

# **KHANDELWAL EXTRACTIONS LIMITED**



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**20th ANNUAL REPORT**  
2001-2002

**KHANDELWAL EXTRACTIONS LIMITED****BOARD OF DIRECTORS**

K. N. KHANDELWAL

KISHORE MOHAN

V. N. KHANDELWAL - Director (Works)

DINESH KHANDELWAL - Director (Finance)

**REGISTERED OFFICE :**

51/47, NAYAGANJ, KANPUR - 208 001

**WORKS :**

AKRAMPUR-MAGARWARA

DISTT. UNNAO (UTTAR PRADESH)

**AUDITORS :**

M/s. P. L. TANDON &amp; CO.

**BANKERS :**

STATE BANK OF INDIA

**ANNUAL GENERAL MEETING**

ON SATURDAY,  
THE 28th, SEPTEMBER, 2002  
AT 4.00 P.M.

AT THE REGISTERED OFFICE  
OF THE COMPANY

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**KHANDELWAL EXTRACTIONS LIMITED****NOTICE :**

NOTICE is hereby given that the 20th Annual General Meeting of Khandelwal Extractions Limited will be held at the Registered Office of the Company on Saturday, the 28th September, 2002 at 4.00 P.M. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002 and Profit and Loss account for the year ended on that date and reports of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri Kishore Mohan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Dinesh Khandelwal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. P. L. Tandon & Company, Chartered Accountants, Kanpur to hold the office of the Auditors of the Company from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**Special Business**

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 and in supersession to the resolution passed in the meeting held on 15.9.1990, the consent of the Company be and is hereby granted to the Board of Directors to create charge by way of equitable mortgage in such form and manner, in favour of State Bank of India on such fixed assets of the Company, both present and future, as may be agreed upon between the said bank and the Directors of the Company, to secure the borrowings upto Rs 300 lacs by way of working capital advances and or term loans and or any other form granted / to be granted by the said bank to the Company."

"RESOLVED further that the Board of Directors of the Company be and is hereby authorised to finalise the documents and do such acts and deeds as may be necessary for giving effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 314(1-B) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to Shri Sudhir Khandelwal, a relative of Shri K. N. Khandelwal, Shri V. N. Khandelwal and Shri Dinesh Khandelwal, Directors of the Company, to hold the office or place of profit in the Company as Vice President (Accounts) w.e.f. 1.4.2002 and receiving remunerations / perquisites and upon terms and conditions contained in the draft letter of appointment (a copy of which was placed before the meeting and initialled by the Chairman for the purposes of identification), subject to such modifications, if any, as may be agreed to by the Board of Directors and acceptable to Shri Sudhir Khandelwal."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution -

"RESOLVED THAT pursuant to the provisions of Section 314(1-B) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to Shri Anil Khandelwal, a relative of Shri K. N. Khandelwal, Shri V. N. Khandelwal and Shri Dinesh Khandelwal, Directors of the Company, to hold the office or place of profit in the Company as Vice President (Commercial) w.e.f. 1.4.2002 and receiving remunerations / perquisites and upon terms and conditions contained in the draft letter of appointment (a copy of which was placed before the meeting and initialled by the Chairman for the purposes of identification), subject to such modifications, if any, as may be agreed to by the Board of Directors and acceptable to Shri Anil Khandelwal."

**KHANDELWAL EXTRACTIONS LIMITED****Notes :**

- a) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed.
- b) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. Proxy in order to be effective must be received by the Company not less than 48 hours before the meeting.
- c) The Register of the members and transfer books of the Company will remain closed from 15th September, 2002 to 28th September, 2002 (both days inclusive).
- d) All documents referred to in the accompanying notice are open for inspection at the Registered Office of Company during working hours on all working days upto the date of the Annual General Meeting.

**EXPLANATORY STATEMENT:**

Following explanatory statement sets out all material facts relating to business referred in Items No. 5, 6 and 7 of the accompanying Notice dated 29th June, 2002 -

**ITEM NO. 5**

Members had vide resolution passed in their meeting held on 15.9.1990 empowered the Board of Directors to create second charge in favour of State Bank of India over the fixed assets of the Company to secure the working capital advances. Since the first charge created earlier in favour of M/s. PICUP for a term loan stands satisfied, State Bank of India has now stipulated for first charge to be created in their favour to secure the working capital advances. Further, the Company proposes to raise term loan for financing the scheme of additional storage facilities and or expansion in the capacity in due course of time. It is, therefore, proposed that the consent of the members be granted to create first charge in favour of State Bank of India to secure the borrowings upto Rs 300 lacs. The resolution is, therefore, recommended for your approval.

None of the Directors is interested in the aforesaid resolution.

**ITEM NO. 6 & 7**

Shri Sudhir Khandelwal and Shri Anil Khandelwal, brothers of Shri K. N. Khandelwal, Shri V. N. Khandelwal and Shri Dinesh Khandelwal, have been associated with the Company since inception in the capacity of Vice President (Accounts) and Vice President (Commercial) respectively. Both are devoting full time to the Company's affairs and are responsible to specific areas of functions and responsibilities. Shri Sudhir Khandelwal looks after Accounts, Banking, Income Tax and other day-to-day matters. Shri Anil Khandelwal's responsibilities include purchases, sales, despatches and sales tax. Both the persons have been discharging their functions satisfactorily for last over 17 years. Considering the experience and full time devotion to the Company's affairs, the Directors have decided to continue their services and re-appoint them w.e.f. 1.4.2002 on following remunerations / perquisites payable to each of them as under -

- |                 |   |
|-----------------|---|
| (a) Salary      | Rs 10,000/- per month in the grade of Rs 10,000/- - 500/- - 12,500/-.   |
| (b) Perquisites | <ul style="list-style-type: none"> <li>a) House Rent Allowance @ 20% of the salary.</li> <li>b) Reimbursement of Medical Expenses maximum upto 5% of salary to be accumulated over a period of 3 years</li> <li>c) Contribution to Employees' Provident Fund @ 12% of salary or as per the rates prescribed by Government in this regard.</li> <li>d) Leave for 45 days in a year subject to maximum accumulation upto 90 days.</li> <li>e) Leave encashment for maximum 15 days in a year.</li> <li>f) Gratuity as per Payment of Gratuity Act, 1972.</li> </ul> |

As Shri Sudhir Khandelwal and Shri Anil Khandelwal are relatives of Shri K. N. Khandelwal, Shri V. N. Khandelwal and Shri Dinesh Khandelwal, Directors of the Company, the consent of the shareholders is necessary under Section 314 of the Companies Act, 1956 for their holding the office or place of profit in the Company.

Except Shri Kishore Mohan, all other directors being relatives are interested in the said resolutions.

By order of the Board

Regd. Office :  
51/47, Nayaganj, Kanpur - 208 001  
Dated : 29th June, 2002

**DINESH KHANDELWAL**  
Director (Finance)

**KHANDELWAL EXTRACTIONS LIMITED****DIRECTORS' REPORT****TO THE MEMBERS,**

Your Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31st March, 2002.

**FINANCIAL RESULTS**

	Rs./Lacs
Sales and other Income	805.05
Profit before Interest and Depreciation	20.34
Less : Interest	8.43
Depreciation	6.26
Profit before Tax	5.65
Provision for Tax (including Deferred Tax Rs. 1.90 lacs )	2.55
Profit for the year	3.10
Balance as per last account	39.23
Amount available for appropriations	42.33

**APPROPRIATIONS**

Dividend on Preference Shares paid (including arrears and tax)	2.76
Transfer to General Reserve	20.00
Balance carried to Balance Sheet	19.57

**OPERATIONS :** Operations during the year under review despite of lower production resulted in higher profits compared to previous year. Turnover improved by 28% at Rs. 805 lacs due to higher sales of deoiled meals during the year.

**DIVIDEND :** Your directors have recommended and paid dividend of Rs. 276142 (including Rs.25560/- corporate dividend tax thereon) on 13.5% Cumulative Redeemable Preference Shares for the years 2000-01 and 2001-02. In view of insufficient profits, your directors do not recommend any dividend on Equity Shares for the year.

**FINANCE :** Your Directors are happy to report that the dispute with PICUP has been settled and after receipt of the approval of PICUP, the Company has repaid their term loan in full during the year. The working capital limits have also been renewed by State Bank of India for another one year.

**MANAGEMENT'S PERCEPTION :** Solvent Extraction Industry being agro based and seasonal by nature is subject to wild fluctuations. With the opening of oil market, international prices also govern the fate of the unit. Raw material availability is dependant upon the vagaries of the monsoon. Price movements change the fate overnight. Despite good demand for end products, it is very difficult to forecast the results with accuracy. Oils being in short supply and with firming of prices of oils internationally local prices have taken northward trend. With higher quantity of stocks available your directors are optimistic for better performance in current financial year.

**LISTING OF SHARES :** Company's Equity Shares are presently listed with Stock Exchanges at Kanpur, Delhi, Mumbai and Kolkata .

**CONSERVATION OF ENERGY :** Information required in Form "A" is not being given as unit does not fall under specified industry mentioned in the relevant schedule.

**TECHNOLOGY ABSORPTION :** The Company's plant has been designed on the latest technology of M/s. Extraktions Technik, GmbH, Germany. No expenditure has been incurred on in-house research and development.

**FOREIGN EXCHANGE EARNINGS AND OUTGO :** There was no foreign exchange earnings and outgo during the year under review.

**DIRECTORS :** Mr. Dinesh Khandelwal and Mr. Kishore Mohan retire by rotation and being eligible, offer themselves for reappointment .

**DIRECTORS' RESPONSIBILITY STATEMENT :** In terms of provisions of Section 217(2AA) of the Companies (Act) 1956, your directors confirm as under :

- that in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- that the directors had selected such accounting policies and applied them consistently and made judgements 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 profit of the Company for the year under review.
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the directors had prepared the annual accounts on a going concern basis.

**PERSONNEL:**

- Industrial relations remained cordial through out the year.
- There was no employee getting monthly remuneration of Rs. 1.00 lacs and above during the year

**AUDITORS:** The Auditors M/s. P.L. Tandon & Co. retire and being eligible offer themselves for re-appointment.

**ACKNOWLEDGEMENT:** Your Directors wish to place on record their appreciation for support and co-operation received from PICUP and State Bank of India and to all employees for their sincere and hard work.

By Order of the Board of Directors  
For KHANDELWAL EXTRACTIONS LIMITED

Place : Kanpur  
Dated : 29th June, 2002

**DINESH KHANDELWAL**  
Director (Finance)

**V. N. KHANDELWAL**  
Director (Works)