

KHANDELWAL EXTRACTIONS LIMITED



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24th ANNUAL REPORT
2005-2006

KHANDELWAL EXTRACTIONS LIMITED

BOARD OF DIRECTORS

K. N. KHANDELWAL

V. N. KHANDELWAL - Director (Works)

DINESH KHANDELWAL - 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 SATURDAY,

THE 23rd, SEPTEMBER, 2006

AT 4.00 P.M.

AT THE REGISTERED OFFICE

OF THE COMPANY

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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, 2006.

FINANCIAL RESULTS

	Rs./Lacs
Sales and other Income	1286.82
Profit before Interest and Depreciation	37.38
Less : Interest	10.29
Depreciation	5.56
Profit before Tax	21.53
Provision for Tax	7.43
(Net of Deferred Tax adjustment & Fringe Benefit Tax)	
Profit after tax	14.10
Loss on sales of Investment	0.79
Profit for the year	13.31
Balance as per last account	45.79
Amount available for appropriations	59.10
APPROPRIATIONS	
Dividend on Preference Shares (including tax)	1.91
Transfer to Capital Redemption Reserve	10.00
Balance carried to Balance Sheet	47.19

OPERATIONS: During the year under review profit before tax was Rs.21.53 Lacs as against Rs.22.67 Lacs during the previous year. The company achieved production at 18976 M.T. during the year which was slightly higher from 18681 M.T. during the previous year. Despite lower sales in term of quantity, the turn-over has been higher at Rs.1281.56 Lacs as compared to 1237.20 Lacs during the previous year. Due to lower sale of Deoiled Meals at the year end higher inventory has to be carried over to the next year. Increased freight also affected the profitability of the year.

DIVIDEND: Your Directors recommend dividend of Rs.114026/- (including Rs.14026/- Corporate Dividend Tax) on 10% 5000 Preference Shares each of first and second series for the financial year 2005-06. Besides, Rs.76967/- (including Rs.9467/- Corporate Dividend Tax) has already been paid on 10000 13.5% Cumulative Redeemable Preference Shares for the period 1.4.2005 to 30.9.2005 i.e. till the date of redemption.

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

FINANCE: 10000 13.5% Cumulative Redeemable Preference Shares were redeemed on 30.9.2005.

During the year company has accepted deposits from Directors, their relatives and business associates pursuant to statement in lieu of advertisement filed with the Registrar of Companies. There was no unclaimed deposit which was outstanding at the close of the year.

MANAGEMENT'S PERCEPTION: Your company has come to a stagnant stage caused by limited availability of raw materials. Despite best efforts, due to seasonal availability, raw materials could not be procured and stored beyond a limit. This compels the management to close down the plant during off season. Besides, being agro based industry its future is linked with vagaries of monsoon. This year the prices of Deoiled Meals remain under pressure which affected the margins available to the company. Subsequent to the close of year due to enhanced demand, market of Deoiled Meals has improved. However, the increased freight and imposition of service tax on freight is restricting the margins.

LISTING OF SHARES: The application for de-listing of Equity Shares from Kolkata Stock Exchange is still under consideration. However, the Company's Equity Shares continue to be listed with Mumbai and U.P. 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 continuous process 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: Subsequent to close of the year, Mr. Kishore Mohan has resigned from the Board. The Board of Directors convey their appreciation for the valuable advises given by him during his long association with the company.

Mr. Ashok Gupta and Mr. Atul Bagla retires by rotation and they being eligible offer themselves for re-appointment.

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, 2006

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 Ltd., (The Company) as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2006 (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 there under 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.
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 6 times respectively on 25.04.05, 30.06.05, 31.07.05, 31.10.05, 31.01.06 and 15.03.06 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 2005 was held on 30.09.05 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minute book maintained for the purpose.
7. No Extra Ordinary Meeting(s) 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 of the Act.
11. The Company has obtained necessary approvals from the Board and members pursuant to Section 314 of the Act and filed Form No. 23 with the Registrar of Companies.
12. The Company has not issued any duplicate shares certificate during the financial year.
13. The Company has :
 - (i) delivered all Share Certificates on lodgment thereof for transfer/transmission in accordance with the provisions of the Act.
 - (ii) The dividends on preference shares was declared on 30.9.2005 and paid in full to all the entitled preference share holders on 01.10.05 as per information provided to me.
 - (iii) The dividend was paid to all the preference shareholders within 30 days.
 - (iv) Not applicable
 - (v) The Company has duly complied with the requirement of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed any Managing Director/Whole-time Director/ Manager during the financial year.
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 not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was redemption of 10000, 13.5% cumulative preference shares on 30.9.2005 during the financial year and Form No. 5 filed with the ROC and provisions of the Act complied with.
22. There were no transaction 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 accepted deposits during the financial year and complied with the provisions of Section 58A of the Companies Act 1956 read with the Companies (Acceptance of Deposit) Rules. 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 borrowing limits of the company as per resolution passed by the company in the general meeting held in year 1985.
25. During the year Company made and disposed off the investments in compliance with the provisions of the Act and has made proper entry 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.

KHANDELWAL EXTRACTIONS LIMITED

28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the financial year.
30. The Company has not altered its articles of association during the financial year.
31. As per information provided to me there was no Show Cause Notice received by Company nor any prosecution initiated by R.O.C. during the year.
32. The Company has not received any money as security from its employees during the financial year.
33. As per information provided to me the company has deposited Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For **BANTHIA & COMPANY**
COMPANY SECRETARIES

Place : Kanpur
Dated : 30th June, 2006

G. K. BANTHIA
(PROPRIETOR)
C.P. No. 1405

Annexure-A**Registers as maintained by the Company**

1. Register of Members U/s 150
2. Board Meeting Minutes Book U/s 193
3. General Meeting Minutes Book U/s 193.
4. Director's Attendance Register as per Table A.
5. Director's Particulars Register U/s 303.
6. Director's Share Holding Register U/s 307.
7. Register of Particulars of Contracts U/s 301.
8. Share Transfer Book.
9. Register of Charges U/s 143.
10. Register of Deposits under Rule 7 of the Companies (Acceptance of Deposits) Rules 1975.

Annexure-B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2006.

1. Annual Accounts for the year ended on 31.03.2005 filed U/S 220 with the R.O.C. (U.P. and Uttranchal) on 25.10.2005 in time.
2. Annual Return made upto 30.09.05 for the financial year ended on 31.03.05 filed with R.O.C. U.P. & Uttranchal on 24.11.05 in time.
3. Secretarial Compliance Certificate for the financial year ended on 31.03.2005 filed with ROC UP & Uttranchal on 25.10.2005 in time.
4. SLA (Statement in Lieu of Advertisement) dt. 31.07.05 filed with R.O.C. U.P. & Uttranchal on 02.09.05 in time.
5. Form No. 8 (two forms) dt. 20.3.2006 filed on 18.4.06 with ROC UP & Uttranchal in time.
6. Form No. 23 dt. 30.9.2005 filed with ROC UP & Uttranchal on 25.10.2005 in time.
7. Form No. 5 dt. 30.9.2005 in respect of redemption of 13.5% cumulative preference shares filed with ROC UP & Uttranchal on 25.10.2005 in time.
8. Annual Return (F/D) under Companies (Acceptance of Deposits) Rules 1975 dt. 31.3.05 filed on 27.6.2005 in time.

For **BANTHIA & COMPANY**
COMPANY SECRETARIES

Place : Kanpur
Dated : 30th June, 2006

G. K. BANTHIA
(PROPRIETOR)
C.P. No. 1405