

KANEL OIL & EXPORT INDUSTRIES LIMITED.

**19TH
ANNUAL REPORT**

2010-11

KANEL OIL & EXPORT INDUSTRIES LIMITED.

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

NINETEENTH ANNUAL GENERAL MEETING PROGRAMME

DATE : 30TH SEPTMEBER, 2011
DAY : FRIDAY
TIME : 10.00 A.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.

CONTENTS**Page No.**

[1] Board of Directors and Other Information.....	2
[2] Notice.....	4
[3] Directors' Report.....	6
[4] Auditors' Report.....	27
[5] Balance Sheet.....	36
[6] Profit & Loss Account.....	37
[7] Schedules to the Balance Sheet & Profit Loss Account.....	38
[8] Notes to the Accounts.....	42
[9] Balance Sheet Abstract & Company's General Business Profile.....	50
[10] Cash Flow Statement pursuant to Clause 32 of Listing Agreement.....	51
[11] Auditors Report to Cash Flow Statement.....	52
[12] Attendance Sheet & Proxy Form.....	54

BOARD OF DIRECTORS

Shri Dhiren K. Thakkar
Shri Bachubhai K. Patel
Shri Vinodbhai K. Pandya

Chairman and Managing Director
Independent Director
Independent Director

COMPANY LAW CONSULTANT

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

BANKERS OF THE COMPANY

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

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 – 700 001.

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 – 302 017.

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:- koeil@yahoo.com

NOTICE

NOTICE is hereby given to the Members of the Kanel Oil & Export Industries Limited that the 19th Annual General Meeting of the Company will be held on Friday 30th September, 2011 at 10.00 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 31/03/2011, 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 Vinodchandra Kalidas Pandya, 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 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 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.”

**BY ORDER OF THE BOARD OF DIRECTOR OF
KANEL OIL & EXPORT INDUSTRIES LTD.**

PLACE: Ahmadabad

SD/-

DATE: 1st September, 2011

**(Dhiren K. Thakkar)
Chairman & Managing Director**

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 of 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 29/09/2011 to 30/09/2011 (Both Days Inclusive).

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

Name	Mr. Vinodchandra Kalidas Pandya
Age	68
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.	Dharti Proteins Limited

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

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.

**BY ORDER OF THE BOARD OF DIRECTOR OF
KANEL OIL & EXPORT INDUSTRIES LTD.**

PLACE: Ahmedabad

SD/-

DATE: 1st September, 2011

**(Dhiren K. Thakkar)
Chairman & Managing Director**

DIRECTORS' REPORT

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

Dear Shareholders,

Your Directors have pleasure herewith the 19th Audited Report together the audited statement of accounts of the year ended on 31st March, 2011.

FINANCIAL HIGHLIGHTS

During the financial year period from 1st April, 2010 to 31st March, 2011 of financial year 2010-11 the financial operational result of the company is as follows:

PARTICULARS	FOR THE YEAR ENDED ON 31/03/2011	FOR THE YEAR ENDED ON 31/03/2010
Sales Income	NIL	NIL
Other Income	4,85,64,787	4,63,559
Increase / (Decrease) in stock	NIL	NIL
Total Income	4,85,64,787	4,63,559
Total Expenditure	42,82,945	47,85,887
Profit / (Loss) before Tax	4,42,81,842	(43,22,328)
Net Profit from Sale of Fixed Assets	NIL	24,164
Provision for Tax	NIL	NIL
Taxes for Earlier periods	NIL	NIL
Prior Period Extra Ordinary Items (Net)	10,043	90,465
Net Profit / (Loss) after tax	4,42,71,799	44,36,957
Previous Year Debit Balance	(45,53,54,911)	(45,09,17,954)
Balance Carried to B/S	(41,10,83,112)	(45,53,54,911)

STATUS ON BIFR APPLICATION :

The company's net worth is completely eroded. The company's is in the preparing a revival and rehabilitation as per BIFR order and submit in due course

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. The Gujarat high court has dismissed the case no 225/03 (with regards to winding up opinion that was forwarded by BIFR) in favour of company by its order dtd 17/01/2011.

DEBT RESTRUCTURING & REHABILITATION DEVELOPMENT

Kotak Mahindra Bank Ltd had taken over the debt of State Bank of Saurashtra. The debt of Dena Bank, SBBJ and SBP were taken over by ARCIL. Your directors are pleased to inform you that the company has settled all its debt with the KMBL (Debt of SBS was taken over by KMBL) & ARCIL (Debt of Dena, SBBJ & SBP was taken over by ARCIL) by the way of OTS

and obtained No Due Certificates from them in the financial year 2008-09. Further the company has plans of restarting its operations at Naroda Unit as a part of rehabilitation. The company is preparing DRS (Draft Rehabilitation Scheme) to be submitted with BIFR, for various concessions. The company has in this financial year settled the dues of SICOM by way of OTS (One time settlement) and received NO DUE CERTIFICATE from SICOM. Thus company has settled and paid off entire dues of all banks and institutions.

DIVIDEND

As your company has not to earn much profit during the year under review and due to the accumulated losses your directors regret for their inability to declare any amount as dividend to be paid.

TRANSFER OF UNPAID/UNCLAIMED DIVIDEND:

Your company's all the 4 previous years i.e. dividends declared in year 1995, 1996, 1997 and 1998 are due for transfer thereof to investors' education and protection fund as per the provision of the section 205c of the companies act 1956. However due to huge accumulated losses since the company could not meet its liabilities towards its bankers in time, the bankers are not co operating and so company will make representation of this fact to Registrar of the companies, Securities and exchange board of India. At the highest authorities of bankers, Reserve bank of India. In this situation the audit of the unclaimed unpaid dividend accounts could not be conducted and completed.

The company had received more than 2000 investor complaints for non payment of dividend or not revalidation of the dividend warrants of the investors. However due to non co operation of the bankers, the company could not resolve such complaints. Even the company's efforts to surrender of the original dividend warrants and in lieu of such dividend warrants requests for issue of demand draft in favor of investor concerned are not accepted by the bankers. In view of the above stated reasons the company could not make compliance with the provision of section 205c of the companies act 1956. Company however has almost solved most of the complaints related to non receipt of dividend warrants.

SHARE CAPITAL DURING THE YEAR:

During the year under review your directors have not issued any equity or preference share to any persons. There has been no change in the issued, subscribed and paid up capital of the company during the year under review.

BUY BACK OF SHARES:

Your Director had not declared or announced or completed any procedure for buy back of its own shares during the year under review as per the provision of the section 77A, 77AA, and 77B of the companies' act 1956. Further no buy back of the share if any announced in earlier years are still pending for implementation.

YEAR UNDER REVIEW

During the year under review your company was engaged in the business of hedging future options of commodity market. The company has made efforts to put his plants.

NON OPERATION OF NARODA PLANT:

The company's Naroda plant is not in use since 1998-99 due to inadequate financial resources, Even though the plant has become old, the company has proposed plans of capital expenditure for repairs and renovation and subsequently to restart the production activity at the unit and thereby the company has continued to show the same as fixed assets of the company in the books of accounts.

However, now the company is in advance stages of negotiating a proposal with few industrial groups to make operational the Naroda Plant of the company for the manufacturing, refining and packaging of the Castor oil on lease/rent basis /job basis as well as company's own operation may also kick start simultaneously at Naroda Unit. Upon finalization the plant is expected to add the revenue to the company in cash from which the company will be able to meet not only administrative and operational expenses but generate surplus. In addition due to plant being made operational and its maintenance will be done by tenant, the plant will become renovated, upgraded and will be operational which will increase its life.

SEGMENTWISE REPORTING AS-17

The company is operating only in one segment of manufacturing of oil and sale of oil and it's by product de-oiled cakes. Hence no separate segment wise accounting is required and given herewith.

PROVISION FOR DEFERRED TAX LIABILITIES / ASSETS AS-22 AND NON PROVISION OF INCOME TAX LIABILITIES.

The Company had huge accumulated and unabsorbed financial losses. The company's total net worth had been eroded. In view of this the management has thought it fit and prudent not to make provision for deferred tax assets which if created would appear as intangible assets which could never be realized in future. The company is applying to sought various reliefs for allowing carry forward losses by making an application again with BIFR in the proposed DRS (Draft rehabilitation scheme). Company is taking various legal opinion with respect to assessment of exact income tax liabilities after the writing off the bank liabilities and has taken a view of providing the same after complete due diligence of past income tax returns filed by the legal experts with past case laws. The management is trying hard for revival and rehabilitation of the company, in fact it has already succeeded in settling the huge bank debts and is further negotiating with big industrial house to implement rehabilitation process by restarting operations at the Naroda unit of the company, but until the matter is finalized positively, the company has not accounted for deferred tax liability.

RELATED PARTY TRANSACTION AS-18

The company has been buying raw materials and selling some of the finished products, bye products through its group/associate concern in which director are either director or any of their relatives or the directors themselves are either partners/proprietors. All these business transaction are being done at the prevailing market prices on commercial terms and condition not favorable to any of the parties. There have been no contractual obligations between any of the related parties with the company to execute or enter in to any specific business transactions. However proper disclosure has been made in the notes to the accounts schedule R.

FOREIGN EXCHANGE EARNING AND OUTGO:

During the year under review the company had not done any import/export business and the total foreign exchange earning and outgo was NIL during the year.

INFORMATION PURSUANT TO THE LISTING AGREEMENT AND SEBI CIRCULAR NO. SMDRP/CIR-14/98 DATED APRIL 29TH, 1998.

The company's shares are listed presently in Ahmedabad, Calcutta, Jaipur, and Mumbai Stock Exchange. The company has duly paid the annual listing fees up to and including the year 2011-2012 i.e. up to 31.03.2012 for the stock exchange of Mumbai. The company is not paying the annual listing fees of Calcutta and Jaipur stock exchanges since 1999-2000 onwards and for the Ahmedabad stock exchange since 2003-04 onwards due to no trading volume recorded on the said stock exchanges. Further the company is also sick industrial company and is not in a position to pay such heavy financial expenses. As the company has become a sick industrial company as per listing agreement norms the shares of the company suspended for trading on all the stock exchange. However the same is suspended on the Ahmedabad, Calcutta and Jaipur stock exchange for non payment of listing fees. Due to heavy financial losses, the company has not made provision for the annual listing fees payable to the Calcutta stock exchange, Jaipur stock exchange and Ahmedabad Stock Exchange. The Company has however already complied with all the clauses of the list agreement with the Bombay stock exchange, paid the penalty as demanded by the Bombay stock Exchange. The company has made an application with the Bombay stock Exchange for revocation of trading in the shares of the company , which is under active consideration

DEMATERIALIZATION OF SECURITIES :

SEBI has identified the securities of the company for compulsory trading in the dematerialized form w.e.f. 26th February 2001 by all investors on all the stock exchanges. In compliance with the same and to facilitate the shareholders, the company has already made arrangement to enter into the Tripartite Agreement with NSDL and CDSL. The investors are requested to take a note on the same and dematerialize their holding as early as possible. The ISIN Number allotted to your company is INE252 C 01015. Company has also appointed System Support Services – Mumbai Mumbai as RTA agent of the company.