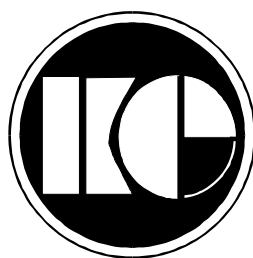


KHANDELWAL EXTRACTIONS LIMITED



32nd ANNUAL REPORT
2013-2014

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 |

REGISTERED OFFICE :

51/47, NAYAGANJ, KANPUR – 208 001

CIN : L24241UP1981PLC005282

Website : www.khandelwalextractions.com

Email : 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 32nd Annual General Meeting of Khandelwal Extractions Ltd. will be held at 50 MIG Bunglow, W Block, Keshav Nagar Kanpur- 208014 on Saturday, the 27th September, 2014 at 4:00 P.M. to transact the following business:

1. To receive, consider and adopt the audited Financial Statements of the company including Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss for the year ended on that date and Reports of the Board of Directors and Auditors' thereon.
2. To declare Dividend on 5000 Preference Shares of Series-II @ 10%, on 30000 Preference Shares of Series-I @ 12% for the financial year 2013-14 and on 5000 Preference Shares of Series- II @ 12% for the period from 19-02-2014 to 31-03-2014.
3. To approve and ratify the payment of dividend on 5000 Preference shares of Series I @ 10% for the period from 1.04.2013 to 28.02.2014 i.e up to the date of maturity.
4. To appoint a Director in place of Shri V.N. Khandelwal (DIN 00161893), who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint the Auditors (pursuant to Section 139 of the Companies Act 2013) 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 authorize Board of Directors to fix their remuneration. The retiring Auditors, M/s P.L. Tandon & Co, Chartered Accountants, Kanpur (ICAI Registration NO. 000186C), are, however eligible for reappointment.

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification(s), the following Resolution(s)

As Ordinary Resolution(s):

6. "RESOLVED THAT pursuant to the provisions of Sections 149,150,152, and any other provisions of the companies Act 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act 2013, Shri Ashok Gupta (DIN 00135288) Director of the Company who retires at the Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the company to hold office for five consecutive years for a term up to conclusion of Annual General Meeting in the calendar year 2019"
7. "RESOLVED THAT pursuant to the provisions of Sections 149,150,152, and any other provisions of the Companies Act 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act 2013, Shri Atul Bagla (DIN 00159563) Director of the Company who retires at the Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to conclusion of Annual General Meeting in the calendar year 2019."
8. "RESOLVED THAT pursuant to the provisions of Sections 149,150,152, and any other provisions of the companies Act 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act 2013, Shri Anil Kamthan (DIN 00159819) Director of the Company who retires at the Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the company to hold office for five consecutive years for a term up to the conclusion of Annual General Meeting in the calendar year 2019."
9. "RESOLVED THAT Mrs. Rekha Kejriwal (DIN 06889864), who has been appointed as an Additional Director of the Company by Board of Directors with effect from 29th July, 2014 in terms of Section 161(1) of the Companies Act, 2013 and pursuant to the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director,

be and is hereby appointed as an Independent Director of the Company to hold office for a term up to conclusion of Annual General Meeting in the calendar year 2019."

As Special Resolution(s):

10. "RESOLVED THAT pursuant to the provisions of Section 180(1)(c) of the Companies Act 2013 (corresponding Section 293(1)(d) of the Companies Act, 1956) and all other applicable provisions, if any, of the Companies Act, 2013 and pursuant to the provisions of the Articles of Association of the Company and in reconfirmation to the earlier resolution(s) passed in this regard at the Annual General meeting held on 29th September 2007, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow in any manner from time to time any sum or sums of moneys at its discretion on such terms and conditions as the Board of Directors may deem fit, notwithstanding that the moneys to be borrowed by the Company together with the moneys already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) from the financial institutions, Company's bankers and / or from any person or persons, firms, bodies, corporate whether by way of loans, advances, deposits, bill discounting, issue of debentures, bonds or any financial instruments or otherwise and whether secured or unsecured which may exceed the aggregate of the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the maximum amount of money so borrowed by the Board and outstanding at any one time shall not exceed the sum of Rs.1000 lacs (Rupees one thousand lacs only)."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and also to delegate all or any of the above powers to such Committee of Directors or the Managing /Wholtime Director or the Director or the Key Managerial Personnel of the Company and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution".

11. "RESOLVED THAT pursuant to the provisions of Section 180(1)(a) of the Companies Act 2013 (corresponding Section 293(1)(a) of the Companies Act, 1956) and all other applicable provisions, if any, of the Companies Act, 2013, and in partial modification to the earlier resolution(s) passed in this regard, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages/charges/hypothecation in any manner whatsoever on all or any of the immovable and movable properties of the Company, present and future, of the whole or substantially the whole of the undertaking of the Company, ranking pari-passu or otherwise and/or second and/or subservient and/or subordinate to the mortgages /charges/hypothecation already created or to be created in future by the Company for securing any loans and/or advances and/or guarantees and/or any financial assistance obtained or may be obtained from financial institutions, banks or machinery suppliers and/or any other persons or institutions providing finance for purchase of assets and or for the business of the Company or for working capital or for purchase of specific items of machinery and equipments under any deferred payment scheme or bills discounting scheme or in favour of trustees for Debentureholders / Bondholders/ FCCBs holders that may be appointed hereafter, as security for the debentures / bonds /FCCBs that may be issued by the Company, with power to take over the management, business and concern thereof in certain events of default, on such terms and conditions and at such times and in such form and manner as the Board of Directors may deem fit, so that the total outstanding amount at any time so secured shall not exceed the aggregate of the amounts consented by the Company by the resolution passed at this meeting pursuant to Section 180(1)(a) of the Companies Act 2013 i.e. Rs.1000 lacs (Rupees one thousand lacs only) together with interest thereon and further interest, if any, cost, charges, expenses, remuneration payable to the trustees and all other monies payable by the Company".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to and cause to prepare, finalise, approve and

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execute on behalf of the Company with the lenders, banks, machinery suppliers, persons, institutions and trustees for the Debenture/Bond/FCCBs holders, the documents, deeds, agreements, declarations, undertakings and writings as may be necessary and expedient for giving effect to the foregoing resolution and also to delegate all or any of the above powers to the Committee of Directors or the Managing/ Whole time Director or the Director or the Key Managerial Personnel of the Company.

12. **"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of Companies Act 2013 and the Rules made there under (including any statutory modifications or re-enactment thereof for the time being in force read with schedule V to the Companies Act 2013, the consent of the company be and is hereby accorded to the appointment of Mr. Dinesh Khandelwal (DIN 00161831) designated Director Finance and Chief Financial Officer, retiring by rotation, for three (3) years with effect from 1-4-2014, on the terms and conditions of appointment and remuneration as recommended by Nomination and Remuneration Committee and as contained in the Explanatory statement attached to the Notice."
13. **"RESOLVED THAT** pursuant to the provisions of Sections 62(1)(C), 42 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules framed there under, as may be amended from time to time and the Articles of Association of the Company and subject to all requisite approvals, consents, etc., if any required under any statutory provisions, guidelines, rules, regulations and further subject to such terms and conditions and modifications, the consent of the Company be and is hereby accorded to the Board including committees thereof to issue, offer and allot up to 50,000 10.5% Cumulative Redeemable Preference Shares of Rs. 100/- each aggregating Rs. 50,00,000/- for cash at par to such persons, companies and other entities, whether members of the Company or not, (not exceeding 100 in total) by way of private placement within the meaning of Section 42 of the Companies Act, 2013 for long term working capital purpose including inter-alia for repayment of fixed deposits, with authority to the Board to determine terms and conditions and the manner in which the Board may in its absolute discretion think fit within the prescribed guidelines".
"RESOLVED FURTHER THAT the Board of Directors of the company (including committees thereof), be and is hereby authorized to do all such acts, deeds and things and give such directions as may be deemed necessary or expedient to give effect to the above Resolution."
14. **"RESOLVED THAT** pursuant to the provisions of Section 13 and any other applicable provisions of the Companies Act 2013, the Memorandum of Association of the Company be and is hereby amended by deleting the existing Clause V and substituting with the following new Clause V;
V: "The Authorised Share Capital of the company is Rs. 200.00 lacs divided into 10,00,000 Equity Shares of Rs 10/- each and 10,000 -10% Cumulative Redeemable Preference Shares of Rs. 100/- each 40,000 12% Cumulative Redeemable Preference Shares of Rs. 100/- each and 50000-10.5% Cumulative Redeemable Preference Shares of Rs. 100/- each with rights, privileges and conditions attaching thereto as are provided by the regulations of the company for the time being with power to increase and reduce the capital of the company and to divide the shares in the Capital for the time being in to several classes and denominations and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the company and to vary, modify, or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the company and legislative provisions for the time being in force."
15. **"RESOLVED THAT** in reconfirmation and furtherance to the resolution passed by the members in Annual General meeting held on 28th September 2013 and pursuant to the provisions of Sections 42 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules framed there under, as may be amended from time to time and the Articles of Association of the Company and subject to all requisite approvals, consents, etc., if any required under any statutory provisions, guidelines, rules, regulations and further subject to such terms and conditions and modifications, the consent of the Company be and is hereby accorded to the Board including committees thereof to issue,

offer and allot up to 5000 12% Cumulative Redeemable Preference Shares of Rs. 100/- each series-III aggregating Rs. 5,00,000/- for cash at par to such persons, whether members of the Company or not, (not exceeding 10) by way of private placement within the meaning of Section 42 of the Companies Act, 2013 for redemption of 5000- 10% Cumulative Redeemable Preference Shares of Rs 100/- each series-II due for maturity on 15th October 2014, with authority to the Board to determine terms and conditions and the manner in which the Board may in its absolute discretion think fit within the prescribed guidelines".

"RESOLVED FURTHER THAT the Board of Directors of the company (including committees thereof), be and is hereby authorized to do all such acts, deeds and things and give such directions as may be deemed necessary or expedient to give effect to the above Resolution."

By order of the Board of Directors

Regd. Office:
51/47, Nayaganj,
Kanpur – 208 001
Dated : 29th July, 2014.

(DINESH KHADELWAL)
Director (Finance & C.F.O.)

Notes:

- (a) 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. Proxy in order to be effective must be received by the company not less than 48 hours before the meeting.
- (b) The Register of the members and Share Transfer books of the Company will remain closed from 20th September, 2014 to 27th September, 2014 (both days inclusive).
- (c) 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 of members on 27th September, 2014.
- (d) All documents referred to in the accompanying notice / explanatory statement 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.
- (e) Pursuant to clause 49 of the Listing agreement relating to Corporate Governance, the particulars of Mr. V. N. Khandelwal, Director proposed to be reappointed by rotation, are given as under:
Mr. V N Khandelwal (DIN 00161893) presently Director Works in the capacity of Whole time director (appointed by the members in last Annual General meeting for 5 years till 31st March 2019) is one of the promoter Directors and is associated with the company since inception. He has been devoting full time attention to the affairs of the company and has been responsible for production, quality control, and related matters. His association with the company has been very fruitful and beneficial. His appointment is in interest of the company. He holds 29650 equity shares of the company.
- (f) **Ministry of Corporate Affairs has issued circulars stating that the service of notices/ documents including Annual Report can be sent by electronic mode. Member's cooperation is therefore 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**
- (g) 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 vote either through e-voting or by casting their vote at the meeting. In case members cast their vote through both the modes, votes cast through e-voting would only be considered. The procedure and Instructions for e-voting are as follows:-
 - i. Open your web browser during the voting period and log on to the e-voting website <https://www.evotingindia.com>.

KHANDELWAL EXTRACTIONS LIMITED

- ii. Now click on "Shareholders" to cast your votes.
- iii. Now select the Electronic Voting Sequence Number ("EVSN") along with "KHANDELWAL EXTRACTIONS LIMITED" from the drop down menu and click on "SUBMIT".
- iv. All the shares of the Company are in Physical Form. Members should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on "Login"
- v. Fill up the following details in the appropriate boxes:

| | |
|-----------------------|--|
| 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 use the first two letters of their name in Capital letter followed by 8 digits folio no. in the PAN field. In case the folio no. is less than 8 digits enter the applicable number of '0' after the folio number e.g. if your name is Ramesh Kumar with folio no 1234 then enter RA12340000 in the PAN field. |
| DOB# | Enter the Date of Birth as recorded in the Company records for the said folio in dd/mm/yyyy format. |
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in the Company records for the said folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Company please enter the number of shares held by you as on 10th August, 2014 in the Dividend Bank details field |

Please enter any one of the details in order to login.

- vi. After entering these details appropriately, click on "SUBMIT" tab.
- vii. Members will then reach directly the EVSN selection screen.
- viii. The details can be used only for e-voting on the resolutions contained in this Notice.
- ix. Click on the relevant EVSN on which you choose to vote.
- x. 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.
- xi. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xii. 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.
- xiii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xv. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- xvi. **The voting period begins on 21st September, 2014 (10.00 a.m.) and ends on 23rd September, 2014 (10.00 a.m.).** During this period shareholders of the Company, holding shares as on the cut-off date of **10th August, 2014**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- xvii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com. You may also contact helpdesk.evoting@cdslindia.com; Tel. No. 022-66069031.
- xviii. 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 process in fair and transparent manner.
- xix. A copy of this notice has been placed on the website of the Company and the website of CDSL.

For abundant clarity, please note that the Members who have exercised their right to vote by electronic means shall not be entitled to vote at the Meeting. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company. 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No.6 7 & 8:

Independent Directors Shri Ashok Gupta, Shri Atul Bagla and Shri Anil Kamthan have completed their five year terms. In terms of section 149 and any other applicable provisions of the Companies Act 2013, Shri Ashok Gupta, Shri Atul Bagla, and Shri Anil Kamthan, being eligible and offering themselves for appointment, are proposed to be appointed as Independent Directors for five consecutive years for a term up to the conclusion of Annual General Meeting in the calendar year 2019. Respective notices have been received from member(s) proposing their candidature for the office of Directors of the company. The company has received from each of them (i) consent in writing to act as director in Form DIR-2 (ii) intimation in form DIR-8 to the effect that they are not disqualified under section 164(2) of the Companies Act 2013, and (iii) a declaration to the effect that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act 2013. In the opinion of the Board, Shri Ashok Gupta, Shri Atul Bagla, Shri Anil Kamthan fulfill the conditions specified in the Companies Act 2013 and rules framed there under for their appointment as Independent Directors of the company and are independent of the management. All the above three directors are not liable to retire by rotation. Given below is the brief resume of Shri Ashok Gupta, Shri Atul Bagla, and Shri Anil Kamthan.

Shri Ashok Gupta (DIN 00135288) is a Non Executive Independent Director of the company since 2004 and is well versed with the affairs of the company. He is a qualified Chartered Accountant and possesses over 30 years experience in the field of finance, accounts, taxation and related matters. He is holding a key position in a reputed company. He is director of other companies. He holds 100 Equity shares of the company.

Shri Atul Bagla (DIN 00159563) is a Non Executive Independent Director of the company since 2004 and is well versed with the affairs of the company. He is a qualified Chartered Accountant and possess vast experience in the field of finance, accounts etc. He is holding a key position in a reputed company. He is also director of other companies. He holds 100 equity shares of the company.

Shri Anil Kamthan (DIN 00159819) is a Non Executive Independent Director of the company since 2009. He has vast experience in the field of company law matters, secretarial practices and accounts. He has recently retired from the post of Company secretary of a reputed listed company after serving 40 years of continuous service. He has been the director in other companies also. He holds 100 equity shares in the company.

The Board considers that their continued association would be of immense benefit to the company. The copies of the draft letters for appointment of respective Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the company. The Ordinary Resolutions as set out at item Nos. 6, 7 & 8 are therefore commended for your approval.

Except Shri Ashok Gupta, Shri Atul Bagla, Shri Anil Kamthan who are interested /concerned in their respective resolutions, none of the directors and Key Managerial Personnel of the Company and their relatives are concerned in the resolution set out as items no 6,7&8.

Item no. 9:

Mrs. Rekha Kejriwal has been appointed by the Board on 29th July 2014 in compliance of Section 149(1) of Companies Act 2013 as additional director and she holds office till ensuing AGM. She being eligible has offered for appointment as Independent Director in respect of whom a notice from a shareholder proposing her candidature has also been received by the company. She has furnished necessary declarations on prescribed Forms. She is a qualified company secretary and possesses 16 years of experience in field of company law matters, accounts, finance. The Board is of view that she fulfills the conditions of being appointed as

KHANDELWAL EXTRACTIONS LIMITED

Independent Director and is independent of the management. The Board recommends Ordinary resolution for her appointment as Independent Director, not liable to retire by rotation, till conclusion of Annual General Meeting in the calendar year 2019. She does not hold any share in the company

Except Mrs. Rekha Kejriwal who is interested / concerned in the resolution, none of the directors and Key Managerial Personnel of the company and their relatives are concerned in the resolution. .

Item No 10 & 11

The members in their meeting held on 29th September 2007 had, by way of ordinary resolutions passed under section 293(1)(d) and 293(1) (a) of Companies Act 1956 authorized the Board to borrow for and on behalf of the company up to Rs 1000 lacs and to create mortgage/ charge on the company's assets or undertakings to secure the borrowings . Section 180 of the Companies Act 2013 requires that the said power can be entrusted to the Board through Special resolution. The approval of the members is therefore sought for reconfirmation of said borrowings and for creation of mortgage /charge on company's assets pursuant to Section 180(1)(c) and 180(1)(a) of Companies Act 2013. The resolutions set at item no 10 & 11 are recommended to the members for their approval by Special resolutions.

None of the Directors and Key managerial Personnel of the company or their relatives is concerned or interested in the aforesaid resolutions.

Item No.12

In the AGM held on 28th September 2013 , the members have consented for appointment of Mr. Dinesh Khandelwal as Director –Finance in the capacity of Wholetime Director for five (5) years with effect from 1.4.2014 .In order to comply with the requirements of Companies Act 2013 the Board has also appointed him as Chief Financial Officer and designated him as Director Finance and Chief Financial Officer for three (3) years with effect from 1.4.2014 on the same remuneration package as was approved by the members in the AGM held on 28.9.2013 which is well below the maximum permissible under Schedule V of the Companies Act 2013. Fresh approval of the members is being sought for the same. The followings are the terms and conditions as regards to salary and perquisites payable to him:

Salary : Rs.50000/- per month in the scale of Rs.50000-2500-60000.

Performance Linked Incentive: As may be decided by the Board on the recommendation of Nomination & Remuneration committee

(iii) Perquisites:

Category – A :

Housing: House Rent Allowance – 40% of the Basic Salary.

Medical reimbursement: Reimbursement of the expenses for self and family subject to a ceiling of 5% of basic salary accumulated over a period of 3 years.

(iii) Leave Travel Concession: Leave Travel Concession for self and his family once in a year incurred in accordance with the Rules of the Company.

Personal Accident Insurance: premium not to exceed Rs.4000/- per annum/ as per Company's rules.

EXPLANATION:

For the purpose of Category 'A' family means the spouse, the dependent children and dependent parents.

Category –B:

Provident Fund: Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisite to the extent these, either singly or put together are not taxable under the Income Tax Act.

Gratuity: Gratuity payable shall not exceed half-month's salary for each completed year of service subject to a ceiling as permitted under Gratuity Act.

Category – C:

Provision of Car for use on Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on telephones and use of car for private purpose shall be billed by the Company. He shall not be entitled for any sitting fees for meeting of the Board or of any committee thereof attended by him .In the event of loss or inadequacy of profits in any financial year(s) , the aforesaid remuneration shall be paid as minimum remuneration in accordance with the provisions of Companies Act, 2013 .The Board of Directors, in

agreement with him, may pay lower remuneration than the remuneration here in before stipulated, or revise the same from time to time, within the maximum limit stipulated by this resolution.

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. His association is immense for the company's affairs. The remuneration as proposed in the resolution is very well justified considering his devotion and full time attention to the company's business. The directors therefore recommend the resolution set as item no 12 as Special resolution.

No Director and Key Management 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.

Item No. 13 & 14

The Board proposes to issue 50000 10.5% Cumulative Redeemable Preference Shares of Rs100/-each aggregating Rs 50 lacs for cash at par, on private placement basis within the meaning of Section 42 of the Companies Act, 2013 to persons (members or not) not exceeding 100 in total, in order to raise funds for augmenting long term resources for working capital, for which shareholders consent is being obtained vide resolution set as item no 13 of the accompanying Notice. These shares shall be non convertible and non participating but shall have a preferential right to dividend and repayment over equity shares. These shares shall be redeemable at par on the expiry of 10 years with option to the Company to redeem earlier but not before expiry of 3 years. These shares shall not be listed with any stock exchange. The company has been accepting deposits from members, promoter directors and their relatives in the past to meet working capital requirements after complying necessary formalities in this respect .The Board has decided to discontinue acceptance of deposits and in terms of section 74 of the Companies Act 2013, the company has to repay all its fixed deposits . The Directors therefore propose to raise funds through issue of Preference Shares to meet the company's funds requirements .For the purpose, the company's Authorized Share Capital also needs to be increased from present Rs 150 lacs to Rs. 200 lacs by adding 50000 10.5% Cumulative Redeemable Preference Shares of Rs. 100/- each. The Board of Directors recommend the Resolutions as set out at items no. 13 and 14 for approval of the members as Special Resolutions.

All the Directors (except Mrs. Rekha Kejriwal) of the company, and their family members are concerned and interested in the aforesaid resolutions to the extent of their holdings in equity and preference capital and also to the extent they may subscribe to the proposed issue.

Item No 15

The Board proposes to issue 5000 12% Cumulative Redeemable Preference Shares of Rs100/-each series-III aggregating Rs 5 lacs for cash at par, on private placement basis within the meaning of Section 42 of the Companies Act, 2013 to persons (members or not) not exceeding 10 (ten), and the proceeds thereof to be utilized in redemption of 5000 10% Cumulative redeemable Preference Shares of Rs. 100 each (Series II) maturing on 15th October 2014. These shares shall be non convertible and non participating but shall have a preferential right to dividend and repayment over equity shares. These shares shall be redeemable at par on the expiry of 10 years with option to the Company to redeem earlier but not before expiry of 3 years. These shares shall not be listed with any stock exchange.

In last meeting held on 28th September 2013 the members had approved and authorized Board to issue 10000 12% Cumulative Redeemable Preference Shares of Rs100/- each including 5000 shares for the purpose of redemption of 5000-10% Cumulative Redeemable Preference Shares of Rs.100/-each maturing on 15th October 2014. In view of new guidelines for issue of securities by way of private placement fresh approval of the members is being obtained vide resolution set at item no 15 as Special Resolution.

All the Directors (except Mrs. Rekha Kejriwal) of the company, and their family members are concerned and interested in the aforesaid resolutions to the extent of their holdings in equity and preference capital and also to the extent they may subscribe to the proposed issue.

By order of the Board of Directors

Regd. Office:
51/47, Nayaganj, Kanpur – 208 001
Dated : 29th July, 2014.

(DINESH KHANDELWAL)
Director (Financial & C.F.O.)

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, 2014.

FINANCIAL RESULTS

| | 2013-14 |
|---|---------|
| | ₹/Lacs |
| Sales and other Income | 1644.54 |
| Profit before Interest and Depreciation | 70.89 |
| Less : Interest | 23.82 |
| Depreciation | 3.08 |
| Profit before Tax | 43.99 |
| Tax Expenses | 13.89 |
| (Including Deferred Tax) | |
| Profit after Tax | 30.10 |
| Balance as per last account | 93.26 |
| Amount available for Appropriations | 123.36 |

APPROPRIATIONS

| | |
|----------------------------------|--------|
| Dividend on Preference Shares | 5.41 |
| (including tax) | |
| Balance carried to Balance Sheet | 117.95 |

OPERATIONS:

During the year Company achieved turnover of Rs.1644.54 lacs and recorded profit before tax at Rs.43.99 lacs. As reported last year, the margins during last season were under great pressure due to high prices of raw materials without commensurate increase in selling prices which affected the profitability of year under review. The forecast of el nino shall cast it's shadow on agro based industry in the new season. Much shall depend upon it's impact in areas near to your plant as the availability of raw materials for your plant is linked to paddy crop.

DIVIDEND:

Your directors, during the year, paid a dividend of Rs. 53517(including tax Rs. 7775) on 5000 10% Preference Shares of Rs. 100/- each (series I) which matured on 1.03.2014 and were redeemed along with dividend due. Your Directors recommend a dividend of 'Rs.487565/- (including 'Rs.70825/- Tax on Dividend) on 5000 Preference Shares of Rs.100/- each of II (second) series @ 10% and 30000 Preference Shares of 'Rs.100/- each of Series - I @ 12% for the financial year 2013-2014 and on 5000 Preference Shares of Rs. 100/- each of series II (second) for the period from 19.02.2014 to 31.03.2014 @ 12%.

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

FINANCE:

- a) During the year, the Company has redeemed 5000 10% cumulative Redeemable Preference Shares of Rs. 100/- each of series I on maturity date ie 1.03.2014 out of proceeds of issue of 5000 12% Cumulative Redeemable Preference Shares of Rs 100 /- each.(series II)
- b) (i) Your Directors propose to issue 50000 10.5%% Cumulative Redeemable Preference Shares of Rs.100 each to raise funds to augment it's resources for working capital and repayment of fixed deposits to comply with the provisions of section 74 of The Companies Act 2013. This will need alteration of Memorandum of Association of the company for increasing Authorised Capital of the company. Your approval is sought to the resolutions included in the notice in this regard.
- (ii) 5000-12% Cumulative Redeemable Pref. shares of Rs. 100/- each series-III and the proceeds thereof to be utilized in redemption of 500-10% Cumulative Redeemable Pref. shares of Rs. 100/- each series-II falling due for maturity on 15th Oct. 2014. Your approval is sought to the resolutions included in the notice in this regard.

PUBLIC DEPOSITS:

The Company is not accepting deposits from public but has accepted deposits from friends, relatives and business associates during the year and has filed statement in lieu of advertisement. There was no unclaimed deposit as on 31.03.2014. Your company have decided to discontinue acceptance of deposits after commencement of Companies Act 2013.

LISTING OF SHARES:

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

KHANDELWAL EXTRACTIONS LIMITED

The listing fees are duly paid.

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:

- a. Mr. V N Khandelwal (DIN 00161893) will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. In order to comply the requirement of Section 149 of the Companies Act 2013, the Board has reappointed Mr. Dinesh Khandelwal (DIN 00161831) as Director Finance and Chief Financial Officer of the Company w.e.f 1.04.2014 for a period of 3 years subject to approval of the members.
- b. Mr. Ashok Gupta (DIN 00135288), Mr. Atul Bagla (DIN 00159563) and Mr. Anil Kamthan (DIN 00159819) have completed their term of five years and as per the provisions of Companies Act 2013 they are to be appointed as Independent directors. The Board after considering their qualifications and experience in the field of commerce, finance and company law matters have approved for their appointment as Independent Directors for a term of five years i.e. up to conclusion of Annual General Meeting 2019. Further, Mrs. Rekha Kejriwal (DIN 06889864) was appointed by the Board as additional Director to comply with the provisions of Section 149(1) of Companies Act 2013 who holds the office till conclusion of the ensuing Annual General meeting. She is a qualified Company secretary and has rich experience in various commercial fields. The Board has recommended her appointment as Independent Director for a term of five years up to the date of AGM 2019. Resolutions in respect of above are being recommended for your approval.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) 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) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors had prepared the annual accounts on a going concern basis.

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 Companies Act 1956, 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 Kotak Mahindra Bank Ltd. and to all employees for their sincere and hard work.

FOR AND ON BEHALF OF BOARD

Place: Kanpur

Date: 29th July, 2014

K N KHANDELWAL

CHAIRMAN