

**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.**

September 5, 2019

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


Dear Sir,

**Sub: 27<sup>th</sup> Annual Report for the Financial Year 2018-19.**  
**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 2018-19 to be approved and adopted by the Members of the Company in the 27<sup>th</sup> Annual General Meeting of the Company going to be held on Monday 30<sup>th</sup> September, 2019 at 09:00 a.m. at the Registered Office of the Company.

Thanking you,

Yours faithfully,  
**FOR, KANEL INDUSTRIES LIMITED**

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



Encl: As above

# **27<sup>TH</sup> ANNUAL REPORT**

## **KANEL INDUSTRIES LIMITED**



**2018-2019**

# KANEL INDUSTRIES LIMITED

**TWENTY SEVENTH ANNUAL GENERAL MEETING**

**DATE: 30<sup>TH</sup> SEPTEMBER 2019**

**DAY: MONDAY**

**TIME: 09:00 A.M.**

**VENUE: 203, ABHIJEET – 1, 2<sup>ND</sup> FLOOR, MITHAKHALI SIX ROADS,  
ELLISBRIDGE, AHMEDABAD – 380 006, GUJARAT.**

## **NOTE TO SHAREHOLDERS:**

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

<b>CONTENTS .....</b>	<b>Page No.</b>
1 GENERAL INFORMATION	3
2 NOTICE AND EXPLANATORY STATEMENT	4
3 DIRECTORS' REPORT	14
4 SECRETARIAL AUDIT REPORT	32
5 MANAGEMENT DISCUSSION AND ANALYSIS REPORT	37
6 CORPORATE GOVERNANCE REPORT	40
7 AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE	53
8 INDEPENDENT AUDITOR'S REPORT	55
9 BALANCE SHEET	69
10 PROFIT & LOSS ACCOUNT	71
11 CASH FLOW STATEMENT	72
12 SCHEDULES & NOTES ON ACCOUNTS	77
13 ATTENDANCE & PROXY FORM	98



➤ **BOARD OF DIRECTORS:**

Shri Dhiren K. Thakkar  
Shri Hitesh K Thakkar  
Shri Asha F Desai  
Shri Jatin R Vyas

Chairman, Managing Director & CFO  
Non-Executive Additional Director  
Independent Woman Director  
Independent Director

➤ **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:**

Mr. Chintan K Patel  
Practicing Company Secretary

➤ **LISTING AT:**

**AHMEDABAD**  
The Ahmedabad Stock Exchange Ltd.



**JAIPUR**  
The Jaipur Stock Exchange Ltd.

**MUMBAI**  
The Bombay Stock Exchange Ltd.

**KOLKATA**  
The Culcutta Stock Exchange Ltd.

➤ **REGD. OFFICE:**

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

➤ **COMPLIANCE OFFICER:**

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

➤ **REGISTRAR & SHARE TRANSFER AGENT:**

**Accurate Securities & Registry Pvt. Ltd.**  
203, Shangrila Arcade, Above Samsung Showroom,  
Nr. Shyamal Cross Road, Satellite, Ahmedabad - 380015.

## **NOTICE**

**NOTICE** is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of the **KANEL INDUSTRIES LIMITED** will be held on Monday, 30<sup>th</sup> September 2019 at 09:00 a.m. at the Registered office of the Company at 203, Abhijeet-1, 2<sup>nd</sup> Floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad 380006 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 31<sup>st</sup> March, 2019 The Profit & Loss Account for the year ended on that date, the report of the Auditors and Directors thereon.
- 2) To reappoint a director in place of Mr. Dhiren Kanaiyalal Thakkar, who retires by rotation and being eligible offers himself for re-appointment.

### **SPECIAL BUSINESS:**

#### **3) Appointment of Mr. Hiteshbhai Kanaiyalal Thakkar (DIN 00610006) as Director.**

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

**“RESOLVED THAT** pursuant to the provisions of section 149, 152 and all other applicable provisions of the Companies Act, 2013, if any and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV, Mr. Hiteshbhai Kanaiyalal Thakkar (DIN 00610006) who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as Non-executive Director of the Company liable to retire by rotation.”

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

#### **4) To set limit to make Loans or Investments and to Give Guarantees or to provide Security in connection with a Loan made under Section 186 of Companies Act, 2013**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION;**

**“RESOLVED THAT** Pursuant to provision of Section 186 of the Companies Act, 2013 read with the Companies ( Meeting of Board and its Power) Rules 2014 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactments thereof for the time being in force, and in supersession of all the earlier resolutions passed in this regard, if any, and the consent of the members of the Company is be and is hereby accorded to exercise the power to (a) give any loan(s) to any person or other body corporate ; (b) to give guarantee including corporate

guarantee or (c) to provide security in connection with a loan made by any other person to, or to any other person by, a body corporate as the Board of Directors (d ) to make investment or acquire by way of subscription, purchase or otherwise the securities of any other body corporate whether Indian or overseas as board may think fit, from time to time, in one or more tranches, for an amount not exceeding Rs. 100 Crores (Rupees One Hundred Crore Only), notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under Section 186 of Companies Act, 2013 as in their absolute discretion deem beneficial and in the interest of the Company.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board of Directors or the Company Secretary of the Company be and is hereby authorised to take all such actions and to give all such directions and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf.”

**5) To give authority to the Board to borrow money in excess of paid-up share capital and free reserves of the Company under Section 180(1)(c) of the Companies Act, 2013:**

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

**“RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, of the Act (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as ‘Board’ which term shall include a Committee thereof authorized for the purpose) of the Company, to borrow, from time to time, any sum or sums of money (including non-fund based banking facilities) as may be required for the purpose of the business of the Company, from one or more Banks, Financial Institutions and other persons, firms, bodies corporate, whether in India or abroad, notwithstanding that the monies so borrowed together with the monies already borrowed (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may at any time exceed the aggregate of the paid up Capital of the Company and its Free Reserves (reserves not set apart for any specific purpose) provided that the total amount that may be borrowed by the Board and outstanding at any point of time, shall not exceed the sum of Rs. 100 Crores (Rupees One Hundred Crore only).”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board of Directors or the Company Secretary of the Company be and is hereby authorised to take all such actions and to give all such directions and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf.”

**Registered Office:**  
203 Abhijeet-1, Mithakhali Six Road,  
Ellisbridge, Ahmedabad-380006

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

**Date:** September 05, 2019  
**Place:** Ahmedabad

**Sd/-**  
**Dhiren Thakkar**  
**Managing Director & CFO**

**The Register of Members & Share transfer Books of the Company will remain closed from 24/09/2019 to 30/09/2019 (both days inclusive).**

**NOTES:**

- 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 24/09/2019 to 30/09/2019 (Both days inclusive).**
- 7) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- 8) Members desiring any information on accounts are requested to write to the company 7 days before the meeting to enable the management to keep the information ready.
- 9) Shareholders holding shares in physical form are requested to advise any change of address immediately to Company's Registrar and Share Transfer Agent, **Accurate securities and registry private limited**, 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.
- 10) All shareholders are requested to dematerialize their shareholding immediately as The Securities and Exchange Board of India (SEBI) has mandated the transfer of shares only in demat mode.
- 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 31<sup>st</sup> March, 2019 is uploaded on the Company's website [www.kanel.in](http://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 entitled to vote. The voting rights of Members shall be in the proportion of their shareholding in the Company as on Cut-off Date.

The Company has appointed Mr. Chintan K Patel of Patel & 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 shareholders voting electronically are as under:**



## **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 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

### **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 ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password 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 :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
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. Your password details 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.
- 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'?

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'.

If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

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](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
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.

**Details on Step 2 is given below:**

### **How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. 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 [cshintanpatel@gmail.com](mailto:cshintanpatel@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
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](http://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](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### **General Instructions:**

- a. **The voting period begins on Friday 27<sup>th</sup> September 2019 at 9:00 a.m. and ends on Sunday 29<sup>th</sup> September, 2019 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of (record date) of Monday 23<sup>rd</sup> September 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**
- b. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

- c. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kanel.in and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

**INFORMATION ABOUT THE DIRECTORS WHO ARE PROPOSED TO BE APPOINTED/ RE-APPOINTED AT THE 27<sup>th</sup> ANNUAL GENERAL MEETING AS PER REGULATION OF SEBI (LODR), 2015 FORMING PART OF THE NOTICE CONVENING THE ANNUAL GENERAL MEETING OF THE COMPANY.**

<b>Particulars</b>	Mr. Dhiren K. Thakkar
<b>Director Identification Number.</b>	00610001
<b>Date of Birth</b>	26/06/1972
<b>Age.</b>	47 yrs
<b>Educational Qualification.</b>	Graduate
<b>Experience (No. of Years)</b>	25 Yrs.
<b>Business field in which Experience.</b>	Edible Oil & Agro Commodities
<b>Date of Appointment as Director in the Company.</b>	06/06/1994
<b>Directorship held in any other Company.</b>	1. Shakti Nutraceuticals Private Limited. 2. T J R Sons Limited.
<b>Member of any Committees of the Directors in the Company.</b>	Audit Committee
<b>Member of any committees of the Directors in other Companies with names of the Company.</b>	Nil
<b>Member of any Trade Association/ Charitable Organization/ NGOs etc.</b>	N.A.



<b>Particulars</b>	Mr. Hiteshbhai Kanaiyalal Thakkar
<b>Director Identification Number.</b>	00610006
<b>Date of Birth</b>	09/12/1968
<b>Age.</b>	50 yrs
<b>Educational Qualification.</b>	Graduate
<b>Experience (No. of Years)</b>	30 Yrs.
<b>Business field in which Experience.</b>	Edible Oil & Agro Commodities
<b>Date of Appointment as Director in the Company.</b>	03/11/2018
<b>Directorship held in any other Company.</b>	1. T J R Sons Limited.
<b>Member of any Committees of the Directors in the Company.</b>	Nomination & Remuneration Committee
<b>Member of any committees of the Directors in other Companies with names of the Company.</b>	Nil
<b>Member of any Trade Association/ Charitable Organization/ NGOs etc.</b>	N.A.

**Explanatory Statement as required under Section 102 of the Companies Act, 2013**

**Item No. 3 of the Notice:**

Mr. Hiteshbhai Kanaiyalal Thakkar (DIN 00610006) who has been appointed as an Additional Director of the Company pursuant to the provision of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company effective from 03<sup>rd</sup> November, 2018 holds office upto the date of this Annual General Meeting and is eligible for appointment as a Director.

Mr. Hiteshbhai Kanaiyalal Thakkar (DIN 00610006) is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Hiteshbhai Kanaiyalal Thakkar (DIN 00610006) as Director, for the approval by the shareholders of the Company.

Except Mr. Hiteshbhai Kanaiyalal Thakkar & Mr. Dhiren Kanaiyalal Thakkar (Managing Director & CFO), none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 3.

**Item No. 4 of the Notice:**

**To set limit to make Loans or Investments and to give Guarantees or to provide Security in connection with a Loan made under Section 186 of Companies Act, 2013**

In order to make optimum use of funds available with the Company and also to achieve long term strategic and business objectives, the Board of Directors of the Company had passed the resolution to make use of the same by making investment in other bodies corporate or granting loans, giving guarantee or providing security to other persons or other body corporate or as and when required on September 05, 2019 in its board meeting.

Pursuant to the provisions of section 186(3) of the Companies Act, 2013 and rules made there under, the Company needs to obtain prior approval of shareholders / members by way of special resolution passed at the General Meeting in case the amount of investment, loan, guarantee or security proposed to be made is more than the higher of sixty percent of the paid up share capital, free reserves and securities premium account or one hundred percent of free reserves and securities premium account. Accordingly, the Board of Directors of the Company proposes to obtain approval of shareholders by way of special resolution as contained in the notice of the Annual General Meeting for an amount not exceeding Rs. 100 Crores (Rupees One Hundred Crores Only) outstanding at any time notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under Section 186 of the Companies Act, 2013.

The Directors therefore, recommend the Special Resolution for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company as contemplated in the provisions of Section 102 of the Companies Act, 2013 is, in any way, financially or otherwise, concerned or interested in the resolution.

**Item No. 5 of the Notice:**

**To give authority to the Board to borrow money in excess of paid-up share capital and free reserves of the Company under Section 180(1)(c) of the Companies Act, 2013**

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company needs additional funds. For this purpose, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Therefore the Board of Directors has proposed a resolution, in its board meeting held on September 05, 2019, for increasing the borrowing limits as per section 180(1)(c) up to Rs. 100 Crores (Rupees One Hundred Crores only).

Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting.

In order to facilitate company to borrow money from any Bank(s), Financial Institutions (FIs,) Bodies Corporate or Business Associates or other any person or entity etc., in excess of paid up capital and free reserves of the Company by a sum not exceeding 100 crore (Rupees One Hundred Crores only) for the purposes of business activities of the Company. It would be necessary to take approval of members in the general meeting.

The Directors therefore, recommend the Special Resolution for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company is, in any way, financially or otherwise, concerned or interested in the resolution.

**Registered Office:**

203 Abhijeet-1, Mithakhali Six Road,  
Ellisbridge, Ahmedabad-380006

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

**Date:** September 05, 2019

**Place:** Ahmedabad

**Sd/-  
Dhiren Thakkar  
Managing Director & CFO**

## **BOARD REPORT**

To,  
The Members,  
**Kanel Industries Limited,**  
**Ahmedabad**

Your Directors have pleasure in presenting the 27<sup>th</sup> Annual Report of the Company together with the Audited Statements of Accounts for the year ended March 31, 2019.

### **1. FINANCIAL RESULTS:**

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

**(In Rs.)**

<b>PERTICULARS</b>	<b>FOR THE YEAR ENDED ON 31.03.2019</b>	<b>FOR THE YEAR ENDED ON 31.03.2018</b>
Net Income from Business Operations	418990764.60	617243757.72
Other Income	234661.00	384929.00
<b>Total Income</b>	<b>419225425.60</b>	<b>617628686.72</b>
Profit / (loss) before depreciation & tax	(3148895.70)	133520.68
Less Depreciation	778122.00	778122.00
Profit before Tax	(3927017.70)	(911642.68)
Less Tax Expenses:	0.00	0.00
Net Profit after Tax	<b>(3927017.70)</b>	<b>(911642.68)</b>
Basic and diluted EPS	<b>(0.21)</b>	<b>(0.05)</b>

### **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 31<sup>st</sup> March, 2019.

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

- i. Revenue from operations decreased from Rs. 617243757.72/- to Rs. 418990764.60/- due to very high fluctuations in the prices of the commodities applicable to the company.
- ii. Net Loss for the year increased from Rs. 911642.68/- to Rs. 3927017.70/- due to Volatility in the commodity market.
- iii. Earnings per share have decreased from Rs. (0.05) to (0.21).

### **3. SHARE CAPITAL:**

As on 31.03.2019 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 31.03.2019.

- 5. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**  
The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.
- 6. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES :**  
The Company does not have any Holding, Subsidiary, Joint Venture or Associate Company.
- 7. 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.  
However Ms. Ishani Dhupar, has been appointed as Company Secretary & Compliance Officer of the company w.e.f. 15<sup>th</sup> June, 2019.
- 8. 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".
- 9. 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.
- 10. CORPORATE SOCIAL RESPONSIBILITY (CSR):**  
The provisions of section 135 of the companies act, 2013 are not applicable to the company considering the networth, turnover and net profit of the company.
- 11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**  
Except loans there were no guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.
- 12. 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.
- 13. STATUTORY AUDITORS:**  
M/s. Bhagat & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127250W) is appointed as Statutory Auditor of the Company to hold office from the 26<sup>th</sup> AGM to the 31<sup>st</sup> AGM of



the company for a term of five years in terms of the first proviso to Section 139 of the Companies Act, 2013.

#### **14. 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.

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

- 1) *During the year under audit, company has advanced to number of parties interest free loans of Rs.9.66 crores. Advances are unsecured and 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 income and its repayment terms. We have not received any satisfactory explanation from the management for above advances. In our opinion these transactions are prejudicial to the interest of the company, at least to the extent of interest income of company and for its repayment:*
  - Explanation: Company has made advances to those parties considering the future business prospects with them.
  
- 2) *The Company has taken inter corporate loan of Rs NIL [unsecured] and unsecured loans from related parties/firms of Rs. 266 lacs and from Non Related person Rs.NIL Lacs during the financial year under audit. The Closing Balance at the year end are Rs. 549.10 Lacs in case of related parties and firms and from key management person and Rs.49.22 lacs from other parties. No interest provided on loan accounts. In absence of formal agreement or supporting other documents, we could not comment and could not quantify the non-provision of interest thereon. Out of total Inter Corporate Loans as above, the Company has taken Mortgage Loan of Rs. 5 Crore from Adani Enterprises Ltd in earlier years [closing balance at year end is Rs. 3.40 Crores.] We are not provided any formal Loan Agreement copy except Mortgage Deed which does not contain any repayment terms and interest rate. No interest is provided on such Loans. We are unable to comment upon non provision of interest, repayment schedule etc. in absence of any formal agreement with the company and related documents and information*
  - Explanation: Company had taken advances/loans for business development and are repayable on demand.
  
- 3) *Company has not made provision for doubtful Debtors of Rs 305.15 Lacs Which are long outstanding and chances for recovery are very less, as per our opinion, these are bad debts, to that extent, Current Assets have been overstated and current years Losses and accumulated losses have been understated.*
  - 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.
  
- 4) *The Company has violated provisions of Income Tax Act, 1961 by non filing Income Tax Returns from FY 2008-09 onwards. Proper records are not made available to us for our verification and to compute Income Tax and related statutory liabilities. In this situation, we are unable to comment upon the non provision of statutory liabilities for current year as well as for the earlier years.*
  - Explanation: The Company is in process of filing all pending returns. Due to operational financial losses in every financial years there is no statutory liability on account of income tax on the company.

- 5) *The Company has not deducted TDS from Professional fees paid / credited on sum of Rs 6.08 Lacs during the financial year under audit.*
- *Explanation:* The Company accounts all the professional fees which were paid to professionals on accrual basis.
- 6) *After repealed of SICA Act, all matters pending with BIFR court abandoned. Company got registered with Industries Commissionerate, Gujarat to declare the company as sick industrial enterprise to avail relief. Company is preparing DRS to repay the dues of secured creditors as well as statutory dues.*
- *Explanation:* Observation is self-explanatory.
- 7) *The Naroda Unit has been inoperative since last many years. Company is doing Trading activities during the year under audit but majority Financial indicators and operating indicators remained negative and to the date of Audit report and in absence of formal developments for financial support, on repeal of SICA, all matters pending with BIFR court cancelled and matters came to original status for the resolution, there is substantial doubt that it will be able to continue as a going concern even though the books of accounts of the Company has been prepared on the assumption of a Going Concern basis. In this situation, adjustments may be required to the recorded assets amounts at current value and classification of liabilities is required. The financial statements do not disclose this fact.*
- *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.
- 8) *The company has not paid Listing Fees for Ahmedabad, Jaipur and Calcuttal stock exchange.*
- *Explanation:* Due to Financial Crunch Company has not paid Fees of Ahmedabad, Jaipur & Calcutta stock exchange. Further these exchanges are non-operative now and no trading activities are going on there now-a-days.
- 9) *The company has not appointed Company Secretary as per Sec 203 of the Companies Act, 2013.*
- *Explanation:* Company had appointed Ms. Komal Hardik Patel as its company secretary on 12.12.2018, she had resigned from the company on 21.01.2019, After that Company has appointed Ms. Ishani Dhupar as its Company Secretary on 15.06.2019.

#### **15. ANNUAL RETURN:**

The extract of Annual Return in Form No.MGT-9 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure "B"** and forms part of this Report and has been placed at website of the Company at [www.kanel.in](http://www.kanel.in)

#### **16. 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. Chintan K Patel, Practicing Company Secretary to undertake the Secretarial Audit of the Company.

#### **17. SECRETARIAL AUDIT REPORT & OBSERVATIONS:**

The Secretarial Audit Report of Secretarial Auditor is annexed herewith.

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

- 1) The Company had not Paid Listing Fees in time due to Severe Fund Crunch.
  - 10) The Observation is self-explanatory.
  
- 2) The Company has not appointed Company Secretary and Chief Financial Officer as per Section 203 of the Companies Act, 2013.
  - Company had appointed Ms. Komal Hardik Patel as its company secretary on 12.12.2018, she had resigned from the company on 21.01.2019, After that Company has appointed Ms. Ishani Dhupar as its Company Secretary on 15.06.2019.
  - Further company has appointed Mr. Dhiren K Thakkar, Managing Director of the company as its Chief Financial Officer from 05.09.2018.
  
- 3) The Company has not appointed Internal Auditors:
  - 11) Company is in the process of appointing an internal auditor and likely to be completed soon.
  
- 4) The Company has not paid the Fees to the NSDL AND CDSL for E-voting Facility and also Annual Issuer Charges in time:
  - 12) Company had paid the fees after the due date due to some liquidity crunch.
  
- 5) The company is not regular in filling various returns with Direct and Indirect tax departments and all other necessary departments.
  - 13) The Company is in process of filing all pending returns. Due to operational financial losses in every financial years there is no statutory liability on account of income tax on the company.

#### **18. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:**

09 (Nine) Board Meetings were held during the financial year ended 31<sup>st</sup>March, 2019 on the following dates:

The maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

Sr. No.	Date of meeting	Total Directors	Directors Present
1.	14/04/2018	3	3
2.	30/05/2018	3	3
3.	10/08/2018	3	3
4.	05/09/2018	3	3
5.	27/10/2018	3	3
6.	03/11/2018	4	4
7.	12/12/2018	4	4
8.	31/01/2019	4	4
9.	14/02/2019	4	4

#### **19. DIRECTOR RESPOSNSIBILITY STATEMENT:**

Your Director wish to inform that the Audited Accounts containing financial statements for the financial year 2018-19 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 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.

## **20. 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.

## **21. DIRECTORS / KEY MANAGERIAL PERSONNEL:**

### **a. RETIREMENT BY ROTATION:**

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Mr. Dhiren K Thakkar, Managing Director shall retire by rotation in the ensuing Annual General Meeting and being eligible for re-appointment has offered his candidature for director.

### **b. 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:

S r.	Name of Director & KMP	Designation on effective date	Effective date of change	Nature of change
1	Dhiren Kanaiyalal Thakkar	CFO	05/09/2018	Appointment
2	Hiteshbhai Kanaiyalal Thakkar	Additional Director	03/11/2018	Appointment
3	Komal Hardik Patel	Company Secretary	12/12/2018	Appointment
4	Komal Hardik Patel	Company Secretary	21/01/2019	Cessation

**c. BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has carried an annual performance evaluation of its own performance and the directors individually.

**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](http://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.

**22. PARTICULARS OF CONTRACTS WITH RELATED PARTIES:**

All related party transactions that were entered into during the financial year ended 31st March, 2019 were on an arm's length basis and were in the ordinary course of business. 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. However, the disclosure of transactions with related party for the year, as per Accounting Standard -18 Related Party Disclosures is given in Note no 40 to the Balance Sheet as on 31st March, 2019.



**23. 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".

**24. MANAGEMENT DISCUSSION AND ANALYSIS:**

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

**25. 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.

- Not Applicable as company don't have any director with fixed monthly pay.

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 2018-19 there was nil (0%) increase in the remuneration of WTD, CFO, CS and other Non-Executive Directors.

c) The percentage increase in the median remuneration of employees in the financial year.  
- Average increase is 0% for the F.Y. 2018-19.

d) The number of permanent employees on the rolls of the Company as on 31.03.2019.  
- 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 5% increase in salaries of Employees and 0% increase in Managerial Remuneration during F.Y. 2018-19. 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.

## **26. 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 2018-19.

## **27. 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.

## **28. 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.

## **29. 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.

## **30. 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.

## **31. ACKNOWLEDGEMENTS**

Your 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 05, 2019**

**Place: Ahmedabad**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Sd/-  
DHIREN THAKKAR  
MANAGING DIRECTOR & CFO  
DIN: 00610001**

**Sd/-  
HITESH THAKKAR  
DIRECTOR  
DIN: 00610006**



## **“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 05, 2019**

**Place: Ahmedabad**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Sd/-  
DHIREN THAKKAR  
MANAGING DIRECTOR & CFO  
DIN: 00610001**

**Sd/-  
HITESH THAKKAR  
DIRECTOR  
DIN: 00610006**



**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2019**  
**ANNEXURE-B**

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

<b>I. REGISTRATION &amp; OTHER DETAILS:</b>					
1	CIN	L15140GJ1992PLC017024			
2	Registration Date	29-Jan-1992			
3	Name of the Company	KANEL INDUSTRIES LIMITED			
4	Category/Sub-category of the Company	Public Limited Company Non-govt company			
5	Address of the Registered office & contact details	203/Abhijeet-1, Near Mithakhali 6 Road, Ellissbridge Ahmedabad 380006, Gujarat India			
6	Whether listed company	Listed Company			
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Accurate Securities And Registry Private Limited 203, Shangrila Arcade, Above Samsung Showroom, Nr. Shyamal Cross Road, Satellite, Ahmedabad - 380015. E-mail: info@accuratesecurities.com Contact: 079-48000319			
<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>					
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)					
S No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company		
1	Sale of edible oils	46305	100%		
<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>					
S No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
<i>The Companies does not have any Holding, Subsidiary and Associate Companies.</i>					

**III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

***i) Category - wise Share Holding***

Category of Shareholders	No. of Shares held at the beginning of the year as on 31-March-2018				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Share	Demat	Physical	Total	% of total Share	
A. Promoter's									
<b>(1) Indian</b>									
a) Individual/HUF	3392161	0	3392161	18.42	3392161	0	3392161	18.42	-
b) Central Govt	0	0	0	0	0	0	0	0	-
c) State Govt(s)	0	0	0	0	0	0	0	0	-
d) Bodies Corp	555904	0	555904	3.02	555904	0	555904	3.02	-
e) Banks / FI	0	0	0	0	0	0	0	0	-
f) Any other	0	0	0	0	0	0	0	0	-
<b>Sub Total (A)(1)</b>	<b>3948065</b>	<b>0</b>	<b>3948065</b>	<b>21.44</b>	<b>3948065</b>	<b>0</b>	<b>3948065</b>	<b>21.44</b>	<b>-</b>
<b>(2) Foreign</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
a) NRI Individual	0	0	0	0	0	0	0	0	-
b) Other Individuals	0	0	0	0	0	0	0	0	-
c) Bodies Corp	0	0	0	0	0	0	0	0	-
d) Banks. FI	0	0	0	0	0	0	0	0	-
e) Any other	0	0	0	0	0	0	0	0	-
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>3948065</b>	<b>0</b>	<b>3948065</b>	<b>21.44</b>	<b>3948065</b>	<b>0</b>	<b>3948065</b>	<b>21.44</b>	<b>-</b>
<b>B. Public Shareholding</b>									
1. Institutions	0	0	0	0	0	0	0	0	-
a) Mutual Funds	0	0	0	0	0	0	0	0	-
b) Banks / FI	100	0	100	0.01	100	0	100	0.01	-
c) Central Govt	0	0	0	0	0	0	0	0	-
d) State Govt(s)	0	0	0	0	0	0	0	0	-
e) Venture Capital Funds	0	0	0	0	0	0	0	0	-
f) Insurance Companies	0	0	0	0	0	0	0	0	-
g) FIIS	0	0	0	0	0	0	0	0	-

H) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	0	-
i) Other (Specified)	0	0	0	0	0	0	0	0	0	-
<b>Sub-total (B)(1):-</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0.01</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0.01</b>		<b>-</b>
<b>2. Non-Institutions</b>										
a) Bodies Corp	947161	89101	1036262	5.62	764681	58601	823282	4.47		-1.15
i) Indian	0	0	0	0	0	0	0	0		-
ii) Overseas	0	0	0	0	0	0	0	0		-
b) Individuals	0	0	0	0	0	0	0	0		-
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	6495134	5626285	12121419	65.83	3170403	5369627	8540030	46.38		-19.45
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	917767	0	917767	4.98	4437085	240300	4677385	25.40		20.42
c) Others (specify)	0	0	0	0	0	0	0	0		-
Non Resident Indians	15865	0	15865	0.09	17332	0	17332	0.09		-
HUF	370862	1700	372562	2.02	242116	1700	243816	1.32		-0.7
Overseas Corporate Bodies	0	0	0	0	0	0	0	0		-
Foreign Nationals	0	0	0	0	0	0	0	0		-
Clearing Members	0	0	0	0	162030	0	162030	0.88		0.88
Trusts	400	0	400	0	400	0	400	0		-
Foreign Bodies	0	0	0	0	0	0	0	0		-
<b>Sub-total (B)(2):-</b>	<b>8747189</b>	<b>5717086</b>	<b>14464275</b>	<b>78.56</b>	<b>8747189</b>	<b>5717086</b>	<b>14464375</b>	<b>78.56</b>		<b>-</b>
Total Public Shareholding (B)=(B)(1)+(B)(2)	8747289	5717086	14464375	78.56	8747289	5717086	14464375	78.56		-
<b>C. Shares held by Custodian</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>-</b>

for GDRs & ADRs									
Grand Total (A+B+C)	12695354	5717086	18412440	0	12695354	5717086	18412440	0	-

ii) Shareholding of promoters

S N	Share holders Name	Shareholding at the beginning of the year			Share holding at the end of the year			%change in share holding during the year
		No. of Shares	%of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	%of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Hitesh K Thakkar	1024550	5.564	0	1024550	5.564	0	0
2	Dhiren K Thakkar	1884962	10.237	0	1884962	10.237	0	0
3	Monika H Thakkar	482649	2.621	0	482649	2.621	0	0
4	TJR Sons Ltd.	555904	3.019	0	555904	3.019	0	0
	Total	3948065	21.441	0	3948065	21.441	0	0

(iii) Change In Promoter's Shareholding (Please specify, if there is no change):


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

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

	Name of Shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	%of total shares of the company	No. of Shares	%of total shares of the company
1	KHYATI REALITIES LIMITED	359450	1.95	359450	1.95
2	SHACHI NALIN JOHARI	135015	0.73	300708	1.63
3	KHYATI MULTIMEDIA ENTERTAINMENT LIMITED	289880	1.57	289880	1.57
4	JATIN BALVANTRAI PAREKH	258513	1.40	266182	1.45
5	NALIN R JOHARI	224680	1.22	224730	1.22

6	KIRITBHAI CHAGANBHAI PATEL	210000	1.14	210000	1.14
7	RADHESHYAM RAMPAL LODH	204110	1.11	204110	1.11
8	KRUPAL VIKRAMBHAI PATEL	190222	1.03	190222	1.03
9	RAUSHINA KALPESH PATEL	178765	0.97	178765	0.97
10	CHHAYA KISHORKUMAR BHATT	177093	0.96	177093	0.96

**(v) Shareholding of directors and key managerial personnel:**

Sr. No.	Name of Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	%of total shares of the company	No. of shares	%of total shares of the company
1	Dhiren K Thakkar				
	At the beginning of the year	1884962	10.237	1884962	10.237
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus / sweat equity etc):	 No Change			
	At the end of the year	1884962	10.237	1884962	10.237
2	Hitesh K Thakkar				
	At the beginning of the year	1024550	5.56	1024550	5.56
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus / sweat equity etc):	No Change			
	At the end of the year	1024550	5.56	1024550	5.56

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

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,40,00,000	5,04,55,024.05	-	8,44,55,024.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3,40,00,000</b>	<b>5,04,55,024.05</b>	<b>-</b>	<b>8,44,55,024.05</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	2,66,47,869.35	-	2,66,47,869.35
* Reduction	-	1,72,70,920.75	-	1,72,70,920.75
<b>Net Change</b>	<b>-</b>	<b>93,76,948.60</b>	<b>-</b>	<b>93,76,948.60</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3,40,00,000	5,98,31,972.65	-	9,38,31,972.65
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3,40,00,000</b>	<b>5,98,31,972.65</b>	<b>-</b>	<b>9,38,31,972.65</b>

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

<b>SN.</b>	<b>Particulars of Remuneration</b>	<b>Name of MD/WTD/ Manager</b>	<b>Total Amount</b>
		Mr. Dhiren Thakkar	
1	Gross salary	NIL	NIL

	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2	Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL
5		NIL	NIL
	Total (A)	NIL	NIL

**B. Remuneration to other directors:**

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

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

SN.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
		Komal Patel/-	Dhiren Thakkar	
1	Gross salary	15000	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of	NIL	NIL	NIL

	the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL	NIL
5		NIL	NIL	NIL
	Total (A)	15000/-	NIL	NIL

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	SEBI Order	200000/-	SEBI	Penalty Paid
	-	BSE Revocation	2079868/-	BSE	
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	NONE				
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NONE				
Punishment					
Compounding					

**Date: September 05, 2019**  
**Place: Ahmedabad**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Sd/-**  
**DHIREN THAKKAR**  
**MANAGING DIRECTOR & CFO**  
**DIN: 00610001**

**Sd/-**  
**HITESH THAKKAR**  
**DIRECTOR**  
**DIN: 00610006**



**FORM NO. MR-3**

**SECRETARIALAUDIT REPORT**

FOR THE FINANCIALYEAR ENDED 31<sup>st</sup> MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Key Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Kanel Industries Limited.**

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Kanel Industries Limited** (the Company) for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (upto 8th November, 2018) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (w.e.f. 9th November, 2018); [Not Applicable to the Company during the Audit Period]
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [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, 2009; and [Not Applicable to the Company during the Audit Period]
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (upto 10th September, 2018) and 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;

**The Company had not Paid Listing Fees in time due to Severe Fund Crunch.**

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

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

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

- A) The Company has maintained a Register of Directors' Attendance as prescribed in the Secretarial Standards.
- B) The Directors have signed against their respective names after the meeting has been held.
- C) The Company had not received any proxy forms for the Annual General Meeting for the financial year ended 31<sup>st</sup> March, 2018.

- D) The Company has complied with requirements of at least one-third of the total number of directors as independent directors as stated in Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- E) The Company has complied with the of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- F) The Company has obtained all necessary approvals under the various provisions of the Act;
- G) There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

### **I further report that**

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

***1. The Company has not appointed Company Secretary and Chief Financial Officer as per Section 203 of the Companies Act, 2013.***

***2. The Company has not appointed Internal Auditors.***

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

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

The following mentioned observations are made:

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

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

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

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

**Place: Ahmedabad**

**Date: 5<sup>th</sup> September, 2019**

**Chintan K. Patel**  
**Practicing Company Secretary**  
**Mem. No.: A31987**  
**COP No.: 11959**



**ANNEXURE - A to the Secretarial Audit Report**

**To,  
The Members,  
Kanel Industries Limited**

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

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

**Place: Ahmedabad**

**Date: 5<sup>th</sup> September, 2019**

**Chintan K. Patel  
Practicing Company Secretary  
Mem. No.: A31987  
COP No.: 11959**

**Annexure -C**  
**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**1. INDUSTRY STRUCTURE AND DEVELOPEMENT:**

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 5<sup>th</sup> largest oilseed crop producing country in the world, India is also one of the largest importers of vegetable oils today.

**2. OPPORTUNITIES AND OUTLOOK:**

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 need 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

**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. 61,72,43,757.72/- to Rs. 41,89,90,764.60/-.

##### **(ii) Expenditure:**

The total expenditure decreased from Rs. 648939559.12/- to 446689437.44/- for the financial year 2018-19.

##### **(iii) Profit before Tax:**

The company has made loss before tax of Rs. 39,27,017.70/- for the financial year 2018-19.

##### **(iv) Profit after tax:**

The company has incurred net loss of Rs. 39,27,017.70/- for the financial year 2018-19.

#### **6. 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.

#### **7. ENVIRONMENT, HEALTH & SAFETY (EHS)**

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).

**8. 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 05, 2019**

**Place: Ahmedabad**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

  
Sd/-  
**DHIREN THAKKAR**  
**MANAGING DIRECTOR & CFO**  
**DIN: 00610001**

Sd/-  
**HITESH THAKKAR**  
**DIRECTOR**  
**DIN: 00610006**



**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 stake – holders.

**Board of Directors:**

As on 31<sup>st</sup> March 2019, 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, 9 Board Meetings were held on 14/04/2018, 30/05/2018, 10/08/2018, 05/09/2018, 27/10/2018, 03/11/2018, 12/12/2018, 31/01/2019 and 14/02/2019. The details of the attendance of the directors in the board meeting along with number of meeting held during their tenure are given below.

Name & Designation	Category	No. of Board Meeting Attended	Percentage Attendance	Attendance at Last AGM (29/09/2018 )	No. of Other Directors hip	Membership in the committee of other companies
Dhiren K Thakkar Chairman, MD & CFO	Promoter and Executive Director	9	100%	YES	3	3
Hitesh K Thakkar	Promoter Non-Executive Director	4	100%	N.A.	1	
Jatin Vyas	Independent Director	9	100%	YES	1	3
Asha Desai	Independent Director	9	100%	YES	-	-

**CODE OF CONDUCT**

The company has already adopted a code of conduct for all employees of the company and executive directors. The board has also approved a code of conduct for the non-executive directors of the company.

All board members and senior management personnel (as per SEBI (LODR) guidelines) have affirmed compliance with the applicable code of conduct has been provided in the Annual Report.

The directors and senior management of the company have made disclosures to the board confirming that there are no material financial and/ or commercial transactions between them and the company that could have potential conflict of interest with the company at large.

## COMPOSITION OF COMMITTEES

**A. AUDIT COMMITTEE:** Reviewing, with the management, the annual financial statements and auditor's report before submission to the board;

1. Reviewing, with the management, the annual financial statements and auditor's report before submission to the board;
2. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
3. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
4. Recommendation for appointment, remuneration and terms of appointment of auditors of the company
5. Approval of payment to statutory auditors for any other services rendered by the statutory Auditors;
6. Review and monitor the auditor's independence and performance, and effectiveness of audit Process;
7. Approval or any subsequent modification of transactions of the company with related parties;
8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the company, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
12. Discussion with internal auditors of any significant findings and follow up there on;
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
15. To review the functioning of the Whistle Blower mechanism;
16. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## COMPOSITION, NAME OF MEMBERS AND CHAIRMAN

<b>Name</b>	<b>Designation</b>
Ms. Asha Desai	Chairperson
Mr. Dhiren K Thakkar	Member
Mr. Jatin R Vyas	Member

## FUNCTIONS OF AUDIT COMMITTEE:

The Audit Committee is headed by Ms. Asha Desai as Chairman and includes other directors namely Mr. Dhiren thakkar, Mr. Jatin R Vyas, , The Committee is regularly giving feedback on daily financial and accounting position of the company to the Board. The Committee meets at least once in every quarter and prepare its minutes on the proceedings and business discussed, transacted. All committee Reports and minutes are placed before the Board in all its meetings for information, guidance, directions and taking the same on record. Other functions, powers, duties etc. of the committee are defined taking in to account the legal provision of regulation 18 of the SEBI(LODR) guidelines and the same are kept flexible

to be decided by the Board from time to time.

#### **B. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

<b>Name</b>	<b>Designation</b>
Ms. Asha Desai	Chairperson
Mr. Jatin R. Vyas	Member

#### **FUNCTIONS OF STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

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

The Committee has also appointed Mr. Chintan Patel, Practicing Company Secretary to look after the legal cases and problems relating to the investors, shares etc.

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

Other functions, roles, duties, powers etc. have been clearly defined in line with the provision of regulation 20 of SEBI (LODR) guidelines, and are kept flexible for modification by the Board from time to time.



#### **C. REMUNERATION COMMITTEE:**

The Company has only one Managing Director Mr. Dhiren K Thakkar. He was not withdrawing any Managerial Remuneration from the Company.

#### **COMPOSITION, NAME OF MEMBERS AND CHAIRMAN**

<b>Name</b>	<b>Designation</b>
Ms. Asha Desai	Chairperson
Mr. Hitesh K Thakkar	Member
Mr. Jatin R Vyas	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.

#### **Number of Board and Committees Meetings Held During the Year:**

<b>NAME OF COMMITTEE</b>	<b>NO. OF MEETING HELD</b>	<b>DATES OF BOARD MEETING/ COMMITTEE MEETING</b>
--------------------------	----------------------------	--

Board	9	14/04/2018 30/05/2018 10/08/2018 05/09/2018 27/10/2018 03/11/2018 12/12/2018 31/01/2019 14/02/2019
Audit Committee	4	30/05/2018 10/08/2018 27/10/2018 14/02/2019
Stakeholders Relationship Committee	4	30/05/2018 05/09/2018 03/11/2018 14/02/2019
Nomination & Remuneration Committee	4	30/05/2018 10/08/2018 27/10/2018 14/02/2019



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

S.No.	Name of Director	Board Meeting	ACB Meeting	Stakeholders Meeting	Remuneration Committee
1	Mr. Dhiren Thakkar	9	4	2	-
2	Mr. Jatin R Vyas	9	4	4	4
3	Ms. Asha Desai	9	4	4	4
4	Mr. Hitesh K Thakkar	4	-	2	-

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

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

Ahmedabad- 380 006

3      29/09/2018      Saturday      9:00 A.M      203, 2<sup>nd</sup> floor, Abhijeet-1, Nr.  
Mithakhali Six Roads, Ellisbridge,  
Ahmedabad- 380 006

### **PASSING OF THE RESOLUTION BY POSTAL BALLOT SYSTEM:**

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

### **POLICIES:**

#### **A. POLICY ON RELATED PARTY TRANSECTIONS**

##### **SCOPE AND PURPOSE OF POLICY**

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

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

##### **OBJECTIVE OF THE POLICY**

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

##### **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

###### **a. Identification of related parties:**

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

###### **b. Identification of related party transactions:**

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

## **DISCLOSURES**

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

### **B. FAMILIARIZATION POLICY FOR INDEPENDENT DIRECTORS**

#### **PURPOSE AND OBJECTIVE OF THE POLICY**

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

#### **FAMILIARIZATION AND CONTINUING EDUCATION PROCESS**

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

### **C. RISK MANAGEMENT POLICY**

#### **LEGAL FRAMEWORK**

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

#### **BACKGROUND AND IMPLEMENTATION**

The Company is prone to inherent business risks. The objective of Risk Management Policy shall be identification, evaluation, monitoring and minimization of identifiable risks. This policy is in compliance with the provision of regulation 21 of SEBI( LODR) guidelines, which requires the Company to lay down procedure for risk assessment and procedure for risk minimization. The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network. Head of

Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

#### **COMMITTEE**

The Company has not made Risk Management Committee but the Board of Directors & Audit Committee is looking after the Risk Management of the Company.

#### **A. CORPORATE SOCIAL RESPONSIBILITY POLICY**

India's new has introduced several new provisions which change the face of Indian corporate business. One of such new provisions is Corporate Social Responsibility (CSR). As per Section 135 of the Companies Act, 2013, it provides the threshold limit for applicability of the CSR to a Company i.e. (a) networth of the company to be Rs 500 crore or more; (b) turnover of the company to be Rs 1000 crore or more; (c) net profit of the company to be Rs 5 crore or more. Our Company is the Loss making one. So that CSR Policy is Not Applicable to the Company. So any CSR Activities have not been undertaken by the Company & has not made Corporate Responsibility Committee.

#### **B. VIGIL MECHANISM POLICY**

##### **LEGAL FRAMEWORK**

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

##### **POLICY**

In compliance of the above requirements, Kanel Industries Limited, being a Listed Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism. The Vigil (Whistle Blower) Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The mechanism provides for adequate safeguards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

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

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

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

**A) PRESENT STRENGTH OF THE COMPANY:**

The company has started Manufacturing at the Naroda unit. The Edible oil business is company's core business and demand of edible oils is growing in India @ of 10 percent per annum and in fact the demand of branded edible oils is growing even faster with the government having started taking actions to ban sale of edible oils in loose and implementation of its order for allowing sale of edible oils in packed format only under the packaging act.

**B) FUTURE OUTLOOK:**

The Company will soon start earn more profit from its manufacturing activity. The Company is doing many activities to increase its sales and profit.

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

During the financial year 2018-19 there were transactions for sell/purchase of goods or services of material nature with its promoters, the directors and the management, their subsidiaries or relatives, etc., for which statement AOC-2 has been provided as the part of the report.

**B) DETAILS OF NON COMPLIANCE**

The Company has complied with the requirements of the Stock Exchange/SEBI/any statutory authorities on all matters related to capital markets. There were no penalties or strictures imposed on the Company by Stock Exchange or SEBI during the year under review.

**CERTIFICATE ON CORPORATE GOVERNANCE**

As required under Disclosures of Requirements of Corporate Governance specified in Regulation 17 to 27 and clause (b) to (i) of Sub-regulation (2) of Regulation 46 is provided in the Annual Report.

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

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

**INFORMATION SYSTEM BETWEEN COMMITTEES AND THE BOARD**

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

**INFORMATION SYSTEM BETWEEN THE COMPANY AND INVESTORS**

The Company is regularly taking on record the un-audited financial results on quarterly basis as per requirements of the relevant provision of SEBI (LODR) guidelines. The Material information relating to



the business of the Company is being intimated to the Stock Exchange who in turn publishes the same in their official bulletin. The Audited Financial Balance Sheet is being dispatched to every shareholder in time at their registered addresses.

### COMPANY'S WEBSITE

The Company's website [www.kanel.in](http://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. The Company has also filed various unaudited financial results, Balance sheets, Income Tax returns and other statutory returns with all the authorities in time. There are no defaults as on date in any such compliances and no legal action of any nature has been taken against the company or its officers/ directors.

### DEMATERIALSATION 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 31/03/2019 is 12739962 shares.

### SHARE TRANSFER SYSTEM:

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

### NAME AND ADDRESS OF THE COMPLIANCE OFFICER:

**Dhiren Thakkar**  
 Managing Director  
 203, Abhijeet-1, 2<sup>nd</sup> Floor,  
 Mithakhali Six Roads, Ellisbridge,  
 Ahmedabad - 380 007.

### STATUS OF LISTING / TRADING OF SHARES:

The Company's Equity Shares are at present listed and 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-18	-	-	-	-	-	-	-	-	-	-	-

May-18	-	-	-	-	-	-	-	-	-	-	-
Jun-18	-	-	-	-	-	-	-	-	-	-	-
Jul-18	-	-	-	-	-	-	-	-	-	-	-
Aug-18	-	-	-	-	-	-	-	-	-	-	-
Sep-18	-	-	-	-	-	-	-	-	-	-	-
Oct-18	-	-	-	-	-	-	-	-	-	-	-
Nov-18	-	-	-	-	-	-	-	-	-	-	-
Dec-18	-	-	-	-	-	-	-	-	-	-	-
Jan-19	5.13	5.13	4.88	4.88	741	5	3687	741	100	0.25	-0.25
Feb-19	4.64	4.64	1.9	1.99	34049	90	98676	28540	83.82	2.74	-2.65
Mar-19	1.99	2.32	1.55	2.1	26491	103	49788	24496	92.47	0.77	0.11

### CATEGORY WISE HOLDING OF SHARES AS ON 31/03/2019

Category	No. of Shares	Percentage of Share Holding
Promoters	3948065	21.44
Financial Institutions	100	0.00
Bodies Corporate	823282	4.47
Public (Indian)	13217415	71.79
NRI	17332	0.09
HUF	243816	1.32
Clearing Members	162030	0.88
TRUST	400	0.01
Total	18412440	100.00

### DISTRIBUTION OF SHAREHOLDING AS ON 31/03/2019

Share Holding		No. of Holder (s)		No. of Shares	
From	To	Folios	%	Shares	%
Less than	500	23034	89.42	4445354	24.14
501	1000	1755	6.81	1411493	7.67
1001	2000	483	1.88	745701	4.05
2001	3000	145	0.56	371975	2.02
3001	4000	68	0.26	249250	1.35
4001	5000	66	0.26	304250	1.65
5001	10000	93	0.36	652835	3.55
10001	Above	115	0.45	10231582	55.57
		<b>25760</b>	<b>100.00</b>	<b>18412440</b>	<b>100.00</b>

**OTHER DETAILS:**

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

BOOK CLOSURE DATES: 24<sup>rd</sup> September 2019 to  
30<sup>th</sup> September 2019 (Both days inclusive)

REGISTRAR AND SHARE : Accurate Securities and Registry Private Limited  
TRANSFER AGENT. 203, Shangrila Arcade, Abobe 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 2018-19.

**Date: September 05, 2019**

**Place: Ahmedabad**

  
**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Sd/-  
DHIREN THAKKAR  
MANAGING DIRECTOR & CFO  
DIN: 00610001**

**Sd/-  
HITESH THAKKAR  
DIRECTOR  
DIN: 00610006**

**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 in the secondary market. Further the company had not made any allotment of shares to any Directors or any of the key managerial personnel during the year.

The above Report was adopted by the Board at their meeting held on 30<sup>th</sup> May 2019.



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

**SD/-**

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

**Place : Ahmedabad  
Date : 30<sup>th</sup> May, 2019**

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

We, 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 : 05<sup>th</sup> September, 2019**

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

**SD/-**

**(Dhiren K Thakkar)**

**Managing Director & CFO**

**(DIN: 00610001)**

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
**KANEL INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Kanel Industries Limited ('the Company') for the year ended on 31st March, 2019, as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has not complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 within the prescribed time pursuant to the Listing Agreement of the said Company with the Bombay Stock Exchange Limited. However now the Company had complied with the all provisions of the SEBI (LODR) Regulations, 2015 and submitted the all pending compliances to the Exchange.

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

**Place : Ahmedabad**  
**Date : 05<sup>th</sup> September, 2019**

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

**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**

I, Chintan K. Patel, Practicing Company Secretary, have examined the registers, records and books and papers of Kanel Industries Limited (the Company) as required to be maintained under the Companies Act, 2013 (the Act) and the rules made thereunder for the financial year ended on 31 March, 2019. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its directors and officers, I certify that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority.

**Place : Ahmedabad**

**Date : 5<sup>th</sup> September, 2019**



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



**Bhagat & Co.**

**Chartered Accountants**

**Office : 24, Laxmi Chambers, Navjeevan Press Road, Nr. Old High Court, Income Tax, Ahmedabad – 380 014.**

---

## **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 2019, 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 standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit/loss, (*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 year under audit, company has advanced to number of parties interest free loans of Rs.9.66 crores. Advances are unsecured and 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 income and its repayment terms. We have not received any satisfactory explanation from the management for above advances. In our opinion these transactions are prejudicial to the interest of the company, at least to the extent of interest income of company and for its repayment.*



## **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 2019 and total revenue of Rs. NIL for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

ii) The Company has taken inter corporate loan of Rs NIL [unsecured] and unsecured loans from related parties/firms of Rs. 266 lacs and from Non Related person Rs.NIL Lacs during the financial year under audit. The Closing Balance at the yearend are Rs. 549.10 Lacs in case of related parties and firms and from key management person and Rs.49.22 lacs from other parties. No interest provided on loan accounts. In absence of formal agreement or supporting other documents, we could not comment and could not quantify the non provision of interest thereon.

*Out of total Inter Corporate Loans as above, the Company has taken Mortgage Loan of Rs. 5 Crore from Adani Enterprises Ltd in earlier years [closing balance at year end is Rs. 3.40 Crores.] We are not provided any formal Loan Agreement copy except Mortgage Deed which does not contain any repayment terms and interest rate. No interest is provided on such Loans. We are unable to comment upon non provision of interest, repayment schedule etc. in absence*

*of any formal agreement with the company and related documents and information. [ Read with Notes No. 11 to the financial Statements ]*

- iii) Company has not made provision for doubtful Debtors of Rs 305.15 Lacs Which are long outstanding and chances for recovery are very less, as per our opinion, these are bad debts, to that extent, Current Assets have been overstated and current years Losses and accumulated losses have been understated. [Read with Notes No. 05 to the financial Statements ]*
- iv) The Company has violated provisions of Income Tax Act, 1961 by non filing Income Tax Returns from FY 2008-09 onwards. Proper records are not made available to us for our verification and to compute Income Tax and related statutory liabilities. In this situation, we are unable to comment upon the non provision of statutory liabilities for current year as well as for the earlier years. [Read with Notes No 34 to the financial Statements ]*
- v) The Company has not deducted TDS from Professional fees paid / credited on sum of Rs 6.08 during the financial year under audit.*
- vi) After repealed of SICA Act, all matters pending with BIFR court abandoned. Company got registered with Industries Commissionerate, Gujarat to declare the company as sick industrial enterprise to avail relief. Company is preparing DRS to repay the dues of secured creditors as well as statutory dues.*
- vii) The Naroda Unit has been inoperative since last many years. Company is doing Trading activities during the year under audit but majority Financial indicators and operating indicators remained negative and to the date of Audit report and in absence of formal developments for financial support, on repeal of SICA, all matters pending with BIFR court cancelled and matters came to original status for the resolution, there is substantial doubt that it will be able to continue as a going concern even though the books of accounts of the Company has been prepared on the assumption of a Going Concern basis. In this situation, adjustments may be required to the recorded assets amounts at current value and classification of liabilities is required. The financial statements do not disclose this fact.*
- viii) The company has not paid Listing Fees for Ahmedabad, Jaipur and Calcuttal stock exchange.*
- ix) The company has not appointed Company Secretary as per Sec 203 of the Companies Act, 2013. 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, 2016 ("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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

(f) On the basis of the written representation received from the directors as on March 31, 2019 taken on records by the Board of Directors, none of the directors are disqualified as on March 31, 2019 from being appointed as a Directors in terms of Section 164(2) of the Act.

**For,**

**BHAGAT & CO.**  
**CHARTERED ACCOUNTANTS**  
**FRN : 127250W**

**Sd/-**  
**Shankar Prasad Bhagat.**  
Partner.  
M. NO. 052725



Date : 30/05/2019  
Place: Ahmedabad



**Bhagat & Co.**  
**Chartered Accountants**

**Office : 24, Laxmi Chambers, Navjeevan Press Road, Nr. Old High Court, Income Tax, Ahmedabad – 380 014.**

---

## **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, 2019 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, 2019, 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

Date : 30/05/2019  
Place: Ahmedabad







**Bhagat & Co.**  
**Chartered Accountants**

Office : 24, Laxmi Chambers, Navjeevan Press Road, Nr. Old High Court, Income Tax, Ahmedabad – 380 014.

---

## **ANNEXURE – B TO THE INDEPENDENT AUDITORS' REPORT**

**Reports under The Companies (Auditor's Report) Order, 2016 (CARO 2016) for the year ended on 31st March 2019**

**To,**  
**The Members of**  
**KANEL INDUSTRIES LTD.**

### **(1) In Respect of Fixed Assets**

(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) *During the year, fixed assets of the Company have not been physically verified by the Management. The management decided to implement program of regular physical verification of all fixed assets at least once in a two year, which in our opinion, is reasonable, having regard to the size of Company, present business operations and the nature of the Fixed Assets. In absence of physical verification report, we could not comment on material discrepancy in fixed assets of the company and its accounting effect.*

(c) The Title Deed of the Immovable properties are held in the name of the company

### **(2) In Respect of Inventories**

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

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

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

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

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

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

The company has not accepted any Deposits.

**(6) Maintenance of cost records**

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

**(7) Deposit of Statutory Dues**

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

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

SR. NO.	NATURE OF DUE	AMOUNT OUTSTANDING AS ON 31/03/2019 [Rs. In Lakhs]
		<i>For more than 6 months</i>
01	Income Tax	71.76
02	TDS Payable	1.64
03	Sales Tax	18.11
04	E.S.I.C.	0.88
05	FBT tax	0.06
06	Professional Tax	0.34
07	Municipal Tax	4.08

*TDS is not deducted during the year under audit and not paid to central government is Rs.0.60 lacs+Interest, such details are not included in above figure since the company has not complied with the provisions of income tax act and not provided in books of accounts. Provisions of ESI and Professional Tax are also not complied with by the company and no provision for such liability provided in books of account. In absence of required statutory records to ascertain the total amount relating to Interest thereon, the above amount does not includes the interest and penalty portion. In absence of Sales Tax Assessment order/Return copy and non filing of Sales tax Returns for the F Y 2007-08 to 2012-13 and in absence of required details and documents, we are unable to quantify the statutory liabilities relating to tax as well as of Interest and penalty there on and total statutory liability outstanding at the end of financial year under audit.*

*Amount due as per demand notice served by the Income Tax department is Rs.136.37 Lacs for the various assessment years previously. In continuation to its follow-up, it was*

explained by the management that no final order received from the concern department. No fresh order passed by the department during the year under audit for previous assessment years hence liability could not quantified while preparing books of accounts, as explained by the management.

(b) According to the information and explanation given to us by the management of the Company, there are no dues of Sales Tax and Income Tax which have not been deposited on account of any dispute except as mentioned in clause "a" above and as mentioned below. We are further informed by the management that during the F Y 2017-18, there were no further Order, Notice or other developments relating to matters pending for earlier years with different forum as well as for the year under Audit in case of Income tax and Sales tax Matter except as mentioned below for demand notices received from Sales Tax department for various assessment years but management have not accepted in absence of original assessment order from the sales tax department.

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

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

Year	Princip	Penalty	Penalty	Interest	Short Paymen	Amount	Amount	Total as per
				47 (14)				

	al Tax	45 (6)	45 (2)	K	ts	paid	payable	notice
	A	B	C	D	E	F	G=A-F	
1995-96	701894	0	0	0	0	0	701894	<b>701894</b>
1996-97	877849 4	359296 0	12000	56732	4310352	279189 4	5986600	<b>139586 44</b>
1997-98	1532	920	0	2573		0	1532	<b>5025</b>
2001-02	902441 0	812196 9	0	600356 6		0	9024410	<b>231499 45</b>
2002-03	730450 4	438530 2	0	394443 2		0	7304504	<b>156342 38</b>
2001-02	144	127	0	78		0	144	<b>349</b>
2002-03	832490 3	499494 2	0	449544 8		0	8324903	<b>178152 93</b>

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

**(8) Repayment of Loans and Borrowings**

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

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

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

**(10) Reporting of Fraud During the Year**

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

**(11) Managerial Remunearion**

N.A.

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

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

**(13) Related party compliance with Section 177 and 188 of companies Act – 2013**

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

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

**(14) Compliance under section 42 of Companies Act - 2013 regarding Private placement of Shares or Debentures**

N.A

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

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

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

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

For,

**BHAGAT & CO.**  
**CHARTERED ACCOUNTANTS**  
**FRN : 127250W**



**Sd/-**  
**Shankar Prasad Bhagat.**  
Partner.  
M. NO. 052725

Date : 30/05/2019  
Place: Ahmedabad

**Kanel Industries Ltd.**  
**Balance sheet as at 31/03/2019**

Sr No.	Particulars	Note No.	31-Mar-19	31-Mar-18
	<b>ASSETS</b>			
<b>1</b>	<b>Non-Current Assets</b>			
a)	Property, Plant and Equipment	3	7889733.73	8666430.73
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	4	5000.00	5000.00
(ii)	Trade receivables	5	<b>30515478.00</b>	<b>30515478.00</b>
(iii)	Loans		0.00	0.00
i)	Deferred Tax Assets (net)		0.00	0.00
j)	Other Non-current Assets		0.00	0.00
<b>2</b>	<b>Current Assets</b>			
a)	Inventories	6	1242677.26	2209117.03
b)	Financial Assets		0.00	0.00
(i)	Investments		0.00	0.00
(ii)	Trade Receivables	5	33523004.91	13846700.00
(iii)	Cash and cash equivalents	7	1737024.26	184730.38
(iv)	Bank Balances other than (iii) above	7	80681.75	63136.42
(v)	Loans	8	97151948.40	1948.40
(vi)	Others-Security deposits and Balance with Govt Authorities	9	2817428.29	3016862.29
c)	Current Tax Assets (Net)		0.00	0.00
d)	Other current assets		0.00	0.00
	<b>TOTAL ASSETS</b>		<b>174962976.60</b>	<b>58509403.25</b>
	<b>EQUITY &amp; LIABILITIES :</b>			
	<b>EQUITY:</b>			
a)	Equity Share Capital	10A	184124400.00	184124400.00
b)	Other Equity	10B	-249647239.11	-245720221.41
C)				
	<b>LIABILITIES:</b>			
<b>1)</b>	<b>Non-Current Liabilities</b>			
a)	Financial Liabilities		0.00	0.00
(i)	Borrowings	11	47500000.00	34000000.00
(ii)	Trade Payables		0.00	0.00

(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
<b>2)</b>	<b>Current Liabilities</b>			
a)	Financial Liabilities		0.00	0.00
(i)	Borrowings	12	46331972.65	50455024.05
(ii)	Trade Payables	13	135586057.79	16322292.00
(iii)	Other financial liabilities (other than those specified in item (c), to be specified)		0.00	0.00
b)	Other Current Liabilities	14	1909714.80	10253210.61
c)	Provisions	15	9158070.47	9074698.00
d)	Current Tax Liabilities (Net)		0.00	0.00
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>174962976.60</b>	<b>58509403.25</b>

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 : 30/05/2019

Place: Ahmedabad



**For and On behalf of the Board**

**KANEL INDUSTRIES LIMITED**

**Sd/-**

**Dhiren Thakkar**  
**M.D. & CFO**

**Sd/-**

**Hitesh Thakkar**  
**DIRECTOR**

Date : 30/05/2019

Place: Ahmedabad

**Kanel Industries Ltd.**  
**Statement of Profit and Loss for the year ended 31-Mar-2019**

In ₹ (Rupees)

	Particulars	Note	Rupees	Rupees
I	Revenue from Operations	16	418990764.60	617243757.72
II	Other Income	17	234661.00	384929.00
<b>III</b>	<b>TOTAL REVENUE (I + II)</b>		<b>419225425.60</b>	<b>617628686.72</b>
IV	EXPENSES			
	Purchases of Stock-in-Trade	18	417632023.10	613658959.99
	Consumption of Packing Materials		117572.40	1997046.48
	Changes in Inventories	19	966439.77	496024.46
	Employee Benefit Expenses	20	161775.00	323000.00
	Depreciation and Amortization Expenses	21	778122.00	778122.00
	Other Expenses	22	3496511.03	1287176.47
	<b>TOTAL EXPENSES</b>		<b>423152443.30</b>	<b>618540329.40</b>
	<b>Profit before Exceptional and Extraordinary Items and Tax (III-IV)</b>		<b>-3927017.70</b>	<b>-911642.68</b>
V	Exceptional Items	-	-	-
VII	Profit before Extraordinary Items and Tax		-3927017.70	-911642.68
VIII	Extraordinary Items		0.00	0.00
IX	Profit Before Tax		-3927017.70	-911642.68
X	Tax Expense		-	-
	Current Tax		-	-
	Deferred Tax		-	-
<b>XI</b>	<b>Profit/(Loss) for the period from Continuing Operations(IX-X)</b>		<b>-3927017.70</b>	<b>-911642.68</b>
XII	Profit/(Loss) from Discontinuing Operations	-	-	-
XIII	Tax Expense of Discontinuing Operations	-	-	-
XIV	Profit/(Loss) from Discontinuing Operations (after tax)(XII-XIII)	-	-	-
<b>XV</b>	<b>Profit(Loss) for the Period(XI+XIV)</b>		<b>-3927017.70</b>	<b>-911642.68</b>
<b>XVI</b>	<b>Earnings per Equity Share</b>			
	<b>-Basic</b>		<b>-0.21</b>	<b>-0.05</b>
	<b>-Diluted</b>		<b>-0.21</b>	<b>-0.05</b>

The Notes referred to above form an integral part of the Profit & Loss.

As per our report of even date

**For, BHAGAT & CO.**

**CHARTERED ACCOUNTANTS**

**FRN NO. 127250W**

**Sd/-**

**Shankar Prasad Bhagat.**

**Partner**

**M. No. 0552725**

**Date : 30/05/2019**

**Place: Ahmedabad**

For and On behalf of the Board

**KANEL INDUSTRIES LIMITED**

**Sd/-**

**Dhiren Thakkar**

**M.D. & CFO**

**Date : 30/05/2019**

**Place: Ahmedabad**

**Sd/-**

**Hitesh Thakkar**

**DIRECTOR**



**KANEL INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT, ANNEXURE TO BALANCE SHEET**  
**FOR THE YEAR ENDED ON 31-03-2019**

Particulars	2018-19	2017-18
1, Profit before Tax and extraordinary items	-3927018	-911642
Adjustments for :		
a) Depreciation	778122	778122
b) Financial Charges	0	0
c) Interest Received	0	0
d) Income from Kasar - Vatav & other income		
e) Bad debt provision		
<b>OPERATING PROFIT [ Loss ] BEFORE WORKING CAPITAL CHARGES</b>	<b>-3148896</b>	<b>-133520</b>
Adjustment for :		
a) Trade and Other Receivables	-21622156.56	46078191.65
b) Inventories	966439.77	-95267.03
c) Trade Payable & Other Liabilities	113098928.10	-47882533.00
d) Increase in deposits/advances	-97100000	0
<b>CASH GENERATED FROM OPERATIONS</b>	<b>-7805685</b>	<b>-2033128</b>
Income Tax Paid	0	0
<b>CASH FLOW BEFORE EXTRA ORDINARY ITEMS</b>	<b>-7805685</b>	<b>-2033128</b>
Extra Ordinary Items	0	0
<b>NET CASH FLOW FROM OPERATING ACTIVITIES .....A</b>	<b>-7805685</b>	<b>-2033128</b>
<b>2. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
a) Purchase of Fixed Assets	-1425	0
b) Sale of Fixed Assets	0	0
c) Fresh Investment	0	0
d) Sale / reductuib of Investmetns	0	0
<b>NET CASH USED IN INVESTING ACTIVITIES.....B</b>	<b>-1425</b>	<b>0</b>
<b>3. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
a)( Decrease)Increase in Long Term Borrowing (Net)	0.00	-8000000.00
b)( Decrease)Increase in Unsecure loan	9376948.60	10027567.00
c) Interest Paid		
d) Interest received		
<b>NET CASH USED IN INVESTMENT ACTIVITIES.....C</b>	<b>9376949</b>	<b>2027567</b>
<b>NET INCREASE(DECREASE) IN CASH (A+B+C)</b>	<b>1569839</b>	<b>-5561</b>



Opening Balance of Cash & Cash Equivalents	247867	253428
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>1817706</b>	<b>247867</b>

- Note: 1 Figures for the previous year have been regrouped/restated wherever material  
2 All figures " - " indicates outflow.  
3 The above cash flow statement has been prepared under the ' Indirect Method ' as set out in Accounting Standard 3 on Cash Flow statement" issued by the ICAI.  
4. Closing Cash and Cash equivalents are Rs. 18,17,706.00

**As per our report of even date**

**For, BHAGAT & CO**

**CHARTERED ACCOUNTANTS**

FRN NO. 127250W

**Sd/-**

**Shankar Prasad Bhagat.**

Partner

M. No. 052725

Date : 30/05/2019

Place: Ahmedabad

**For and On behalf of the Board**

**KANEL INDUSTRIES LIMITED**

**Sd/-**

**Dhiren Thakkar**

**M.D. & CFO**

**Sd/-**

**Hitesh Thakkar**

**DIRECTOR**

Date : 30/05/2019

Place: Ahmedabad



**For, BHAGAT & CO**  
**CHARTERED ACCOUNTANTS**

24,Laxmi chamber, Navjeevan press road,Near old High Court,Income Tax, Ahmedabad-380014

[Phone no: 07948988866](tel:07948988866), [Mob No:9998040610](tel:9998040610)

**AUDITOR'S CERTIFICATE**

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

We have examined the above Cash Flow Statement of Kanel Industries Limited for the year ended on 31st March,2019

The Statements has been prepared by the company in accordance with the requirements of the Listing Agreement's [ clauses 32 with ]the stock exchange and is based on and is in agreement with the corresponding Profit & Loss account and Balance sheet of the company covered by report on 30/05/2019 to the members of the company.

As per our report attached of even date,

**For, BHAGAT & CO**  
**CHARTERED ACCOUNTANTS**

FRN NO. 127250W

Sd/-

**Shankar Prasad Bhagat.**

**Partner**

M. No. 052725

Date : 30/05/2019

Place: Ahmedabad

**For and On behalf of the Board**

**KANEL INDUSTRIES LIMITED**

Sd/-

**Dhiren Thakkar**

**M.D. & CFO**

Date : 30/05/2019

Place: Ahmedabad

Sd/-

**Hitesh Thakkar**

**DIRECTOR**

**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019**

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

<b>b</b>	<b>Other Equity:</b>										
	Capital Reserve		Retained Earnings		Other Comprehensive Income					Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	
	0	0	(245,720,221)	(244,808,579)					(245,720,221)	(244,808,579)	
Balance at the beginning of the year											
Add: Profit for the year	0	0	-3927018	(911,642)					(3,927,018)	(911,642)	
Add/(Less) Adjusted upon sale/retirement of Asset held for sale	0	0	0	0	0	0	0	0	0	0	
Other Comprehensive Income for the year	0	0	0	0	0	0	0	0	0	0	
Less:									0	0	
Capital Redemption Reserve - I	0	0	0	0	0	0	0	0	0	0	
Capital Redemption Reserve - II	0	0	0	0	0	0	0	0	0	0	
Securities Premium Account	0	0	0	0	0	0	0	0	0	0	
Debenture Redemption Reserve	0	0	0	0	0	0	0	0	0	0	
Reconstruc	0	0	0	0	0	0	0	0	0	0	

tion Reserve										
Business Reconstruction Reserve	0	0	0	0	0	0	0	0	0	0
<b>Balance at the end of the year</b>	<b>0</b>	<b>0</b>	<b>(249,647,239)</b>	<b>(245,720,221)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(249,647,239)</b>	<b>(245,720,221)</b>

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

**As per our report of even date**

**For, BHAGAT & CO  
CHARTERED  
ACCOUNTANTS**

FRN NO.  
127250W

**Sd/-**

**Shankar Prasad Bhagat.  
Partner**

M. No. 052725

Date : 30/05/2019

Place: Ahmedabad

**For and On behalf of the Board**

**KANEL INDUSTRIES LIMITED**

**Sd/-**

**Dhiren Thakkar  
M.D. & CFO**

Date : 30/05/2019

Place: Ahmedabad

**Sd/-**

**Hitesh Thakkar  
Director**



## **KANEL INDUSTRIES LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**

#### **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 in operative for Eighteen years. Plant & Machinery of book value of Rs.6.85lacs 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 amortized cost**

A financial asset is measured at the amortized 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 realisable

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

### **(viii) Taxes:**

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

#### **i. Current Tax**

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

#### **ii. Deferred Tax**

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

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

### **(ix) Employee benefits:**

**Short term employee benefits:**

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

**Defined contribution plans:**

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

**(x) Borrowing Costs:**

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

**(xi) Cash and Cash Equivalents:**

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

**(xii) Provisions & Contingent Liabilities:**

The Company recognizes a provision when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**(xiii) Earnings per share**

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

**2. USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset

or liability affected in future periods. Estimates and underlying assumptions are reviewed at each reporting date. Any revision to accounting estimates and assumptions are recognised prospectively i.e. recognised in the period in which the estimate is revised and future periods affected.

#### **i. Fair value measurement of financial instruments**

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

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

### **3. FIRST TIME ADOPTION OF IND AS**

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

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

#### **Ind AS Optional Exemptions:**

##### **Deemed cost for property, plant and equipment**

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

### **NOTE-2 Notes to and forming part of Balance Sheet 2018-19**

#### **10A. Share Capital**

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

**In ₹ (Rupees)**

Particulars	2018-19		2017-18	
	Number of Shares	Amount	Number of Shares	Amount
<b>Authorised Share Capital</b>				

Equity Shares of ₹ 10.00 each	20000000	200000000	20000000	200000000
<b>Total</b>	<b>20000000</b>	<b>200000000</b>	<b>20000000</b>	<b>200000000</b>
<b>Issued Share Capital</b>				
Equity Shares of ₹ 10.00 each	18412440	184124400	18412440	184124400
<b>Total</b>	<b>18412440</b>	<b>184124400</b>	<b>18412440</b>	<b>184124400</b>
<b>Subscribed and fully paid</b>				
Equity Shares of ₹ 10.00 each	18412440	184124400	18412440	184124400
<b>Total</b>	<b>18412440</b>	<b>184124400</b>	<b>18412440</b>	<b>184124400</b>
<b>Total</b>	<b>18412440</b>	<b>184124400</b>	<b>18412440</b>	<b>184124400</b>

#### 10A . 2 Reconciliation of share capital

Particulars	2018-19		2017-18	
	Number of Shares	Amount	Number of Shares	Amount
<b>Equity Shares (Face Value ₹ 10.00)</b>				
Shares outstanding at the beginning of the year	18412440	184124400	18412440	184124400
Shares Issued during the year				
Shares bought back during the year				
Shares outstanding at the end of the year	18412440	184124400	18412440	184124400

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

Particulars	2018-19		2017-18	
	Number of Shares	Amount	Number of Shares	Amount

<b>Equity Shares</b>				
TJR SONS LIMITED, Associate.	555904	5559040	555904	5559040

#### 10A. 4 Shareholders holding more than 5% of Share

Particulars	2018-19		2017-18	
	Number of Shares	% of Holding	Number of Shares	% of Holding
HITESH K THAKKAR	1024550	5.56	1024550	5.56
DHIREN K THAKKAR	1884962	10.24	1884962	10.24

#### 10B . Reserves and Surplus

In ₹ (Rupees)

Particulars	as at 31-Mar-2019	as at 31-Mar-2018	as at 31-Mar-2017
<b>Other Reserves</b>	<b>194859100.00</b>	<b>194859100.00</b>	<b>194859100.00</b>
Opening balance	194859100.00	194859100.00	194859100.00
Closing balance	194859100.00	194859100.00	194859100.00
<b>Surplus</b>	<b>-440579321.41</b>	<b>-440579321.41</b>	<b>-439667678.73</b>
Opening Balance	-440579321.41	-439667678.73	-423546758.50
(+) Net profit/(Net loss) for the Current Year	-3927017.70	-911642.68	-16120920.23
(+) Profit & Loss A/c ( 2017-18 )	0.00	911642.68	0.00
(+) Profit & Loss A/c ( 2016-17 )	0.00	0.00	16120920.23
Closing balance	-444506339.11	-440579321.41	-439667678.73
<b>Total</b>	<b>-249647239.11</b>	<b>-245720221.41</b>	<b>-244808578.73</b>

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

**04 Non Current Investments**

Particulars	Balance	
	2018-19	2017-18
<b>Trade Investments</b>		
<b>Other Investments</b>	<b>5000.00</b>	<b>5000.00</b>
<i>Ahmedabad Comm. Exch. Ltd. - Shares</i>	<i>5000.00</i>	<i>5000.00</i>
<b>Total</b>	<b>5000.00</b>	<b>5000.00</b>

**05 . TRADE RECEIVABLES**

In ₹ (Rupees)

Particulars	as at 31-Mar-2019	as at 31-Mar-2018
<b>Outstanding for less than 6 months from the due date</b>	<b>33523004.91</b>	13846700.00
Unsecured, considered good		
Unsecured, considered doubtful		
<b>Outstanding for more than 6 months from the due date</b>	<b>30515478.00</b>	<b>30515478.00</b>
Unsecured, considered doubtful		
<b>Total</b>	<b>64038482.91</b>	<b>44362178.00</b>

**06 . Inventories**

In ₹ (Rupees)

Particulars	as at 31-Mar-2019	as at 31-Mar-2018
<b>Stock-in-trade</b>	1242677.26	2209117.03
Goods-in Transit		
	1242677.26	2209117.03
<b>Total</b>	<b>1242677.26</b>	<b>2209117.03</b>

**07 . CASH AND BANK BALANCE**

In ₹ (Rupees)

Particulars	as at 31-Mar-	as at 31-Mar-
-------------	---------------	---------------

	2019	2018
<b>Balances with banks</b>	<b>80681.75</b>	<b>63136.42</b>
Earmarked Balances	80681.75	63136.42
<b>Cash on hand</b>	<b>1737024.26</b>	<b>184730.38</b>
<b>Total</b>	<b>1817706.01</b>	<b>247866.80</b>

#### 08 . LOANS AND ADVANCES

In ₹ (Rupees)

Particulars	as at 31-Mar-2019	as at 31-Mar-2018
<b>Other Loans and Advances</b>	<b>97151948.40</b>	<b>0.000</b>
Unsecured, considered good	97150000.00	0.000
Unsecured, considered doubtful	1948.40	1948.40
<b>Total</b>	<b>97151948.40</b>	<b>1948.00</b>

#### 09 . Security deposits and Balance with government authorities

In ₹ (Rupees)

Particulars	as at 31-Mar-2019	as at 31-Mar-2018
<b>Security Deposits</b>	<b>32715.00</b>	<b>32715.00</b>
Secured, considered good	27715.00	27715.00
Unsecured, considered good	5000.00	5000.00
<b>Advance Income Tax (net of provisions)</b>	<b>614713.29</b>	<b>614713.29</b>
Unsecured, considered good	614713.29	614713.29
<b>Balances with Government Authorities</b>	<b>2170000.00</b>	<b>2369434.00</b>
Unsecured, considered good	2170000.00	2369434.00
<b>Total</b>	<b>2817428.29</b>	<b>3016862.29</b>

#### 11 . Long-Term Borrowings

In ₹ (Rupees)

Particulars	as at 31-Mar-2019	as at 31-Mar-2018
-------------	-------------------	-------------------



<b>Secured</b>	<b>34000000.00</b>	<b>34000000.00</b>
Other Loans and Advances	34000000.00	34000000.00
<i>Adani Enterprises Ltd.</i>	<i>34000000.00</i>	<i>34000000.00</i>
<b>Unsecured</b>	<b>13500000.00</b>	<b>0.00</b>
Loans and Advances from Related Parties	13500000.00	0.00
<i>Kanaiyalal J Thakkar ( H U F )</i>	<i>7500000.00</i>	<i>0.00</i>
<i>Monika H Thakkar</i>	<i>2000000.00</i>	<i>0.00</i>
<i>Neelaben K Thakkar</i>	<i>4000000.00</i>	<i>0.00</i>
<b>Total</b>	<b>47500000.00</b>	<b>34000000.00</b>

Notes:

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

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

## 12 . Short-Term Borrowings

In ₹ (Rupees)

Particulars	as at 31-Mar-2019	as at 31-Mar-2018
<b>Unsecured</b>	<b>46331972.65</b>	<b>50455024.05</b>
Loans repayable on demand	4921813.00	4921813.00
From other parties	<b>4921813.00</b>	<b>4921813.00</b>
<i>Kadam Exports Pvt. Ltd.</i>	<i>850000.00</i>	<i>850000.00</i>
<i>Tushar N Shah</i>	<i>4071813.00</i>	<i>4071813.00</i>
Loans and advances from related parties	<b>41410159.65</b>	<b>45533211.05</b>
<i>Dhiren K. Thakkar</i>	<i>22157339.65</i>	<i>8747290.30</i>
<i>Hitesh K Thakkar</i>	<i>19252820.00</i>	<i>6015000.00</i>
<i>T.J.R. Finance Ltd.</i>	<i>0.00</i>	<i>5471100.00</i>

<i>TJR Sons Ltd.</i>	0.00	11799820.75
<i>Kanaiyalal J Thakkar ( H U F )</i>	0.00	7500000.00
<i>Monika H Thakkar</i>	0.00	2000000.00
<i>Neelaben K Thakkar</i>	0.00	4000000.00
<b>Total</b>	<b>46331972.65</b>	<b>50455024.05</b>

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

In ₹ (Rupees)

### 13. Trade Payables

Particulars	as at 31-Mar-2019	as at 31-Mar-2018
Others	135586057.79	16322292.00
<b>Total</b>	<b>135586057.79</b>	<b>16322292.00</b>

### 14 . Other Current Liabilities

In ₹ (Rupees)

Particulars	as at 31-Mar-2019	as at 31-Mar-2018
Other Payables	1909714.80	10253210.61
<b>Total</b>	<b>1909714.80</b>	<b>10253210.61</b>

### 15. Short-Term Provisions

In ₹ (Rupees)

Particulars	as at 31-Mar-2019	as at 31-Mar-2018
Others	9158070.47	9074698.00
<b>Total</b>	<b>9158070.47</b>	<b>9074698.00</b>

Note: The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures regarding the following

matters as required under Section 22 of MSMED Act, 2006 have not been given:

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

- 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;
- The Company is making efforts to get the

**Notes to and forming part of Statement of Profit and Loss for the year ended 31-Mar-2019**

**16 . Revenue from Operations**

In ₹ (Rupees)

Particulars	1-Apr-2018 to 31-Mar-2019	1-Apr-2017 to 31-Mar-2018
Sale of Products	418990764.60	617243757.72
<b>Total</b>	<b>418990764.60</b>	<b>617243757.72</b>

**17 . Other income**

In ₹ (Rupees)

Particulars	1-Apr-2018 to 31-Mar-2019	1-Apr-2017 to 31-Mar-2018
Other Non-Operating Income	234661.00	384929.00
<b>Total</b>	<b>234661.00</b>	<b>384929.00</b>

**18 . Purchases of Stock-in-Trade**

In ₹ (Rupees)

Particulars	1-Apr-2018 to 31-Mar-2019	1-Apr-2017 to 31-Mar-2018
Finished Goods	417632023.10	613658959.99

<b>Total</b>	<b>417632023.10</b>	<b>613658959.99</b>
--------------	---------------------	---------------------

**19 . Changes in Inventories**

In ₹ (Rupees)

<b>Particulars</b>	<b>1-Apr-2018 to 31-Mar-2019</b>	<b>1-Apr-2017 to 31-Mar-2018</b>
<b>Stock-in-Trade</b>	<b>966439.77</b>	<b>496024.460</b>
-Opening Balance	2209117.03	1788617.53
Less : Closing Balance	1242677.26	1292593.07
<b>Total</b>	<b>966439.77</b>	<b>496024.460</b>

**20 . Employee Benefit Expenses**

In ₹ (Rupees)

<b>Particulars</b>	<b>1-Apr-2018 to 31-Mar-2019</b>	<b>1-Apr-2017 to 31-Mar-2018</b>
Salaries and Wages	161775.00	323000.00
<b>Total</b>	<b>161775.00</b>	<b>323000.00</b>

**21 . Depreciation and Amortization Expenses**

In ₹ (Rupees)

<b>Particulars</b>	<b>1-Apr-2018 to 31-Mar-2019</b>	<b>1-Apr-2017 to 31-Mar-2018</b>
Depreciation	778122.00	778122.00
<b>Total</b>	<b>778122.00</b>	<b>778122.00</b>

**22 . Other Expenses**

In ₹ (Rupees)

<b>Particulars</b>	<b>1-Apr-2018 to 31-Mar-2019</b>	<b>1-Apr-2017 to 31-Mar-2018</b>
<b>Payment to Auditors</b>	<b>90000.00</b>	<b>90000.00</b>
As Auditor	90000.00	90000.00
<b>Repairs to buildings</b>	<b>0.00</b>	<b>1725.00</b>
<b>Rates and taxes (excluding taxes on income)</b>	<b>48828.00</b>	<b>135722.00</b>

<b>Miscellaneous expenses</b>	<b>3357683.03</b>	<b>1059729.47</b>
<b>Total</b>	<b>3496511.03</b>	<b>1287176.47</b>

23. The figures of the previous year have been regrouped, rearranged and changed wherever necessary so as to make them comparable with the current year.
24. The information's / details are as per the books maintained and determined and information compiled and furnished on the computer.
25. Management have broadly reviewed the data on the basis of compiling details and information and have test checked wherever considered necessary the books and / or the details / information compiled in the company and also on the computer.
26. The Company has initiated the process of identifying the suppliers who qualify under the definition of Micro and Small Enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as at 31<sup>st</sup> March, 2019, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished. In the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material and NIL.
27. Wherever external evidence in the form of bills, invoice, and debit notes, credit notes, Journal entry etc are not available, Management has relied upon the internal vouchers prepared and authenticated by the directors/Authorized officers of the company and also entry passed in the accounts maintained by the company.
28. 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.
29. The company has not provided for listing fees of Jaipur, Calcutta and Ahmedabad Stock Exchange.
30. Certain documents, registers, etc. including fixed assets register were seized during the search operations as on 5<sup>th</sup> October, 2001. Such registers were not made available except fixed assets register prepared by management separately to us for inspections, usual verifications and periodical updation.
31. The management is in the process to start manufacturing activities and will implement the stringent remedial actions for the recovery of outstanding dues, optimum utilisation of cash management, maintenance and updating of proper stock records, stringent controls over production, receipt and dispatch of stock, direct settlement of debtors/creditors through journal entry and improving overall profitability and adequate capacity utilisation of the factories. By the time Company starts manufacturing activities, company is doing trading activities and packing of edible oil and selling to the market.
32. 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.

33. Company is preparing for filing Income tax Return for the FY 2018-19 and all pending previous years and all pending Sales Tax Returns up to FY 2012-13 shortly and till that the company have not made provision for income tax and sales tax in the books of accounts. GST returns filing compliances are met timely. Only the earlier years return filing is little bit difficult and in search of proper consultant to manage the pending matters.

34. 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	<b>Appeal pending with applet tribunal.</b>
1998-99	16/02/06	274.63	Matter reminded back to Assistant commissioner of sales tax for fresh order.
1999-00	31/03/05	24.30	<b>Appeal pending with joint Commercial tax commissioner,</b> Appeal division 1 Ahmedabad.
2000-01	08/12/05	6.14	Under reassessment order dtd. 08/12/2005 by commissioner of Sales Tax. Appeal pending with Joint commercial tax commissioner Appeal division 1 Ahmedabad.

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

Year	Principal Tax	Penalty 45 (6)	Penalty 45 (2)	Interest 47 (14) K	Short Payments	Amount paid	Amount payable	Total as per notice
	A	B	C	D	E	F	G=A-F	
1995-96	701894	0	0	0	0	0	701894	<b>701894</b>
1996-97	8778494	3592960	12000	56732	4310352	2791894	5986600	<b>13958644</b>
1997-98	1532	920	0	2573		0	1532	<b>5025</b>

2001-02	9024410	8121969	0	6003566		0	9024410	<b>23149945</b>
2002-03	7304504	4385302	0	3944432		0	7304504	<b>15634238</b>
2001-02	144	127	0	78		0	144	<b>349</b>
2002-03	8324903	4994942	0	4495448		0	8324903	<b>17815293</b>

- (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.

35. 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.

36. 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.

### 37. Earnings per share (EPS)

Sr. No.	Particulars	Year ended	Year ended
		31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
1	Net Profit [Loss] (Rs. In Lacs)	(-)39.27	(-)9.12
2	Weighted Average Number of Shares	18412440	18412440
3	Basic/ Diluted EPS (Rs.) (on nominal value of Rs. 10 per share )	(-)0.21	(-)0.05

38. 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.

**39. 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

**40. List of Transactions entered with them[ Rs. In Lakhs ]**

	Directors Remuneration	Sales	Purchase	Loan Given	Loan Taken	Closing balance as on	
						3/31/2019	3/31/2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Key Management	0.00	0.00	0.00	0.00	266.48	414.10	147.62



Associates Firms / Company	0.00	0.00	0.00	0.00	0.00	36.33	209.04
Relatives of Key Management	0.00	0.00	0.00	0.00	0.00	60.00	60.00

**41. PAYMENT TO STATUTORY AUDITORS:**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
(a) Audit Fees	Rs.90000	Rs. 90000
	-----	-----
[As Statutory Auditors]	Rs.90000	Rs. 90000
	-----	-----

**42.** 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.

**43.** 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.

**44.** 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.

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

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

**47.** 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.

**48.** 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.

**49.** 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.

**50.** 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 50** from an integral part of the year ended 31<sup>st</sup> March 2019.

**Signature to Schedule 1 to 50**

**As per our report of even date**

**FOR, BHAGAT & CO.  
CHARTERED ACCOUNTANTS  
FRN : 127250W**

**For and on behalf of the Board of Directors**

**KANEL INDUSTRIES LTD**

**Shankar Prasad Bhagat.**  
Partner  
M. NO. 052725  
**Place: Ahmedabad**  
**Date: 30/05/2019**

**Dhiren Thakkar     Hitesh Thakkar**  
**M.D. & CFO         Director**

**Place: Ahmedabad**  
**Date:30/05/2019**



**KANEL INDUSTRIES LIMITED**  
**CIN: L15140GJ1992PLC017024 E-mail: koeil@yahoo.com**

---

**ATTENDANCE SLIP**

I Shri/Smt. \_\_\_\_\_ of \_\_\_\_\_ being a member/ proxy of Kanel Industries Limited do hereby record my presence at the 27<sup>th</sup> Annual General Meeting of the members of the Company to be held on Monday the 30<sup>th</sup> September, 2019 at 09:00 a.m. at 203, Abhijeet- I, 2<sup>nd</sup> Floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380 006, Gujarat, India.

Name of Shareholder:  
Ledger Folio No:  
D.P. NAME:  
D.P. I.D.:  
CLIENT I.D.:  
Number of Shares Held:

Date:  
Place:

-----  
(Signature of the Member/  
Proxy attending the meeting)

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

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

**KANEL INDUSTRIES LIMITED**  
**CIN: L15140GJ1992PLC017024 E-mail: koeil@yahoo.com**

---

**PROXY FORM**  
**Form No. MGT 11**

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

CIN: L15140GJ1992PLC017024  
NAME OF THE COMPANY: KANEL INDUSTRIES LIMITED  
REGISTERED OFFICE: 203, Abhijeet - I, 2<sup>nd</sup> Floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad  
- 380006.

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

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

1. Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him
2. Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him
3. Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27<sup>th</sup> Annual general meeting of the company, to be held on the Monday, 30<sup>th</sup> September, 2019 at 9:00 a.m. at 203, Abhijeet-I, 2<sup>nd</sup> Floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380 006, Gujarat, India & at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote		
		(Please mention no. of shares)		
		For	Against	Abstain
<b>Ordinary Businesses</b>				
1.	To Receive, Consider, Approve and Adopt the Audited Statement of Accounts i.e. The Audited Balance Sheet as at 31 <sup>st</sup> March, 2019 The Profit & Loss Account for the year ended on that date, the report of the Auditors and Directors thereon.			
2.	To reappoint a director in place of Mr. Dhiren Kanaiyalal Thakkar, who retires by rotation and being eligible offers himself for re-appointment.			
<b>Special Business</b>				
3.	Appointment of Mr. Hiteshbhai Kanaiyalal Thakkar (DIN 00610006) as Director			
4.	To set limit to make Loans or Investments and to Give Guarantees or to provide Security in connection with a Loan made under Section 186 of Companies Act, 2013.			
5.	To give authority to the Board to borrow money in excess of paid-up share capital and free reserves of the Company under Section 180(1)(c) of the Companies Act, 2013.			

Signed this..... Day of..... 2019

Signature of shareholder .....

Signature of Proxy holder(s) .....

<b>Affix          Revenue          Stamp of Rs.          1/-</b>
--

**Note:**

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

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

