

22<sup>nd</sup>  
Annual Report  
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KANEL INDUSTRIES LIMITED

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

# KANEL INDUSTRIES LIMITED

## TWENTYSECOND ANNUAL GENERAL MEETING PROGRAMME

**DATE** : 29<sup>TH</sup> SEPTMEBER, 2014  
**DAY** : MONDAY  
**TIME** : 10.00 A.M.  
**VENUE** : REGISTERED OFFICE OF THE COMPANY AT  
203, ABHIJEET – 1, 2<sup>ND</sup> FLOOR,  
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.

### **DISCLAIMER STATEMENT :**

THIS AUDITED ANNUAL REPORT CONTAINING AUDITED BALANCE SHEET, PROFIT & LOSS ACCOUNT, SCHEDULES, NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31/03/2014 AND THE DOCUMENTS ATTACHED THERETO I.E REPORT OF THE AUDITORS, BOARD OF DIRECTORS, REPORT ON THE CORPORATE GOVERNANCE AND ANY OTHER ATTACHMENTS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF THE COMPANIES ACT 1956 AS PER GENERAL CIRCULAR 08/2014 ISSUED VIDE LETTER NO. 1/19/2013-CL-V DATED 04.04.2014 AND APPLICABLE PROVISIONS OF VARIOUS SECTIONS OF COMPANIES ACT 2013 WHICH WERE MADE APPLICABLE W.E.F 12/09/2013. HOWEVER IN PREPARATION OF THIS REPORT AT SOME PLACES A REFERENCE OF VARIOUS SECTIONS OF COMPANIES ACT 2013 ARE ALSO MADE AS AN ABUNDUNT CAUTION.

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**BOARD OF DIRECTORS**

<b>Shri Dhiren K. Thakkar</b>	Chairman and Managing Director
<b>Shri Vinodbhai K. Pandya</b>	Director
<b>Shri Kiritbhai C. Patel</b>	Director
<b>Shri Aditya Y. Patel</b>	Director
<b>Shri Yogesh R Patel</b>	Director

**COMPANY LAW CONSULTANT**

**M/s Kamlesh M. Shah & Co.,**  
Practicing Company Secretaries,  
6, Avani Park, Khanpur, Ahmedabad - 380 001.

**BANKERS OF THE COMPANY**

**HDFC 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.**  
Kamdhenu Complex, Nr. Panjrapole  
Ambawadi, Ahmedabad-380 015

**MUMBAI**

**Bombay Stock Exchange Ltd.**  
25<sup>th</sup> Floor, P.J.Towers,  
Dalal Street, Fort, Mumbai-400 001.

**CALCUTTA**

**Calcutta Stock Exchange Ltd.**  
7, Lyon Range,  
Calcutta-700 001.

**JAIPUR**

**Jaipur Stock Exchange Ltd.**  
Stock Exchange Building,  
JLN Marg, Malviya Nagar, Jaipur-302 017.

**REGD. OFFICE**

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

**FACTORY & PLANT**

Plot No. : 213/214, Phase II, GIDC, Naroda, Ahmedabad-382330

**INVESTORS GRIEVANCES COMPLIANCE OFFICER**

**Dhiren K. Thakkar** - Chairman and Managing Director,  
203, 2<sup>nd</sup> Floor, Abhijeet-1. Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006.  
Email : dhirenthakkar72@gmail.com

**NOTICE**

NOTICE is hereby given that the 22<sup>ND</sup> Annual General Meeting of the Members of the **KANEL INDUSTRIES LIMITED** will be held on Monday the 29<sup>th</sup> September, 2014 at 10:00 A.M. at the Registered office of the Company at 203, Abhijeet-1, 2<sup>nd</sup> floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad: 380 006 to transact the following business:

**ORDINARY BUSINESS:**

- 1) To Receive, Consider, Approve and Adopt the Audited Statement of Accounts i.e. The Audited Balance Sheet as at 31st March, 2014 The Profit & Loss Account for the year ended on that date, the report of the Auditors and Directors thereon.
- 2) To reappoint a director Mr. Kiritbhai C Patel who retires by rotation and being eligible offers himself for reappointment.
- 3) To reappoint a director Mr. Yogeshkumar R. Patel who retires by rotation and being eligible offers himself for reappointment.
- 4) **To Consider and if thought fit to pass with or without modification following Resolution as an ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to provisions of Section 139 (1) and other applicable provisions of the Companies Act 2013 (Corresponding provisions of Section 224(1B) of the Companies Act 1956) read with Rule 4 and 6 of the Companies (Audit and Auditors) Rules 2014 as in force, the consent of the members of the Company be and is hereby accorded to the Appointment of Shah Dinesh Dahyalal & Associates, a firm of Chartered Accountants (Proprietor firm Registration Number: 120362W and CA Member No: 106871) , as Statutory Auditors of the Company for the next financial years i.e. for the financial years 2014-15 and to fix their remuneration as per section 139(2) of the Companies Act 2013.

**SPECIAL BUSINESS:**

- (5) To Consider and if thought fit to pass with or without modification following Resolution as an ORDINARY RESOLUTION.

To Appoint Mr. Dhiren K Thakkar (DIN 00610001) as Managing Director of the Company for a further period of 3 years

“RESOLVED THAT in accordance with the provisions of the section 196, 197 and 203 read with schedule V and all the other applicable provisions of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory Modification(s) or re-enactment thereof for the time being in force, approval of the Company be and is hereby accorded to the appointment of Mr. Dhiren K Thakkar (Holding Valid DIN: 00610001) as Managing Director of the Company for a further period of 3 (three) years with effect from 8<sup>st</sup> October 2014 without taking any managerial remuneration.

“RESOLVED FURTHER THAT Mr. Dhiren K Thakkar, as Managing Director of the Company shall have the substantial powers of the Management and administration of the business and affairs of the Company subject to the overall superintendence, control and direction of the Board of Directors from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

PLACE: AHMEDABAD  
DATE: 31<sup>st</sup> MAY, 2014

BY ORDER OF THE BOARD OF DIRECTORS  
OF KANEL INDUSTRIES LIMITED.

(DHIREN K THAKKAR)  
CHAIRMAN & MANAGING DIRECTOR  
(DIN : 00610001)

**The Register of Members of the Company will remain closed from 25/09/2014 TO 29/09/2014 (both days inclusive).**

**NOTES:**

- 1) A Member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote and that a proxy 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) The Register of members and share transfer books of the Company shall remain closed from 25/09/2014 TO 29/09/2014 (Both days inclusive) as per the provisions of section 154 of the Companies Act 1956 and the provisions of the Clause 16 of the Listing Agreement.
- 4) 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.
- 5) 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.
- 7) Shareholders holding shares in physical form are requested to advise any change of address immediately to Company's Registrar and Share Transfer Agent, System Support Service Shareholders holding shares in electronic form must advise to their respective depository participants about change in address and not to company.
- 8) All shareholders are requested to dematerialize their shareholding immediately as the shares are traded compulsorily in demat segment only.
- 9) 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.
- 10) 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.
- 11) The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31st March, 2014 is uploaded on the Company's website [www.kanel.in](http://www.kanel.in) and may be accessed by the members.
- 12) Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 is being sent in the permitted mode.
- 13) 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 Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies 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 in the permitted mode.
- 14) Instructions for e-voting:  
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 read with clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 22<sup>nd</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" i.e. KANEL INDUSTRIES LIMITED from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID:
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company. (6 Digit Alpha-Numeric)
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details for	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> i.e. The KANEL INDUSTRIES LIMITED, on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  - (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case of members receiving the physical copy:  
Please follow all steps from sr. no. (i) to sr. no. (xvii) above to cast vote.

#### General Instructions:

- a. **The voting period begins on 26<sup>th</sup> September 2014 at 9.00 a.m. and ends on 26<sup>th</sup> September, 2014 at 6.00 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 20<sup>th</sup> August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The EVSN Number for e-voting generated on the website [www.evotingindia.com](http://www.evotingindia.com) is 140728017.**
- b. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- c. Mr. Kamlesh M. Shah, Practicing Company Secretary, (Membership No. A8356 and COP No. 2072) (Address: 801-A, Mahalay Complex, Opp: Hotel President, B/h. Fairdeal House, Swastik Cross Roads, Navrangpura, Ahmedabad: 380 009, Gujarat, India, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- d. 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.
- e. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kanel.in](http://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 ASE and BSE Limited.

**INFORMATION ABOUT THE DIRECTORS WHO ARE PROPOSED TO BE APPOINTED/ RE-APPOINTED AT THE 22<sup>nd</sup> ANNUAL GENERAL MEETING AS PER CLAUSE 49 OF THE LISTING AGREEMENT FORMING PART OF THE NOTICE CONVENING THE ANNUAL GENERAL MEETING OF THE COMPANY.**

<b>Particulars</b>	<b>Mr. Kiritkumar C Patel</b>
Director Identification Number.	00048004
Date of Birth.	18/08/1945
Age.	69 years old
Educational Qualification.	B.Com
Experience (No. of Years)	30 years
Business field in which Experience.	He has vast experience in Business Construction. He is providing the service of Non Executive Director in many other Companies.
Date of Appointment as Director in the Company.	16/04/2012
Directorship held in any other Company.	Kadam Exports Private Limited
Member of any Committees of the Directors in the Company.	Audit Committee
Member of any committees of the Directors in other Companies with names of the Company.	N.A.
Member of any Trade Association/ Charitable Organization/NGOs etc.	N.A.
<b>Particulars</b>	<b>Mr. Dhiren K Thakkar</b>
Director Identification Number.	00610001
Date of Birth.	26/06/1972
Age.	42 years old
Educational Qualification.	B.Sc
Experience (No. of Years)	15 years
Business field in which Experience.	He has vast experience in Business of Trading of Agro production and Edible Oil. He is looking after the business since last 20 years. He has the experience of 15 years in this field of trading of agro Commodities as well as marketing and trading of Edible Oil.
Date of Appointment as Director in the Company.	06/06/1994
Directorship held in any other Company.	● Dharti Protein Limited ● T J R Sons Limited ● Shakti Nutraceuticals Private Limited
Member of any Committees of the Directors in the Company	Audit Committee
Member of any committees of the Directors in other Companies with names of the Company.	N.A.
Member of any Trade Association/ Charitable Organization/NGOs etc.	N.A.
<b>Particulars</b>	<b>Mr. Yogeshkumar R Patel</b>
Director Identification Number.	05260810
Date of Birth.	04/07/1967
Age.	47 years old
Educational Qualification.	Graduate
Experience (No. of Years)	15 years
Business field in which Experience.	He has vast experience in Business of Trading of Agro production and as well as in construction field.
Date of Appointment as Director in the Company.	16/04/2012
Directorship held in any other Company.	N.A.
Member of any Committees of the Directors in the Company.	Audit Committee
Member of any committees of the Directors in other Companies with names of the Company.	N.A.
Member of any Trade Association/ Charitable Organization/ NGOs etc.	N.A.



**ANNEXURE TO NOTICE CONVENING OF THE 22<sup>ND</sup> ANNUAL GENERAL MEETING OF  
KANEL INDUSTRIES LIMITED**

**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013  
(Corresponding Section 173(2) of the Companies Act 1956)**

The following statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**REAPPOINTMENT OF MR. DHIREN K THAKKAR (DIRECTOR IDENTIFICATION NUMBER: 00610001) AS THE MANAGING DIRECTOR OF THE COMPANY FOR A FURTHER PERIOD OF 3 YEARS.**

Mr. Dhiren K Thakkar (Holding a valid Director Identification Number: 00610001) is currently also a Managing Director of the Company. His previous term of office as Managing Director of the Company comes to expire on 8<sup>th</sup> October, 2013. He is due for reappointment as the Managing Director for another term.

As per provisions of section 196 of the Companies Act 2013 (Read with the relevant rules of the companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 read with schedule V of the Companies Act 2013 requires every public Company having paid share capital of Rs.5 Crores or more and every listed companies, to have a Managing Director or Whole Time Director or a Manager.

Accordingly, as the Company's current paid up share capital of the Company is Rs.184,124,400, it is compulsorily required to have a full time Managing Director within the company. Mr. Dhiren K Thakkar, is working as Managing Director of the Company Since last 5 Years. His working is satisfactory and he is discharging his duties as the managing director within time. Under his leadership, the company is making all legal and procedural compliances of stock exchanges, Registrar of Companies, Income Tax, Sales Tax and other corporate laws in time. Mr. Dhiren K Thakkar is also taking due care in the Management of the business of the Company. Currently he is actively involved in the implementation of the company's Edible Oil project. In fact, with his active involvement in all the legal cases, now the company has started to manufacture the Edible Oil.

Considering the current financial position and economic conditions of the country, inflationary trends, the financial position of the company, the projects being undertaken by the company, Mr. Dhiren K Thakkar will not take any Managerial Remuneration from the Company.

Directors recommend to pass necessary resolution for his reappointment as the Managing Director of the Company without any managerial Remuneration.

Except the above disclosure of the nature of interest, no other directors of the company or any of their relatives have either director or indirect interest or concern in the proposed resolution.

Statutory Information as per requirement of Part – II of Schedule V of Companies Act, 2013

**I. General Information**

- 1) Nature of Industry : Trading of Edible Oil
- 2) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.  
The company is already earning from Trading of Edible Oil.
- 3) Financial performance based on given indicators Company has income from operations of Rs. 86215954.00.
- 4) Foreign investment or collaborations, if any: There is no foreign investment or collaborations.

**II. Information about the appointee:**

- 1) Background details : Mr Dhiren K Thakkar is appointed is Director on 08/10/2013 has served as Non Executive Managing Director as five Years and appointed as Managing Director for the further period of Three year.
- 2) Past remuneration : N.A.
- 3) Recognition or awards : N.A.
- 4) Job profile and his suitability: Mr. Dhiren K Thakkar is looking after day to day business and affairs of the company. His rich experience of 15 years in the management of the business and affairs of the company and project implementation work will benefit the company in the long run.
- 5) Remuneration proposed : No Remuneration due to weak financials of the company.
- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) : The company's paid up capital is of Rs. 18412440/-. He is eligible for remuneration up to Rs. 42 lacs per annum as per part A of section II of Part II of Schedule V of the Companies Act, 2013. However looking to company's financial performance the board has approved and proposed not to make any payment of managerial remuneration at present instead of his eligible limit. The company's current financial position and status is not comparable with industries norms.
- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. : N.A.

**III. Other information**

- 1) Reasons of loss: Due to unavailability of sufficient working capital in the company
- 2) Steps taken or proposed to be taken for improvement: Steps are being taken to restart the manufacturing activity at the company's Naroda unit by promoters by bringing in funds for working capital.

**IV. Disclosures**

Except the above disclosure of the nature of interest, no other directors of the company or any of their relatives have either director or indirect interest or concern in the proposed resolution.

PLACE: AHMEDABAD

DATE: 31<sup>st</sup> MAY, 2014

BY ORDER OF THE BOARD OF DIRECTORS

OF KANEL INDUSTRIES LIMITED.

(DHIREN K THAKKAR)

CHAIRMAN & MANAGING DIRECTOR

(DIN : 00610001)

**DIRECTORS' REPORT**

Your Directors are pleased to submit herewith their report together with the audited statement of accounts for the 22<sup>ND</sup> financial year ended 31<sup>st</sup> March, 2014.

[Amount in Rs.]

PARTICULARS	2013-14	2012-13
Income from Operation	86215954.00	NIL
Other Income	290252.00	1698293.00
Increase/ (Decrease) in stock	NIL	NIL
Total Income	86506206.00	1698293.00
Total Expenditure	88687758.00	5173589.00
Profit/ (Loss) before Tax	(2181552.00)	(3475296.00)
Provision for Tax	NIL	NIL
Taxes for Earlier periods	NIL	NIL
Prior Period Extra Ordinary Items (Net)	NIL	NIL
Net Profit / (Loss) after Tax	(2181552.00)	(3475296.00)
Previous Year Debit Balance	(416952314.00)	(413477018.00)
Balance Carried to B/S	(419133866.00)	(416952314.00)

**DIVIDEND:**

As your company has incurred loss 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 STRUCTURE:**

During the year under review there were no changes in the Authorized, Issued, Subscribed and Paid up Share Capital Structure of the Company.

**BUY BACK OF EQUITY SHARES:**

The Company had not made any Buy Back of its paid up equity shares during the year in terms of section 77A, 77AA and 77B of the Companies Act 1956. Hence no specific disclosure is required to be made in this report

**YEAR UNDER REVIEW:**

During the year under review the Company has made total loss of Rs.21,80,916/- (Previous Year of Rs. 34,75,296/-) from business.

**DEMATERIALISATION OF SECURITIES:**

Your Company's Equity shares are admitted in the System of Dematerialization by both the Depositories namely NSDL and CDSL. The Company has signed tripartite Agreement through Registrar and Share Transfer Agent System Support Service. The Investors are advised to take advantage of timely dematerialization of their securities. The ISIN allotted to your Company is INE 248C01013. Total Share dematerialized up to 31st March 2014 were 11380604 which constitute 61.81% of total capital. Your Directors request all the shareholders to dematerialize their shareholding in the company as early as possible.

**COMPLIANCE TO CODE OF CORPORATE GOVERNANCE:**

The Complete Report on Corporate Governance is given as ANNEXURE-A to this report.