

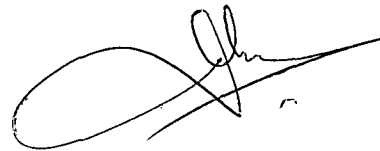
KANEL OIL & EXPORT INDUSTRIES LIMITED.

**17TH
ANNUAL REPORT**

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2008-09

FOR KANEL OIL & EXPORT IND. LTD.



DIRECTOR

KANEL OIL & EXPORT INDUSTRIES LIMITED.

Regd. Office : 203, 2nd Floor, Abhijeet – 1, Mithakhali Six Roads,
Ellisbridge, Ahmedabad – 380 006.

KANEL OIL & EXPORT INDUSTRIES LIMITED.**SEVENTEENTH ANNUAL GENERAL MEETING PROGRAMME****DATE** : 30TH SEPTMEBER, 2009**DAY** : WEDNESDAY**TIME** : 1.00 P.M.**VENUE** : REGISTERED OFFICE OF THE COMPANY AT
203, 2ND FLOOR, ABHIJEET – 1,
MITHAKHALI SIX ROADS, ELLISBRIDGE,
AHMEDABAD – 380 006.**NOTE TO SHAREHOLDERS :**

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

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BOARD OF DIRECTORS

Shri Dhiren K. Thakkar	Chairman and Managing Director wef 08.10.08
Shri Hitesh K Thakkar	Chairman and Managing Director upto 08.10.08
Shri Umesh Khese	Independent Director upto 08.10.08
Shri Bachubhai K. Patel	Independent Director wef 08.10.08
Shri Vinodbhai K. Pandya	Independent Director wef 08.10.08

COMPANY LAW CONSULTANT

M/s. Kamalesh M. Shah & Co.,
Practicing Company Secretaries,
6, Avanika Park,
Khanpur, Ahmedabad – 380 001.

BANKERS OF THE COMPANY

Kotak Mahindra Bank Ltd. – Mumbai.
HDFC Bank Ltd. – Ahmedabad.
The Bhuj Mercantile Co. Op. Bank Ltd. – Ahmedabad.
The Kalol Nagarik Sahkari Bank Ltd. – Ahmedabad.

STATUTORY AUDITORS

Shah Dinesh Dahyalal & Associates
Chartered Accountants
Ahmedabad.

REGISTRAR FOR DEPOSITORY OPERATIONS.

SYSTEM SUPPORT SERVICES

209, Shivai Industrial Estate,
89, Andheri – Kurla Road,
Sakinaka, Andheri (E),
Mumbai – 400 072.

LISTING AT

AHMEDABAD

Ahmedabad Stock Exchange Ltd.
Kamdheni Complex
Nr. Panjrapole
Ambawadi, Ahmedabad – 380 015

CALCUTTA

Calcutta Stock Exchange Ltd.
7, Lyon Range,
Calcutta- 700001.

MUMBAI

Bombay Stock Exchange Ltd.
25th Floor, P.J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.

JAIPUR

Jaipur Stock Exchange Ltd.
Stock Exchange Building,
JLN Marg, Malviya Nagar,
Jaipur – 302017.

KANEL OIL & EXPORT INDUSTRIES LIMITED.

KANEL OIL & EXPORT INDUSTRIES LIMITED.

Regd. Office :

203, 2nd Floor, Abhijeet – 1, Mithakhali Six Roads,
Ellisbridge, Ahmedabad – 380 006.

FACTORY & PLANT

213/214, Naroda GIDC Estate,
Naroda,
Ahmedabad.

INVESTORS GRIEVANCES COMPLIANCE OFFICER:

Dhiren K. Thakkar
Chairman and Managing Director,
203, 2nd Floor, Abhijeet – 1.
Mithakhali Six Roads,
Ellisbridge, Ahmedabad – 380 006.

Email : - dhiren72@yahoo.co.in

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17TH ANNUAL REPORT**NOTICE**

NOTICE is hereby given to the Members of the Kanel Oil & Export Industries Limited that the 17th Annual General Meeting of the Company will be held on Wednesday 30th September, 2009 at 11.00 A.M. at the registered office of the company at 203, Abhijeet -1, Mithakhali Six Roads, Ellisbridge, Ahmedabad – 380 006 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 31/03/2009, the Profit & Loss Account for the year ended on that date and Report of the Auditor and Director thereon.
2. To Appoint a Director in place of Shri Dhiren K. Thakkar, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
3. To Appoint the Auditor for the next Financial Year to hold the office as such from the conclusion of this Annual General Meeting up to the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Vinodchandra Pandya, who was appointed as an additional director in the Board Meeting held on 8th October, 2008 and in respect of whom the company has received a notice in writing from a member under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director liable to retire by rotation, be and is hereby appointed as director of the Company.”

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

“RESOLVED THAT Mr. Bachubhai Kachardas Patel, who was appointed as an additional director in the Board Meeting held on 8th October, 2008 and in respect of whom the company has received a notice in writing from a member under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director liable to retire by rotation, be and is hereby appointed as director of the Company.”

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

“RESOLVED THAT in accordance with the all applicable provisions of the Companies Act, 1956 and subject to the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (“Delisting Guidelines”) and all applicable laws, rules, regulations, notifications, clarifications and guidelines and subject to such other statutory and / or contractual approvals, permissions, consents and sanctions as may be required from any relevant authority including the Stock Exchanges where the Equity Shares of the Company are listed being complied with by the Company, and / or their associates and / or any person acting in concert, the consent of the members of the Company is hereby accorded to the Board of Directors (which term shall include any Committee constituted/ to be constituted by the Board of Directors) to seek voluntary delisting of equity shares of

KANEL OIL & EXPORT INDUSTRIES LIMITED.

the Company, without opting for public offer to shareholders from Ahmedabad, Calcutta & Jaipur Stock Exchange.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all the requisite, incidental, consequential and necessary steps to implement the foregoing resolution and to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate in the best interest of the Company, to settle any question, query, doubt or difficulty that may arise in regard to voluntary delisting of equity shares of the Company, and to execute/ publish all such notice (s), applications, deeds, agreements, documents, papers, undertakings/ bonds and writings as may be necessary or required for giving effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 316 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Article of the Article of Association of the company, the company hereby accords its approval to the appointment of Mr. Dhiren K Thakkar as the Managing Director of the Company with effect from 08.10.2008 for five years on the terms and conditions on terms & conditions including remuneration and perquisites as set out in the explanatory statement annexed hereto and as may be agreed to between the Company and Mr. Dhiren K Thakkar.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to revise the remuneration payable to him as Managing Director, from time to time subject to the ceiling laid down in Section 198, 309 and Schedule XIII of the Companies Act, 1956, without further approval of the members of the company, but with such other approvals, sanctions, or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT not with standing anything contained here in above, where in any financial year, during the currency of the tenure of the director, the Company has no profits or its profits are inadequate, the company shall pay to Mr. Dhiren Thakkar, minimum remuneration by way of salary, perquisites and other allowances as above subject to the ceiling laid down in under Part II of Schedule XIII to the Companies Act, 1956 and such other amendments to the act from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, and things as in its absolute discretion, it may consider necessary, expedient or desirable, in order to give effect to the foregoing Resolution or otherwise considered by it to be in the best interest of the Company."

BY ORDER OF THE BOARD OF DIRECTOR OF
KANELOIL & EXPORT INDUSTIERS LTD.

PLACE : Ahmedabad

SD/-

DATE : 01/09/2009

(Dhiren K. Thakkar)
Chairman & Managing Director

17TH ANNUAL REPORT**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 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 in the prescribed form 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. Members are requested to bring their copy of the Annual Report to the meeting as no extra copies will be distributed at the meeting shall as a measure of economy.
4. Member desiring any information as regards accounts are requested to write to the company at-least 7 days before the meeting to enable the management to keep the information ready.
5. Members are requested to be in their seats at the meeting before the scheduled time of the commencement of the meeting to avoid interruption in the proceedings.
6. Members are requested to intimate any change in their registered addresses if any directly at the registered office of the company or to the company's registrar and share transfer agents at their address mentioned elsewhere in this report.
7. The register of members and share transfer books of the company shall remain closed from 28/09/2009 to 30/09/2009 (Both Days Inclusive).

At the ensuing Annual General Meeting Mr. Vinodchandra Pandya, and Mr. Bachubhai Patel will be re-appointed, the brief resume of this director is as under :

Name	Vinodchandra Pandya
Age	66 years
Qualification	B. A. (Economics)
Expertise in Specific Area	Administration
Date of First Appointment on the Board of the Company	08-10-2008
Name(s) of the other companies in which Directorship held and Committee Membership/Chairmanship held.	Refer to Report on Corporate Governance.
Name	Bachubhai Patel
Age	53 years
Qualification	12 th
Expertise in Specific Area	Agri commodities trading
Date of First Appointment on the Board of the Company	08-10-2008
Name(s) of the other companies in which Directorship held and Committee Membership/Chairmanship held.	Refer to Report on Corporate Governance.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5 & 6

Mr. Vinodchandra Pandya and Mr. Bachubhai Patel were appointed as additional directors of the company in the board meeting held on 10th October 2008. The Company has received notice in pursuance of Section 257 of the Companies Act, 1956 together with necessary deposit from member of the Company signifying his intention to propose them as Directors of the Company.

The board recommends their appointment as directors of the Company and put the resolution for member's approval.

None of the other Directors of the company is concerned or interested in the proposed resolutions except Mr. Vinodchandra Pandya and Mr. Bachubhai Patel.

ITEM NO. 7

Presently, the company's securities are listed on the following 2 stock exchanges in India:

1. Bombay Stock Exchange Limited
2. Ahmedabad Stock Exchange Limited
3. Calcutta Stock Exchange Limited
4. Jaipur Stock Exchange Limited

The Ahmedabad Stock Exchange is the regional stock exchange. Further there is no trading in the shares of the Company. Thus the benefits accruing to the investors by keeping the shares of the company listed on Ahmedabad, Calcutta, & Jaipur Stock Exchange are not commensurate with the costs incurred by the company for continued listing on this Stock Exchanges.

As per Delisting Guidelines prior approval of the Shareholders of the Company is required by passing of a Special Resolution.

It is now proposed to seek voluntary delisting of equity shares from the Ahmedabad, Calcutta, & Jaipur Stock Exchange.

The Board recommends the resolution for approval by the members.

None of the Directors of the Company is in any way concerned or interested in the proposed amendments to the memorandum and articles of association of the company.

ITEM NO. 8

The Board of Directors recommends reappointment of Mr. Dhiren K Thakkar as the Chairman and Managing Director of the Company with effect from 8th October, 2008. The brief terms and conditions of his appointment are set out below:

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1. Period: Five years with effect from 8th October, 2008 till 30th September, 2013.
2. Remuneration: He shall be entitled to salary of Rs. 5 Lac P.A. subject to the limit as specified in Schedule XIII of the Act. He will be provided such facilities as telephone, car, etc as may be necessary exclusively for the business of the Company.
3. He shall be entitled to the perquisites in the form of membership fees of the clubs to be paid by the Company.
4. The Company shall reimburse actual entertainment and traveling expenses incurred in the course of the Company's business.
5. He will be entitled to privilege leave and sick leave and casual leave benefits as per the rules of the Company.
6. He will not be entitled for any sitting fees for attending meetings of the Board or Committees thereof.
7. He shall keep the secrets of the Company.

In compliance with the provisions of Section 269, 198, 309 read with Schedule XIII of the Companies Act, 1956, the Board recommends the above resolution for your approval.

Except Mr. Dhiren Thakkar, none of the other Directors is in any way concerned or interested in the said resolution.

BY ORDER OF THE BOARD OF DIRECTOR OF
KANELOIL & EXPORT INDUSTRIES LTD.

PLACE : Ahmedabad

SD/-

DATE : 01/09/2009

(Dhiren K. Thakkar)
Chairman & Managing Director

KANEL OIL & EXPORT INDUSTRIES LIMITED.**DIRECTORS' REPORT**

To,
The Member,
Kanel Oil & Export Industries Limited.

Dear Shareholders,

Your Directors have pleasure herewith the 17th audited report together the audited statement of accounts of the year ended on 31st march, 2009.

FINANCIAL HIGHLIGHTS

During the financial year period from 1st April, 2008 to 31st March, 2009 of financial year 2007-08 the financial operational result of the company is as follows:

PARTICULARS	FOR THE YEAR ENDED ON 31/03/2009	FOR THE YEAR ENDED ON 31/03/2008
Sales Income	NIL	3,24,96,188
Other Income	74,91,57,611	1,87,52,106
Increase / (Decrease) in stock	NIL	(91,14,460)
Total Income	74,91,57,611	4,21,33,834
Total Expenditure	2,11,62,359	3,99,98,203
Profit / (Loss) before Tax	72,79,95,252	21,35,631
Net Profit from Sale of Fixed Assets	4,86,99,443	1,13,72,642
Provision for Tax	NIL	NIL
Taxes for Earlier periods	NIL	NIL
Prior Period Extra Ordinary Items (Net)	76426	43047
Net Profit / (Loss) after tax	77,67,71,121	1,34,65,226
Previous Year Debit Balance	(122,77,15,298)	(124,11,80,524)
Balance Carried to B/S	(45,09,44,177)	(122,77,15,298)

STATUS ON BIFR APPLICATION :

The company's net worth is completely eroded. The company's application to BIFR for revival and rehabilitation has been rejected and BIFR has confirmed its prime facie opinion of winding up of the company. The company's appeal in AAIFR against this order was rejected on 18/05/2005. The company had filed a reference vide case no. 159/2003, which had become in fructuous by order dated -26/04/2005 on the ground of prima facie opinion of BIFR. Against this order the company has filed an appeal with AAIFR on 28/07/2005 vide case no.67/2003 for the second reference. Final hearing is awaited and the decision of the AAIFR is still pending.

STATUS OF CASES WITH DRT AND GUJARAT HIGH COURT

The secured lenders have withdrawn all recovery suits filed against the company since their debts have been settled by way of OTS in the financial year 2008-09. BIFR's Application with the Gujarat High Court with regards to winding up is pending but now due to the recent development of debt being paid off the company is in the process of urging the honorable court to dismiss the same.