

KHANDELWAL EXTRACTIONS LIMITED



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22nd ANNUAL REPORT
2003-2004

KHADELWAL EXTRACTIONS LIMITED

BOARD OF DIRECTORS

K. N. KHADELWAL

KISHORE MOHAN

V. N. KHADELWAL - Director (Works)

DINESH KHADELWAL - Director (Finance)

ASHOK GUPTA

ATUL BAGLA

REGISTERED OFFICE :

51/47, NAYAGANJ, KANPUR - 208 001

WORKS :

AKRAMPUR-MAGARWARA

DISTT. UNNAO (UTTAR PRADESH)

AUDITORS :

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

BANKERS :

STATE BANK OF INDIA

ANNUAL GENERAL MEETING

ON THURSDAY,

THE 30th, SEPTEMBER, 2004

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 22nd Annual General Meeting of Khandelwal Extractions Ltd. will be held at the Registered Office of the Company on Thursday, the 30th September, 2004 at 4.00 P. M. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 and Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors' thereon.
2. To declare Dividend on Preference Shares.
3. To appoint a Director in place of Shri Kishore Mohan, 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 office of the Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

AS SPECIAL BUSINESS:

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

"RESOLVED that Mr. Atul Bagla, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30.6.2004 under Section 260 of the Companies Act, 1956 and who holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company".

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

"RESOLVED that Mr. Ashok Gupta, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30.6.2004 under Section 260 of the Companies Act, 1956 and who holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company".

Regd. Office :
51/47, Nayaganj, Kanpur - 208 001
Dated : 30th June, 2004

By order of the Board of Directors
DINESH KHANDELWAL
Director (Finance)

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 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. 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 Shares Transfer books of the Company will remain closed from 16th September, 2004 to 30th September, 2004 (both days inclusive).
- (d) As decided by the Board of Directors, the dividend on Preference Shares, if approved, shall be payable to all those shareholders whose name appear in the Register on 16.9.2004.
- (e) 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**Item No. 5**

Mr. Atul Bagla was appointed as Additional Director of the Company by the Board of Directors on 30-6-2004 and he holds office upto the date of this Annual General Meeting. A Notice u/s. 257 of the Companies Act, 1956 has been received from a member alongwith the requisite fee intending to propose the candidature of Mr. Atul Bagla for the office of Director of the Company. Mr. Atul Bagla is a qualified Chartered Accountant with vast experience in various commercial fields. He will be an independent non-executive Director, liable to retire by rotation. His vast experience in various fields will be in the interest of the Company.

The Resolution at item No. 5 is, therefore, commended for your approval.

None of the directors of the Company except Mr. Atul Bagla is concerned or interested in the above resolution.

Item No. 6

Mr. Ashok Gupta was appointed as Additional Director of the Company by the Board of Directors on 30.6.2004 and he holds office upto the date of this Annual General Meeting. A Notice u/s. 257 of the Companies Act, 1956 has been received from a member alongwith the requisite fee intending to propose the candidature of Mr. Ashok Gupta for the office of Director of the Company. Mr. Ashok Gupta is a qualified Chartered Accountant with vast experience in Finance and Banking. He is presently working as General Manager (Finance) in J. K. Synthetics Ltd. He will be an independent non-executive Director, liable to retire by rotation. In view of his vast experience in the fields of Finance and Banking, his appointment will be in the interest of the Company.

The Resolution at item No. 6 is, therefore, commended for your approval.

None of the directors of the Company except Mr. Ashok Gupta is concerned or interested in the above resolution.

Regd. Office :
51/47, Nayaganj, Kanpur - 208 001
Dated : 30th June, 2004

By order of the Board of Directors
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, 2004.

FINANCIAL RESULTS

Sales and other Income
Profit before Interest and Depreciation
Less : Interest

Depreciation

Profit before Tax

Provision for Tax

(Net of Deferred Tax adjustment)

Profit after tax

Provisions written back

Profit for the year

Balance as per last account

Amount available for appropriations

APPROPRIATIONS

Dividend on Preference Shares (including tax)

Transfer to General Reserve

Balance carried to Balance Sheet

OPERATIONS : The Company recorded excellent growth during the year under report in terms of production, sales and profits. Production and sales in quantitative terms recorded growth of 9% and 21% respectively over previous year. While sales and other income has been higher by 21%, Profit before tax was higher by 89%. This performance has provided substantial financial strength and the company now stand on sound footing.

DIVIDEND : Your Directors recommends dividend of Rs. 156999 (including Rs. 17,831 - Corporate Dividend Tax) on cumulative Preference Shares of Rs. 100/- each as under :-

@ 13.5% on 10000 Preference Shares for the period 1.4.2003 to 31.3.2004

@ 10.0% on 5000 Preference Shares for the period 1.3.2004 to 31.3.2004

With a view to conserve cash and consolidate the financial position sufficient to meet bank's requirement, your Directors do not recommend any dividend on Equity Shares for the year.

FINANCE : Pursuant to the approval of Shareholders for issue of 10000 10% Cumulative Redeemable Preference Shares of Rs.100/- each, 5000 Preference Shares were issued and allotted during the year. Your Directors propose to issue remaining 5000 Preference Shares during the current financial year.

During the year 59900 Equity Shares have been forfeited on which there were call in arrears after giving final notices to the concerned shareholder.

MANAGEMENT'S PERCEPTION : Solvent Extraction industry is a seasonal and agro based and therefore is subject to vagaries of monsoon. Availability of raw-material is directly linked to the paddy crop. Good monsoons during last few years have given tremendous growth to the industry. Off late, after opening up of the global market, the industry is also regulated by overseas phenomena. There has been indication of some stability in prices of oils supported by static demand. It is however to be seen how long this trend continues. Year in the past has provided sustainable margins and the Company's working results are indicative of the same.

LISTING OF SHARES : Pursuant to the approval of shareholders, the application has been made for de-listing of Equity Shares from Calcutta and Delhi Stock Exchanges. Formalities in this regard are being complied with. However, the Company's Equity Shares shall continue to be listed with Mumbai and Kanpur Stock Exchanges.

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.

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:

- 1) Mr. Kishore Mohan retire by rotation and being eligible, offer himself for re-appointment.
- 2) Mr. Atul Bagla and Mr. Ashok Gupta were appointed as Additional Directors by the Board of Directors in the meeting held on 30.6.2004. They will hold office up to the date of ensuing Annual General Meeting. Notices under section 257 of the Companies Act, 1956 have been received from members of the Company proposing their candidature for the office of Director(s). Both Mr. Atul Bagla and Mr. Ashok Gupta will be independent non-executive Directors. Resolutions seeking your approval to the appointments of Mr. Atul Bagla and Mr. Ashok Gupta are included in the Notice convening the 22nd Annual General Meeting of the company.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) that in the preparation of the annual accounts , the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- (ii) 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.
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the 'Act' , for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) 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 maximum permissible limit prescribed under Section 217 (2A) of the Companies Act, 1956 during the year which needed disclosure.

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

SECRETARIAL COMPLIANCE CERTIFICATE : In terms of Section 383 A of the Act, Secretarial Compliance Certificate issued by a Practising Company secretary is annexed hereto.

ACKNOWLEDGEMENT : Your Directors wish to place on record their appreciation for support and co-operation received from 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

Date: 30th June, 2004

DINESH KHANDELWAL
Director (Finance)

V.N. KHANDELWAL
Director (Works)

KHANDELWAL EXTRACTIONS LIMITED**COMPLIANCE CERTIFICATE**

To,
The Members,
Khandelwal Extractions Limited

I have examined the registers, records, books and papers of M/s. Khandelwal Extractions Limited (The Company) as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2004 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made there under. Secretarial Compliance Certificate dated 30-06-03 for the financial year ended on 31-03-03 was not filed as independent document with R.O.C. and no separate filing fee paid but was circulated to the members alongwith the annual accounts for the year ended 31.03.03 and was filed with R.O.C. along with filing of annual accounts on 10.10.03.
3. The Company being a Public limited Company, comments are not required. It has the minimum prescribed paid-up share capital.
4. The Board of Directors duly met 5 times respectively on 30-06-03, 31-07-03, 31-10-03, 15-12-03, 07-02-04, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members. Necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for financial year ended on 31st March 2003, was held on 27-09-2003 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contract falling within the provision of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301(3) of the Act.
11. Appointment of two wholtime directors were made under section 314 (1-B) of the Act during the financial year, at the annual general meeting of the company held on 27-09-03 through special resolutions passed by the members of the company. However no approval of the Central Government was required.
12. The Company has not issued any duplicate share Certificates during the financial year.
13. The company has delivered all the Share Certificates in respect of allotment of Cumulative Redeemable Preference Share made on 01.03.04 as per the provisions of the Companies Act, 1956 and also delivered all Share Certificate on lodgement thereof for transfer/transmission in accordance with the provisions of the Act. During the financial year -
 - (i) There were transfer/transmission of the shares.
 - (ii) The dividend on preference shares for the financial year 2002-03 was declared on 27.09.03 and paid in full to the preference share holders on 29.09.03 i.e. within 30 days as per information provided to me :
 - (iii) Not applicable
 - (iv) Not applicable
 - (v) The Company has duly complied with the requirement of the Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has appointed whole-time Directors during the year for 5 years' w.e.f. 01.04.04 as per resolution passed by the company in annual general meeting 27.09.03 and form no. 25 C was filed on 17.12.03.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approval of the Company Law Board, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has issued and allotted 5000 10% Cumulative Reedeemable Preference Shares of Rs. 100 each on 01.03.04.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits from public. Unsecured loans from the promoters of the company accepted in the earlier years continues in this year also as informed to me by the Directors.
24. The amount borrowed by the company during the year is within the borrowings limits of the company as per resolution passed by the company in the general meeting held in the year 1985.
25. The Company has not made any loans or advances or given guarantes or provided securities to other bodies corporate and consequently no entry have been made in the Register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.