

# 6<sup>TH</sup> ANNUAL REPORT

MD	✓		PKC	✓
CS	MA		MDY	MA
RO	✓			✓
TRA	✓			✓
AGM	✓	✓		✓
YE	✓	✓		✓

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CERTIFIED TRUE COPY

FOR KANEL OIL & EXPORT INDUS. LTD.

*[Signature]*

DIRECTOR



**KANEL OIL & EXPORT INDUSTRIES LTD.**

(Government Recognised Trading House)

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**KANEL OIL & EXPORT INDUSTRIES LTD.**  
(Government Recognised Trading House)

### SIXTH ANNUAL GENERAL MEETING PROGRAMME

DATE	:	30TH SEPTEMBER, 1998
DAY	:	WEDNESDAY
TIME	:	09.30 A.M.
VENUE	:	TJR HOUSE OFF C. G. ROAD AHMEDABAD : 380 009

#### NOTE TO SHAREHOLDERS :

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

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**6TH ANNUAL REPORT****KANEL OIL & EXPORT INDUSTRIES LIMITED****SIXTH ANNUAL REPORT****BOARD OF DIRECTORS**

Shri Kanaiyalal J. Thakkar  
 Shri Hitesh K. Thakkar  
 Shri Arvind J. Thakkar  
 Shri Dhiren K. Thakkar  
 Shri Jayendra B. Gorakh  
 Shri Jitesh. M. Shah

Chairman and Managing Director  
 Managing Director  
 Director  
 Director  
 Director  
 Director

**COMPANY LAW CONSULTANT  
(COMPANY SECRETARY)**

**M/s. Kamlesh M. Shah & Co,**  
 6, Avanika Park  
 Khanpur, Ahmedabad-1

**SHARE TRANSFER AGENT  
COMPUQUICK DATAMATION (I) LTD.**

5/B, Parishram, Rashmi Society,  
 Mithakhali cross road,  
 Ahmedabad-6

**BANKERS**

State Bank of Saurashtra  
 State Bank of Bikaner & Jaipur,  
 State Bank of Patiala  
 Dena Bank  
 The Manekchowk Co-op. Bank Ltd.

**AUDITORS**

M/s. Dipak I. Patel & Co.  
 Chartered Accountants  
 403, Diwan Chambers  
 Nr. Navjivan Press, Income Tax,  
 Ahmedabad-380 014

**LISTING OF SHARES AT STOCK EXCHANGES :****The Stock Exchange Ahmedabad**

Kamdhenu Complex,  
 Opp : Sahajanand College,  
 Ambawadi, Ahmedabad: 380 015.

**The Calcutta Stock Exchange Association Ltd.**

7, Lyons Range,  
 Calcutta: 700 001

**The Stock Exchange Bombay**

Pheroze Jeejeebhoy Towers,  
 Dalal Street, Fort,  
 Mumbai : 400 001.

**The Jaipur Stock Exchange Limited,**

Jawaharlal Nehru Marg,  
 Malviyanagar, Jaipur : 302 017.

**REGD. OFFICE :**

203, Abhijeet  
 Mithakhali Cross Road  
 Ellisbridge, Ahmedabad-380 006

**CORPORATE OFFICE :**

TJR HOUSE  
 Opp. Sushrusha Hospital, Off C. G. Road,  
 Navrangpura, Ahmedabad : 380 009

**WORKS :**

- (1) 213/214, Phase II  
 Naroda Industrial Estate  
 Naroda, Ahmedabad
- (2) Plot No. 342/343  
 Village : Meda Adraj  
 Taluka : Kadi, Mehsana  
 Gujarat
- (3) Survey No. 171,  
 Plot No. C-1, Karan Nagar,  
 Taluka : Kadi, Mehsana, Gujarat.



**KANEL OIL & EXPORT INDUSTRIES LTD.**  
(Government Recognised Trading House)

## NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of the KANEL OIL AND EXPORT INDUSTRIES LIMITED will be held on Wednesday the 30th day of September, 1998 at 9.30 A.M. at TJR House, Off: C.G. Road, Navrangpura, Ahmedabad: 380 009 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 of the Company as on 31st March, 1998, the Profit and Loss Account of the Company for the year ended on that date, the Report of Auditors and Directors thereon.
- 2) To Declare a Dividend.
- 3) To Appoint a Director in place of Shri Arvind J Thakkar, who retires by rotation and being eligible offers himself for reappointment.
- 4) To Appoint a Director in Place of Shri Hitesh K Thakkar, who retires by rotation and being eligible offers himself for reappointment.
- 5) To Appoint the Auditors for the period from the conclusion of this Annual General Meeting upto the conclusion of the Next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS :

- 6) To Consider and if thought fit to pass with or without modification the following resolution as ORDINARY RESOLUTION:  
RESOLVED THAT pursuant to the provisions of Section 260 and all other applicable provisions if any of the companies Act 1956 and the relevant provisions if any of the Articles of Association of the Company Shri Jitesh. M. Shah who was appointed as the Additional Director of the Company by the Board of Directors, who holds the office as such of the director only upto the date of this Annual General Meeting however he is eligible for appointment as the Director and the company has also received proposals from some members proposing his candidature for appointment as the Director of the Company be and is hereby appointed as the Director of the Company whose term of office shall be liable to determination for retirement by rotation.
- (7) To Consider and if thought fit to pass with or without modifications the following resolution as ORDINARY RESOLUTION:  
RESOLVED THAT pursuant to the provisions of Section 293 (1)(d) and all other applicable provisions if any of the Companies Act 1956 the consent of the members of the Company be and is hereby accorded and the Board of Directors of the Company be and are hereby authorised to borrow a sum of money which may exceed the Paid up share capital and free reserves of the Company (i.e. the reserves not set apart for meeting any specific liabilities ) subject however that the total of such borrowing shall not at any time exceed a sum of Rs. 500 Crores (Rupees Five Hundred Crores Only).
- (8) To Consider and if thought fit to pass with or without modification following resolution as SPECIAL RESOLUTION:  
RESOLVED THAT pursuant to the provisions of Section 370 and all other applicable provisions if any of the companies Act 1956 the consent of the members of the Company be and is hereby accorded and the Board of Directors of the Company be and are hereby authorised to provide Inter Corporate Loans and Inter Corporate Guarantee on behalf of the other Group / Associate Companies upto an amount as is authorised and permitted by the provisions of the law as in force from time to time.
- (9) To Consider and if thought fit to pass with or without modifications the following resolution as SPECIAL RESOLUTION:  
RESOLVED THAT pursuant to the provisions of Section 372 and all other applicable provisions if any of the Companies Act 1956 the consent of the members of the Company be and is hereby accorded and the Board of Directors of the Company be and are hereby authorised to make investment in the share capital of the Group / Associate Companies or the Inter Corporate Investment of an amount as is authorised and permitted by the provisions of the law as in force from time to time.
- (10) To Consider and if thought fit to pass with or without modification following resolution as SPECIAL RESOLUTION.  
RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311, 349, 350 and the relevant provisions of Schedule XIII of the Companies Act 1956, the consent of the members of the company be and is hereby accorded to the Increase in the Managerial Remuneration payable to the Chairman & Managing Director Shri Kanaiyalal. J. Thakkar w.e.f. 1st January, 1999 so as to increase the Monthly remuneration from present Rs. 40,000/- per Month to Rs. 1,00,000/- per Month for the residual period of his term of office and that the relevant clause of the Agreement for his Appointment be deemed to be modified, altered, amended or substituted by this changes and that all other terms and conditions of the Agreement for his appointment shall remain unchanged.

By order of the Board of Directors of  
**Kanel Oil And Export Industries Ltd**

Place : Ahmedabad  
Date : 6th August, 1998

(Kanaiyalal . J. Thakkar.)  
Chairman & Managing Director

**6TH ANNUAL REPORT**

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**NOTES:**

- (1) A member entitled to Attend and vote at the Meeting is also entitled to appoint a Proxy to attend and vote instead of himself and on behalf of him and that a Proxy need not be a member of the Company.
- (2) Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered office of the Company not less than 48 hours before the time fixed for the meeting.
- (3) An Explanatory Statement pursuant to the provisions of Section 173 of the Companies Act, 1956 in respect of the special business is annexed hereto.
- (4) The Register of Members and Share Transfer Books of the Company shall remain closed on 30TH SEPTEMBER, 1998 for the purpose of determining the rights of shareholders for dividend entitlement.
- (5) The Dividend if declared and approved by the shareholders in the Annual General Meeting shall be paid through Account Payee Not Negotiable Dividend Warrants within the statutory time period.
- (6) Members are requested to notify immediately any change in their addresses to the SHARE TRANSFER AGENTS OF THE COMPANY M/s. Compuquick Datamation (India) Limited the address of which is given elsewhere in this report.
- (7) Members are requested to bring their copy of the Annual Report to the Meeting as no extra copies will be distributed at the meeting hall as a measure of economy.
- (8) Members desiring any information as regards accounts are requested to write to the Company atleast 10 days before the meeting to enable the management to keep the information ready.
- (9) Members are requested to be in their seats at the meeting before the scheduled time of commencement of the Annual Meeting to avoid interruption in the proceedings.

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**KANEL OIL & EXPORT INDUSTRIES LTD.**

(Government Recognised Trading House)

THE EXPLANATORY STATEMENT TO THE SPECIAL RESOLUTIONS PROPOSED TO BE PASSED BY THE MEMBERS OF THE COMPANY IN THE 6TH ANNUAL GENERAL MEETING TO BE HELD ON 30TH SEPTEMBER 1998 AT TJR HOUSE, OFF: C.G. ROAD, NAVRANGPURA, AHMEDABAD. 380 009.

**Item No. 6: APPOINTMENT OF ADDITIONAL DIRECTOR :**

The Business of the Company is expanding day by day and the turnover, profits, Banking finance etc. are also increasing correspondingly. The financial transactions are also increasing. Now the Company is a Government Recognised Trading House. The Company's responsibility to various agencies, Bankers, Financial institution etc. have increased day by day. Considering all these new development, the Board of Directors have appointed Shri Jitesh. M. Shah as the Additional Director on the Board of Directors. Mr. Shah is a qualified Chartered Accountant and is associated with the Company on professional terms. He is guiding and advising the company in the day to day operations, establishment of Internal checks systems, Internal control systems, a system of accounting, taxation matters, obtaining banking finance and other related areas. Further during his association the company has also benefited in many areas and ways.

As per the provisions of the Act he hold the office of the director only upto the date of the ensuing Annual General Meeting. Your directors recommend to appoint him as the director of the Company.

Except Mr. Jitesh. M. Shah no other director is in any way concerned or interested in the proposed resolution.

**ITEM NO. 7 INCREASE IN BORROWING POWERS.**

As stated hereinabove, your company is already a Government recognised Trading House. Its turnover, business exposure, profits etc. are increasing day by day. The Company has also planned out an ambitious plans to further expansion of business by developing the edible oil division. Further due to this, your company will be in need of borrowing funds from time to time for its business purposes. The Present borrowing limit is only Rs. 100 Crores which is very near to the present already borrowed funds. In view of the above requirements it is proposed to increase the borrowing limits of the company from the present Rs. 100 Crores to Rs. 500 Crores.

This resolution is proposed for your consideration and approval. Your directors recommend to pass the same.

None of the directors of the company may be deemed to be concerned or interested in the proposed resolution.

**Item No. 8 & 9 : INTER CORPORATE LOANS/ GUARANTEE AND INVESTMENT.**

In order to meet with the fast expanding needs of business, production of castor oils, meals, DOC goods, marketing, meeting with the order position, meeting with the export orders your company always remain in needs of funds and as a result it is trying to acquire the finished goods from other group/associate concerns

For this purpose the group or associate concerns also require funds for their production requirements and as a result they are also availing finance from Banks. As the main business is that of this company only the group associate concerns have to furnish guarantee to their Bankers. For this purpose and considering the long term business interest it is considered necessary to provide inter corporate loans or guarantee on behalf of group/associate concerns.

As this requires approvals of the members in the General Meeting as per the provisions of the Act a special resolution is proposed to be passed at the ensuing Annual General Meeting.

None of the directors of the company are in any way may be deemed to be concerned or interested in the proposed resolution.

**ITEM NO:10 INCREASE IN THE MANAGERIAL REMUNERATION OF SHRI KANAIALAL J THAKKAR.**

The members of the company are aware that the Company is showing the improved financial performances year after year and is also increasing the Sales, Profit etc. Further your Company is at present also a Government Recognised Trading House. It is already enjoying many export benefits and the status of the Trading House.

The 100 Crores plus turnover of the current accounting year have been made possible due to the long term vision and business prudent of the chairman and managing director of the company Shri Kanaialal J. Thakkar. He is a person with 30 years plus experience & visdon and is the guiding factor to the young management team of the company.

In view of the excellent financial performance given by the Company within a very short time and the liberalised financial, legal and industrial policy adopted by the Government of India, it is now time to reward the right persons with right amount of remuneration and perquisites so that your Company continue to gain benefits of the rich experience and valuable guidance of the Chairman in the years to come. Hence, the Board of Directors of the Company have decided to increase the remuneration payable to Shri Kanaialal. J. Thakkar from present Rs. 40,000/- to Rs. 1,00,000/- per month. The Special Resolution is proposed for the consideration and approval of the members in the Annual General Meeting . Your Directors recommend to pass the same with requisite majority.

Shri K J Thakkar, Shri H K Thakkar, Shri A J Thakkar and Shri D K Thakkar being relatives to each other may be deemed to be concerned or interested in the proposed resolution.

By order of the Board of Directors of  
Kanel Oil And Export Industries Ltd

Place : Ahmedabad  
Date : 6th August, 1998

(Kanaialal . J. Thakkar.)  
Chairman & Managing Director



**6TH ANNUAL REPORT****DIRECTORS' REPORT**

TO THE MEMBERS

**KANEL OIL & EXPORT INDUSTRIES LIMITED**

Your Directors have Pleasure in presenting the Sixth Annual Report of the Company with Audited Statement of Accounts for the year ended on 31st March, 1998.

**FINANCIAL RESULTS :**

The financial results of the Company for the year under review are summarised as under :

	(Rs. in lacs)	
	Year ended 31.3.98	Year ended 31.3.97
Total Turnover	13881.81	9217.57
Gross Profit Before Depreciation	601.95	562.63
Less : Depreciation	86.17	79.00
Profit before Tax	515.78	483.63
Less : Prior Period Adjustment.	46.02	42.07
Less : Provision for Taxation	20.00	44.00
Net Profit after Tax	449.75	397.56
Add : Balance carried from Previous year	771.82	589.48
Profit available for appropriation	1221.57	987.04
Transfer to general reserve	15.00	12.69
Proposed Dividend	55.24	184.12
Tax on Dividend	5.52	18.41
BALANCE TRANSFERRED TO PROFIT & LOSS ACCOUNT	1145.81	771.82

**OPERATIONS :**

During the year under review your company has achieved a total turn over Rs. 13881.81 lacs as against Rs. 9217.57 lacs in the previous year. The Gross profit has increased from Rs. 483.63 lacs to Rs. 515.78 Lacs. Due to the expenditure incurred on research and development, for the development of derivative products and the stringent quality control measures taken for the present products your Company achieved an export turn over of Rs. 6279.00 lacs against an export of Rs. 3979.00 lacs in the previous year. The net profit available for the appropriation after making necessary adjustment for the previous years balance sheets is Rs. 1221.57 lacs as against Rs. 987.04 lacs. This entire performance is achieved inspite of competition in the international market and the increase in prices of the raw materials.

**DIVIDEND :**

Your directors have pleasure to recommend a dividend @ Rs.00.30 Ps. per share net of taxes on the share capital of Rs. 1841.24 lacs which will absolve a total amount of Rs. 55.24 lacs. The dividend as proposed if declared at the AGM will be paid within statutory period to all the eligible share holders whose names appear in the register of members on 30th September, 1998.

**EXPORTS :**

During the year under review the earning in foreign exchange due to exports have increased from Rs. 39.79 Crores to Rs. 62.79 Crores. This has been achieved despite stiff competition being faced by the company in the International Market. Your directors expect a further increase in the current financial year at the same rate of growth.

**FINANCIAL FACILITIES :**

Your Directors thanks the Bankers of the Company for their continued and active support in providing the timely finances to the company as per the requirements. It is indeed proud privilege for the company that they are getting good support from the well reputed consortium member banks for the working capital requirement of the company. Your directors appreciate this ongoing relationship with bankers without which the continuing progress of the company would not have been possible.

**PROJECTS :**

During the year under review the company has started the commercial production of it's new fully automatic, modern Castor Seed crushing plant at village Meda Adraj, Taluka : Kadi, District : Mehsana. This fully equipped modern plant has installed capacity of 500 MT per day Castor Seed Crushing, 250 MT per day Castor Oil Refining and 350 MT per day Solvent Extraction with hexine process. This has equipped your company for the timely execution of Export contracts. The company has also shifted it's administration operation to the modern, well furnished and equipped Group Corporate House in the commercial heart of the city area in Ahmedabad. These two modern machineries will favourably contribute in the total turnover and profit earnings in the year to come substantially.