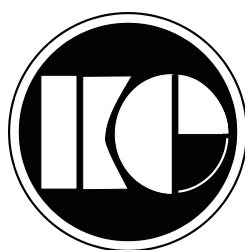


# **KHANDELWAL EXTRACTIONS LIMITED**



**33rd ANNUAL REPORT**  
2014-2015

## KHANDELWAL EXTRACTIONS LIMITED

### BOARD OF DIRECTORS

K. N. KHANDELWAL	-	Chairman
V. N. KHANDELWAL	-	Director (Works) - Whole Time Director
DINESH KHANDELWAL	-	Director (Finance) & CFO
ASHOK GUPTA	-	Independent Director
ATUL BAGLA	-	Independent Director
ANIL KAMTHAN	-	Independent Director
REKHA KEJRIWAL	-	Independent Director

### SECRETARY

LIZA ARORA

### REGISTERED OFFICE :

51/47, NAYAGANJ, KANPUR – 208 001

CIN : L24241UP1981PLC005282

Website : [www.khandelwalextractions.com](http://www.khandelwalextractions.com)

Email : [kelknp@yahoo.com](mailto:kelknp@yahoo.com)

### WORKS :

AKRAMPUR – MAGARWARA

DISTT. UNNAO (UTTAR PRADESH)

### AUDITORS :

M/S. P. L. TANDON & CO., KANPUR

### BANKERS :

KOTAK MAHINDRA BANK LTD., KANPUR

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# KHANDELWAL EXTRACTIONS LIMITED

## NOTICE

NOTICE is hereby given that the 33<sup>rd</sup> Annual General Meeting of Khandelwal Extractions Ltd. will be held at 50 MIG Bungalow, W Block, Keshav Nagar Kanpur- 208014 on Saturday, the 26<sup>th</sup> September, 2015 at 4:00 P.M. to transact the following business:

### AS ORDINARY BUSINESS :

- To receive, consider and adopt the audited Financial Statements of the company for the financial year ended 31<sup>st</sup> March, 2015 and Reports of the Board of Directors and Auditors' thereon.
- To approve and ratify the payment of dividend on 5000 Preference shares of Series II @ 10% redeemed for the period from 1.04.2014 to 14.10.2014 out of past accumulated profits.
- To appoint a Director in place of Shri Dinesh Khandelwal (DIN: 00161831), who retires by rotation and being eligible offers himself for re-appointment.
- Appointment of Auditors

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

"RESOLVED THAT M/s P. L. Tandon & Co, Chartered Accountants, Kanpur (ICAI Registration No. 000186C), be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next Annual General Meeting at such remuneration as fixed by the Board of Directors of the Company."

The retiring Auditors, M/s P. L. Tandon & Co, Chartered Accountants, Kanpur (ICAI Registration No. 000186C), are eligible for reappointment.

By order of the Board of Directors

Regd. Office:  
51/47, Nayaganj, Kanpur – 208 001  
SECRETARY

Dated: 28<sup>th</sup> July, 2015

(LIZA ARORA)  
COMPANY

### Notes:

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and a proxy need not be a member. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in aggregate not more than 10% of total equity 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. Proxy in order to be effective must be received by the Company not less than 48 hours before the meeting. A Proxy form is annexed herewith. Proxies submitted on behalf of the Companies must be supported by an appropriate resolution/authority as applicable.
- The Register of the members and Share Transfer books of the Company will remain closed from 20<sup>th</sup> September, 2015 to 26<sup>th</sup> September, 2015 (both days inclusive).
- All documents referred to in the accompanying notice are open for inspection at the Registered Office of Company between 2:00 P.M. to 4:00 P.M. on all working days except Saturday up to the date of Annual General Meeting.
- The particulars of Mr. Dinesh Khandelwal, Director proposed to be reappointed by rotation, are given as under:

Mr. Dinesh Khandelwal, a commerce graduate, carries 32 years experience of dealing with Company's finances, banking and commercial functions and he is associated with the Company since inception. He is devoting full time attention in the Company affairs and closely associated with various Company activities. His association is immense for the Company's affairs. He holds 42000 equity shares of the Company.

In the last AGM the members had approved his appointment as Director (Finance) & CFO. Directors recommend the resolution for his appointment.

No Director and Key Managerial Personnel, except Mr. K N

Khandelwal, Mr. V N Khandelwal, and Mr. Dinesh Khandelwal being relative to each other, is concerned and interested in the resolution.

- Member's cooperation is solicited to furnish their latest address, e mail address, contact phone no. and PAN no. to enable the company to communicate faster. For any assistance, the member(s) may contact Mr. Dinesh Khandelwal –Director (Finance & CFO) on mobile no 08081252221 or 09415330630 or email kelknp@yahoo.com
- In terms of Section 107 and 108 of the Companies Act 2013 read with relevant applicable rules and pursuant to Listing Agreements, the Company has made arrangement of e -voting through CDSL. Members have option to cast their vote by using electronic voting system from a place other than the venue of the meeting (remote e-voting). Members who wish to cast the vote at AGM shall be provided a Ballot to cast their vote. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast/change their vote again in the meeting.
- The Company has appointed M/s. Banthia & Co. (Prop. Mr.G.K.Banthia) of Kanpur, Practicing Company Secretaries (C.P.No. 1405) as the Scrutinizer for conducting the e-voting and polling process in fair and transparent manner who have consented to be available for same.
- The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut off date i.e 20<sup>th</sup> September, 2015. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with Section 109 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.
- The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.khandelwalextractions.com](http://www.khandelwalextractions.com) and on the website of CDSL. The results simultaneously be communicated to the Stock Exchange(s).
- Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e September 26, 2015.

### Instructions for the voting through electronic means

- The voting period begins on 23<sup>rd</sup> September, 2015 (10:00 am) and ends on 25<sup>th</sup> September, 2015 (5:00 p.m). During this period shareholders' of the Company, holding shares as on the cut-off date of 20<sup>th</sup> September, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders.
- Now Enter your User ID: Members should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are a first time user follow the steps given below:

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department Shareholders who have not updated their PAN with the Company are requested to enter 10 digits sequence number printed on address label pasted on cover page of Annual Report
DOB OR Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in DD/MM/YYYY) as recorded with the Company in order to login.
OR	If both the details are not recorded with the Company please enter the Folio number in Dividend Bank details field.
?	After entering these details appropriately, click

## KHANDELWAL EXTRACTIONS LIMITED

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| <p>vii. on "SUBMIT" tab.</p> <p>viii. After entering these details appositely, click on "Submit" tab.</p> <p>ix. Members will then directly reach the Company selection screen.</p> <p>x. The details can be used only for e-voting on the resolutions contained in this Notice.</p> <p>xi. Click on the EVSN for M/s. Khandelwal Extractions Limited on which you choose to vote.</p> <p>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.</p> <p>xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.</p> <p>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.</p> <p>xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.</p> <p>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.</p> <p>xvii. Note for Non – Individual Shareholders and Custodians</p> <p>xviii. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and register themselves as Corporates.</p> <p>xix. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>.</p> <p>xx. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.</p> <p>xxi. The list of accounts should be mailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> and on approval of the accounts they would be able to cast their vote.</p> <p>xxii. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.</p> <p>xxiii. Any person, who acquires shares of the Company and become the members after dispatch of the Notice and holding shares as on the cut off date i.e 20<sup>th</sup> September, 2015 may follow the same instructions as mentioned above for E-voting.</p> <p>xxiv. In case if you have any queries or issues regarding e-voting, you may refer the Frequently Asked questions ("FAQs) and e-voting manual available at <a href="http://w.evotingindia.com">w.evotingindia.com</a>, under help section or write an email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a></p> |  |
|---|--|

## DIRECTOR'S REPORT

### To Dear Members,

Your Directors have pleasure in presenting Company's 33<sup>rd</sup> Annual Report and Audited Financial Statements for the financial year ended March 31, 2015.

### 1 FINANCIAL RESULTS

	(Rs. in Lacs)
Sales and other Income	1196.90
Loss before Interest and Depreciation	12.17
Add: Interest	33.37
Depreciation	3.44
Tax Expenses	(15.32)
(including Deferred Tax)	
Loss after Tax	33.66
Balance as per last account	117.95
Amount available for Appropriations	84.29
Dividend on preference Shares	0.32
(including Tax)	
Balance carried to Balance Sheet	83.97

### 2. HIGHLIGHTS OF PERFORMANCE

Financial Year 2014-15 has been the worst year in the history of the Company when it recorded a net loss of Rs. 48.99 lacs on a turnover of Rs. 1163.49 lacs. The operations were badly affected due to poor off take of end products especially the deoiled meals. Global conditions affected the demand and industry has been hard hit and was forced to carry huge inventory of deoiled meals to new season and sell at unremunerated prices. The company though a small Company but being a listed one, is also burdened with steep increase in expenditure on compliances of various laws and listing fee as demanded by BSE. It is a matter of satisfaction that the margins during season time remain stable and your Company could recover part of losses in the last quarter.

However, this trend started to decline in new fiscal. Further, prediction of weak monsoon especially in Northern India has added to the woe of the company for of supply of rice bran, its main raw material, dependent on reasonable produce of paddy requiring good rains. The management therefore keeps its fingers crossed and pray for good monsoon.

### 3. DIVIDEND

Due to losses during the year, dividend on Equity Shares is not recommended. As per advice of experts and also considering liquidity constraints, the Directors have decided not to recommend the dividend on Cumulative Redeemable Preference Shares for financial year 2014-15 out of past accumulated profits. The dividend on Cumulative Preference Shares is a fixed liability hence is kept in arrear. However the dividend amounting to

Rs. 32380/- (including Dividend Distribution Tax) was paid on redemption of 10%, 5000 Cumulative Redeemable preference Shares of Rs. 100/- each for the period 01.04.2014 to 14.10.2014 out of past accumulated profits in accordance with section 124 read with prescribed rules thereon and is to be approved by the shareholders at the ensuing Annual General Meeting.

### 4. SHARE CAPITAL

As per resolution passed in last Annual General Meeting, the Company's Authorized Capital was increased from Rs. 150 lacs to Rs.200 lacs by adding Rs. 5 lacs comprising of 50,000 10.5% Cumulative Redeemable Preference Shares of Rs 100 each. Further during FY 2014-15 the Company has redeemed 5000, 10% Cumulative Preference Shares of Rs 100 each on the maturity date ie 15-10-2014 out of proceeds of fresh issue of 12% 5000 Cumulative Redeemable Preference Shares of Rs 100 each allotted on 10.10.2014. Thus paid up Preference Share Capital as on the date of the Balance sheet stands unchanged at Rs. 40 lacs.

### 5. FIXED DEPOSITS

The Company discontinued the acceptance of Deposits from 01.04.2014 and repaid fully all the outstanding amount of Deposits and nothing remains unclaimed as well as unpaid as on 31.03.2015.

### 6. SUBSIDIARIES

Your Company does not have any subsidiary within the meaning of the Companies Act, 2013

### 7. DIRECTORS, KEY MANAGERIAL PERSONNEL

- a) With the coming in force of the Companies Act, 2013 the existing Independent Directors namely Mr. Ashok Gupta (DIN 00135288), Mr. Atul Bagla (DIN: 00159563), Mr. Anil Kamthan (DIN: 00159819) were appointed as Independent Directors for 5 years up to date of AGM 2019. Mrs. Rekha Kejriwal (DIN: 06889864), a qualified Company Secretary, has been appointed as Women Director on the Board. Her appointment as Independent Director was also regularized at the last AGM for five years till AGM 2019. Mr. Dinesh Khandelwal has been designated as Director Finance and CFO w.e.f 1<sup>st</sup> April, 2014 for 3 years which was also approved by the members at the last Annual General meeting. Mrs. Liza Arora, a qualified Company Secretary, has been appointed to act as Company Secretary and Compliance Officer during the year. Mr. Dinesh Khandelwal (DIN: 00161831) is liable to retire on rotation and being eligible offers for reappointment. His particulars are given the Notice of AGM. Your Directors recommend the resolution of his appointment for your approval.
- b) All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013.
- c) At the time of appointment of a Director, a formal letter of appointment is given to him which inter alia explains the role, function, duties

## KHANDELWAL EXTRACTIONS LIMITED

expected from him as a Director of the Company. The Director is also explained in details of compliances required from him under the Companies Act, 2013, Listing Agreements and other relevant regulations and he is briefed about the Company's business, manufacturing process, industry scenario etc.

### 8. BOARD EVALUATION

In terms of Schedule IV to the Companies Act, 2013 Board has carried out an annual performance evaluation of all its Independent Directors and the Independent Directors evaluated the performance of Chairman and Non Independent Directors. The Board also evaluated the functioning/performance of various Committee of Directors and expressed their satisfaction with their functioning / performance.

### 9. REMUNERATION POLICY

The Board of Directors on the recommendation of the Nomination and Remuneration Committee has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management/Mid Junior Level Personnel of the Company. The Policy covers the criteria for selection and appointment of Board Members and Senior management and their remuneration. The Company's Remuneration Policy is based on the principles of (i) Pay for Responsibility and Duties, (ii) Pay for Potential and (iii) Pay for growth of the Company,

The Nomination and Remuneration Committee is vested with powers to determine yearly increments/salary increase of Executive Directors/ KMPs and one level below based on their performance and contribution towards profitability and sustainability of company. Non Executive Directors are paid only sitting fee which is decided by Nomination & Remuneration Committee.

### 10. RISK MANAGEMENT POLICY

The Company has formulated the Risk Management Policy in accordance with the Companies Act, 2013 which is reviewed by the Board from time to time. The Company has identified the External/Internal Risks which may impact the operations of the business/Company. The Company's unit being agro based and its products are subject to wild price fluctuations. The availability of raw material is dependent upon monsoon. Global conditions and Government policy also play important role in regulating the prices of Company's end products and consequently affect the Company's profitability. Executive Management keeps a close watch on these external risk factors while taking decisions relating to operations. The management has taken all possible measures to cover up and minimize the internal risks such as business, event, financial, human, environment and statutory compliance.

### 11. INTERNAL CONTROL SYSTEM

The Company has an adequate system of internal control relating to purchase of stores, raw materials including components plant & machinery, equipment and other similar assets and for the sale of goods commensurate with the size of the Company and nature of its business. The Company has also Internal Control System for speedy compilation of Accounts and Management Information Reports and to comply with applicable laws and regulations. The Company has a well defined organizational structure, authority levels and internal rules and regulations for conducting business transactions.

The Company has already formed an Audit Committee which met three times in the year. Audit Committee ensures proper compliance with the provisions of the Listing Agreement with Stock Exchange, Companies Act, reviews the adequacy and effectiveness of the internal control environment and monitors implementation of internal audit recommendations. Besides the above, Audit Committee is actively engaged in overseeing financial disclosures and in reviewing your Company's risk management policies.

### 12. WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has a Whistle Blower Policy to report genuine concerns or grievances detrimental to the interest of the Company. The Whistle Blower Policy has been posted on the website of the Company.

### 13. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business and the provisions of Section 188 of Companies Act, 2013 are not attracted. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 was not required. Details of Transactions made are disclosed in financial statements.

### 14. AUDITOR'S REPORT

There are no qualifications, reservations or adverse remarks or disclaimer made in the Auditors' Report which requires any clarification or explanation.

### 15. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made there under, M/s. Banthia & Co, Practicing Company Secretary (C P No. 1405), Kanpur, has been appointed to conduct a Secretarial Audit of the Company. The Practicing Company Secretary has submitted his Report on the secretarial audit which is annexed to this Board's Report. The Board noted that two forms MGT 10 for change in promoters holdings have not been filed. The same is required to be filed within 15 days of the event. The transfer of shares took place in June 2014, where as the said Form MGT-10 was made available for filing by MCA in November 2014, hence was not possible to file in accordance with the relevant provisions of the Act.

### 16. STATUTORY AUDITORS

M/S. P.L. Tandon & CO., Kanpur Chartered Accountants, (ICAI Registration No 000186C), will retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for re-appointment as Auditors of the Company.

### 17. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act 2013, your Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed with no material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the same period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls in the Company that are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that these are adequate and are operating effectively

### 18. MATERIAL CHANGES AND COMMITMENTS

There are no material changes or commitments made by the company affecting the financial position of the company between end of financial year and date of the Report.

### 19. STATUTORY DISCLOSURES:

#### i. EXTRACT OF ANNUAL RETURN

An extract of Annual Return in Form MGT-9 as required under Section 134 (3) (a) of the Companies Act, 2013 is annexed hereto as Annexure.

#### ii. MEETINGS OF THE BOARD AND COMMITTEE HELD DURING THE YEAR

- a. The Board of Directors met 4 times during the year on 27.05.2014, 29.07.2014, 01.11.2014, and 05.02.2015. All the Directors were present in all the meetings.
- b. In compliance with Section of 178 of Companies Act 2013, the Company constituted Audit Committee consisting of Mr. Ashok Gupta as its Chairman, Mr. Atul Bagla and Mr. K N Khandelwal. Both Mr. Ashok Gupta and Mr. Atul Bagla are independent Directors and all three members are qualified Chartered Accountants and have vast experience in the field of Accounts and Finance. A total of three Audit Committee Meetings were held during the year on 29.07.2014, 01.11.2014 and 05.02.2015. All the Directors were present in all 3 meetings.
- c. During the year, Remuneration Committee was renamed and reconstituted. Mr. Ashok Gupta an Independent Director was elected as Chairman. Other members include Mr. Atul Bagla and Mr. Anil Kamthan (both Independent Directors) while K N Khandelwal, non Executive Director, continued as member. Total two Meetings were held during the year on 27.05.2014,

## KHANDELWAL EXTRACTIONS LIMITED

- 01.11.2014. All the members were present in both the meetings.
- d. The Shareholders Grievance Committee has been renamed as Stake Holders Relationship Committee with Mr. K N Khandelwal, Mr. Anil Kamthan and Mr. Dinesh Khandelwal as its members. The Committee met once on 05.02.2015 and found that no complaints were received from any investor/depositor during the year.
- e. Independent Directors held a meeting on 05.02.2015 to assess /evaluate the performance of Chairman and Non Independent Directors and concluded their satisfaction on their performances.

### iii. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is not applicable to the company.

### iv. DISCLOSURE UNDER SECTION 186: LOANS AND INVESTMENTS

Loans and investments were made for deployment of surplus funds which are within the limits as prescribed u/s 186 of the Companies Act, 2013. Details are given in financial statement.

### v. CONSERVATION OF ENERGY

Information required in "Form A" is not being given as our unit does not fall under specified industry mentioned in the relevant schedule.

### vi. TECHNOLOGY ABSORPTION

The Company's plant has been designed on the continuous process technology of M/s. Extractions Technik, GmbH, Germany. No expenditure has been incurred in in-house research and development.

### vii. IMPORTS / EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no import/export and no foreign exchange earnings and outgo incurred during the year under review.

### viii. REMUNERATION PAID TO EXECUTIVE DIRECTORS AND KEY MANAGERIAL PERSONNAL

Details of remuneration paid to Directors, KMPs are given in Form No. MGT-9. Further, details as required under Rule 5(1) & (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 read with section 197 of the Act, is given in Annexure. Executive directors have been paid minimum remuneration as approved by the Shareholders.

### ix. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION) PROHIBITION AND REDRESSAL ACT, 2013

No complaint has been received under the aforesaid Act during the year under reference.

### 20. ENVIRONMENT AND SAFETY

The Company being conscious of the importance of making the environment clean and safe has taken all necessary steps for making the environment clean and all approvals under pollution Control Act/Factories Act/Explosive Licenses/Fire and Safety Rules/other licenses, when and where necessary, are in place.

### 21. LISTING OF EQUITY SHARES

Consequent upon dispensation of activities by U.P Stock Exchange Association Limited, the Company's Equity Shares are automatically delisted with UPSE. However, the shares continue to be listed with BSE. The Listing fee for the year 2014-15 is duly paid.

### 22. ACKNOWLEDGMENTS

Your Directors thank Customers, Vendors, employees and all the Stakeholders for their continued support to your Company's performance and growth.

Place: Kanpur

Date: 28/ July, 2015

FOR AND ON BEHALF OF THE BOARD

K N KHANDELWAL

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Khandelwal Extractions Ltd.  
51/47, Naya Ganj  
Kanpur 208001.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Khandelwal Extractions Ltd. (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Khandelwal Extractions Ltd. for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made there under;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
- (5) The following Regulations and Guidelines prescribed under the

Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period);**
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit Period);**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period);**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period);**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period);**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period);**
- (6) Other Applicable Laws

I further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check basis, the company has complied with other laws as per representation given by the company, some of which are as follows:

## KHANDELWAL EXTRACTIONS LIMITED

- (a) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made there under,
- (b) Employees' State Insurance Act, 1948,
- (c) The Payment Of Gratuity Act, 1972,
- (d) Payment Of Bonus Act 1965,
- (f) The U.P. Shops & Commercial Establishments Act 1962,
- (g) Service Tax under Finance Act, 1994
- (h) Uttar Pradesh- Value Added Tax.
- (i) Licence To Store Petroleum In An Installation by PESO (The Explosive Act 1884).

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

**These will be effective from 01.07.2015 & hence not applicable to the Company during the audit period.**

- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited (BSE) and the U P Stock Exchange Limited ; During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable except that

Two forms MGT 10 for change in promoters shareholdings due to transfer of shares in June 2014 have not been filed.

We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed, the Company has responded to notices of statutory/regulatory authorities.

I further report that during the audit period, there were no other events having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc. during the period under review.

Signature

Place : Kanpur

**Banthia And Company**

Company Secretaries

Date : 26.05.2015

**G.K.Banthia** (Prop.)

ACSNo.:4933;CPNo.:1405

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

To,

**The Members,**

**Khandelwal Extractions Ltd.**

51/47, Naya Ganj

Kanpur 208001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company.

Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Signature:

Date: 26.05.2015

Place: KANPUR

Banthia And Company  
Company Secretaries  
G.K.Banthia(Prop.)  
ACS No.:4933; C P No.:1405

# KHANDELWAL EXTRACTIONS LIMITED

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	L24241UP1981PLC005282
2	Registration Date	24.04.1981
3	Name of the Company	M/S. KHANDELWAL EXTRACTIONS LIMITED
4	Category/Sub-category of the Company	
5	Address of the Registered office & contact details	51/47, NAYAGANJ, KANPUR-208001
6	Whether listed company	LISTED (BSE)
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NO

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)-SOLVENT EXTRACTIONS PLANT			

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	RICE BRAN OIL		39.38
2	DEOILED RICE BRAN		60.62
3			
			100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -NIL					
SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares	Applicable Section

IV. SHARE HOLDING PATTERN					
---------------------------	--	--	--	--	--

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]			% Change during the year
	Demat	Physical	Total	% of Total Shares	Physical	Total	% of Total Shares	
A. Promoters								
(1) Indian								
a) Individual/ HUF		323,250	323,250	38.02%	326,000	326,000	38.35%	0.33%
b) Central Govt								
c) State Govt(s)								
d) Bodies Corp.								
e) Banks / FI								
f) Any other								
Sub Total (A) (1)	-	323,250	323,250	38.02%	326,000	326,000	38.35%	0.33%
(2) Foreign								
a) NRI Individuals								
b) Other Individuals								
c) Bodies Corp.								
d) Any other								
Sub Total (A) (2)	-	-	-	-	-	-	-	-
TOTAL (A)	-	323,250	323,250	38.02%	326,000	326,000	38.35%	0.33%

## KHANDELWAL EXTRACTIONS LIMITED

B. Public Shareholding									
1. Institutions									
a) Mutual Funds			-	-		-	-		-
b) Banks / FI			-	-		-	-		-
c) Central Govt			-	-		-	-		-
d) State Govt(s)			-	-		-	-		-
e) Venture Capital Funds			-	-		-	-		-
f) Insurance Companies			-	-		-	-		-
g) FIs			-	-		-	-		-
h) Foreign Venture Capital Funds			-	-		-	-		-
i) Others (specify)			-	-		-	-		-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian		7,100	7,100	0.84%	7,100	7,100	0.84%		0.00%
ii) Overseas			-	-		-	-		-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh		335,850	335,850	39.51%	333,100	333,100	39.18%		-0.33%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh		12,500	12,500	1.47%	12,500	12,500	1.47%		0.00%
c) Others (specify)									
Non Resident Indians		171,400	171,400	20.16%	171,400	171,400	20.16%		0.00%
Overseas Corporate Bodies			-	-		-	-		-
Foreign Nationals			-	-		-	-		-
Clearing Members			-	-		-	-		-
Trusts			-	-		-	-		-
Foreign Bodies - D R			-	-		-	-		-
Sub-total (B)(2):-	-	526,850	526,850	61.98%	524,100	524,100	61.65%		-0.33%
Total Public (B)	-	526,850	526,850	61.98%	524,100	524,100	61.65%		-0.33%
C. Shares held by Custodian for GDRs & ADRs			-	-			-		-
Grand Total (A+B+C)	-	850,100	850,100	100.00%	850,100	850,100	100.00%		-

### (ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the	% of Shares Pledged / encumbered	
1	Anil Khandelwal	33300	3.92%	33300	3.92%	NIL	-
2	Abodh Khandelwal	4500	0.53%	4500	0.53%	NIL	-
3	Anjana Khandelwal	13600	1.60%	14950	1.76%	NIL	0.16%
4	Dinesh Khandelwal	42000	4.94%	42000	4.94%	NIL	-
5	Eti Khandelwal	12800	1.51%	12800	1.51%	NIL	-
6	Kailash Nath Khandelwal	35000	4.12%	35000	4.12%	NIL	-
7	Kiran Khandelwal	10000	1.18%	10000	1.18%	NIL	-
8	Krishna Khandelwal	1400	0.16%	1400	0.16%	NIL	-

## KHANDELWAL EXTRACTIONS LIMITED

9	Radha Rani Khandelwal	16300	1.92%	16300	1.92%	NIL	-
10	Rajni Khandelwal	8000	0.94%	9200	1.08%	NIL	0.14%
11	Ruchi Khandelwal	5250	0.62%	5250	0.62%	NIL	-
12	Rohit Khandelwal	19600	2.31%	19600	2.31%	NIL	-
13	Sudhir Kumar Khandelwal	23050	2.71%	23250	2.73%	NIL	0.03%
14	Suraj Devi Khandelwal	30350	3.57%	30350	3.57%	NIL	-
15	Shruti Khandelwal	12700	1.49%	12700	1.49%	NIL	-
16	Nibha Khandelwal	6000	0.71%	6000	0.71%	NIL	-
17	Vishwa Nath Khandelwal	29650	3.49%	29650	3.49%	NIL	-
18	Vinita Khandelwal	5500	0.65%	5500	0.65%	NIL	-
19	Vijay Kumar Khandelwal	1100	0.13%	1100	0.13%	NIL	-
20	Abhishek Khandelwal	13150	1.55%	13150	1.55%	NIL	-
	<b>TOTAL</b>	<b>323250</b>	<b>38.02%</b>	<b>326000</b>	<b>38.35%</b>		<b>0.33%</b>

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Reason	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in shareholding during the year
			No. of shares	% of total shares	No. of shares	% of total shares	
	At the beginning of the year						
	Mrs. Anjana Khandelwal		13,600.00	1.60%	14,950	1.76%	0.16%
	Mrs. Rajni Khandelwal		8,000.00	0.94%	9,200	1.08%	0.14%
	Mr. Sudhir Kumar Khandelwal		23,050.00	2.71%	23,250	2.73%	0.03%
					47,400		

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
				No. of shares	% of total shares	No. of shares		% of total shares
1	JAI KUMAR BHAGWANDAS			12500	1.47%	12500		1.47%
2	JAI KUMAR BHAGWANDAS			9000	1.06%	9000		1.06%
3	BHAGWANDAS HARIDAS			8500	1.00%	8500		1.00%
4	KISHORE KUMAR SUNDERDAS			7500	0.88%	7500		0.88%
5	VINOD KUMAR BHAGWANDAS			5500	0.65%	5500		0.65%
6	BHAGWANDAS HARIDAS			5000	0.59%	5000		0.59%
7	KAVITA PRAVINCHANDRA SHAH			5000	0.59%	5000		0.59%
8	PRAVINCHANDRA BABULAL SH.			5000	0.59%	5000		0.59%
9	RADHEY SHYAM KHANDELWAL			5000	0.59%	5000		0.59%
10	VINOD KUMAR BHAGWANDAS			4500	0.53%	4500		0.53%
				67500	7.94%	67500		7.94%
	At the beginning of the year				0.00%			0.00%
SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
				No. of shares	% of total shares	No. of shares		% of total shares
1	Mr. K.N. Khandelwal			35000	4.12%	35000		4.12%
2	Mr. V.N. khandelwal			29650	3.49%	29650		3.49%
3	Mr. Dinesh Khandelwal			42000	4.94%	42000		4.94%
4	Mr.Ashok Gupta			100	0.01%	100		0.01%
5	Mr. Atul Bagla			100	0.01%	100		0.01%
6	Mr. Anil Kamthan			100	0.01%	100		0.01%
7	Mrs. Rekha Kejriwal			-	-	-		-
8	Mrs. Liza Arora			-	-	-		-
9	At the beginning of the year				0.00%			0.00%

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

# KHANDELWAL EXTRACTIONS LIMITED

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	9.50	93.80	103.30
ii) Interest due but not paid				-
iii) Interest accrued but not due			5.72	5.72
Total (i+ii+iii)	-	9.50	99.52	109.02
Change in Indebtedness during the financial year				
* Addition		45.00		45.00
* Reduction			(99.52)	(99.52)
Net Change	-	45.00	(99.52)	(54.52)
Indebtedness at the end of the financial year				
i) Principal Amount		54.50		54.50
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
Total (i+ii+iii)	-	54.50	-	54.50

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WT/ Manager		Total Amount
		Name	V.N.KHANDELWAL	(Rs)
		Designation	WHOLE TIME	
1	Gross salary	DIRECTOR	CFO	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	600,000	600,000	1,200,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (Excluding Gratuity)	318,585	317,720	636,305
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL		-
2	Stock Option	NIL		-
3	Sweat Equity	NIL		-
4	Commission			-
	- as % of profit	NIL		-
	- others, specify	NIL		-
5	Others, please specify	NIL		-
	Total (A)	918,585	917,720	1,836,305
	Ceiling as per the Act			

### B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
						(Rs)
1	Independent Directors	Ashok Gupta	Atul Bagla	Anil Kamthan	Rekha Kejriwal	
	Fee for attending board /committee meetings	9,000	9,000	7,000	2,000	27,000
	Commission					-
	Others, please specify					-
	Total (1)	9,000	9,000	7,000	2,000	27,000
2	Other Non-Executive Directors	Kailash Nath Khandelwal				-
	Fee for attending board /committee meetings	10,000				10,000
	Commission					-
	Others, please specify					-
	Total (2)	10,000	-	-		10,000
	Total (B)=(1+2)	19,000	9,000	7,000		37,000
	Total Managerial Remuneration					1,873,305
	Overall Ceiling as per the Act	Minimum Remuneration as per approval of members				

# KHANDELWAL EXTRACTIONS LIMITED

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel				Total Amount
	Name	Liza Arora				(Rs)
	Designation	CS				
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	69,653				69,653
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-		-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					-
2	Stock Option					-
3	Sweat Equity					-
	Commission					
4	- as % of profit					-
	- others, specify					-
5	Others, please specify					-
	Total	69,653	-	-		69,653

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:NO penalties/punishment imposed during financial year 2014-15-NIL

# KHANDELWAL EXTRACTIONS LIMITED

## ANNEXURE - A

### Disclosure in the Board's Report under Section 197 (12) of Companies Act 2013 read with Rule 5 (1) & (2) of Companies (Appointment & Remuneration) Rules, 2014

(i)	The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2014 - 15	<b>Director's Name</b>	<b>Ratio to median remuneration</b>
		Mr. V.N. Khandelwal	6.64:1
		Mr. Dinesh Khandelwal	6.64:1
(ii)	The Percentage increase in remuneration of each Director, chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2014 - 15 compared to 2013 - 14 means part of the year	<b>Designation</b>	<b>% increase in remuneration</b>
		Mr. V.N. Khandelwal Director (Works)	7.44%
		Mr. Dinesh Khandelwal Director (Finance) & CFO	7.44%
		Mrs. Liza Arora, Company Secretary	Joined in 2014 - 15
		Other Directors are paid sitting fees only.	
(iii)	Percentage increase in the median remuneration of employees in the financial year 2014 - 15 compared to 2013 - 14	(1 1.58%)	
(iv)	Number of permanent employees on the rolls of the company	As on 31.03.2015	As on 31.03.2014
		31	34
(v)	Explanation on the relationship between average increase in remuneration and the company performance	Only yearly increments have been granted to all the employees	
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	KMP's are paid fixed salary/minimum remuneration as per service contract.	
(vii)	Variations in Market Capitalization, price Earning Ratio, and	Company's shares are not traded/quoted. There was net loss in the Financial year 2014 - 15.	

# KHANDELWAL EXTRACTIONS LIMITED

	percentage increase/decrease in market quotations compared to the rate at which the company came out with the last public offer				
(viii)	Average percentile increase in salaries of Employees other than managerial personnel	3.46%			
(ix)	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	Remuneration*	for the year ended		
		<b>Name of KMP</b>	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>% increase</b>
					<b>Reasons against performance of the company</b>
		Mr. V.N. Khandelwal	912000	848820	7.44%
		Mr. Dinesh Khandelwal	912000	848820	7.44%
		Mrs. Liza Arora	69953	-	-
(x)	Key parameter for any variable component of remuneration availed by the Directors	N.A			
(xi)	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess the highest paid director during the year	N.A			

(xii) The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.

Names of every employee of the company as per Rule 5(2). - NIL

\* Excluding medical reimbursement

## KHANDELWAL EXTRACTIONS LIMITED

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF KHANDELWAL EXTRACTIONS LIMITED

##### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of KHANDELWAL EXTRACTIONS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

##### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

##### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstance but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial control system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

##### Opinion

In our opinion and to the best of our information and according to the

explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

##### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations as at March 31, 2015 on its financial position in its financial statements – **Refer Note 28 to the financial statements**
    - (ii) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For P.L. TANDON & CO

Chartered Accountants

Registration Number: 000186C

GIRISH KUMAR MITTAL

(PARTNER)

Membership Number 511729

Place: KANPUR

Date: 26.05.2015

## KHANDELWAL EXTRACTIONS LIMITED

### ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT Re : KHANDELWAL EXTRACTIONS LIMITED

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March, 2015, We report that:

- i. In respect of its Fixed Assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii. In respect of its Inventories:
  - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on verification between physical stocks and the book records were not material.
- iii. In respect of loans, secured or unsecured, granted by the Company to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013, according to the information and explanations given to us :
  - (a) The Company has not granted any loan to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the provisions clause (iii) of the Companies (Auditor's Report) Order, 2015, are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- v. In our opinion and according to information and explanations given to us, the company has complied with the provisions of sections 73 to 76 or any other provisions of the Companies Act and the rules framed there under .
- vi. In our opinion and according to the information and explanations given to us , the Central Government has not prescribed maintenance of cost records under sub- section (1) of section 148 the Companies Act, 2013 for the products of the company.

vii. According to the information and explanations given to us, in respect of statutory and other dues:

- (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of custom , duty of excise, value added tax , cess and any other statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund , Employees State Insurance , Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other Statutory dues were in arrear as at 31<sup>st</sup> March, 2015 for a period more than six months from the date they became payable.
  - (b) According to the information and explanations given to us , there is no dues of income tax, sales tax, wealth tax, service tax, duty of custom, duty of excise duty or value added tax and cess which have not been deposited on account of any dispute.
  - (c) According to the information and explanations given to us there were no amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act , 1956 (1 of 1956) and rules made there under.
- viii. The Company does not have accumulated losses at the end of the financial year. The company has incurred cash losses during the financial year covered by our audit but has not incurred cash losses in the immediately preceding financial year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks .
  - x. According to the information and explanations given to us , the company has not given any guarantee for loans taken by others from any bank or financial institution.
  - xi. The company has not obtained any term loan during the year. Therefore the provisions of clause (xi) of the Companies (Auditor's Report) Order 2015 are not applicable to the company.
  - xii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For P.L. TANDON & CO**

Chartered Accountants

Registration Number: 000186C

**GIRISH KUMAR MITTAL**

(PARTNER)

Membership Number 511729

Place: KANPUR

Date: 26.05.2015

# KHANDELWAL EXTRACTIONS LIMITED

## BALANCE SHEET AS AT 31st MARCH, 2015

	NOTES	As at 31.03.2015 ₹	As at 31.03.2014 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Fund</b>			
Share Capital	2	12,800,500	12,800,500
Reserves And Surplus	3	23,021,366	26,420,129
		<u>35,821,866</u>	<u>39,220,629</u>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	950,000	7,425,000
Deferred Tax Liabilities (net)	5	204,600	1,706,754
		<u>1,154,600</u>	<u>9,131,754</u>
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	6	32,645,608	42,753,621
Trade Payables	7	6,427,495	12,215,661
Other Current Liabilities	8	12,307,633	9,569,401
Short Term Provisions	9	166,970	1,038,484
		<u>51,547,706</u>	<u>65,577,167</u>
<b>TOTAL</b>		<u><b>88,524,172</b></u>	<u><b>113,929,550</b></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	10	8,305,304	8,616,240
Long Term Loans and Advances	11	409,811	409,811
		<u>8,715,115</u>	<u>9,026,051</u>
<b>Current Assets</b>			
Inventories	12	51,924,139	66,610,926
Trade Receivables	13	7,173,095	10,621,819
Cash and Cash equivalents	14	370,014	896,055
Short Term Loans and Advances	15	20,103,247	26,637,009
Other Current Assets	16	238,562	137,690
		<u>79,809,057</u>	<u>104,903,499</u>
<b>TOTAL</b>		<u><b>88,524,172</b></u>	<u><b>113,929,550</b></u>

Accounting policies and notes on financial statements 1 to 30

As per our report of even date attached

For P.L. Tandon & Co.

Chartered Accountants  
Registration no. 000186C

DINESH KHANDELWAL  
(Director- Finance & CFO)

K.N. KHANDELWAL  
ASHOK GUPTA  
ANIL KAMTHAN  
ATUL BAGLA  
REKHA KEJRIWAL

(Directors)

GIRISH KUMAR MITTAL  
(Partner)  
Membership no. 511729

LIZA ARORA  
(Company Secretary)

V.N. KHANDELWAL  
(Whole Time Director)

Place : Kanpur

Date : 26th May, 2015

# KHADELWAL EXTRACTIONS LIMITED

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH'2015

	NOTE NO.	2014-15 ₹	2013-14 ₹
<b>INCOME</b>			
Revenue from operations	17	116,348,994	160,215,169
Other Income	18	3,341,026	4,238,512
<b>TOTAL REVENUE</b>		<b>119,690,020</b>	<b>164,453,681</b>
<b>EXPENSES:</b>			
Cost of Materials Consumed (Ricebran)		73,102,368	130,598,164
Purchases of Stock in trade		734,495	10,652,844
Changes in inventories of finished stock	19	24,344,361	(20,192,728)
Employees Benefits Expense	20	6,983,655	7,267,013
Finance cost	21	3,337,404	2,381,819
Depreciation		344,436	308,204
Other Expenses	22	15,742,085	29,039,446
<b>TOTAL EXPENSES</b>		<b>124,588,804</b>	<b>160,054,762</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(4,898,784)</b>	<b>4,398,919</b>
<b>TAX EXPENSE</b>			
Current Tax		-	1,400,000
Deferred Tax Credit		(1,502,154)	(1,070)
Earlier Years Tax -Adjustments		(30,247)	(10,258)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(3,366,383)</b>	<b>3,010,247</b>
Earning per equity share of Rs 10 each			
Basic and Diluted		<b>(4.00)</b>	2.90

**Accounting policies and notes on financial statement 1 to 30**

As per our report of even date attached

For P.L. Tandon & Co.

Chartered Accountants  
Registration no. 000186C

**DINESH KHADELWAL**  
(Director- Finance & CFO)

**K.N. KHADELWAL**  
**ASHOK GUPTA**  
**ANIL KAMTHAN**  
**ATUL BAGLA**  
**REKHA KEJRIWAL**  
(Directors)

**GIRISH KUMAR MITTAL**  
(Partner)  
Membership no. 511729

**LIZA ARORA**  
(Company Secretary)

**V.N. KHADELWAL**  
(Whole Time Director)

Place : Kanpur

Date : 26th May,2015

# KHANDELWAL EXTRACTIONS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

	2014-15	2013-14
<b>A Profit before tax as per Profit &amp; Loss A/c.</b>	<b>(4,898,784)</b>	<b>4,398,919</b>
<b>Add/(Deduct) for:</b>		
Dividend Received	(375)	(250)
Interest received	(3,301,079)	(4,238,262)
Interest Paid	3,337,404	2,381,819
Depreciation	344,436	308,204
<b>Operating Profit before Working Capital Changes</b>	<b>(4,518,398)</b>	<b>2,850,430</b>
<b>Adjustments for:</b>		
Trade Receivable	10,425,426	(20,082,037)
Inventories	14,686,787	(12,249,968)
Trade Payables	(4,131,260)	(1,740,820)
<b>Cash used/Generated from Operations</b>	<b>16,462,555</b>	<b>(31,222,395)</b>
<b>Adjusted for:</b>		
Income Tax Paid	(408,704)	(1,206,159)
<b>Net Cash used/from Operating Activities</b>	<b>16,053,851</b>	<b>(32,428,554)</b>
 <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(33,500)	(92,875)
Dividend Income	375	250
Interest Income	2,870,118	4,101,132
<b>Net Cash from Investing Activities</b>	<b>2,836,993</b>	<b>4,008,507</b>
 <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Preference Shares		500,000
Redemption of Preference Shares		(500,000)
Proceeds from/(repayment of) Unsecured Loans	(4,880,000)	2,325,000
Movement in Cash Credit	(10,108,013)	19,253,832
Interest Paid	(3,908,927)	(2,476,863)
Dividend Paid	(519,945)	(591,705)
<b>Net Cash used in Financing Activities</b>	<b>(19,416,885)</b>	<b>18,510,264</b>
 <b>Net Increase /Decrease in Cash &amp; Cash equivalents (A+B+C)</b>	<b>(526,041)</b>	<b>(9,909,783)</b>
 <b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>896,055</b>	<b>10,805,838</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>370,014</b>	<b>896,055</b>

As per our report of even date attached

For P.L. Tandon & Co.

Chartered Accountants  
Registration no. 000186C

**DINESH KHANDELWAL**  
(Director- Finance & CFO)

**K.N. KHANDELWAL**  
**ASHOK GUPTA**  
**ANIL KAMTHAN**  
**ATUL BAGLA**  
**REKHA KEJRIWAL**  
(Directors)

**GIRISH KUMAR MITTAL**  
(Partner)  
Membership no. 511729

**LIZA ARORA**  
(Company Secretary)

**V.N. KHANDELWAL**  
(Whole Time Director)

Place : Kanpur

Date : 26th May,2015

## KHANDELWAL EXTRACTIONS LIMITED

### NOTES TO FINANCIAL STATEMENTS

#### 1 ACCOUNTING POLICIES:

##### (I) BASIS OF ACCOUNTING :

The accounts are prepared in accordance with applicable mandatory accounting standards under the historical cost convention and mercantile system of accounting is followed for recognition of Income and Expenses .

##### (II) INVESTMENT :

Current investments are valued at lower of cost and fair market value. Long term investments are stated at cost after deducting provisions made for other than temporary diminution in the value , if any.

##### (III) FIXED ASSETS :

Fixed assets are stated at cost. Cost comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use.

##### (IV) INVENTORIES :

Inventories are valued at the lower of cost and net realizable value . Cost comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost of Raw Material is determined on seasonal weighted average cost. Cost of stores and spares and finished goods are determined on weighted average cost.

##### (V) BORROWING COST :

Borrowing Cost that are directly attributable to the acquisition ,construction or production of a qualifying asset are capitalized and other borrowing cost are charged to Profit & Loss Account.

##### (VI) DEPRECIATION :

Depreciation on the Fixed Assets has been provided in the books on straight liner method over the useful life of the assets in the manner prescribed in schedule II of the Companies Act, 2013.

##### (VII) SALES:

Sales includes freight and handling outwards but is net of goods returned, rebates and discounts.

##### (VIII) EMPLOYEE BENEFITS :

(i) Salaries, wages, and house rent allowances are accounted for on accrual basis.

(ii) Liability for employees' gratuity is accounted for on the basis of contribution determined by L.I.C. under their Group Gratuity Cash Accumulation Scheme.

(IX) Prepaid expenses are proportionately accounted for on time basis in respect of insurance premium.

(X) Insurance claims are accounted for on the basis of claims filed with the Insurance Company and adjustments arising due to short/excess received in such claims are made in the year the claim is finally settled.

	As At 31.03.2015		As At 31.03.2014	
	₹		₹	
<b>2 SHARE CAPITAL:</b>				
<b>AUTHORISED:</b>				
1000000 Equity Shares of Rs.10/- each		10,000,000		10,000,000
Cumulative Redeemable Preference Shares of Rs. 100/- each				
40000 12%		4,000,000		4,000,000
10000 10%		1,000,000		1,000,000
50000 10.5%		5,000,000		-
		<u>20,000,000</u>		<u>15,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>	<b>Number</b>	<b>₹</b>	<b>Number</b>	<b>₹</b>
Equity Shares of Rs. 10/- each	850,100	8,501,000	850,100	8,501,000
Equity Shares Forfeiture A/c		299,500		299,500
Cumulative Redeemable Preference Shares of Rs. 100/- each				
10% (Series II)	-	-	5,000	500,000
12% (Series I)	30,000	3,000,000	30,000	3,000,000
12% (Series II)	5,000	500,000	5,000	500,000
12% (Series III)	5,000	500,000	-	-
		<u>12,800,500</u>		<u>12,800,500</u>

- 2.1 During the year Authorised capital is increased to Rs.200 lacs incorporating 50000 10.5% Cumulative Redeemable Preference Shares of Rs. 100/- each aggregating Rs.50 lacs

## KHANDELWAL EXTRACTIONS LIMITED

### 2.2 SHAREHOLDER HOLDING MORE THAN 5% SHARES

Name	12% Series I			12% Series II			12% Series III		
	No. of Shares	%		No. of Shares	%		No. of Shares	%	
Suraj Devi Khandelwal	4,000	13		-	-		-	-	
Kailash Nath Khandelwal	8,000	27		500	10		2,500	50	
Vishwa Nath Khandelwal	-	-		1,000	20		600	12	
Sudhir Kumar Khandelwal	3,000	10		1,000	20		600	12	
Dinesh Khandelwal	5,000	17		1,500	30		600	12	
Anil Khandelwal	4,000	13		1,000	20		700	14	
Rohit Khandelwal	3,500	12		-	-		-	-	
Kiran Khandelwal	2,500	8		-	-		-	-	

- 2.3 All the Cumulative Redeemable Preference Shares are redeemable at par on the expiry of 10 years from the date of allotment (as detailed below) but the Company has the option to redeem earlier but not before expiry of 3 years :

	Date of Allotment
12% (Series I)	25.03.2008
12% (Series II)	19.02.2014
12% (Series III)	10.10.2014

- 2.4 During the year 5000, 10% cumulative Redeemable preference shares of Rs.100/- each (series II) have been redeemed out of the proceeds of fresh issue of 5000 12% cumulative Redeemable preference shares of Rs.100/- each (series III)

- 2.5 There is no change in outstanding number of Equity as well as 12% Preference shares Series I and Series II and also in list of shareholder holding more than 5% Shares as at 31.03.2015 and 31.03.2014

### 3 RESERVES AND SURPLUS:

	₹	₹
<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	1,125,000	1,125,000
<b>CAPITAL REDEMPTION RESERVE</b>		
As per last Balance Sheet	1,000,000	1,000,000
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	12,500,000	12,500,000
<b>SURPLUS</b>		
As per last Balance Sheet	11,795,129	9,325,974
Add : Balance in Statement of Profit and Loss	(3,366,383)	3,010,247
	<u>8,428,746</u>	<u>12,336,221</u>
<b>Less : APPROPRIATIONS:-</b>		
Dividend on Preference Shares (proposed/paid)	26,985	462,492
Tax on Dividend	5,395	78,600
	<u>8,396,366</u>	<u>11,795,129</u>
	<u>23,021,366</u>	<u>26,420,129</u>

### 4 NON-CURRENT LIABILITIES

#### LONG TERM BORROWINGS

#### UNSECURED LOANS:

Related Parties	950,000	950,000
DEPOSITS:		
Related Parties	-	4,700,000
Others	-	1,775,000
	<u>950,000</u>	<u>7,425,000</u>

	Rate of Interest	Maturity Profile	Maturity Profile
Unsecured Loans	9%	After 2 years	After 3 years
Deposits	12%	2015-16	2014-15
		-	64,75,000

# KHANDELWAL EXTRACTIONS LIMITED

## 5 DEFERRED TAX LIABILITIES (NET)

### DEFERRED TAX LIABILITIES

Difference between net book value of depreciable capital assets as per books vis a vis written down value as per Income Tax 1,752,600 1,776,223

### DEFERRED TAX ASSETS

Items under the Income Tax Act which will be allowed on actual payment. (51,600) (69,469)

unabsorbed business losses and Depreciation (1,496,400) —

204,600 1,706,754

## 6 SHORT-TERM BORROWINGS:

### SECURED LOANS FROM BANKS

Cash Credit Account

Secured by equitable mortgage of land and Building and hypothecation of all fixed assets, inventories & trade receivables of the company and also by the personal guarantee(s) of three Directors of the company

32,645,608 42,753,621

32,645,608 42,753,621

## 7 TRADE PAYABLES

Sundry Creditors

6,427,495 12,215,661

6,427,495 12,215,661

7.1 Based on the information available with the Company regarding the status of suppliers as defined under MSMED Act, 2006, there was no principal amount overdue and no interest was payable to the Micro, Small and Medium Enterprises on 31st March, 2015 as per the terms of contract.

## 8 OTHER CURRENT LIABILITIES

Current Maturity of Long Term Debts (Unsecured)

Related Parties 4,500,000 2,375,000

Others - 530,000

Interest accrued but not due on borrowings - 571,523

Other Payables 7,807,633 6,092,878

12,307,633 9,569,401

8.1 Other payables include dues payable to Employees etc.

## 9 SHORT-TERM PROVISIONS

Provisions for Employees Benefits 166,970 224,819

Provision for Taxation (Net of Advance) - 326,100

Proposed Dividend on Preference Shares - 416,740

Tax on proposed Dividend - 70,825

166,970 1,038,484

## 10 FIXED ASSETS

### TANGIBLE ASSETS

#### GROSS BLOCK

#### ASSETS

Freehold Land 546,002 - - 546,002

Factory Buildings 10,301,014 - - 10,301,014

Plant and equipments 17,914,391 33,500 - 17,947,891

Furniture and Fixtures 157,128 - - 157,128

Vehicles 833,752 - - 833,752

**TOTAL OF THIS YEAR** 29,752,287 33,500 - 29,785,787

**TOTAL OF THE PREVIOUS YEAR** 29,659,412 92,875 - 29,752,287

#### DEPRECIATION BLOCK

Freehold Land - - - -

Factory Buildings 4,090,505 196,692 - 4,287,197

Plant and equipments 16,294,396 94,326 - 16,388,722

Furniture and Fixtures 155,803 - - 155,803

Vehicle 595,343 53,418 - 648,761

**TOTAL OF THIS YEAR** 21,136,047 344,436 - 21,480,483

**TOTAL OF THE PREVIOUS YEAR** 20,827,843 308,204 - 21,136,047

# KHANDELWAL EXTRACTIONS LIMITED

	THIS YEAR	LAST YEAR
<b>NET BLOCK</b>		
Freehold Land	546,002	546,002
Factory Buildings	6,013,817	6,210,509
Plant and equipments	1,559,169	1,619,995
Furniture and Fixtures	1,325	1,325
Vehicle	184,991	238,409
<b>TOTAL</b>	<b>8,305,304</b>	<b>8,616,240</b>
<b>11 LONG TERM LOANS AND ADVANCES:</b>		
Unsecured Considered Good :	409,811	409,811
Security Deposits	409,811	409,811
<b>12 INVENTORIES:</b>		
Raw materials	26,670,972	16,840,153
Finished Goods	22,980,334	47,324,695
Stores & Spares	2,272,833	2,446,078
	<b>51,924,139</b>	<b>66,610,926</b>
<b>13 TRADE RECEIVABLES:</b>		
Unsecured Considered Good :		
Over six months	206,265	-
Others	6,966,830	10,621,819
	<b>7,173,095</b>	<b>10,621,819</b>
<b>14 CASH &amp; CASH EQUIVALENTS :</b>		
Balance With Banks In		
Fixed Deposit	-	625,000
Current accounts	118,993	80,214
Cash on hands	251,021	190,841
	<b>370,014</b>	<b>896,055</b>
<b>15 SHORT TERM LOANS &amp; ADVANCES:</b>		
Unsecured considered good		
Loans	15,000,000*	22,000,000
Vat Recoverable	4,525,673	4,317,226
Income Tax Advance	442,940	-
Other Advances	39,293	180,839
Prepaid Expenses	95,341	138,944
	<b>20,103,247</b>	<b>26,637,009</b>
* Inter corporate Deposit placed with M/s. SJP Global Ltd.		
<b>16 OTHER CURRENT ASSETS:</b>		
Interest Receivables	238,562	137,690
	<b>238,562</b>	<b>137,690</b>

# KHANDELWAL EXTRACTIONS LIMITED

17 INCOME	₹	₹
(a) Sale of products	115,967,564	160,059,253
Oil	45,666,721	81,395,292
Deoiled Meals	70,300,843	78,663,961
(b) Other Operating Revenues		
Miscellaneous Income	381,430	155,916
	<u>116,348,994</u>	<u>160,215,169</u>
<b>18 OTHER INCOME:</b>		
Interest Income*	3,340,651	4,238,262
Dividend	375	250
*Includes interest on Fixed Deposits		
	<u>3,341,026</u>	<u>4,238,512</u>
<b>19 CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
Stock at Commencement	47,324,695	27,131,967
Stock at Close	22,980,334	47,324,695
(Increase)/Decrease	<u>24,344,361</u>	<u>(20,192,728)</u>
<b>20 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries & Wages	6,145,412	5,854,164
Contribution To Provident and Other Funds	715,652	1,268,004
Staff Welfare Expense	122,591	144,845
	<u>6,983,655</u>	<u>7,267,013</u>
<b>21 FINANCE COST</b>		
Interest on Borrowings	3,337,404	2,381,819
	<u>3,337,404</u>	<u>2,381,819</u>
<b>22 OTHER EXPENSES:</b>		
<b>MANUFACTURING EXPENSES :</b>		
Power & Fuel	6,457,847	9,602,499
Stores, Spares, Consumption	2,503,134	6,489,622
VAT Tax	38,112	-
Repairs to Machinery	395,212	675,598
Repairs to Buildings	28,510	170,310
Handling Charges	1,628,994	2,708,405
	<u>11,051,809</u>	<u>19,646,434</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Insurance	187,886	370,953
Rates & Taxes	260,399	316,625
Rent	36,370	51,150
Payment to Auditors :		
Audit Fees	20,225	20,225
For other services	5,618	5,618
Miscellaneous Expenses	1,442,700	1,922,335
	<u>1,953,198</u>	<u>2,686,906</u>
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Freight & Handling Outward	2,378,606	6,531,512
Selling Expenses	358,472	174,594
	<u>2,737,078</u>	<u>6,706,106</u>
	<u>15,742,085</u>	<u>29,039,446</u>

## KHANDELWAL EXTRACTIONS LIMITED

**23** Balances of Sundry Debtors , Advances and Creditors, are subject to confirmation.

**24 a) Defined Contribution Plan**

Contribution to defined contribution plan recognised as expenses for the year 2014-15 are as under

	<b>2014-15</b>	<b>2013-14</b>
	₹	₹
Employer's Contribution to Provident Fund	542,072	465,447

**b) Defined Benefit Plan**

The Employees Gratuity Fund Scheme managed by L.I.C. is Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation provided by L.I.C.

**Gratuity Funded**

**I Expenses recognised in statement of Profit and Loss for the year ended.**

Current Service Cost	153,950	145,930
Interest Cost	403,927	343,129
Expected return on plan assets	(502,869)	(395,881)
Net Actuarial (gain)/Loss recognised in the year	83,012	270,910
Expenses recognised in statement of Profit and Loss	138,020	364,088

**II Net assets/(Liability) recognised in Balance sheet as at 31.03.2015**

Present Value of obligations as at the end of the year	55,48,887	5,049,085
Fair value of plan assets as at the end of the year	6,044,186	5,598,916
Funded Status	495,299	549,831
Net assets/(Liability) recognised in balance sheet	495,299	549,831

**III CHANGE IN OBLIGATION DURING THE YEAR ENDED**

Present Value of Obligations as at the beginning of the year	5,049,085	4,289,116
Interest Cost	403,927	343,129
Current Service Cost	153,950	145,930
Benefits Paid	(141,087)	-
Actuarial (gain)/Loss on obligation	83,012	270,910
Present Value of obligations as at the end of the year	5,548,887	5,049,085

**IV CHANGE IN ASSETS DURING THE YEAR ENDED**

Fair value of plan assets at the beginning of the year	5,598,916	4,513,010
Expected return on plan assets	502,869	395,881
Contributions	83,488	690,025
Benefits Paid	(141,087)	-
Actuarial (gain)/Loss on Plan assets	-	-
Fair value of plan assets at the end of the year	6,044,186	5,598,916

**V ACTUARIAL ASSUMPTIONS**

Discount Rate	8.00%	8.00%
Salary Escalation	9.00%	9.00%

Actuarial Valuation of Leave Encashment has not been carried out as Company has paid leaves earned upto 31.03.2015.

**25 Earning Per Share (EPS):**

a) Net Profit/(Loss) available for Equity Shareholder. (Numerator used for calculation)	(3,398,736)	2,469,155
b) Number of Equity Shares. (Used as denominator for calculating EPS)	850,100	850,100
c) Basic and Diluted earnings per Share of Rs.10/- each.	(4.00)	2.90

## KHANDELWAL EXTRACTIONS LIMITED

### 26 Related Party Disclosures:

a) Related Party disclosures as required under Accounting Standard 18 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India are given below

#### Key Management Personnel and their relatives :

V.N. Khandelwal	Director (Works)	Suraj Devi Khandelwal	Relative
Dinesh Khandelwal	Director (Finance) & CFO	Radha Rani Khandelwal	Relative
Anil Khandelwal	Relative	Kiran Khandelwal	Relative
K.N. Khandelwal	Relative	Rajni Khandelwal	Relative
Sudhir Kumar Khandelwal	Relative	Anjana Khandelwal	Relative

b) The following transactions were carried with persons referred above in the ordinary course of business:

	2014-15	2013-14
	₹	₹
Directors Sitting Fee	10,000	4,000
Remuneration	2,972,821	2,919,333
<b>Unsecured Loan and Deposits</b>		
Balance at the beginning of the year	8,025,000	6,725,000
Amount paid during the year	7,075,000	3,400,000
Amount received during the year	4,500,000	4,700,000
Balance at the end of the year	5,450,000	8,025,000
Interest Paid/ credited during the year	1,080,483	882,770

Note: Related Parties relationship is as identified by the Company and relied upon by the auditors.

### 27.1 VALUE OF RAW MATERIALS, STORES & SPARE

#### PARTS ETC. CONSUMED

	2014-15	2013-14
	(Rs in Lacs)	(Rs in Lacs)
a. Raw Materials - Ricebran	731.02	1305.98
i) Imported value % of total consumption	NIL	NIL
ii) Indigenous value % of total consumption	100%	100%
b. Stores and Spare parts etc (Including packing materials)	25.03	64.90
i) Imported value % of total consumption	NIL	NIL
ii) Indigenous value % of total consumption	100%	100%

### 27.2 OTHER DISCLOSURES

C.I.F. Value of import	NIL	NIL
Expenditure in foreign Currency	NIL	NIL
Remittance in Foreign Currency	NIL	NIL
Earning in Foreign Exchange	NIL	NIL

### 28 CONTINGENT LIABILITIES:

	As At	As At
	31.03.2015	31.03.2014
Claims against the Company not acknowledged as debts.	520,951	520,951
Arrear of Dividend on 12% Cumulative Redemable	448,274	-

Preference Shares for the year 2014-15 (Excluding Dividend Tax)

29 Directors have paid on maturity date dividend of Rs. 32380/- (including Dividend Tax ) on 10% 5000 Cumulative Redeemable Preference shares of Rs. 100/- each out of accumulated past profits.

30 Figures of previous year have been regrouped and recast to conform to the layout of the accounts for the current year.

**KHANDELWAL EXTRACTIONS LIMITED****KHANDELWAL EXTRACTIONS LIMITED**

(CIN:L24241UP1981PLC005282)  
Regd. Office: 51/47 NayaGanj, Kanpur-208001  
E-mail:kelknp@yahoo.com Website: www.khandelwalextractions .com  
Phone:+91-512- 2313195 Fax (Office):91-512-2318706

**Attendance Slip**

I/We hereby record my/our presence at the 33rd Annual General Meeting of the Company to be held on Saturday the, 26th September 2015, at 4.00 P.M at 50 MIG Bunglow W Block Keshav Nagar Kanpur 208014.

.....  
Member's Folio No......  
Member's/Proxy's name  
In Block Letters.....  
Member's /Proxy's Signature

**Note : Please complete the Folio No. and name, sign this Attendance Slip and hand it over at the ENTRANCE OF THE MEETING HALL.**

**PROXY FORM**

Name of the member(s):			
Registered address:			
E-mail ID			
Folio No.			
I/We being th e member(s) holding .....shares of Khandelwal Extractions Limited hereby appoint:			
1	Name.....	Address.....	
	E-mail id.....	Signature.....	Or failing from;
2	Name.....	Address.....	
	E-mail id.....	Signature.....	Or failing from;
3	Name.....	Address.....	
	E-mail id.....	Signature.....	

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the Company to be held at 50 MIG W Block Keshav Nagar Kanpur 208014 on Saturday the 26<sup>th</sup> Sept, 2015 at 4.00 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	Optional (✓)	
		For	Against
1	Adoption of Audited Financial Statements & Reports of the Directors and Auditors for the year ended 31 <sup>st</sup> March, 2015		
2	Approval and ratification of payment of Dividend on 10% Preference shares matured on 15.10.2014 out of past accumulated profits		
3	Re-appointment of Mr. Dinesh Khandelwal who retires by rotation.		
4	Appointment of M/s. M/s P.L. Tandon & Company, Chartered Accountants as Auditors.		
		Affix Revenue Stamp of Rs.1/-	

Signed this.....day of September, 2015

Signature of shareholder.....

Signature of Proxy holder(s).....

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of Meeting.
2. For the Resolutions, Explanatory Statement and Notes please refer to the Notice of the 33<sup>rd</sup> Annual General Meeting.

*if undelivered please return to :*  
**KHANDELWAL EXTRACTIONS LIMITED**  
51/47, NAYAGANJ, KANPUR-208 001

Sharda Graphics (P) Ltd.  
Kanpur ● 9839075253