

KHANDELWAL EXTRACTIONS LIMITED

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28th ANNUAL REPORT

2009-2010

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KHANDELWAL EXTRACTIONS LIMITED

BOARD OF DIRECTORS

K. N. KHANDELWAL

K. N. KHANDELWAL

DINESH KHANDELWAL

ASHOK GUPTA

ATUL BAGLA

ANIL KAMTHAN

Director (Works)

Director (Finance)

REGISTERED OFFICE :

51/47, NAYAGANJ, KANPUR - 208 001

WORKS :

AKRAMPUR - MAGARWARA

DISTT. UNNAO (UTTAR PRADESH)

AUDITORS :

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

BANKERS :

THE FEDERAL BANK LTD.

ANNUAL GENERAL MEETING

ON SATURDAY,

THE 18th, SEPTEMBER, 2010

AT 4.00 P.M.

AT THE REGISTERED OFFICE

OF THE COMPANY

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KHANDELWAL EXTRACTIONS LIMITED

NOTICE

2NOTICE is hereby given that the 28th Annual General Meeting of Khandelwal Extractions Ltd. will be held at the Registered Office of the Company on Saturday, the 18th September, 2010 at 4.00 P. M. to transact the following business:

To receive, consider and adopt the audited Balance Sheet for 2009-10 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 of Rs. 5000/- per share on Series-I and Series-II each and on 12% 30000 Preference Shares of Series-I for financial year 2009-10.
3. To appoint a Director in place of Shri Ashok Gupta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Atul Bagla, who retires by rotation and being eligible offers himself for re-appointment.
5. 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.

SPECIAL BUSINESS:

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

"RESOLVED that in partial modification of earlier resolutions passed in the General Meeting dated 28.09.2002 and 30.09.2005 and pursuant to the provisions of Section 314(1) for the time being and as amended from time to time and other applicable provisions of the Companies Act, 1956 and subject to necessary approvals, consent of the Company be and is hereby accorded to Mr. Sudhir Kumar Khandelwal, a relative of Shri K.N. Khandelwal, Shri V.N. Khandelwal and Shri Dinesh Khandelwal Directors of the Company to hold and continue to hold the office or place of the profit in the Company as Vice President (Accounts) w.e.f. 01.10.2009 at a remuneration / perquisites not exceeding Rs. 50,000/- per month or Rs. 6 lacs p.a. in aggregate or maximum permissible under the provisions of Section 314(1) of the Companies Act, 1956 and the Board of directors is also empowered to decide the remuneration within the said limit from time to time and as may be acceptable to the said Mr. Sudhir Kumar Khandelwal.

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

"RESOLVED that in partial modification of earlier resolutions passed in the General Meeting dated 28.09.2002 and 30.09.2005 and pursuant to the provisions of Section 314(1) for the time being and as amended from time to time and other applicable provisions of the Companies Act, 1956 and subject to necessary approvals, consent of the Company be and is hereby accorded to Mr. Anil Khandelwal, a relative of Shri K.N. Khandelwal, Shri V.N. Khandelwal and Shri Dinesh Khandelwal Directors of the Company to hold and continue to hold the office or place of the profit in the Company as Vice President (Commercial) w.e.f. 01.10.2009 at a remuneration / perquisites not exceeding Rs. 50,000/- per month or Rs. 6 lacs p.a. in aggregate or maximum permissible under the provisions of Section 314(1) of the Companies Act, 1956 and the Board of directors is also empowered to decide the remuneration within the said limit from

time to time and as may be acceptable to the said Mr. Anil Khandelwal.

By order of the Board of Directors

(Anil Khandelwal)
Director (Finance)

Regd. Office
S/42, Mayapuri, Kanpur
Dt: 31st July, 2010

Notes :

- (a) The relative explanatory statement pursuant to Section 173(2) 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 Share Transfer books of the Company will remain closed from 11th September, 2010 to 18th September, 2010 (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 shall appear in the Register on 11th September, 2010.
- (e) All documents referred to in the accompanying notice / explanatory statement are open for inspection at the Registered Office of the Company from 11th September, 2010 to 18th September, 2010 on all working days up to the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM No. 6 & 7

The members of the company in Annual General Meeting held on 28.09.2002 and 30.09.2005 had approved the appointment and remuneration packages payable to Mr. Sudhir Kumar Khandelwal, Vice-President (Accounts) & Mr. Anil Khandelwal Vice-President (Commercial) who are relatives of Shri K.N. Khandelwal, Shri V.N. Khandelwal and Shri Dinesh Khandelwal, Directors of the company. Many a times situation arises for the revision in their remuneration package and keeping this in view it is proposed to empower the Board of Directors to determine the remuneration packages payable to them from time to time on recommendation of Remuneration Committee subject to ceiling of Rs. 50,000/- per month or Rs. 6,00,000/- annual or within the maximum limit as provided in Section 314(1) of the Companies Act, 1956 for the time being force or any statutory modification thereof.

Considering their undeterrent service and devotion to company's affairs since inception, the Board recommends these resolutions for your approval.

Shri K.N.Khandelwal, Shri V.N.Khandelwal and Shri Dinesh Khandelwal being relatives are interested in the said resolutions.

By order of the Board of Directors

(Anil Khandelwal)
Director (Finance)
Dt: 31st July, 2010

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KHANDELWAL EXTRACTIONS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in submitting their Annual Report and audited Statements of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

	2009-10 Rs./Lacs
Sales and Other Income	881.69
Profit before Interest and Depreciation	71.65
Less : Interest	16.63
Depreciation	3.47
Profit before Tax	51.55
Provision for Tax (Including Deferred Tax)	16.24
Profit after tax	35.31
Balance as per last account	29.12
Amount available for appropriations	64.43

APPROPRIATIONS

Dividend on Preference Shares (including tax)	5.37
Transfer to General Reserve	25.00
Balance carried to Balance Sheet	34.06

OPERATIONS:

During the year under review, profit before tax was at Rs.51.55 Lacs compared to Rs.34.72 Lacs in previous year. The production during the year was lower at 852 MT compared to 1073 MT in the previous year. Similarly, corresponding to lower production sales and other income was also lower at Rs.881.69 Lacs compared to Rs.1415.55 Lacs in previous year. Low availability of rice bran has an effect on production and sales. Despite severe odds, our company has been able to earn good profit due to lower turnover with increase in other income.

DIVIDEND:

Your Directors recommend a dividend of Rs.5,36,400/- (including Rs.76,400/- Tax on Dividend) on 5000 Preference Shares of Rs.100/- each of first and second series @ 10% and 30000 Preference Shares of Rs.100/each of Series I @ 12% for the financial year 2009-10.

With a view to conserve cash, your Directors do not recommend any dividend on Equity Shares for the year.

MANAGEMENT'S PERCEPTION:

The Company's business being agro based is basically full of uncertainties. Last season has been the worst during last decade due to severe draught in nearby locations of company's plant which affected availability of raw materials. Further due to substantial price rise of raw materials, it was not feasible to create a buffer stock of raw material for running the plant in off season starting from April. These factors shall have adverse effect on company's working results of the fiscal 2010-11.

PUBLIC DEPOSITS:

The company is not accepting deposits from public, but has accepted deposits from friends, relatives and business associates and has filed statement in lieu of advertisement. There was no unclaimed deposit as on 31.3.2010.

LISTING OF SHARES

Company's equity shares continued to be listed with Bombay and D.P.S. Stock Exchanges.

KHANDELWAL EXTRACTIONS LIMITED

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. 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:

Two of your Directors namely Mr. Ashok Gupta and Mr. Atul Bagla will retire by rotation at the ensuing Annual General Meeting and 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 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 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 Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

PERSONNEL:

- i) Industrial relations remained cordial throughout the year.
- ii) 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., Chartered Accountants, Kanpur will retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate to this effect.

SECRETARIAL COMPLIANCE CERTIFICATE :

In terms of Section 383 A of the Act, Secretarial Compliance Certificate issued by a Practising Company Secretary is annexed hereto as part of Directors' Report.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for support and co-operation received from The Federal Bank Ltd. and to all employees for their sincere and hard work.

By Order of the Board of Directors
For KHANDELWAL EXTRACTIONS LIMITED

Sd/-
DINESH KHANDELWAL
Director (Finance)

Sd/-
V. N. KHANDELWAL
Director (Works)

Place: Kanpur
Date: 29th May, 2010

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