

26TH ANNUAL REPORT

KANEL INDUSTRIES LIMITED

2017-2018

KANEL INDUSTRIES LIMITED

TWENTY SIXTH ANNUAL GENERAL MEETING PROGRAMME

DATE: 29TH SEPTEMBER 2018

DAY: SATURDAY

TIME: 09:00 A.M.

**VENUE : 203, ABHIJEET – 1, 2nd 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 to the meeting.

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BOARD OF DIRECTORS

Shri Dhiren K. Thakkar
Shri Asha Desai
Shri Jatin Vyas

Chairman & Managing
Director
Independent Woman Director
Independent Director

BANKERS OF THE COMPANY

The Kalol Nagarik Sahkari Bank Ltd.

HDFC Bank Ltd.

Shri Kadi Nagarik Sahkari Bank Ltd.

STATUTORY AUDITORS

M/s. Suresh I Patel & Co.
Chartered Accountants
Ahmedabad.

LISTING AT

AHMEDABAD

The Ahmedabad Stock Exchange Ltd.
Ahmedabad

MUMBAI

The Bombay Stock Exchange Ltd.
Mumbai

JAIPUR

The Jaipur Stock Exchange Ltd.
Jaipur

CULCUTTA

The Culcutta Stock Exchange Ltd.
Culcutta

REGD. OFFICE

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

COMPLIANCE OFFICER

Mr. Dhiren Thakkar

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

NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the Members of the **KANEL INDUSTRIES LIMITED** will be held on Saturday, 29th September 2018 at 09:00 a.m. at the Registered office of the Company at 203, Abhijeet-1, 2nd 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, 2018 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. Dhiren Kanaiyalal Thakkar, who retires by rotation and being eligible offers himself for reappointment.
- 3) **To Consider and if thought fit to pass with or without modification following Resolution as an ORDINARY RESOLUTION:**

“RESOLVED THAT, pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), M/s. Bhagat & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127250W), be and are hereby appointed as Statutory Auditors of the Company.

RESOLVED FURTHER THAT, M/s. Bhagat & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127250W), be and are hereby appointed as Statutory Auditors of the Company for the period of 5 (Five) years from this Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2023, on such remuneration as may be fixed by the Board of Directors in consultation with them.”

SPECIAL BUSINESS:

- 4) **Re-appointment of Mr. Dhiren K Thakkar (DIN 00610001) as Managing Director.**

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof for the time being in force) read with schedule V to the Companies Act, 2013 and subject to such consent(s), approval(s) and permission(s) as may be required in this regard from any authority and as agreed by the Board of Directors (hereinafter referred to as the Board, which term shall unless repugnant to the context by the Board in this behalf), consent of the Members of the Company be and is hereby accorded to the reappointment of Mr. Dhiren K. Thakkar(DIN 00610001) as a Managing Director of the Company, liable to retire by rotation, for a period of 5 (Five) years with effect from October 3, 2018 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be

acceptable to Mr. Dhiren K. Thakkar subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

“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.”

DATE: 5th September, 2018
PLACE: AHMEDABAD

**ON BEHALF OF THE BOARD OF DIRECTORS
OF KANEL INDUSTRIES LIMITED
SD/
(DHIREN K THAKKAR)
CHAIRMAN & MANAGING DIRECTOR
(DIN: 00610001)**

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

Item No. 4 of the Notice:

The Board of Directors at its meeting held on 30TH August, 2018 reappointed Mr. Dhiren K. Thakkar(DIN 00610001) as Managing Director of the Company with effect from October 3, 2018 for a period of 5 years, on remuneration not exceeding Rs. 1,00,000/- (Rupees One Lakh only) per month.

The principal terms and conditions of appointment of Mr. Dhiren K. Thakkar(DIN 00610001) as Managing Director are as follows:

1) Tenure of Appointment:

For a period of 5 years commencing from October 3, 2018 i.e. from October 3, 2018 to October 3, 2023.

2) Nature of duties:

- (a) Subject always for all purpose and in all respects to the provisions of the Act or any statutory modification thereof for the time being in force and applicable to the duties and obligations to be performed and observed and the powers and authorities to be exercised by the Managing Director as such and certain restrictions mentioned in particular and under the General supervision, superintendence and control of the Board of Directors of the Company, the Managing Director shall have the general conduct of the management of business and financial and other affairs of the Company and exercise such powers, authorities and discretions as are hereby conferred upon and vested in him as such, as well by the Articles of Association and/or the Regulations of the Company for the time being in force and/or as may from time to time delegated by the Board, save and such as are specifically reserved to be exercised by the Company in General Meeting or by the Board.
- (b) The Managing Director undertakes to employ the best of his skill and ability to make his utmost endeavors to promote the interests and welfare of the Company and to conform to and comply with the directions and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.

3) Remuneration: Basic Salary not exceeding Rs. 1,00,000/- (Rupees One Lakh only) per month.

The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and further subject to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Managing Director and other Executive Directors of the Company taken together.

Provided, however, that in the event of absence or inadequacy of profit, the Managing Director shall be entitled to remuneration mentioned above within the overall maximum remuneration specified in Table A of Section II of Schedule V to the Companies Act, 2013.

Apart from the above mentioned details, the below mentioned terms and conditions have been entered into between the Company and the Whole-Time Director;

- (a) The Managing Director is also required to adhere with the Code of Conduct, intellectual property, non-competition, no conflict of interest with the Company and maintenance of confidentiality.
- (b) The Managing Director hereby covenant that during his tenure of office as such, he shall not be interested or otherwise concerned directly, or through his wife and/or minor children, in any

selling agency of the Company, without the prior approval thereto, AND THAT upon the contravention of this provision, his appointment as Managing Director shall cease.

- (c) This appointment may be terminated by fifteen days' notice on either side or the Company paying fifteen days remuneration in lieu of such notice.
- (d) The employment of the Managing Director may be terminated by the Company without notice or payment in lieu of notice;
 - a) if the Managing Director is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company for which he is required to render services; or
 - b) in the event of any serious or repeated or continuing breach (after prior warning) or non-observance by the Managing Director of any of the stipulations to be executed between the Company and the Managing Director; or
 - c) in the event the Board expresses its loss of confidence in the Managing Director.
- d) In the event the Managing Director is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.
- (e) Up on the termination by whatever means of the Managing Director's employment;
 - a) the Managing Director shall immediately tender his resignation from offices held by him in any subsidiaries and associated companies and other entities without claim for compensation for loss of office and in the event of his failure to do so the Company is hereby irrevocably authorised to appoint some person in his name and on his behalf to sign and deliver such resignation or resignations to the Company and to each of the subsidiaries 'and associated companies of which the Managing Director is at the material time a Director or other officer;
 - b) the Managing Director shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the Subsidiaries or associated companies.
- (f) The Managing Director's appointment is by virtue of his employment in the Company and his appointment shall be subject to the provisions of Section 167 of the Act.

The copy of Agreement entered into with Mr. Dhiren Thakkar by the Company containing the terms and Conditions of the said appointment is available at the registered office of the Company. Member can inspect the copy of agreement during the business hours of the Company on working days.

The relevant details as required under Schedule V to the Companies Act, 2013 are provided hereunder;

A. General Information

1. Nature of Industry:

The company is into the edible oil industry. The major product of the company is castor oil.

2. Date or expected date of commencement of commercial production

The Company was incorporated on January 29, 1992 under the Companies Act, 1956 and it started commercial production soon thereafter.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A..

1. Financial performance of the Company for F.Y. 2017-18 based on given indicators

Sr. No.	Particulars	(Rs.)
1.	Income for the year	617628686
2.	Profit before Interest, Depreciation and Tax	-133520
3.	Depreciation	778122
4.	Profit before Taxes	-911642
5.	Provisions for Taxation/ Deferred Tax	-
6.	Net Profit/(Loss) for the Current Year	-911642

B. Foreign investments or collaborations, if any: N.A.

Information about the appointee:

1. Past remuneration

N.A

2. Recognition or awards

Not Applicable

3. Job profile and his suitability

Mr. Dhiren Thakkar has more than 25 years of experience in the field of edible oils & agro commodities.

4. Remuneration proposed

Basic Salary not exceeding Rs. 1,00,000/- (Rupees One lakh only) per month.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Taking into consideration the size of the Company, the profile of Mr. Dhiren Thakkar, Managing Director of the Company, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level incumbents, in other companies.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Mr. Dhiren Thakkar, Managing Director of the Company, is also the promoter of the company.

In compliance with the provisions of Sections 196, 197 and other applicable provisions of the Act read with Schedule V to the Act, the terms of remuneration specified above are now being placed before the members for their approval. Further, the approval of the Members for the remuneration proposed herein above shall be valid for a period of 5 years w.e.f. October 3, 2018. The Board recommends this ordinary resolution for the approval of the Shareholders.

Except Mr. Dhiren Thakkar himself and his relatives to the extent of their shareholding in the Company, none of the directors or any key managerial personnel or any relative of any of the directors/key managerial personnel of the Company is, in anyway, concerned or interested in the above Resolution.

The Register of Members of the Company will remain closed from 23/09/2018 to 29/09/2018 (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) 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 23/09/2018 to 29/09/2018 (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, 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 from December 5, 2018.
- 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.

- 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 31st March, 2018 is uploaded on the Company's website www.kanel.in and may be accessed by the members.
- 14) Electronic copy of the Annual Report for 2017-18 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 2017-18 is being sent in the permitted mode.
- 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 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.

16) Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 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, the Company is pleased to provide its members the facility to exercise their right to vote by electronic means. The facility of casting votes using an electronic voting system from a place other than the AGM venue ('remote e-voting') will be provided to the members by Central Depository Services (India) Limited (CDSL).

The Company is providing facility for voting by electronic means and the business may be transacted through such electronic voting. The facility for voting through ballot 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 Patel, 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:

- (i) The voting period begins on <September 26, 2018, 9:00 a.m.> and ends on < September 28, 2018, 5:00 p.m.>. During this period shareholders' of the Company, holding shares either in