balance at year end is Rs. 3.57 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. But M/s Ardent Ventures LLP has filed application of Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC) where in alleged default is amounting to Rs. 29,11,77,568/- till 31.07.2021. In absence of account confirmation, formal documents for loan take over from Adani Enterprise limited and formal explanations from management, we are unable to comment upon non provision of interest, huge differences between balance outstanding, which comes to Rs.25,71,77,568/-:*
 - Explanation: The said facility was Inter-Corporate Loan as it was originally taken from M/s. Adani Enterprises Limited and the same was assigned by them to M/s. Ardent Ventures LLP. Further, the company has been admitted for Corporate Insolvency Resolution Process under Hon'ble NCLT, Ahmedabad Bench vide order dated 3rd December, 2021 for the same matter and active steps are being taken for resolution of insolvency of the company.
2. *Company has not made provision for doubtful Debtors of Rs 291.04 Lacs [Rs 290.31 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.:*
 - Explanation: 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.
3. *National Company Law Tribunal; Ahmedabad Bench has admitted the application of Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC) in the matter of M/s Ardent Ventures LLP a financial creditor of the company versus M/s Kanel Industries Limited Corporate Debtor for the alleged default amounting to Rs. 29,11,77,568/- till 31.07.2021. National Company Law Tribunal; Ahmedabad Bench has admitted the said application and commenced the Corporate Insolvency Resolution Process (CIRP) w.e.f. 03rd December, 2021. Further the Resolution Plan provided by Ardent Ventures LLP (resolution Applicant) has been approved by the Committee of Creditors (CoC) in their meeting is filed with the NCLT, Ahmedabad Bench for its approval.*

Explanation: Observation is self-explanatory.
4. *The Naroda Unit has been inoperative since last many years. Plant and Machinery at Naroda Unit became scrape and sold out during the year under Audit as a scrape. Company has no Trading*

KANEL INDUSTRIES LIMITED

activities/ Manufacturing activities during the year under audit, 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, one of the financial creditor has filled application of Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC) and admitted by the NCLT and the alleged default claimed ia amounting to Rs. 29,11,7,568/- till 31.07.2021., in these all situations, 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.

- *Explanation: 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. Further, the company has been admitted for Corporate Insolvency Resolution Process under Hon'ble NCLT, Ahmedabad Bench vide order dated 3rd December, 2021 and active steps are being taken for resolution of insolvency of the company.*

- 5. *The company has not paid Listing Fees for Ahmedabad, Jaipur and Calcutta stock exchange.*
 - *Explanation: These exchanges are non-operative now and no trading activities are going on there now-a-days.*

- 6. *The undisputed dues which are outstanding for more than six months as at the Balance Sheet date from the date they became payable were Income Tax, TDS Payable, Sales Tax, FBT Tax, Professional Tax, Municipal Tax for an amount of Rs. 71.67 lakhs, Rs.1.56 Lakhs, Rs. 16.80 lakhs, Rs. 0.06 lakhs, Rs. 0.34 lakhs and Rs. 6.34 Lakhs respectively.*

Explanation: The company has been admitted for Corporate Insolvency Resolution Process under Hon'ble NCLT, Ahmedabad Bench vide order dated 3rd December, 2021 and active steps are being taken for resolution of insolvency of the company.

- 7. *TDS is not deducted during the year under audit and not paid to central government is Rs.0.27 lakhs + Interest, such details are not included in above figure since the company has not complied with the provisions of TDS and not provided in books of accounts. Provisions of Professional Tax is 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 include 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 as disclosed by the management. In continuation to its follow-up, it was explained by the management that no final order received from the concern department. 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.*

Explanation: The company has been admitted for Corporate Insolvency Resolution Process under Hon'ble NCLT, Ahmedabad Bench vide order dated 3rd December, 2021 and active steps are being taken for resolution of insolvency of the company.

KANEL INDUSTRIES LIMITED

8. *There are no dues of Sales Tax and Income Tax which have not been deposited on account of any dispute except certain Sales Tax dues and Municipal Tax dues.*

Explanation: Due to the account of the dispute, the said demands were not paid. The company will take required steps after the adjudication of the dispute. The company has been admitted for Corporate Insolvency Resolution Process under Hon'ble NCLT, Ahmedabad Bench vide order dated 3rd December, 2021 and active steps are being taken for resolution of insolvency of the company.

9. *Demand Notices received from Sales Tax department for assessment years which have not been accepted by the management in absence of Original Assessment Orders.*

Explanation: The company will take required steps when it will receive the Original Assessment Orders from the authorities. The company has been admitted for Corporate Insolvency Resolution Process under Hon'ble NCLT, Ahmedabad Bench vide order dated 3rd December, 2021 and active steps are being taken for resolution of insolvency of the company.

16. ANNUAL RETURN:

The Annual Return in Form No.MGT-7 pursuant to the provisions of Section 92 has been placed at website of the Company at www.kanel.in

17. SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/S. Himanshu S K Gupta & Associates, Practicing Company Secretaries, Ahmedabad to undertake the Secretarial Audit of the Company.

18. SECRETARIAL AUDIT REPORT & OBSERVATIONS:

The Secretarial Audit Report of Secretarial Auditor is appended as 'Annexure-B' to this report.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor except the following:

- 1) ***The Company has Paid Annual Listing Fees after the due date to Bombay Stock Exchange.***

Explanation: The Company has paid the Annual Listing Fees to Bombay Stock Exchange after the due date due to some liquidity crunch.

- 2) ***Non-compliance in the appointment of internal auditor has been occurred as specified under the provisions of Section 138 of the Companies Act, 2013.***

Explanation: Currently Company is under Corporate Insolvency Resolution Process. However, Company is in the process of appointing an internal auditor and likely to be completed soon.

- 3) ***Non-compliance in the Vacation of office of Director has been occurred as specified under the provisions of Section 167 of the Companies Act, 2013 by Mr. Dhiren Thakkar.***

Explanation: Currently Company is under Corporate Insolvency Resolution Process; Hence the Board of Directors are suspended of their powers. However as informed by the Director, He has resigned from the company by which disqualification has occurred before the disqualification and further he has communicated to the company to file the pending returns to remove their disqualification and the filing is already completed by that Company.

- 4) ***Non-compliance in the registration of independent director in the data bank has been occurred as specified under Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 by Mrs. Asha Desai.***

KANEL INDUSTRIES LIMITED

Explanation: Currently Company is under Corporate Insolvency Resolution Process; Hence the Board of Directors are suspended of their powers. Further as informed by Mrs. Asha Desai, she failed to register herself within the time specified due to covid-19, however inspite of her attempt to get registered post the due date, she was unable to receive the login credentials from the ministry.

5) *During the year under the review, the company has made delay in submitting the XBRL file of voting results of the 30th Annual General Meeting of the company to the Stock Exchange.*

Explanation: The same was due to the technical issue of the portal and company had submitted the same in pdf format within time. Company will ensure not to repeat such instances of delay from next time.

6) *During the year under review The Company has been admitted under CIRP proceedings vide NCLT order dated 03.12.2021 for non-payment of dues of Financial Creditor. The Committee of Creditors has approved the resolution plan and the same has been filed with Hon'ble NCLT for its approval.*

Explanation: The Resolution Plan approved by CoC has been filed with hon'ble NCLT for its approval.

19. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:

0 (Zero) Board Meetings were held during the financial year ended 31st March, 2023 on the following dates:

The NCLT, Ahmedabad Bench has admitted the application for CIRP filed by M/s Ardent Ventures LLP, a financial creditor, vide order dated 3rd December, 2021 and since then the Board of Directors are suspended. Therefore, no Board Meetings has been conducted after 08th October, 2021. Further to inform you, the resolution plan provided by M/s Ardent Ventures LLP has been approved by the Committee of Creditors ("CoC") and the same has been filed before the Hon'ble NCLT for its approval.

20. DIRECTOR RESPOSNSIBILITY STATEMENT:

Your directors wish to inform that the Audited Accounts containing financial statements for the financial year **2022-23** are in full conformity with the requirements of the Companies Act, 2013. They believe that the financial statement reflect fairly, the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations.

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility statement:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the directors had 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 of the profit and loss of the company for that period;
- c. the directors had 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

KANEL INDUSTRIES LIMITED

preventing and detecting fraud and other irregularities;

d. the directors had prepared the annual accounts on a going concern basis; and

e. The directors 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 had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

21. DEPOSITS:

The company has not invited, accepted or renewed any deposit within the meaning of Chapter V other than exempted deposit as prescribed under the provisions of the Company Act, 2013 and the rules framed thereunder, as amended from time to time. Hence there are no particulars to report about the deposit falling under Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014.

22. DIRECTORS / KEY MANAGERIAL PERSONNEL:

a. CHANGES IN BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

Following changes were occurred during the year in the composition of board of directors and Key Managerial Personnel:

| Sr. | Name of Director & KMP | Designation | Effective date of change | Nature of change |
|-----|------------------------|-------------------|--------------------------|------------------------------|
| 1 | Ishani Dhupar | Company Secretary | 03/03/2023 | Cessation due to Resignation |

b. BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, had adopted a formal mechanism for evaluating its own performance and as well as that of its committee and individual Directors, including the chairperson of the Board. The Exercise was carried out through a structured evaluation process covering the various aspects of the Board's functioning such as composition of board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc.

The evaluation of the independent Directors was carried out by Board, except the independent Director being evaluated and the chairperson and the non-independent Directors were carried out by the independent Directors.

c. ANNUAL PERFORMANCE EVALUATION:

During the year under review, pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out an Annual Performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its various Committees. A separate meeting was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board at its meeting following the meeting of Independent Directors.

KANEL INDUSTRIES LIMITED

d. REMUNERATION POLICY:

The Board has on the recommendation of the Nomination & Remuneration Committee, formulated criteria for determining, qualifications, positive attributes and independence of a director and also a policy for remuneration of directors, key managerial personnel and senior management. The policy is available at the website of company at www.kanel.in

e. DECLARATION BY INDEPENDENT DIRECTORS:

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

23. PARTICULARS OF CONTRACTS WITH RELATED PARTIES:

There were no related party transactions undertaken during the year under the review. The provisions of Section 188 of the Companies Act, 2013 were not attracted. Further, there were no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, or other designated persons which may have a potential conflict with the interest of the Company at large.

24. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE:

The NCLT, Ahmedabad Bench has admitted the application for CIRP filed by M/s Ardent Ventures LLP who is a financial creditor. The Resolution Plan has been approved by Committee of Creditors and the same has been filed before Hon'ble NCLT, Ahmedabad Bench for its approval.

25. 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-D"**.

26. MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report is appended as **Annexure "C"** to this Report.

27. PARTICULARS OF EMPLOYEES:

Disclosure under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.

- As the company has not paid any remuneration to the directors for the financial year **2022-23**, the ratio of the remuneration of each director to the median remuneration of the employees is 0.

b) The percentage increase in the remuneration of each director, Chief Executive Officer, Chief Financial Officer and Company Secretary, if any in the financial year.

- During the FY **2022-23** there was nil (0%) increase in the remuneration of MD, CFO, CS and other Non-Executive Directors.

KANEL INDUSTRIES LIMITED

c) The percentage increase in the median remuneration of employees in the financial year.
- Average increase is 0% for the F.Y. **2022-23**.

d) The number of permanent employees on the rolls of the Company as on **31.03.2023**.
- 01 (One)

e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

- Average 0% increase in salaries of Employees and 0% increase in Managerial Remuneration during F.Y. **2022-23**. As there is no increment in remuneration of managerial person during the year, explanation is not required to be given.

f) Affirmation that the remuneration is as per the remuneration policy of the company.

- The Company's remuneration policy is driven by the success of the Company during the year under review. The Company affirms that the remuneration is as per remuneration policy of the Company.

28. COST AUDITORS:

The section 148 read with Companies (Audit & Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 are not applicable to the Company Hence, the Board of Directors of your company had not appointed Cost Auditor for obtaining Cost Compliance Report of the company for the financial year 2022-23.

29. COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS:

The Company has complied with the provisions of Secretarial Standards (I & II) issued by the Institute of Company Secretaries of India and approved by the Central Government under section 118(10) of the Companies Act, 2013.

30. PREVENTION OF INSIDER TRADING:

Your company has adopted the "Code of Conduct on Prohibition of insider trading "and "Code of Conduct for Directors and Senior Management Personnel" for regulating the dissemination of Unpublished Price Sensitive Information and trading in security by insiders.

31. INDUSTRIAL RELATIONS (HUMAN RESOURCES):

During the period under review, the personal and industrial relations with the employees remained cordial in all respects. The management has always carried out systematic appraisal of performance and imparted training at periodic intervals. The Company recognizes talent and has judiciously followed the principle of rewarding performance.

32. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:

The Company is committed to provide a safe and conducive work environment to its employees during the year under review. The company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of women at the workplace (Prevention, Prohibition & Redressal) Act, 2013.

Your directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

KANEL INDUSTRIES LIMITED

33. ACKNOWLEDGEMENTS

Your Resolution Professional and directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

Date: September 06, 2023

Place: Ahmedabad

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

**PRASHANT BHARATKUMAR PATEL
RESOLUTION PROFESSIONAL
IBBI Registration No.:
IBBI /IPA-002/IP- No. 0827 /2019-2020/12627**

Sd/-

**DHIREN THAKKAR
MANAGING DIRECTOR & CFO
DIN: 00610001**

Sd/-

**HITESH THAKKAR
DIRECTOR
DIN: 00610006**



KANEL INDUSTRIES LIMITED

“Annexure A”

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(Particulars pursuant to the Companies (Accounts) Rules, 2014)

CONSERVATION OF ENERGY

- We continue to strengthen our energy conservation efforts. Inter alia the following steps have been taken to reduce energy consumption:
- Use of energy efficient devices/motors for running of machineries.
- Standardization of utility pipelines leading to optimum utilization.
- The process is ongoing and the Engineering team is working on various measures to conserve this scarce resource.

RESEARCH & DEVELOPMENT

- The Company continued its efforts in the area of improvement of quality/process cycle/ product design.
- We continue to focus on product and process improvement and collaborate with product vendors to co-create business solutions on customer specific themes.

TECHNOLOGY ABSORPTION

- Continuous efforts are made with an Objective to achieve productivity, reduction in production cost, reduction in down time for maintenance and curtailment of maintenance cost.
- Various Efforts are made towards technology absorption, adaptation and innovation.

FOREIGN EXCHANGE EARNING AND OUTGO

- Not applicable as no foreign currency transaction is occurred during the year under review.

Date: September 06, 2023

Place: Ahmedabad

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

**PRASHANT BHARATKUMAR PATEL
RESOLUTION PROFESSIONAL
IBBI Registration No.:
IBBI /IPA-002/IP- No. 0827 /2019-2020/12627**

Sd/-

**DHIREN THAKKAR
MANAGING DIRECTOR & CFO
DIN: 00610001**

Sd/-

**HITESH THAKKAR
DIRECTOR
DIN: 00610006**

KANEL INDUSTRIES LIMITED

Annexure-B

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

[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.
203/Abhijeet Buildings,
Near Mithakhali 6 Road,
Ellisbridge Ahmedabad-380006

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kanel Industries Limited** (hereinafter called the Company) (CIN: L15140GJ1992PLC017024) having its registered office at **203/Abhijeet Buildings, Near Mithakhali 6 Road, Ellisbridge, Ahmedabad 380006**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our 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, We hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2023** 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:

We 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, 2023** 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'):

KANEL INDUSTRIES LIMITED

- (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, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[Not Applicable to the Company during the Audit Period]**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **[Not Applicable to the Company during the Audit Period]**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **[Not Applicable to the Company during the Audit Period]**
 - (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, 2021; **[Not Applicable to the Company during the Audit Period]**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (w.e.f. 11th September, 2018); **[Not Applicable to the Company during the Audit Period]**
 - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- VI. We have relied on the representation made by the Company, its Officers and on the reports given by designated professionals for systems and processes formed by the Company to monitor and ensure compliances under other applicable Acts, Laws and Regulations to the Company.
- VII. As declared by the Management, at present there is no law which is specifically applicable to the Company.

We 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 Stock Exchanges read with 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 except the following:

- 1) The Company has Paid Annual Listing Fees after the due date to Bombay Stock Exchange.**
- 7) Non-compliance in the appointment of internal auditor has been occurred as specified under the provisions of Section 138 of the Companies Act, 2013.**
- 8) During the year under the review, the company has made delay in submitting the XBRL file of voting results of the 30th Annual General Meeting of the company to the Stock Exchange.**
- 9) During the year under review The Company has been admitted under CIRP proceedings vide NCLT order dated 03.12.2021 for non-payment of dues of Financial Creditor. The Committee of**

KANEL INDUSTRIES LIMITED

Creditors has approved the resolution plan and the same has been filed with Hon'ble NCLT for its approval.

We further report that

Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However, following non compliances has been observed:

- 1. Non-compliance in the Vacation of office of Director has been occurred as specified under the provisions of Section 167 of the Companies Act, 2013 by Mr. Dhiren Thakkar.***
- 2. Non-compliance in the registration of independent director in the data bank has been occurred as specified under Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 by Mrs. Asha Desai and Mr. Vikram Desai.***

We further report that the company has been admitted under Corporate Insolvency Resolution Process under NCLT Ahmedabad Bench vide order dated 3rd December, 2021 for default in payment of M/s Ardent Ventures LLP, a financial creditor under section 7 of Insolvency and Bankruptcy Code, 2016. Further to inform, the resolution plan has been submitted with NCLT, Ahmedabad Bench and is still pending for approval by NCLT.

There were no Board Meetings held during the year under the review. Mr. Prashant Patel has taken the charge of the Company in the capacity of Resolution Professional and thus, the Board of Directors are suspended of their powers from 03.12.2021.

All decisions are taken by the Resolution Professional.

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

We further report that during the Audit period the Company has no specific events/actions having a major bearing on the Companies Affairs in pursuant of the above referred Laws, Rules, Regulations, Guidelines, Standards etc.

Place: Ahmedabad

Date: September 06, 2023

**For, Himanshu S K Gupta & Associates
Company Secretaries**

Sd/-

Himanshu Gupta

Proprietor

FCS No.: 12183

C.P. No.: 22596

Peer Review No.: 1943/2022

UDIN: F012183E000951946

KANEL INDUSTRIES LIMITED

ANNEXURE - A to the Secretarial Audit Report

To,
The Members,
Kanel Industries Limited
203/Abhijeet Buildings,
Near Mithakhali 6 Road,
Ellisbridge Ahmedabad-380006

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

- 1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes 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.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
- 5) 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.
- 6) The secretarial Audit report 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: September 06, 2023

For, Himanshu S K Gupta & Associates
Company Secretaries

Sd/-
Himanshu Gupta
Proprietor
FCS No.: 12183
C.P. No.: 22596
Peer Review No.: 1943/2022
UDIN: F012183E000951946

KANEL INDUSTRIES LIMITED

Annexure -C

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

Our company is engaged in the business of trading into edible oils. Our Company performs activity of bulk trading of cottonseed oil, groundnut oil, sunflower oil, palmolein oil and soyabean oil. However major part of India's Edible Oil demand has been supported by equivalent increase in imports. Since 2012-13, out of the 6 mn tons of incremental demand has parallelly seen 5 mn tons of import increment. Indian edible oil import has grown at 8.4% CAGR over last decade. Palm oil has been the main edible oil imported in India. Off lately, Soybean oil imports have also increased sharply. Vegetable oils form over half of the total Agricultural import in India. Despite being the 5th largest oilseed crop producing country in the world, India is also one of the largest importers of vegetable oils today.

2. OPPORTUNITIES AND THREAT:

Opportunities:

India is a potential market for edible oils because of its domestic consumption. However, the deficit between production and consumption of edible oils is increasing rapidly, even after importing millions of tonnes of oil. The government should increase the oilseed production and solve the problems faced by the edible oil market.



For edible oil market, there can be major market opportunities in the recent time because the paradigm of health concern for a growing number of Indian consumers has largely shifted.

The oilseed cultivation needs to be promoted to under-utilized farming locations such as the eastern India, where more than 15 million hectares under low land rice is one of the opportunities for increasing the area under oilseeds. The inter cropping technique can be used in nearly 45 million hectares under widely spaced crops like sugarcane, maize, cotton etc. Extending oilseed cultivation to under-utilized farming locations such as the rice fallows of eastern India and in some coastal regions, where more than 15 million hectares under low land rice is one of the opportunities for increasing the area under oilseeds.

Threats:

Changes in external environmental also may present threats to the firm. Such threats may include:

- Shifts in customer tastes away from the Company's products
- Emergence of substitute products
- New regulations
- Increased trade barriers

KANEL INDUSTRIES LIMITED

- Production situation
- System constraints in public sector transfer of oilseed technology
- Processing situation

3. RISK, CONCERNS AND THREATS:

The annual oilseed production of the country is faced with high degree of variation as nearly 76% of the oilseeds area is under rainfed conditions and therefore subjected to uncertainties of moisture availability. Availability of quality seeds of improved varieties and hybrids is grossly inadequate and is one of the major constraints in enhancing the oilseed production. The cost of vegetable oil processing in India is very high as compared to the countries like China and USA mainly due to smaller capacities, low technical efficiency and low-capacity utilization. Additional inefficiency arises from non-integration of solvent extraction units with expeller units; As a result, significant amounts of expeller cake are not solvent extracted resulting in considerable losses of oil and meal products. The lack of adequate integration between expelling and solvent extraction units alone is costing the country Rs.2500 crores annually. The fragmentation, low technical efficiency and excess capacity of India's oilseed processing industry are largely the result of regulatory and trade policies followed by the government.

4. INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY:

The Company ensures the safety and protection of its assets by having implemented well defined policies and their implementation in a well efficient manner. The board of the Company is always well informed regarding the operations of the company. The company always ensures the dissemination of information through proper channels in a professional manner. The management takes regular recommendations and advises from the reliable professionals having experience in their fields, in order to efficiently discharge responsibilities by giving hands on facts, details and recommendations concerning the activities covered for audit and reviewed by it during the year.

The conclusions of internal audit reports and effectiveness of internal control measures is reviewed by top management and audit committee of the Company.

5. FINANCIAL PERFORMANCE:

A. Standalone Financial Performance:

(i) Net Sales and Other Income:

Net Sales and other income for the year under review decreased from Rs. 12.39 Lakhs to Rs. 0.28 lakhs.

(ii) Expenditure:

The total expenditure decreased from Rs. 19.77 Lakhs to Rs. 18.11 Lakhs.

(iii) Profit/Loss for the period:

The company has made a loss of Rs. 17.83 Lakhs/- against a profit of Rs. 1.62 Lakhs in the previous year.

KANEL INDUSTRIES LIMITED

6. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

Since the turnover of the company is nil, the disclosure under this clause is not applicable

7. DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

| Sr. No. | Ratios | Is change any significant change compared to last year | Justification |
|---------|--------------------------|--|---|
| 1 | Debtors Turnover Ratio | No | Not required as there is no change |
| 2 | Inventory Turnover Ratio | No | Not required as there is no change |
| 3 | Interest Coverage Ratio | No | Not required as there is no change |
| 4 | Current Ratio | Yes | The change is a significant change due to decrease in Trade Receivables and Other Bank Balances disproportionate to the Current Liabilities |
| 5 | Debt Equity Ratio | No | Not required as the change is within the limits |
| 6 | Operating Profit Margin | No, 0% | Not required as there is no change |
| 7 | Net Profit Margin | No, 0% | Not required as there is no change |

8. DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF:

The networth of the company is negative in the current year due to carry forward losses in the company. Further, in the current year, the company has made a loss of Rs. 17.83 Lakhs.

9. DEVELOPMENT IN HUMAN RESOURCES:

The Company considers its employees as its main assets. The management believes in the philosophy of the development of the Company with the development of its employees. Proper environment of work, all necessities and their safety is looked after. The well-being of its employees is always a priority to the company. The employees are given proper guidance and training to execute their tasks. Hence, higher degree of work satisfaction is enjoyed by the employees of the company.

10. ENVIRONMENT, HEALTH & SAFETY (EHS)

KANEL INDUSTRIES LIMITED

The Company commits to ethical and sustainable operation in all business activities. Company maintains and implements an Environmental Management System (EMS) for meeting the purpose of organization's policy and objectives regarding environment. The aims of the system is use of processes, practices, techniques, materials, products, services or energy to avoid, reduce or control the creation, emission or discharge of any type of pollutant or waste, in order to reduce adverse environmental impacts. Adequate Occupational Health & Safety Management System is adopted by the Company for ensuring the conformance to the Occupational Health & Safety Management System, legal & statutory requirements, continual improvement and satisfaction of interested parties (i.e. customers, suppliers, employees and public).

11. CAUTIONARY STATEMENT:

No reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions, predictions etc. may constitute "forward looking statements" contained herein. Certain statements contained in this document may be statements of future expectations, forecasts and other forward-looking statements that are based on management's current view and assumptions. Such statements are by their nature subject to significant uncertainties and contingencies and the actual results, performance or events may differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on any forward looking statement.

Date: September 06, 2023

Place: Ahmedabad

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

**PRASHANT BHARATKUMAR PATEL
RESOLUTION PROFESSIONAL**

IBBI Registration No.:

IBBI /IPA-002/IP- No. 0827 /2019-2020/12627

Sd/-

**DHIREN THAKKAR
MANAGING DIRECTOR & CFO**

DIN: 00610001

Sd/-

**HITESH THAKKAR
DIRECTOR**

DIN: 00610006

KANEL INDUSTRIES LIMITED

Annexure -D

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 stakeholders.

Board of Directors:

As on 31st March 2023, the composition of the Board of Directors is shown as below. The Chairman is an executive Director and the composition of Independent Director is 50% comprising of non-executive independent directors.

BOARD MEETINGS: During the year under review, 0 Board Meetings were held because the company went under CIRP and the powers of Board of Directors got suspended.

| Name & Designation | Category | No. of Board Meeting Attended | Percentage Attendance | Attendance at Last AGM (30/09/2022) | No. of Other Directors hip | Name of listed entities in which the person holds directorship | Membership in the committee of other companies |
|--|---------------------------------|-------------------------------|-----------------------|-------------------------------------|----------------------------|--|--|
| Dhiren K Thakkar Chairman, MD& CFO | Promoter and Executive Director | NA | NA | YES | 2 | Nil | 0 |
| Hitesh K Thakkar | Promoter Non-Executive Director | NA | NA | YES | 3 | Nil | 0 |
| Asha Desai | Independent Director | NA | NA | YES | 0 | Nil | 0 |
| Vikram Desai | Independent Director | NA | NA | YES | 0 | Nil | 0 |

KANEL INDUSTRIES LIMITED

DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE:

Mr. Dhiren K Thakkar and Mr. Hitesh K Thakkar are brothers. Mr. Vikram Desai & Mrs. Asha Desai are husband and wife. Except that, no director is connected to any other director in any manner.

NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS:

None of the Non-Executive Directors is holding any share of the company.

WEBLINK WHERE DETAILS OF FAMILIARIZATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS IS DISCLOSED

The details of familiarization of programmes imparted to Independent Directors is disclosed on the website of the company, link of which is <https://www.kanel.in/policy.html>.

MATRIX SETTING OUT SKILLS / EXPERTISE / COMPETENCE OF THE BOARD OF DIRECTORS:

| Name of Director | Area of Expertise | | | | | | |
|------------------|-------------------|-------|---------------------------|----------------------|---------|----------------------|------------|
| | Technology | Legal | Stakeholders Relationship | Strategy Development | Finance | Corporate Governance | Leadership |
| Dhiren K Thakkar | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Hitesh K Thakkar | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Asha Desai | ✓ | | ✓ | | ✓ | ✓ | ✓ |
| Vikram Desai | | | ✓ | ✓ | ✓ | ✓ | ✓ |

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 is no material financial and/ or commercial transactions between them and the company that could have potential conflict of interest with the company at large.

The Board hereby confirms that the independent directors fulfill the conditions specified in these regulations and are independent of the management.

COMPOSITION OF COMMITTEES

A. AUDIT COMMITTEE: Reviewing, with the management, the annual financial statements and auditor's report before submission to the board, following are the terms of reference of the committee:

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;

KANEL INDUSTRIES LIMITED

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 | Designation |
|----------------------|--------------------|
| Ms. Asha F Desai | Chairperson |
| Mr. Dhiren K Thakkar | Member |
| Mr. Vikram I Desai | 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. Vikram I Desai. The Committee is regularly giving feedback on daily financial and accounting position of the company to the Board. 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.

MEETINGS OF AUDIT COMMITTEE:

Since the company is in Corporate Insolvency Resolution Process, the powers of the Board of Directors are suspended and Resolution Professional has taken over the charge of the company with effect from 03rd December, 2021. Thus, no meetings of the Audit Committee took place during the year 2022-2023.

KANEL INDUSTRIES LIMITED

B. STAKEHOLDERS RELATIONSHIP COMMITTEE:

| Name | Designation |
|----------------------|--------------------|
| Ms. Asha Desai | Chairperson |
| Mr. Hitesh K Thakkar | Member |
| Mr. Vikram I Desai | 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 Dematerialized, Investors Grievances, complaints received from investors and also from various agencies.

The Committee has also appointed Mr. Hitesh Thakkar, Non-executive Director to look after the legal cases and problems relating to the investors, shares etc.

The Committee meets regularly 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.



COMPOSITION, NAME OF MEMBERS AND CHAIRMAN

| Name | Designation |
|----------------------|--------------------|
| Ms. Asha Desai | Chairperson |
| Mr. Hitesh K Thakkar | Member |
| Mr. Vikram I Desai | Member |

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.

MEETINGS OF NOMINATION AND REMUNERATION COMMITTEE:

Since the company is in Corporate Insolvency Resolution Process, the powers of the Board of Directors are suspended and Resolution Professional has taken over the charge of the company with effect from 03rd December, 2021. Thus, no meetings of the N&R Committee took place during the year 2022-2023.

KANEL INDUSTRIES LIMITED

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

| S.No. | Date of AGM | Day | Time | Venue. |
|--------------|--------------------|------------|-------------|---|
| 1 | 30/12/2020 | Wednesday | 9:00 A.M | 203, Abhijeet Buildings, Near Mithakhali 6 Road, Ellisbridge, Ahmedabad-380006, Gujarat |
| 2 | 30/09/2021 | Thursday | 9:00 A.M | 203, Abhijeet Buildings, Near Mithakhali 6 Road, Ellisbridge, Ahmedabad-380006, Gujarat |
| 3 | 30/09/2022 | Friday | 9:30 A.M | 203, Abhijeet Buildings, Near Mithakhali 6 Road, Ellisbridge, Ahmedabad-380006, Gujarat |

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.



KANEL INDUSTRIES LIMITED

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

KANEL INDUSTRIES LIMITED

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 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. VIGIL MECHANISM POLICY

LEGAL FRAMEWORK

Section 177 of the Companies Act, 2013 requires every listed company and such class or classes of companies, as may be prescribed to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed. Provision of regulation 22 of SEBI (LODR) guidelines and the Stock Exchanges, inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called “Whistle Blower Policy for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the company s code of conduct.

POLICY

In compliance of the above requirements, Kanel Industries Limited, being a Listed Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism. The Vigil (Whistle Blower) Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about

KANEL INDUSTRIES LIMITED

suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The mechanism provides for adequate safeguards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

A) PRESENT STRENGTH OF THE COMPANY:

The 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 is under CIRP proceedings, and the resolution plan approved by Coc has been submitted to Hon'ble NCLT for approval. The future of the Company depends on that right now.

DISCLOSURES

A) MATERIALLY RELATED PARTY TRANSACTION

During the financial year 2021-22 there were 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., hence statement AOC-2 has not been provided as the part of the report.

B) DETAILS OF NON-COMPLIANCE

The list of Non-Compliance has been stated in the Secretarial Audit Report Annexed to the Annual Report as Annexure-B.

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.

KANEL INDUSTRIES LIMITED

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 "Investor's Desk" 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 except few which are highlighted by our statutory & secretarial auditors. The Company has also filed various unaudited financial results, Balance sheets, Income Tax returns and other statutory returns with all the authorities in time except TDS returns. There are no defaults as on date in any such compliances except few but 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 **31/03/2023** is 12753562 shares.

SHARE TRANSFER SYSTEM:

However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialised form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

Nomination :

KANEL INDUSTRIES LIMITED

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

STATUS OF LISTING / TRADING OF SHARES:

The Company's Equity Shares are at present listed and traded at Bombay Stock Exchange.

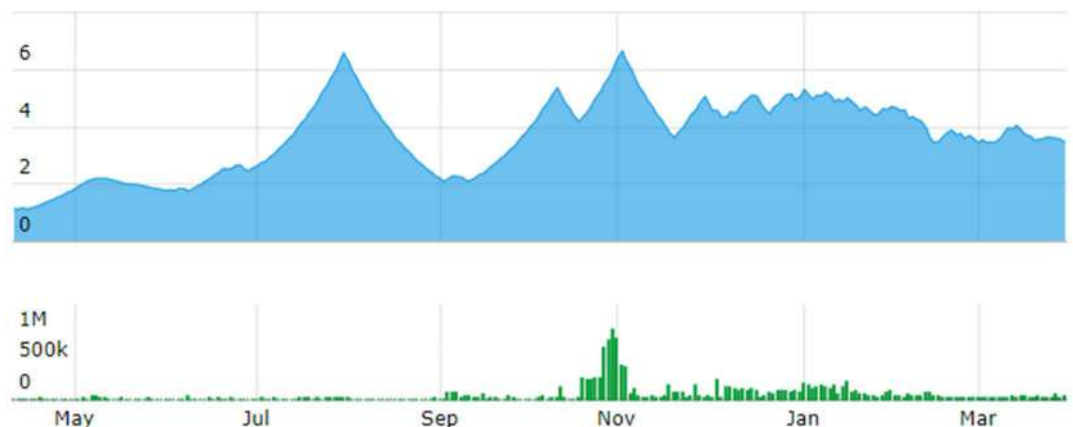
Name of Stock Exchange
Bombay Stock Exchange (BSE)

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-22 | 3.41 | 5.04 | 3.29 | 3.59 | 7,69,924 | 2,161 | 31,04,409 | 6,41,609 | 83.33 | 1.75 | 0.18 |
| May-22 | 3.68 | 4.13 | 2.4 | 2.41 | 6,10,997 | 1,748 | 18,98,901 | 4,92,621 | 80.63 | 1.73 | -1.27 |
| Jun-22 | 2.5 | 3.1 | 2.27 | 2.82 | 3,34,602 | 1,194 | 8,89,124 | 3,34,602 | 100 | 0.83 | 0.32 |
| Jul-22 | 2.8 | 2.97 | 2.5 | 2.64 | 1,77,740 | 823 | 4,88,517 | 1,77,740 | 100 | 0.47 | -0.16 |
| Aug-22 | 2.75 | 3.93 | 2.51 | 3.41 | 8,43,028 | 831 | 28,68,726 | 8,43,028 | 100 | 1.42 | 0.66 |
| Sep-22 | 3.4 | 3.4 | 2.79 | 2.79 | 43,908 | 95 | 1,36,297 | 43,908 | 100 | 0.61 | -0.61 |
| Oct-22 | 2.66 | 3.21 | 2.38 | 2.69 | 3,19,256 | 1,104 | 8,62,251 | 3,19,256 | 100 | 0.83 | 0.03 |
| Nov-22 | 2.6 | 2.82 | 2.19 | 2.43 | 3,69,643 | 1,121 | 9,12,409 | 3,69,643 | 100 | 0.63 | -0.17 |
| Dec-22 | 2.43 | 2.54 | 2.12 | 2.29 | 3,89,459 | 961 | 9,14,379 | 3,89,459 | 100 | 0.42 | -0.14 |
| Jan-23 | 2.25 | 2.42 | 2.09 | 2.42 | 2,61,829 | 791 | 5,96,245 | 2,61,829 | 100 | 0.33 | 0.17 |
| Feb-23 | 2.54 | 2.54 | 1.9 | 1.9 | 1,72,529 | 691 | 3,81,857 | 1,72,529 | 100 | 0.64 | -0.64 |
| Mar-23 | 1.95 | 2.18 | 1.53 | 1.69 | 2,16,150 | 596 | 3,92,647 | 2,16,150 | 100 | 0.65 | -0.26 |

PERFORMANCE IN COMPARISON TO BROAD:

Our company's performance for the year 2022-2023:



KANEL INDUSTRIES LIMITED

Performance of BSE Sensex for the year 2022-2023:



DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT:

- a. aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: Nil
- b. number of shareholders who approached listed entity for transfer of shares from suspense account during the year: Nil
- c. number of shareholders to whom share were transferred from suspense account during the year: Nil
- d. aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: Nil
- e. voting rights on shares which remain frozen till the rightful owner of such shares claims the shares: Nil

CATEGORY WISE HOLDING OF SHARES AS ON 31/03/2023

| Category | No. of Shares | Percentage of Share Holding |
|------------------------|---------------|-----------------------------|
| Promoters | 13680 | 0.07 |
| Financial Institutions | 200 | 0.00 |
| Bodies Corporate | 828351 | 4.50 |
| Public (Indian) | 16793832 | 91.21 |
| NRI | 40602 | 0.22 |
| HUF | 725340 | 3.94 |
| LLP | 4000 | 0.02 |
| Clearing Members | 6030 | 0.03 |
| TRUST | 405 | 0.01 |
| Total | 18412440 | 100.00 |

KANEL INDUSTRIES LIMITED

DISTRIBUTION OF SHAREHOLDING AS ON 31/03/2023

| Share Holding | | No. of Holder (s) | | No. of Shares | |
|----------------------|-----------|--------------------------|---------------|----------------------|---------------|
| From | To | Folios | % | Shares | % |
| Upto | 500 | 28184 | 87.67 | 4893550 | 26.58 |
| 501 | 1000 | 2274 | 7.07 | 1858099 | 10.09 |
| 1001 | 2000 | 810 | 2.52 | 1247912 | 6.78 |
| 2001 | 3000 | 274 | 0.85 | 707407 | 3.84 |
| 3001 | 4000 | 135 | 0.42 | 489048 | 2.66 |
| 4001 | 5000 | 107 | 0.33 | 502950 | 2.73 |
| 5001 | 10000 | 190 | 0.59 | 1402878 | 7.62 |
| 10001 | Above | 173 | 0.54 | 7310596 | 39.70 |
| | | 32,147 | 100.00 | 18,412,440 | 100.00 |

OTHER DETAILS:

REGISTERED OFFICE: 203, Abhijeet Buildings, Near Mithakhali 6 Road,
Ellisbridge, Ahmedabad-380006, Gujarat

BOOK CLOSURE DATES: 24th September 20223 to
30th September 20223(Both days inclusive)

REGISTRAR AND SHARE:
TRANSFER AGENT. Accurate Securities and Registry Private Limited
203, Shangrila Arcade, Above Samsung Showroom,
Nr. Shyamal 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 2021-22.

Date: September 06, 2023

Place: Ahmedabad

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

PRASHANT BHARATKUMAR PATEL
RESOLUTION PROFESSIONAL
IBBI REGISTRATION NO.: IBBI
/IPA-002/IP- No. 0827 /2019-2020/12627

Sd/-

DHIREN THAKKAR
MANAGING DIRECTOR & CFO
DIN: 00610001

Sd/-

HITESH THAKKAR
DIRECTOR
DIN: 00610006

KANEL INDUSTRIES LIMITED

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 & Chief Financial Officer 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 during the Closure of Trading Window 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 06th September, 2023.



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

SD/-

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

Place : Ahmedabad

Date : 06th September 2023

KANEL INDUSTRIES LIMITED

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

I, Dhiren K Thakkar, Chief Financial Officer & Managing Director of the company 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 : 06th September 2023

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

SD/-

(Dhiren K Thakkar)

Managing Director & CFO

(DIN: 00610001)

KANEL INDUSTRIES LIMITED

CERTIFICATE OF CORPORATE GOVERNANCE

Under Regulation 34(3) read with Schedule V (E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

To

The Members of

KANEL INDUSTRIES LIMITED

203/Abhijeet Buildngs,

Near Mithakhali 6 Road,

Ellisbridge Ahmedabad-380006

We have examined the compliance of conditions of Corporate Governance by Kanel Industries Limited ('the Company') for the year ended on 31st March, 2023, 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') for the period commencing from 1st April, 2022 and ended on 31st March, 2023.

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, during the Period under review, We certify that the **Company has not complied** with the conditions of Corporate Governance as Mr. Dhiren K Thakkar, who is Managing Director of the Company has been disqualified to be appointed as director under section 164(2) of the Companies Act, 2013. Further, Mr. Vikram Desai and Ms. Asha Desai has not complied with the provisions of Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 and conditions as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

This Certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For, Himanshu S K Gupta & Associates
Company Secretaries

Place: Ahmedabad

Date: 06th September, 2023

Sd/-

Himanshu Gupta

Proprietor

FCS No. 12183 CP No. 22596

Peer Review No. 1943/2022

UDIN: F012183E000953101

KANEL INDUSTRIES LIMITED

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
KANEL INDUSTRIES LIMITED
203/Abhijeet Buildings,
Near Mithakhali 6 Road,
Ellisbridge Ahmedabad-380006

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kanel Industries Limited having CIN: L15140GJ1992PLC017024 and having registered office at 203/Abhijeet Buildings near Mithakhali 6 Road Ellisbridge Ahmedabad-380006 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal: www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that the following Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by Ministry of Corporate Affairs.

| Sr No. | Name of Director | DIN |
|--------|--|----------|
| 1 | DHIREN KANAIYALAL THAKKAR | 00610001 |
| 2 | ASHA FULABHAI DESAI (Due to Non-Registration in the databank of Independent Directors) | 07687427 |
| 3 | VIKRAM ISHVARBHAI DESAI (Lacks Proficiency as he has not appeared for Self-Assessment Test and Non-Renewal in Databank of Independent Director) | 08031739 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. 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.

For, Himanshu S K Gupta & Associates
Company Secretaries

Place : Ahmedabad
Date : 05th September, 2023

Sd/-
Himanshu Gupta
Proprietor
FCS No. 12183 CP No. 22596
Peer Review No. 1943/2022
UDIN: F012183E000947150

INDEPENDENT AUDITOR'S REPORT
To the Members of **KANEL INDUSTRIES LIMITED**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **KANEL INDUSTRIES LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2023, and the statement of profit and loss, *statement of changes in equity* and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. During the year under audit, there is no such matter to be reported.

During the financial year under Audit, the company has taken Secured loans of rs 14 lacs and unsecured loans of Rs. 16 Lacs and repaid the same. There is no proper agreement executed by the company with any of the parties hence in absence of formal agreement, we are unable to comment about the non provision of interest expenses and its repayment terms. We have not received any satisfactory explanation from the management for above loan taken as regards the terms or written agreement executed with the parties for its repayment and interest provision. In our opinion these transactions are prejudicial to the interest of the company.

Information Other than the Standalone Financial Statements and Auditor's report thereon

The Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board report, Business responsibility Report, Corporate Governance report and Shareholder's information, but does not include the standalone financial statement and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information

and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Materiality is the magnitude of misstatements in the standalone financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced.

We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit work and in evaluating the results of our work and (ii) To evaluate the effect of any identified misstatements in the standalone financial statements. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Other Matter

- i) We did not audit the financial statements/ information of ...NIL..... (number) branches included in the standalone financial statements of the Company whose financial statements/financial information reflect total assets of Rs. NIL as at 31st March 2023 and total revenue of Rs. NIL for the year ended on that date, as considered in the standalone financial statements. The audit of financial statements/information of these branches are not applicable.

Out of total Inter Corporate Loans as above, the Company has taken total Mortgage Loan of Rs.3.43 Crore from M/s Ardent Ventures LLP in earlier years and in current year closing balance at year end is Rs. 3.57 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.

Further M/s Ardent Ventures LLP has filed application of Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC) where in alleged default is amounting to Rs. 29,11,77,568/- till 31.07.2021. In absence of account confirmation , formal documents for loan take over from Adani Enterprise limited and formal explanations from management, we are unable to comment upon non provision of interest, huge differences between balance outstanding, which comes to Rs.25,71,77,568/-.
[Read with Notes No. 10 to the financial Statements]

- ii) Company has not made provision for doubtful Debtors of Rs 291.04 Lacs [Rs 290.31 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.04 to the financial Statements]**
- iii) National Company Law Tribunal; Ahmedabad Bench has admitted the application of Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC) in the matter of M/s Ardent Ventures LLP a financial creditor of the company versus M/s Kanel Industries Limited corporate Debtor for the alleged default amounting to Rs. 29,11,77,568/- till 31.07.2021. National Company Law Tribunal; Ahmedabad Bench has admitted the said application and commenced the Corporate Insolvency Resolution Process (CIRP) w.e.f. 03rd December, 2021. Further the Resolution Plan provided by Ardent Ventures LLP (resolution Applicant) has been approved by the Committee of Creditors (CoC) in their meeting is filed with the NCLT, Ahmedabad Bench for its approval.
- iv) The Naroda Unit has been inoperative since last many years. Plant and Machinery at Naroda Unit became scrape and sold out during the year under Audit as a scrape. Company has no Trading activities/ Manufacturing activities during the year under audit, 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, one of the financial creditor has filled application of Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC) and admitted by the NCLT and the alleged default claimed ia amounting to Rs. 29,11,7,568/- till 31.07.2021., in these all situations, 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.

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

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- 1 Pursuant to the Companies (Auditor’s Report) Order, 2020 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure “A” a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2 As required by Section 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and records.
 - (c) The reports on the financial statements of branches of the Company audited under section 143(8) of the Act by nine firms of independent auditors have been sent to us and properly dealt with by us in preparing this report.
 - (d) The Balance sheet, the Statement of Profit & Loss (including other comprehensive income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (e) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
 - (f) On the basis of the written representation received from the directors as on March 31, 2023 taken on records by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a Directors in terms of Section 164(2) of the Act.
- 3 With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at March 31, 2023 on its financial position in its Standalone Financial Statements. (Refer Notes to the Standalone Financial Statements);
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. [Refer Notes No.]
- 4 With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, during the year under Audit, no remuneration paid to Directors hence there is no requirement to give comment upon compliance of the provisions of Section 197 of the Act.

For
BHAGAT & CO.
CHARTERED ACCOUNTANTS
FRN : 127250W

Sd/-
Shankar Prasad Bhagat.
Partner.
M. NO. 052725
UDIN: 23052725BGWWCM9734

Date : 29/05/2023
Place: Ahmedabad

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, 2023 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, 2023, 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
BHAGAT & CO.
CHARTERED ACCOUNTANTS
FRN : 127250W

Sd/-
Shankar Prasad Bhagat.
Partner.
M. NO. 052725
UDIN: 23052725BGWWCM9734

Date : 29/05/2023
Place: Ahmedabad

ANNEXURE – B TO THE INDEPENDENT AUDITORS’ REPORT

Reports under The Companies (Auditor's Report) Order, 2020 (CARO 2020) for the year ended on 31st March 2023

To,
The Members of
KANEL INDUSTRIES LTD.

We report that:-

| Sl. No. | Comment Required on | Auditor's Opinion on Following Matter | Auditor's Remark |
|-----------|---|--|---|
| i (a) (A) | Property, Plant and Equipment and Intangible Assets | Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment? | The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment. |
| i (a) (B) | | Whether the company is maintaining proper records showing full particulars of intangible assets; | Not Applicable. |
| i (b) | | Whether these Plant and Equipment and Intangible Assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of accounts? | Property, Plant and Equipment have been physically verified by the management at reasonable intervals; No material discrepancies were noticed on such verification. |
| i (c) | | Whether the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company, if not, provide the details thereof | According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company. |
| i (d) | | Whether the company has revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year and, if so, whether the revaluation is based on the valuation by a Registered Valuer; specify the amount of change, if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment or intangible assets; | According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year. |

| | | | |
|-------------|--|---|---|
| i (e) | | Whether any proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, if so, whether the company has appropriately disclosed the details in its financial statements; | According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. |
| ii (a) | Inventory and other current assets | Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether, in the opinion of the auditor, the coverage and procedure of such verification by the management is appropriate; whether any discrepancies of 10% or more in the aggregate for each class of inventory were noticed and if so, whether they have been properly dealt with in the books of account? | Physical verification of inventory has been conducted at reasonable intervals by the management. There is no closing stock on hand as on balance sheet date. |
| ii (b) | | Whether during any point of time of the year, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets; whether the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company, if not, give details; | According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been not sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks. |
| (iii) | Investment, Loans or Advances by Company | Whether during the year the company has made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, if so, | 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. Other advances given to parties are of Rs.15134000/- |
| iii (a) | | whether during the year the company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity [not applicable to companies whose principal business is to give loans], if so, indicate- | The Company has not granted any loans, secured or unsecured, to firms, limited liability partnerships or any other parties during the year except as above. |
| iii (a) (A) | | The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiaries, joint ventures and associates | Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has not granted any loans to subsidiaries, joint ventures and associates. |
| iii (a) (B) | | The aggregate amount during the year, | Based on the audit procedures carried |

| | | | |
|---------|---|--|---|
| | | and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates | on by us and as per the information and explanations given to us, the Company has not granted loans to a party other than subsidiaries, joint ventures and associates. |
| iii (b) | | Whether the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest | Not applicable |
| iii (c) | | In respect of loans and advances in the nature of loans, whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular? | Not Applicable |
| iii (d) | | If the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest? | There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the companies Act, 2013. |
| iii (e) | | Whether any loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties, if so, specify the aggregate amount of such dues renewed or extended or settled by fresh loans and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year [not applicable to companies whose principal business is to give loans]; | According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the overdue of existing loans given to the same party. |
| iii (f) | | Whether the company has granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, if so, specify the aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013; | According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans either repayable on demand or without specifying any terms or period of repayment. |
| (iv) | Loan to Directors and Investment by the Company | In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof. | While doing transaction for loans, investments, guarantees, and security provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. |
| (v) | Deposits | In respect of deposits accepted by the | The company has not accepted any |

| | | | |
|---------|--|---|---|
| | Accepted by the Company | company or amounts which are deemed to be deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder, where applicable, have been complied with, if not, the nature of such contraventions be stated; if an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not | Deposits. |
| (vi) | Maintenance of Cost records | Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained? | 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. |
| vii (a) | Statutory Dues | Whether the company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees state insurance, income-tax, sales- tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated? | According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues which were outstanding at the year end for a period of more than six months from the date they became payable are as follows: Details are given below as per Note 1. |
| vii (b) | | Where statutory dues referred to in sub-clause (a) have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned | Detail of Disputed amount payable to statutory authorities is given below as per Note 2. |
| (viii) | Disclosure of Undisclosed Transactions | Whether any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, if so, whether the previously unrecorded income has been properly recorded in the books of account during the year | According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year. |
| ix (a) | Loans or Other Borrowings | Whether the company has defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender, if yes, the period and the amount of default to be reported in the format given | 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. The company has defaulted in repayment of Dues of M/s Ardent Ventures LLP of Rs 3.40 Crores. The LLP firm has filed application of Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC) where in alleged default is amounting to Rs. 29,11,77,568/- till 31.07.2021. Difference in balance outstanding is not reconciled in absence of relevant documents and explanations from the management. |
| ix (b) | | Whether the company is a declared wilful defaulter by any bank or financial institution or other lender; | According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority. |
| ix (c) | | Whether term loans were applied for the purpose for which the loans were obtained; if not, the amount of loan so diverted and the purpose for which it is used may be reported; | According to the information and explanations given to us by the management, the Company has not obtained any term loans. Accordingly, clause 3(ix)(c) of the Order is not applicable |
| ix (d) | | Whether funds raised on short term basis have been utilised for long term purposes, if yes, the nature and amount to be indicated; | According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short-term basis by the Company. Accordingly, clause 3(ix)(d) of the Order is not applicable. |
| ix (e) | | Whether the company has taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures, if so, details thereof with nature of such transactions and the amount in each case; | According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable. |
| ix (f) | | Whether the company has raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, if so, give details thereof and also report if the company has defaulted in | According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its |

| | | | |
|---------|--|---|--|
| | | repayment of such loans raised; | subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable. |
| x (a) | Money raised by IPO, FPOs | Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification? if any, as may be applicable, be reported. | The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Hence this clause is not applicable. |
| x (b) | | Whether the company has made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and if so, whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised, if not, provide details in respect of amount involved and nature of non-compliance; | According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable. |
| xi (a) | Reporting of Fraud During the Year | Whether any fraud by the company or any fraud on the company has been noticed or reported during the year, if yes, the nature and the amount involved is to be indicated | Based on our audit procedures and the information and explanation made available to us no such fraud noticed or reported during the year. |
| xi (b) | | Whether any report under sub-section (12) of Section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government; | According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. |
| xi (c) | | Whether the auditor has considered whistle-blower complaints, if any, received during the year by the company; | We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures. |
| xii (a) | Compliance by Nidhi Company Regarding Net Owned Fund to Deposits Ratio | Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability? | As per information and records available with us The company is not Nidhi Company. |
| xii (b) | | Whether the Nidhi Company is maintaining ten per cent. unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability; | According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable |

| | | | |
|---------|--|--|--|
| xii (c) | | Whether there has been any default in payment of interest on deposits or repayment thereof for any period and if so, the details thereof; | According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any default in payment of interest on deposits or repayment thereof for any period. |
| (xiii) | Related party transactions | Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards? | Yes , All transactions with the related parties are in compliance with section 177 and 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. |
| xiv (a) | Internal audit system | Whether the company has an internal audit system commensurate with the size and nature of its business; | Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has not an internal audit system commensurate with the size and nature of its business. |
| xiv (b) | | Whether the reports of the Internal Auditors for the period under audit were considered by the statutory auditor; | Not available |
| (xv) | Non cash transactions | Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act have been complied with? | The company has not entered into any non-cash transactions with directors or persons connected with him. |
| xvi (a) | Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934 | Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained? | The company is not required to be registered under section 45-IA of the Reserve Bank of India Act. |
| xvi (b) | | Whether the company has conducted any Non-Banking Financial of Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the 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, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable. |
| xvi (c) | | Whether the company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, if so, whether it continues to fulfil the criteria of a CIC, and in case the company is an exempted or unregistered CIC, whether it continues to fulfil such criteria; | The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable. |
| xvi (d) | | Whether the Group has more than one CIC as part of the Group, if yes, indicate the number of CICs which are part of the Group; | According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the |

| | | | |
|---------|--|--|--|
| | | | requirements of clause 3(xvi)(d) are not applicable. |
| (xvii) | Cash Losses | Whether the company has incurred cash losses in the financial year and in the immediately preceding financial year, if so, state the amount of cash losses; | The Company has incurred cash losses in the current year and in the immediately preceding financial year, there were cash losses. |
| (xviii) | Consideration of outgoing auditors | Whether there has been any resignation of the statutory auditors during the year, if so, whether the auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors; | There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable. |
| (xix) | Material uncertainty in relation to realisation of financial assets and payment of financial liabilities | On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, whether the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date; | According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due. |
| xx (a) | Compliance of CSR | Whether, in respect of other than ongoing projects, the company has transferred unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act; | In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable. |
| xx (b) | | Whether any amount remaining unspent under sub-section (5) of section | In our opinion and according to the information and explanations given to |

| | | | |
|-------|--|--|---|
| | | 135 of the Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act; | us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable. |
| (xxi) | Qualifications or adverse remarks in the consolidated financial statements | Whether there have been any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements, if yes, indicate the details of the companies and the paragraph numbers of the CARO report containing the qualifications or adverse remarks. | Para No IX-a |

NOTE No 1. Details of Deposit of Statutory Dues:

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

| SR. NO. | NATURE OF DUE | AMOUNT OUTSTANDING AS ON 31/03/2023 [Rs. In Lakhs] For more than 6 months |
|------------|------------------|---|
| 01 | Income Tax | 71.76 |
| 02 | TDS Payable | 1.56 |
| 03 | Sales Tax | 16.80 |
| 04 | FBT tax | 0.06 |
| 05 | Professional Tax | 0.34 |
| 06 | Municipal Tax | 6.36 |

TDS is not deducted during the year under audit and not paid to central government is Rs.0.27 lacs+Interest, such details are not included in above figure since the company has not complied with the provisions of TDS and not provided in books of accounts. Provisions of Professional Tax is 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 as disclosed by the management. In continuation to its follow-up, it was explained by the management that no final order received from the concern department. 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.

NOTE No 2.

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.]

For
BHAGAT & CO.
CHARTERED ACCOUNTANTS
FRN : 127250W
Sd/-

Shankar Prasad Bhagat.
Partner.
M. NO. 052725
UDIN: 23052725BGWWCM9734

Date : 29/05/2023
Place: Ahmedabad

Kanel Industries Ltd.
Balancesheet as at 31-March-2023

₹ (Rupees) in Hundreds

| Sr No. | Particulars | Note No. | Figures for the Current Financial Period | Figures for the Previous Financial Period |
|-----------|--|----------|---|--|
| | ASSETS | | | |
| 1 | Non-Current Assets | | | |
| a) | Property, Plant and Equipment | 2 | 57471.60 | 59914.36 |
| b) | Capital Work in Progress | | 0.00 | 0.00 |
| c) | Investment Property | | 0.00 | 0.00 |
| d) | Goodwill | | 0.00 | 0.00 |
| e) | Other Intangible Assets | | 0.00 | 0.00 |
| f) | Intangible Assets | | 0.00 | 0.00 |
| g) | Biological Assets other than Bearer Plants | | 0.00 | 0.00 |
| h) | Financial Assets | | 0.00 | 0.00 |
| (i) | Investments | 3 | 147.60 | 50.00 |
| (ii) | Trade receivables | 4 | 291038.43 | 290314.94 |
| (iii) | Loans | | 0.00 | 0.00 |
| i) | Deferred Tax Assets (net) | | 0.00 | 0.00 |
| j) | Other Non-current Assets | | 0.00 | 0.00 |
| 2 | Current Assets | | | |
| a) | Inventories | 5 | 0.00 | 0.00 |
| b) | Financial Assets | | 0.00 | 0.00 |
| (i) | Investments | | 0.00 | 0.00 |
| (ii) | Trade Receivables | 4 | 0.00 | 0.00 |
| (iii) | Cash and cash equivalents | 6 | 254.24 | 254.24 |
| (iv) | Bank Balances other than (iii) above | 6 | 747.62 | 20484.96 |
| (v) | Others-Security deposits and Balance with Govt Authorities | 7 | 179533.76 | 179533.76 |
| (vi) | Loans | 8 | 0.00 | 0.00 |
| c) | Current Tax Assets (Net) | | 0.00 | 0.00 |
| d) | Other current assets | | 0.00 | 0.00 |
| | TOTAL ASSETS | | 529193.25 | 550552.26 |
| | EQUITY & LIABILITIES : | | | |
| | EQUITY: | | | |
| a) | Equity Share Capital | 9A | 1841244.00 | 1841244.00 |
| b) | Other Equity | 9B | -2550938.07 | -2533110.40 |
| C) | | | | |
| | LIABILITIES: | | | |
| 1) | Non Current Liabilities | | | |
| a) | Financial Liabilities | | 0.00 | 0.00 |
| (i) | Borrowings | 10 | 973736.57 | 959336.57 |
| (ii) | Trade Payables | | | |
| (iii) | Other financial liabilities (other than those specified in item (b), to be specified) | | 0.00 | 0.00 |
| b) | Provisions | | 0.00 | 0.00 |
| c) | Deferred Tax Liabilities | | 0.00 | 0.00 |
| d) | Other non-current liabilities | | 0.00 | 0.00 |

| | | | | |
|-----------|---|----|------------------|------------------|
| 2) | Current Liabilities | | | |
| a) | Financial Liabilities | | 0.00 | 0.00 |
| (i) | Borrowings | 11 | 87636.80 | 107636.80 |
| (ii) | Trade Payables | 12 | 90638.40 | 0.00 |
| (iii) | Other financial liabilities (other than those specified in item (c), to be specified) | | 0.00 | 0.00 |
| b) | Other Current Liabilities | 13 | 0.00 | 87944.27 |
| c) | Provisions | 14 | 86875.55 | 87501.03 |
| d) | Current Tax Liabilities (Net) | | 0.00 | 0.00 |
| | TOTAL EQUITY AND LIABILITIES | | 529193.25 | 550552.27 |

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

As per our report of even date
For, BHAGAT & CO
CHARTERED ACCOUNTANTS
FRN NO. 127250W
Sd/-
Shankar Prasad Bhagat
Partner
M. No. 052725
Date : 29/05/2023
Place: Ahmedabad

0.00

For and On behalf of the Board
KANEL INDUSTRIES LIMITED

| | |
|-----------------------|------------------------|
| Sd/- | Sd/- |
| Dhiren Thakkar | Hitesh Thakkar |
| MD & CFO | Non-Executive Director |
| DIN: 00610001 | DIN:00610006 |

Sd/-
Prashant Patel
Resolution Professional
IBBI REGISTRATION NO:
IBBI/IPA-002/IP- No. 0827 /2019-2020/12627

Date: 29/05/2023
Place: Ahmedabad

Kanel Industries Ltd.
Statement of Profit and Loss for the year ended 31-Mar-2023

Rs. in Hundreds

| Particulars | Note No. | Figures as at the end of Current Financial | Figures as at the end of Previous Financial |
|--|----------|--|---|
| I Revenue from Operations | 15 | 0.00 | 5229.97 |
| II Other Income | 16 | 284.31 | 16161.74 |
| III TOTAL REVENUE (I + II) | | 284.31 | 21391.71 |
| IV EXPENSES | | | |
| Purchases of Stock-in-Trade | | 0.00 | 0.00 |
| Changes in Inventories | 17 | 0.00 | 2979.06 |
| Employee Benefit Expenses | 18 | 1650.00 | 1300.00 |
| Depreciation and Amortization Expenses | | 2442.76 | 2443.00 |
| Other Expenses | 19 | 14019.22 | 13045.08 |
| TOTAL EXPENSES | | 18111.98 | 19767.14 |
| V Profit before Exceptional and Extraordinary Items and Tax (III-IV) | | -17827.67 | 1624.57 |
| VI Exceptional Items | | 0.00 | 0.00 |
| VII Profit before Extraordinary Items and Tax | | -17827.67 | 1624.57 |
| VIII Extraordinary Items | | 0.00 | 0.00 |
| IX Profit Before Tax | | -17827.67 | 1624.57 |
| X Tax Expense | | 0.00 | 0.00 |
| Current Tax | | 0.00 | 0.00 |
| Deferred Tax | | 0.00 | 0.00 |
| XI Profit/(Loss) for the period from Continuing Operations(IX-X) | | -17827.67 | 1624.57 |
| XII Profit/(Loss) from Discontinuing Operations | | 0.00 | 0.00 |
| XIII Tax Expense of Discontinuing Operations | | 0.00 | 0.00 |
| XIV Profit/(Loss) from Discontinuing Operations (after tax)(XII-XIII) | | 0.00 | 0.00 |
| XV Profit(Loss) for the Period(XI+XIV) | | -17827.67 | 1624.57 |
| XVI Earnings per Equity Share | | | |
| -Basic | | 0.00 | 0.01 |
| -Diluted | | 0.00 | 0.01 |

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

As per our report of even date
For, BHAGAT & CO
CHARTERED ACCOUNTANTS
FRN NO. 127250W
Sd/-
Shankar Prasad Bhagat
Partner
M. No. 052725
Date : 29/05/2023
Place: Ahmedabad
UDIN: 23052725BGWWCM9734

For and On behalf of the Board
KANEL INDUSTRIES LIMITED

| | |
|-----------------------|------------------------|
| Sd/- | Sd/- |
| Dhiren Thakkar | Hitesh Thakkar |
| MD & CFO | Non-Executive Director |
| DIN: 00610001 | DIN:00610006 |

Sd/-
Prashant Patel
Resolution Professional
IBBI REGISTRATION NO:
IBBI/IPA-002/IP- No. 0827 /2019-2020/12627

Date: 29/05/2023
Place: Ahmedabad

KANEL INDUSTRIES LTD
CASH FLOW STATEMENT, ANNEXURE TO BALANCE SHEET
FOR THE YEAR ENDED ON 31-03-2023
(PERSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)

| Particulars | 2022-23 | 2021-22 |
|---|-----------------|-----------------|
| 1, Profit before Tax and extraordinary items | -1782767 | 162481 |
| Adjustments for : | | |
| a) Depreciation | 244276 | 244276 |
| b) Financial Charges | 0 | 0 |
| c) Interest Received | 0 | 0 |
| d) Income from Kasar - Vatav & other income | 0 | -1586174 |
| e) Bad debt provision | | |
| OPERATING PROFIT [Loss] BEFORE WORKING CAPITAL CHARGES | -1538491 | -1179417 |
| Adjustment for : | | |
| a) Trade and Other Receivables | 0 | 26333305 |
| b) Inventories | 0 | 297906 |
| c) Trade Payable & Other Liabilities | 124757 | -75985540 |
| d) Decrease in deposits/advances | 0 | 41752500 |
| CASH GENERATED FROM OPERATIONS | -1413734 | -8781246 |
| Income Tax Paid | 0 | 0 |
| CASH FLOW BEFORE EXTRA ORDINARY ITEMS | -1413734 | -8781246 |
| Extra Ordinary Items | 0 | 1586174 |
| NET CASH FLOW FROM OPERATING ACTIVITIESA | -1413734 | -7195072 |
| 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) | -560000 | 300000 |
| b)(Decrease)Increase in Unsecure loan | 0 | 8849869 |
| c) Interest Paid | 0 | |
| d) Interest received | 0 | |
| NET CASH USED IN FINANCIAL ACTIVITIES.....C | -560000 | 9149869 |

| | | |
|---|-----------------|----------------|
| NET INCREASE(DECREASE) IN CASH (A+B+C) | -1973734 | 1954797 |
| Opening Balance of Cash & Cash Equivalents | 2073921 | 119123.92 |
| Closing Balance of Cash & Cash Equivalents | 100187 | 2073921 |

As per our report of even date
For, BHAGAT & CO
CHARTERED ACCOUNTANTS
FRN NO. 127250W

Sd/-
Shankar Prasad Bhagat
Partner
M. No. 052725
Date : 29/05/2023
Place: Ahmedabad
UDIN: 23052725BGWWCM9734

On behalf of the Board
KANEL INDUSTRIES LIMITED

Sd/- Sd/-
Dhiren Thakkar Hitesh Thakkar
MD & CFO Non-Executive D
DIN: 00610001 DIN:00610006

Sd/-
Prashant Patel
Resolution Professional
IBBI REGISTRATION NO:
IBBI/IPA-002/IP- No. 0827 /2019-202

Date: 29/05/2023
Place: Ahmedabad

KANEL INDUSTRIES LTD.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2022

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 Buildngs, 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 accrual basis and under the historical cost convention basis.

(ii) Use of Estimates and Judgements

The preparation of the financial statements requires that the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates. The estimates and judgements used in the preparation of the financial statements are continuously evaluated and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to

be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle of twelve months and other criteria set out in Schedule III to the Companies Act, 2013.

Areas involving critical estimates and Judgements are:

- Estimation of Defined benefit obligations
- Estimation of Current tax expenses

(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 inoperative for Nineteen years. Plant & Machinery of book value of Rs.4.56 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:

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

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

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:
the rights to receive cash flows from the assets have expired or
the Company has transferred substantially all the risk and rewards of the asset, or
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

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.

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.

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.

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.

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 realizable 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 utilized. 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.

(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 capitalized 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 short term 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.

NOTE-2 Notes to and forming part of Balance Sheet 2022-23

[All Rupees are in Hundreds except Note No 1 and 2.]

1 . Share Capital**1 . 1 Authorized, Issued, Subscribed and Paid up share capital**

| Particulars | as at 31-Mar-2023 | | as at 31-Mar-2022 | |
|----------------------------------|-------------------|------------------|-------------------|------------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Authorised Share Capital | | | | |
| Equity Shares of ₹ 10.00 each | 20000000 | 200000000 | 20000000 | 200000000 |
| Total | 20000000 | 200000000 | 20000000 | 200000000 |
| Issued Share Capital | | | | |
| Equity Shares of ₹ 10.00 each | 18412440 | 184124400 | 18412440 | 184124400 |
| Total | 18412440 | 184124400 | 18412440 | 184124400 |
| Subscribed and fully paid | | 0 | | |
| Equity Shares of ₹ 10.00 each | 18412440 | 184124400 | 18412440 | 184124400 |
| Total | 18412440 | 184124400 | 18412440 | 184124400 |
| Total | 18412440 | 184124400 | 18412440 | 184124400 |

1 . 2 Reconciliation of share capital

| Particulars | as at 31-Mar-2023 | | as at 31-Mar-2022 | |
|---|-------------------|-----------|-------------------|-----------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Equity Shares (Face Value ₹ 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 |

1 . 3 Shares in the company held by other company

| Particulars | as at 31-Mar-2023 | | as at 31-Mar-2022 | |
|------------------------------|-------------------|--------|-------------------|---------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Equity Shares | | | | |
| TJR SONS LIMITED, Associate. | NIL | NIL | 555904 | 5559040 |

1 . 4 Shareholders holding more than 5% of Share

| Particulars | as at 31-Mar-2023 | | as at 31-Mar-2022 | |
|-------------|-------------------|--------------|-------------------|--------------|
| | Number of Shares | % of Holding | Number of Shares | % of Holding |
| | | | | |
| | | | | |

NOTE: 2- Property, Plant & Equipments

| | Tangible Assets | | | | | | | | Intangible Assets | |
|---|------------------|---------------------|--------------------|-------------------------|------------------------------|----------|--------------------|-----------------|----------------------|----------|
| | Freehold Land | Factory Building | Office Building | Plant and Equipments | Furniture and Fixtures | Vehicles | Office Equipmen | Total | Computer Software | Total |
| Gross block: | | | | | | | | | | |
| As at April 1, 2022 | 3797183 | 17777122 | 4408230 | 0 | 0 | 0 | 1422340 | 51653423 | 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 31,2023 | 3797183 | 17777122 | 4408230 | 0 | 0 | 0 | 1422340 | 51653423 | 0 | 0 |
| Depriciation, Amortisation and Impairment: | | | | | | | | | | |
| As at April 1, 2022 | 0 | 16705025 | 3309182 | 0 | 0 | 0 | 1399231 | 45661987 | 0 | 0 |
| Depreciation Provided/ Amortisation for the year | 0 | 112778 | 128460 | 0 | 0 | 0 | 3038 | 244276 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As at March 31,2023 | 0 | 16817803 | 3437642 | 0 | 0 | 0 | 1402269 | 45906263 | 0 | 0 |
| Net Block: | | | | | | | | | | |
| As at March 31,2022 | 3797183 | 1072097 | 1099048 | 0 | 0 | 0 | 23109 | 5991436 | 0 | 0 |
| As at March 31,2023 | 3797183 | 959319 | 970588 | 0 | 0 | 0 | 20071 | 5747160 | 0 | 0 |

03. Non Current Investments

in hundred(Rs)

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|--|-------------------|-------------------|
| Trade Investments | | |
| Other Investments | 147.60 | 50.00 |
| <i>Ahmedabad Comm. Exch. Ltd. - Shares</i> | 50.00 | 50.00 |
| Fixed Deposit | 98 | |
| Total | 147.60 | 50.00 |

04. Trade Receivables

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|---|-------------------|-------------------|
| Outstanding for less than 6 months from the due date | 0.00 | 0.00 |
| Unsecured, considered good | | 0.00 |
| Outstanding for more than 6 months from the due date | 291038.42 | 290314.94 |
| Unsecured, considered good | 0.00 | 0.00 |
| Unsecured, considered doubtful | 291038.42 | 290314.94 |
| Total | 291038.42 | 290314.94 |

05 . Inventories

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|-----------------------|-------------------|-------------------|
| Stock-in-trade | 0.00 | 0.00 |
| | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

06 . Cash & cash equivalent

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|----------------------------|-------------------|-------------------|
| Balances with banks | 747.62 | 20484.96 |
| Earmarked Balances | 747.62 | 20484.96 |
| Cash on hand | 254.24 | 254.24 |
| Total | 1001.86 | 20739.20 |

07. Other securities, deposits and balance with government authorities

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|---|-------------------|-------------------|
| Security Deposits | 5527.15 | 5527.15 |
| Secured, considered good | 5477.15 | 5477.15 |
| Unsecured, considered good | 50.00 | 50.00 |
| Advance Income Tax (net of provisions) | 0.00 | 0.00 |
| Unsecured, considered good | | 0.00 |
| Balances with Government Authorities | 22647.13 | 22647.13 |
| Unsecured, considered good | 22647.13 | 22647.13 |
| Other loans and advances | 151359.48 | 151359.48 |
| Considered Doubtful | 151359.48 | 151359.48 |
| Total | 179533.76 | 179533.76 |

08.Short Term Loans & Advances

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|---------------------------------|-------------------|-------------------|
| Other Loans and Advances | 0.00 | 0.00 |
| Unsecured, considered good | 0.00 | 0.00 |
| Unsecured, considered doubtful | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

09B . Reserves and Surplus

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|--|-------------------|--------------------|
| Other Reserves | 1948591.00 | 1948591.00 |
| Opening balance | 1948591.00 | 1948591.00 |
| Closing balance | 1948591.00 | 1948591.00 |
| Surplus | -17827.67 | 1624.81 |
| Opening Balance | 0.00 | 0.00 |
| (+) Net profit/(Net loss) for the Current Year | -17827.67 | 1624.81 |
| Closing balance | -17827.67 | 1624.81 |
| Total | 2550938.07 | 1950215.809 |

10 . Long term Borrowings

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|---|-------------------|-------------------|
| Secured | 357400.00 | 343000.00 |
| Other Loans and Advances | 357400.00 | 343000.00 |
| Ardent Ventures LLP | 357400.00 | 343000.00 |
| Unsecured | 567118.44 | 567118.44 |
| Loans and Advances from Related Parties | 567118.44 | 567118.44 |
| Kanaiyalal J Thakkar (H U F) | 75000.00 | 75000.00 |
| Dhiren K Thakkar | 239590.24 | 239590.24 |
| Monika H Thakkar | 20000.00 | 20000.00 |
| Neelaben K Thakkar | 40000.00 | 40000.00 |
| Hitesh K Thakkar | 192528.20 | 192528.20 |
| Other Loans and Advances | 49218.13 | 49218.13 |

| | | |
|-------------------------|------------------|------------------|
| Kadam Exports Pvt. Ltd. | 8500.00 | 8500.00 |
| Maxrotth Foods Ltd | 0.00 | 0.00 |
| Tushar N Shah | 40718.13 | 40718.13 |
| Total | 973736.57 | 959336.57 |

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

Secured Loan from Ardent Venture LLP of Rs.3.57 Crore[Previous Year Rs. 3.43 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.

UN-SECURED LOANS: Unsecured Loans are not supported by any formal loan agreement.

11 . Short-Term Borrowings

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|---|-------------------|-------------------|
| Unsecured | 87636.80 | 107636.80 |
| Loans and advances from related parties | 87636.80 | 107636.80 |
| Aastha Complex | 3000.00 | 3000.00 |
| GSEC Ltd | 0.00 | 10000.00 |
| Kundan Care Pvt Ltd | 0.00 | 10000.00 |
| Shakti Nutraceuticals Pvt Ltd | 84636.80 | 84636.80 |
| Dhiren K. Thakkar | 0.00 | 0.00 |
| Total | 87636.80 | 107636.80 |

12 . Trade Payables

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|--------------|-------------------|-------------------|
| Others | 90638.40 | 0.00 |
| Total | 90638.40 | 0.00 |

13. Other Current Liabilities

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|----------------|-------------------|-------------------|
| Other Payables | 0.00 | 87944.27 |
| Total | 0.00 | 87944.27 |

14 . Short-Term Provisions

| Particulars | as at 31-Mar-2023 | as at 31-Mar-2022 |
|--------------|-------------------|-------------------|
| Others | 86875.55 | 87501.03 |
| Total | 86875.55 | 87501.03 |

15 . Revenue from Operations

| Particulars | FY 2022-23 | FY 2021-22 |
|------------------|-------------|----------------|
| Sale of Products | 0.00 | 5230.00 |
| Total | 0.00 | 5230.00 |

16 . Other income

| Particulars | FY 2022-23 | FY 2021-22 |
|-----------------------------------|-------------|-----------------|
| Other Non-Operating Income | 0.00 | 16162.00 |
| Rent Income | 0.00 | 300.00 |
| Interest on FD | 269.00 | 0.00 |
| Kasar / vatav | 14.00 | 0.00 |
| Written off | 0.00 | 15862.00 |
| Total | 284 | 16162.00 |

Broad Heads of Materials Purchased

| Particulars | FY 2022-23 | FY 2021-22 |
|--------------------------|-------------|-------------|
| Finished Goods | 0.00 | 0.00 |
| Packing Materials | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

17 . Changes in Inventories

| Particulars | FY 2022-23 | FY 2021-22 |
|------------------------|-------------|----------------|
| Stock-in-Trade | 0.00 | 2979.00 |
| -Opening Balance | 0.00 | 2979.00 |
| Less : Closing Balance | 0.00 | 0.00 |
| Total | 0.00 | 2979.00 |

18 . Employee Benefit Expenses

| Particulars | FY 2022-23 | FY 2021-22 |
|--------------------|----------------|----------------|
| Salaries and Wages | 1650.00 | 1300.00 |
| Total | 1650.00 | 1300.00 |

19 . Other Expenses

| Particulars | FY 2022-23 | FY 2021-22 |
|---|-----------------|-----------------|
| Payment to Auditors | | |
| As Auditor | 337.50 | 900.00 |
| Director Sitting Fees | 0.00 | 40.00 |
| GIDC Rent | 0.00 | 1250.00 |
| Income Tax Exp | 0.00 | 10.00 |
| Legal and Professional Fees | 2362.77 | 3426.00 |
| Maintenance & Repairs | 664.00 | 928.00 |
| Miscellaneous expenses | 3393.56 | 893.00 |
| Postage, Telephone & Telegram | 0.00 | 96.00 |
| Power, Fuel & Light | 586.14 | 516.00 |
| Prior period items | 1786.20 | 0.00 |
| Rates and taxes (excluding taxes on income) | 0.00 | 3309.00 |
| RP Fees | 3045.00 | 0.00 |
| Round Off | 3.55 | 0.00 |
| Stock Exchange Exp | 1840.50 | 678.00 |
| Valuation Fees | 0.00 | 1000.00 |
| Total | 14019.22 | 13045.00 |

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:

a .Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;

- b. Interest paid during the year;
 - c. Amount of payment made to the supplier beyond the appointed day during accounting year;
 - d. Interest due and payable for the period of delay in making payment;
 - e. Interest accrued and unpaid at the end of the accounting year; and
 - f. 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;
-
- 20.** The figures of the previous year have been regrouped, rearranged and changed wherever necessary so as to make them comparable with the current year.
 - 21.** The information's / details are as per the books maintained and determined and information compiled and furnished on the computer.
 - 22.** 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.
 - 23.** 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, 2021, 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.
 - 24.** 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.
 - 25.** 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.
 - 26.** The company has not provided for listing fees of Jaipur, Calcutta and Ahmedabad Stock Exchange.
 - 27.** 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.
 - 28.** 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.
 - 29.** Company has started for filing Income tax Return for the FY 2018-19 and onwards regularly. All the pending previous years [FY 2017-18 and earlier years] and all pending Sales Tax Returns up to FY 2012-13 could not be filed since system do not allow on the portal.
 - 30.** 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.InLacs) | 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 | Principa I Tax | Penalty 45 (6) | Penal ty 45 (2) | Interest 47 (14) K | Short Paymen ts | 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 "VandhaArajee" 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.

32. 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.

33. 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.

34. Earnings per share (EPS)

| Sr. No. | Particulars | Year ended | |
|---------|---|------------------------------|------------------------------|
| | | 31 st March, 2023 | 31 st March, 2022 |
| 1 | Net Profit [Loss] (Rs. In Lacs) | (-)17.825 | 16.24 |
| 2 | Weighted Average Number of Shares | 18412440 | 18412440 |
| 3 | Basic/ Diluted EPS (Rs.) (on nominal value of Rs. 10 per share) | 0.00 | 0.01 |

35.

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.

36.

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. |
| 2 | Key Management Person | Dhiren K. Thakkar Jatin. R. Vyas Hitesh K Thakkar AshaFulabhai Desai |
| 3 | Relative of key management person | Devika H Thakkar Gauri D. Thakkar Jaysheel D. Thakkar Monika H. Thakkar NeelaThakkar |

Transactions entered with them[Rs. In Lakhs]

| | Directors Remuneration | Sales | Purchase | Loan Given | Loan Taken | Closing balance as on | |
|-----------------------------|------------------------|-------|----------|------------|------------|-----------------------|------------|
| | | | | | | 31/03/2023 | 31/03/2022 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Key Management | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 432.12 | 432.12 |
| Associates Firms / Company | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 84.64 | 84.64 |
| Relatives of Key Management | 0.00 | 0.00 | 0.00 | 6.00 | 6.00 | 60.00 | 60.00 |

37. PAYMENT TO STATUTORY AUDITORS:

| | CURRENT YEAR | PREVIOUS YEAR |
|-------------------------------|--------------|---------------|
| (a) Audit Fees[Rs in Hundred] | Rs.337.50 | Rs. 900.00 |
| [As Statutory Auditors] | Rs.337.50 | Rs. 900.00 |

38 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.

39 Management have broadly reviewed the basis of compiling details and information and made test checked wherever considered necessary. The books and / or the details / information compiled in the company on the computer.

40. Writing off debtors, Bad and Doubtful debts, investments, loans and advances are as per management's decision and opinion. Debtors/Creditors are accounted at the time of settlement of claims.

41. Contract remaining to be execute on Capital Account not provided for Rs. Nil/- (Previous year Rs. Nil)

42. The company is operating only in one segment of trading of goods. Hence no separate Segment wise Accounting is required and given herewith.

43. Due to settlement dispute with debtor/creditor, advance given and advance taken we could not quantify closing balance at the end of year as such balances have been arrived by unilateral actions. Amount of dispute cannot be quantified. No fraud by company or on company has been initiated during the year.

44. NSC matured could not be encased as they are lying with sales tax department. Recoveries of such NSC are negligible. As per auditor these investment must be written off in absence of details.

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

46. Prior Period Expenditure:-

Prior period expenditure / Income have been debited / Credited to the profit and loss account is Rs. NIL

The statements of significant accounting policies and the notes numbered **1 to 46** from an integral part of the year ended 31st March 2022

Signature to Schedule 1 to 46

As per our report of even date
BHAGAT & CO.
CHARTERED ACCOUNTANTS
FRN : 127250W

Sd/-
Shankar Bhagat
Partner
M. NO. 052725
Place: Ahmedabad
Date: 29/05/2023

For and on behalf of the Board of Directors
KANEL INDUSTRIES LTD

| | |
|---|--|
| Sd/- DHIREN K THAKKAR MD & CFO DIN: 00610001 Sd/- Prashant Patel Resolution Professional IBBI REGISTRATION NO: IBBI/IPA-002/IP- No. 0827 /2019-2020/12627 | Sd/- HITESH K THAKKAR NON-EXECUTIVE DIRECTOR DIN: 00610006 |
|---|--|

Place: Ahmedabad
Date: 29/05/2023

ATTENDANCE SLIP

| | |
|---|--|
| Regd. Folio No. | |
| D.P. I.D. | |
| Client I.D. | |
| No. of Shares held | |
| Name and Address of the First Shareholder IN BLOCK LETTERS) | |
| Name of the Joint holder (if any) | |

I/we hereby record my/our presence at the 31st Annual General Meeting of the Members of **Kanel Industries Limited** held on Saturday, September 30, 2023, at 09:30 A.M. at the registered office of the Company situated at 203, Abhijeet Buildings, Near Mithakhali 6 Road, Ellisbridge, Ahmedabad-380006, Gujarat.

Member's/Proxy's Name in Block Letters

Member's/Proxy's Signature

Note: Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

Note: Shareholder/Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

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

PROXY FORM

(Form No. MGT-11 - Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|-----------------------|--|
| 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

- Name: _____
Address: _____
E-mail Id: _____ Signature: _____ or failing him
- 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 31ST Annual General Meeting of the Members of **Kanel Industries Limited** held on Saturday, September 30, 2023 at 09:30 A.M. at the registered office of the Company situated at 203, Abhijeet Buildings, Near Mithakhali 6 Road, Ellisbridge, Ahmedabad-380006, Gujarat or at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolution | Vote (Optional see Note 2) (Please mention no. of shares) | | |
|----------------------------|--|--|---------|---------|
| | | For | Against | Abstain |
| Ordinary Businesses | | | | |
| 1. | To receive, consider and adopt the audited Balance Sheet as at 31st March 2023, the Statement of Profit and Loss for the year ended on that date together with the schedules thereon, along with the reports of the Board of Directors and Auditors thereon. | | | |
| 2. | To appoint a director in place of Mr. Hitesh Kanaiyalal Thakkar (DIN: 00610006) who retires by rotation and being eligible offers himself for re-appointment | | | |
| 3. | To Appointment of M/s N.S. Nanavati & Co., Chartered Accountants as Statutory Auditors of the company for the term of 5 years | | | |
| Special business | | | | |
| 4. | To reappoint Mr. Dhiren Kanaiyalal Thakkar (DIN: 00610001) as Managing Director of the Company for a term of 5 years: | | | |

Signed this.....day of.....2023

| |
|---|
| Affix Revenue Stamp of Rs. 1/- |
|---|

Signature of shareholder

Signature of Proxy holder(s)

Note:

- This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of 31st Annual General Meeting.
- It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

FormNo.MGT-12

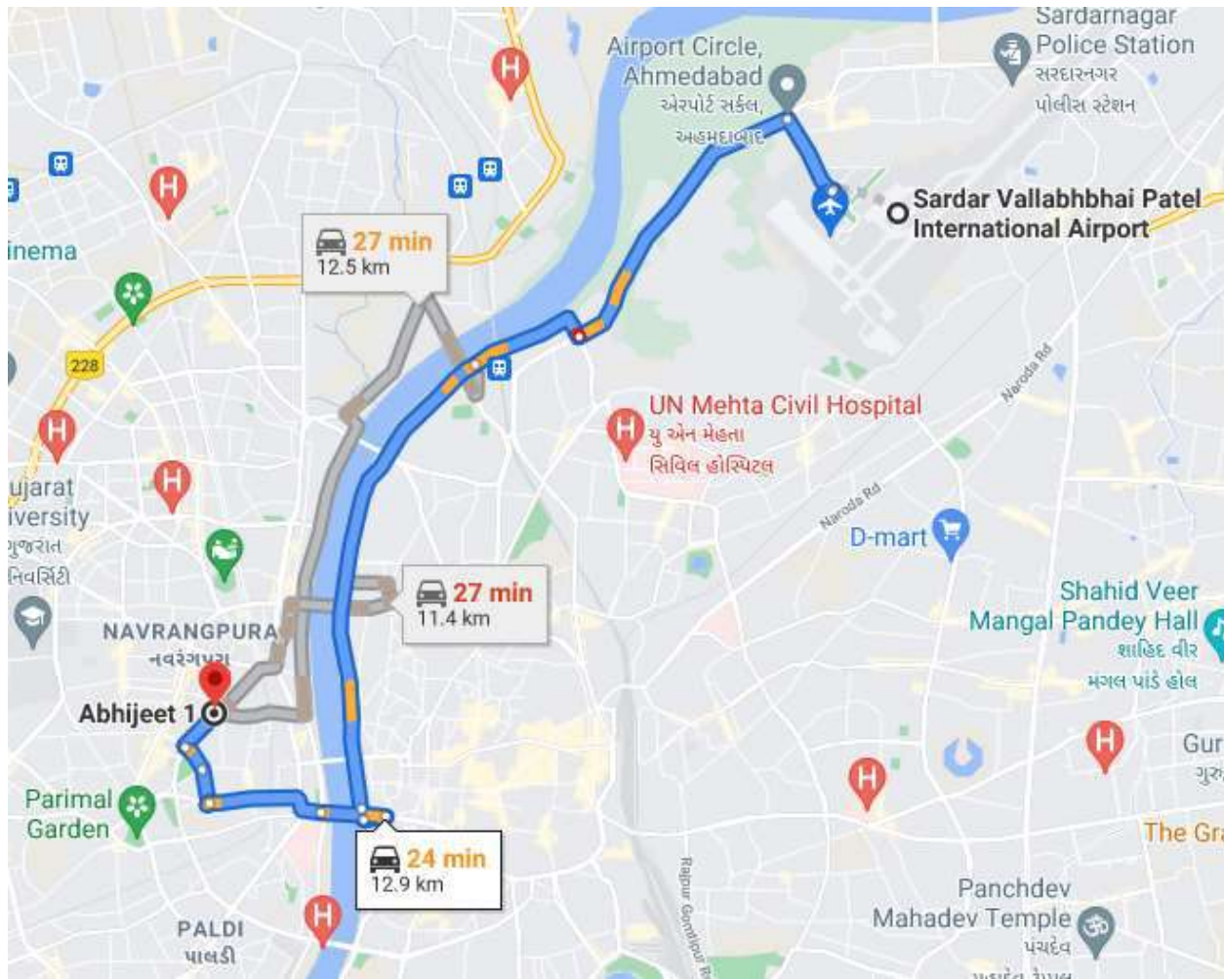
Polling Paper

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

| Name of the Company: KANEL INDUSTRIES LIMITED | | | | |
|--|--|--------------------------|----------------------------|-------------------------------|
| Registered Office: 203, Abhijeet Buildings, Near Mithakhali 6 Road, Ellisbridge, Ahmedabad-380006, Gujarat | | | | |
| CIN: L15140GJ1992PLC017024 | | | | |
| SNo | Particulars | Details | | |
| 1. | Name of the first named Shareholder (In Block Letters) | | | |
| 2. | Postal address | | | |
| 3. | Registered Folio No/ *ClientID (*applicable to investors holding shares in dematerialized form) | | | |
| 4. | Class of Share | Equity Shares | | |
| 5. | Number of Shares | | | |
| I hereby exercise my vote in respect of Ordinary/Special Resolutions enumerated below by recording my assent or dissent to the said resolutions in the following manner: | | | | |
| No. | ItemNo. | No. of Shares held by me | I assent to the resolution | I dissent from the resolution |
| 1 | To receive, consider and adopt the audited Balance Sheet as at 31st March 2023, the Statement of Profit and Loss for the year ended on that date together with the schedules thereon, along with the reports of the Board of Directors and Auditors thereon. | | | |
| 2 | To appoint a director in place of Mr. Hitesh Kanaiyalal Thakkar (DIN: 00610006) who retires by rotation and being eligible offers himself for re-appointment | | | |
| 3 | To Appointment of M/s N.S. Nanavati & Co., Chartered Accountants as Statutory Auditors of the company for the term of 5 years | | | |
| 4 | To reappoint Mr. Dhiren Kanaiyalal Thakkar (DIN: 00610001) as Managing Director of the Company for a term of 5 years: | | | |
| Place: Ahmedabad Date: 30 th September, 2023 (Signature of the shareholder*) | | | | |

(*as per Company records)

ROUTE MAP TO THE VENUE OF 31st ANNUAL GENERAL MEETING



F