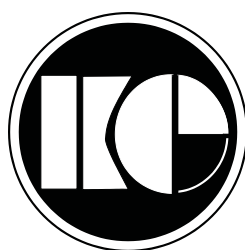


# **KHANDELWAL EXTRACTIONS LIMITED**



**33rd ANNUAL REPORT**  
2014-2015

## 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

### SECRETARY

LIZA ARORA

### REGISTERED OFFICE :

51/47, NAYAGANJ, KANPUR – 208 001

CIN : L24241UP1981PLC005282

Website : [www.khandelwalextractions.com](http://www.khandelwalextractions.com)

Email : [kelknp@yahoo.com](mailto: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 33<sup>rd</sup> Annual General Meeting of Khandelwal Extractions Ltd. will be held at 50 MIG Bungalow, W Block, Keshav Nagar Kanpur- 208014 on Saturday, the 26<sup>th</sup> September, 2015 at 4:00 P.M. to transact the following business:

### AS ORDINARY BUSINESS :

- To receive, consider and adopt the audited Financial Statements of the company for the financial year ended 31<sup>st</sup> March, 2015 and Reports of the Board of Directors and Auditors' thereon.
- To approve and ratify the payment of dividend on 5000 Preference shares of Series II @ 10% redeemed for the period from 1.04.2014 to 14.10.2014 out of past accumulated profits.
- To appoint a Director in place of Shri Dinesh Khandelwal (DIN: 00161831), who retires by rotation and being eligible offers himself for re-appointment.
- Appointment of Auditors

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

"RESOLVED THAT M/s P. L. Tandon & Co, Chartered Accountants, Kanpur (ICAI Registration No. 000186C), be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next Annual General Meeting at such remuneration as fixed by the Board of Directors of the Company."

The retiring Auditors, M/s P. L. Tandon & Co, Chartered Accountants, Kanpur (ICAI Registration No. 000186C), are eligible for reappointment.

By order of the Board of Directors

Regd. Office:  
51/47, Nayaganj, Kanpur – 208 001  
SECRETARY

Dated: 28<sup>th</sup> July, 2015

(LIZA ARORA)  
COMPANY

### Notes:

- 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. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxy in order to be effective must be received by the Company not less than 48 hours before the meeting. A Proxy form is annexed herewith. Proxies submitted on behalf of the Companies must be supported by an appropriate resolution/authority as applicable.
- The Register of the members and Share Transfer books of the Company will remain closed from 20<sup>th</sup> September, 2015 to 26<sup>th</sup> September, 2015 (both days inclusive).
- All documents referred to in the accompanying notice 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.
- The particulars of Mr. Dinesh Khandelwal, Director proposed to be reappointed by rotation, are given as under:

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. He is devoting full time attention in the Company affairs and closely associated with various Company activities. His association is immense for the Company's affairs. He holds 42000 equity shares of the Company.

In the last AGM the members had approved his appointment as Director (Finance) & CFO. Directors recommend the resolution for his appointment.

No Director and Key Managerial 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.

- Member's cooperation is 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
- 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 cast their vote by using electronic voting system from a place other than the venue of the meeting (remote e-voting). Members who wish to cast the vote at AGM shall be provided a Ballot to cast their vote. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast/change their vote again in the meeting.
- 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 and polling process in fair and transparent manner who have consented to be available for same.
- The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut off date i.e 20<sup>th</sup> September, 2015. 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.
- The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.khandelwalextractions.com](http://www.khandelwalextractions.com) and on the website of CDSL. The results simultaneously be communicated to the Stock Exchange(s).
- Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e September 26, 2015.

### Instructions for the voting through electronic means

- The voting period begins on 23<sup>rd</sup> September, 2015 (10:00 am) and ends on 25<sup>th</sup> September, 2015 (5:00 p.m). During this period shareholders' of the Company, holding shares as on the cut-off date of 20<sup>th</sup> September, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders.
- Now Enter your User ID: Members should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are a first time user follow the steps given below:

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 enter 10 digits sequence number printed on address label pasted on cover page of Annual Report
DOB OR Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in DD/MM/YYYY) as recorded with the Company in order to login.
OR	If both the details are not recorded with the Company please enter the Folio number in Dividend Bank details field.
?	After entering these details appropriately, click

## KHANDELWAL EXTRACTIONS LIMITED

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| <p>vii. on "SUBMIT" tab.</p> <p>viii. After entering these details appositely, click on "Submit" tab.</p> <p>ix. Members will then directly reach the Company selection screen.</p> <p>x. The details can be used only for e-voting on the resolutions contained in this Notice.</p> <p>xi. Click on the EVSN for M/s. Khandelwal Extractions Limited on which you choose to vote.</p> <p>xii. 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.</p> <p>xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.</p> <p>xiv. 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.</p> <p>xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.</p> <p>xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.</p> <p>xvii. Note for Non – Individual Shareholders and Custodians</p> <p>xviii. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and register themselves as Corporates.</p> <p>xviii. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>.</p> <p>xvix. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.</p> <p>xx. The list of accounts should be mailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> and on approval of the accounts they would be able to cast their vote.</p> <p>xxi. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.</p> <p>xxii. Any person, who acquires shares of the Company and become the members after dispatch of the Notice and holding shares as on the cut off date i.e 20<sup>th</sup> September, 2015 may follow the same instructions as mentioned above for E-voting.</p> <p>xxiii. In case if you have any queries or issues regarding e-voting, you may refer the Frequently Asked questions ("FAQs) and e-voting manual available at <a href="http://w.evotingindia.com">w.evotingindia.com</a>, under help section or write an email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a></p> |  |
|---|--|

## DIRECTOR'S REPORT

### To Dear Members,

Your Directors have pleasure in presenting Company's 33<sup>rd</sup> Annual Report and Audited Financial Statements for the financial year ended March 31<sup>st</sup>, 2015.

### 1 FINANCIAL RESULTS

	(Rs. in Lacs)
Sales and other Income	1196.90
Loss before Interest and Depreciation	12.17
Add: Interest	33.37
Depreciation	3.44
Tax Expenses	(15.32)
(including Deferred Tax)	
Loss after Tax	33.66
Balance as per last account	117.95
Amount available for Appropriations	84.29
Dividend on preference Shares	0.32
(including Tax)	
Balance carried to Balance Sheet	83.97

### 2. HIGHLIGHTS OF PERFORMANCE

Financial Year 2014-15 has been the worst year in the history of the Company when it recorded a net loss of Rs. 48.99 lacs on a turnover of Rs. 1163.49 lacs. The operations were badly affected due to poor off take of end products especially the deoiled meals. Global conditions affected the demand and industry has been hard hit and was forced to carry huge inventory of deoiled meals to new season and sell at unremunerated prices. The company though a small Company but being a listed one, is also burdened with steep increase in expenditure on compliances of various laws and listing fee as demanded by BSE. It is a matter of satisfaction that the margins during season time remain stable and your Company could recover part of losses in the last quarter.

However, this trend started to decline in new fiscal. Further, prediction of weak monsoon especially in Northern India has added to the woe of the company for of supply of rice bran, its main raw material, dependent on reasonable produce of paddy requiring good rains. The management therefore keeps its fingers crossed and pray for good monsoon.

### 3. DIVIDEND

Due to losses during the year, dividend on Equity Shares is not recommended. As per advice of experts and also considering liquidity constraints, the Directors have decided not to recommend the dividend on Cumulative Redeemable Preference Shares for financial year 2014-15 out of past accumulated profits. The dividend on Cumulative Preference Shares is a fixed liability hence is kept in arrear. However the dividend amounting to

Rs. 32380/- (including Dividend Distribution Tax) was paid on redemption of 10%, 5000 Cumulative Redeemable preference Shares of Rs. 100/- each for the period 01.04.2014 to 14.10.2014 out of past accumulated profits in accordance with section 124 read with prescribed rules thereon and is to be approved by the shareholders at the ensuing Annual General Meeting.

### 4. SHARE CAPITAL

As per resolution passed in last Annual General Meeting, the Company's Authorized Capital was increased from Rs. 150 lacs to Rs.200 lacs by adding Rs. 5 lacs comprising of 50,000 10.5% Cumulative Redeemable Preference Shares of Rs 100 each. Further during FY 2014-15 the Company has redeemed 5000, 10% Cumulative Preference Shares of Rs 100 each on the maturity date ie 15-10-2014 out of proceeds of fresh issue of 12% 5000 Cumulative Redeemable Preference Shares of Rs 100 each allotted on 10.10.2014. Thus paid up Preference Share Capital as on the date of the Balance sheet stands unchanged at Rs. 40 lacs.

### 5. FIXED DEPOSITS

The Company discontinued the acceptance of Deposits from 01.04.2014 and repaid fully all the outstanding amount of Deposits and nothing remains unclaimed as well as unpaid as on 31.03.2015.

### 6. SUBSIDIARIES

Your Company does not have any subsidiary within the meaning of the Companies Act, 2013

### 7. DIRECTORS, KEY MANAGERIAL PERSONNEL

- a) With the coming in force of the Companies Act, 2013 the existing Independent Directors namely Mr. Ashok Gupta (DIN 00135288), Mr. Atul Bagla (DIN: 00159563), Mr. Anil Kamthan (DIN: 00159819) were appointed as Independent Directors for 5 years up to date of AGM 2019. Mrs. Rekha Kejriwal (DIN: 06889864), a qualified Company Secretary, has been appointed as Women Director on the Board. Her appointment as Independent Director was also regularized at the last AGM for five years till AGM 2019. Mr. Dinesh Khandelwal has been designated as Director Finance and CFO w.e.f 1<sup>st</sup> April, 2014 for 3 years which was also approved by the members at the last Annual General meeting. Mrs. Liza Arora, a qualified Company Secretary, has been appointed to act as Company Secretary and Compliance Officer during the year. Mr. Dinesh Khandelwal (DIN: 00161831) is liable to retire on rotation and being eligible offers for reappointment. His particulars are given the Notice of AGM. Your Directors recommend the resolution of his appointment for your approval.
- b) All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013.
- c) At the time of appointment of a Director, a formal letter of appointment is given to him which inter alia explains the role, function, duties

## KHANDELWAL EXTRACTIONS LIMITED

expected from him as a Director of the Company. The Director is also explained in details of compliances required from him under the Companies Act, 2013, Listing Agreements and other relevant regulations and he is briefed about the Company's business, manufacturing process, industry scenario etc.

### 8. BOARD EVALUATION

In terms of Schedule IV to the Companies Act, 2013 Board has carried out an annual performance evaluation of all its Independent Directors and the Independent Directors evaluated the performance of Chairman and Non Independent Directors. The Board also evaluated the functioning/performance of various Committee of Directors and expressed their satisfaction with their functioning / performance.

### 9. REMUNERATION POLICY

The Board of Directors on the recommendation of the Nomination and Remuneration Committee has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management/Mid Junior Level Personnel of the Company. The Policy covers the criteria for selection and appointment of Board Members and Senior management and their remuneration. The Company's Remuneration Policy is based on the principles of (i) Pay for Responsibility and Duties, (ii) Pay for Potential and (iii) Pay for growth of the Company,

The Nomination and Remuneration Committee is vested with powers to determine yearly increments/salary increase of Executive Directors/ KMPs and one level below based on their performance and contribution towards profitability and sustainability of company. Non Executive Directors are paid only sitting fee which is decided by Nomination & Remuneration Committee.

### 10. RISK MANAGEMENT POLICY

The Company has formulated the Risk Management Policy in accordance with the Companies Act, 2013 which is reviewed by the Board from time to time. The Company has identified the External/Internal Risks which may impact the operations of the business/Company. The Company's unit being agro based and its products are subject to wild price fluctuations. The availability of raw material is dependent upon monsoon. Global conditions and Government policy also play important role in regulating the prices of Company's end products and consequently affect the Company's profitability. Executive Management keeps a close watch on these external risk factors while taking decisions relating to operations. The management has taken all possible measures to cover up and minimize the internal risks such as business, event, financial, human, environment and statutory compliance.

### 11. INTERNAL CONTROL SYSTEM

The Company has an adequate system of internal control relating to purchase of stores, raw materials including components plant & machinery, equipment and other similar assets and for the sale of goods commensurate with the size of the Company and nature of its business. The Company has also Internal Control System for speedy compilation of Accounts and Management Information Reports and to comply with applicable laws and regulations. The Company has a well defined organizational structure, authority levels and internal rules and regulations for conducting business transactions.

The Company has already formed an Audit Committee which met three times in the year. Audit Committee ensures proper compliance with the provisions of the Listing Agreement with Stock Exchange, Companies Act, reviews the adequacy and effectiveness of the internal control environment and monitors implementation of internal audit recommendations. Besides the above, Audit Committee is actively engaged in overseeing financial disclosures and in reviewing your Company's risk management policies.

### 12. WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has a Whistle Blower Policy to report genuine concerns or grievances detrimental to the interest of the Company. The Whistle Blower Policy has been posted on the website of the Company.

### 13. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business and the provisions of Section 188 of Companies Act, 2013 are not attracted. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 was not required. Details of Transactions made are disclosed in financial statements.

### 14. AUDITOR'S REPORT

There are no qualifications, reservations or adverse remarks or disclaimer made in the Auditors' Report which requires any clarification or explanation.

### 15. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made there under, M/s. Banthia & Co, Practicing Company Secretary (C P No. 1405), Kanpur, has been appointed to conduct a Secretarial Audit of the Company. The Practicing Company Secretary has submitted his Report on the secretarial audit which is annexed to this Board's Report. The Board noted that two forms MGT 10 for change in promoters holdings have not been filed. The same is required to be filed within 15 days of the event. The transfer of shares took place in June 2014, where as the said Form MGT-10 was made available for filing by MCA in November 2014, hence was not possible to file in accordance with the relevant provisions of the Act.

### 16. STATUTORY AUDITORS

M/S. P.L. Tandon & CO., Kanpur Chartered Accountants, (ICAI Registration No 000186C), will retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for re-appointment as Auditors of the Company.

### 17. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act 2013, your Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed with no material departures;
- b) they have 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 loss of the Company for the same period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls in the Company that are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that these are adequate and are operating effectively

### 18. MATERIAL CHANGES AND COMMITMENTS

There are no material changes or commitments made by the company affecting the financial position of the company between end of financial year and date of the Report.

### 19. STATUTORY DISCLOSURES:

#### i. EXTRACT OF ANNUAL RETURN

An extract of Annual Return in Form MGT-9 as required under Section 134 (3) (a) of the Companies Act, 2013 is annexed hereto as Annexure.

#### ii. MEETINGS OF THE BOARD AND COMMITTEE HELD DURING THE YEAR

- a. The Board of Directors met 4 times during the year on 27.05.2014, 29.07.2014, 01.11.2014, and 05.02.2015. All the Directors were present in all the meetings.
- b. In compliance with Section of 178 of Companies Act 2013, the Company constituted Audit Committee consisting of Mr. Ashok Gupta as its Chairman, Mr. Atul Bagla and Mr. K N Khandelwal. Both Mr. Ashok Gupta and Mr. Atul Bagla are independent Directors and all three members are qualified Chartered Accountants and have vast experience in the field of Accounts and Finance. A total of three Audit Committee Meetings were held during the year on 29.07.2014, 01.11.2014 and 05.02.2015. All the Directors were present in all 3 meetings.
- c. During the year, Remuneration Committee was renamed and reconstituted. Mr. Ashok Gupta an Independent Director was elected as Chairman. Other members include Mr. Atul Bagla and Mr. Anil Kamthan (both Independent Directors) while K N Khandelwal, non Executive Director, continued as member. Total two Meetings were held during the year on 27.05.2014,

## KHANDELWAL EXTRACTIONS LIMITED

01.11.2014. All the members were present in both the meetings.

- d. The Shareholders Grievance Committee has been renamed as Stake Holders Relationship Committee with Mr. K N Khandelwal, Mr. Anil Kamthan and Mr. Dinesh Khandelwal as its members. The Committee met once on 05.02.2015 and found that no complaints were received from any investor/depositor during the year.
- e. Independent Directors held a meeting on 05.02.2015 to assess /evaluate the performance of Chairman and Non Independent Directors and concluded their satisfaction on their performances.

### iii. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is not applicable to the company.

### iv. DISCLOSURE UNDER SECTION 186: LOANS AND INVESTMENTS

Loans and investments were made for deployment of surplus funds which are within the limits as prescribed u/s 186 of the Companies Act, 2013. Details are given in financial statement.

### v. 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.

### vi. TECHNOLOGY ABSORPTION

The Company's plant has been designed on the continuous process technology of M/s. Extractions Technik, GmbH, Germany. No expenditure has been incurred in in-house research and development.

### vii. IMPORTS / EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no import/export and no foreign exchange earnings and outgo incurred during the year under review.

### viii. REMUNERATION PAID TO EXECUTIVE DIRECTORS AND KEY MANAGERIAL PERSONNAL

Details of remuneration paid to Directors, KMPs are given in Form No. MGT-9. Further, details as required under Rule 5(1) & (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 read with section 197 of the Act, is given in Annexure. Executive directors have been paid minimum remuneration as approved by the Shareholders.

### ix. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION) PROHIBITION AND REDRESSAL ACT, 2013

No complaint has been received under the aforesaid Act during the year under reference.

### 20. ENVIRONMENT AND SAFETY

The Company being conscious of the importance of making the environment clean and safe has taken all necessary steps for making the environment clean and all approvals under pollution Control Act/Factories Act/Explosive Licenses/Fire and Safety Rules/other licenses, when and where necessary, are in place.

### 21. LISTING OF EQUITY SHARES

Consequent upon dispensation of activities by U.P Stock Exchange Association Limited, the Company's Equity Shares are automatically delisted with UPSE. However, the shares continue to be listed with BSE. The Listing fee for the year 2014-15 is duly paid.

### 22. ACKNOWLEDGMENTS

Your Directors thank Customers, Vendors, employees and all the Stakeholders for their continued support to your Company's performance and growth.

Place: Kanpur

Date: 28/ July, 2015

FOR AND ON BEHALF OF THE BOARD

K N KHANDELWAL

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Khandelwal Extractions Ltd.  
51/47, Naya Ganj  
Kanpur 208001.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Khandelwal Extractions Ltd. (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Khandelwal Extractions Ltd. for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made there under;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
- (5) The following Regulations and Guidelines prescribed under the

Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (**Not applicable to the Company during the Audit Period**);
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (**Not applicable to the Company during the Audit Period**);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not applicable to the Company during the Audit Period**);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (**Not applicable to the Company during the Audit Period**);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**Not applicable to the Company during the Audit Period**);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (**Not applicable to the Company during the Audit Period**);
- (6) Other Applicable Laws

I further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check basis, the company has complied with other laws as per representation given by the company, some of which are as follows:



## KHANDELWAL EXTRACTIONS LIMITED

- (a) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made there under,
- (b) Employees' State Insurance Act, 1948,
- (c) The Payment Of Gratuity Act, 1972,
- (d) Payment Of Bonus Act 1965,
- (f) The U.P. Shops & Commercial Establishments Act 1962,
- (g) Service Tax under Finance Act, 1994
- (h) Uttar Pradesh- Value Added Tax.
- (i) Licence To Store Petroleum In An Installation by PESO (The Explosive Act 1884).

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

**These will be effective from 01.07.2015 & hence not applicable to the Company during the audit period.**

- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited (BSE) and the U P Stock Exchange Limited ; During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable except that

Two forms MGT 10 for change in promoters shareholdings due to transfer of shares in June 2014 have not been filed.

We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed, the Company has responded to notices of statutory/regulatory authorities.

I further report that during the audit period, there were no other events having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc. during the period under review.

Signature

Place : Kanpur

**Banthia And Company**

Company Secretaries

Date : 26.05.2015

**G.K.Banthia** (Prop.)

ACSNo.:4933;CPNo.:1405

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

To,

**The Members,**

**Khandelwal Extractions Ltd.**

51/47, Naya Ganj

Kanpur 208001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company.

Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Signature:

Date: 26.05.2015

Place: KANPUR

Banthia And Company  
Company Secretaries  
G.K.Banthia(Prop.)  
ACS No.:4933; C P No.:1405

# KHANDELWAL EXTRACTIONS LIMITED

FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	L24241UP1981PLC005282
2	Registration Date	24.04.1981
3	Name of the Company	M/S. KHANDELWAL EXTRACTIONS LIMITED
4	Category/Sub-category of the Company	
5	Address of the Registered office & contact details	51/47, NAYAGANJ, KANPUR-208001
6	Whether listed company	LISTED (BSE)
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NO

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)-SOLVENT EXTRACTIONS PLANT

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	RICE BRAN OIL		39.38
2	DEOILED RICE BRAN		60.62
3			
			100.00

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -NIL

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares	Applicable Section
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## IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]			% Change during the year
	Demat	Physical	Total	% of Total Shares	Physical	Total	% of Total Shares	
A. Promoters								
(1) Indian								
a) Individual/ HUF		323,250	323,250	38.02%	326,000	326,000	38.35%	0.33%
b) Central Govt		-	-	-	-	-	-	-
c) State Govt(s)		-	-	-	-	-	-	-
d) Bodies Corp.		-	-	-	-	-	-	-
e) Banks / FI		-	-	-	-	-	-	-
f) Any other		-	-	-	-	-	-	-
Sub Total (A) (1)	-	323,250	323,250	38.02%	326,000	326,000	38.35%	0.33%
(2) Foreign								
a) NRI Individuals		-	-	-	-	-	-	-
b) Other Individuals		-	-	-	-	-	-	-
c) Bodies Corp.		-	-	-	-	-	-	-
d) Any other		-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-
TOTAL (A)	-	323,250	323,250	38.02%	326,000	326,000	38.35%	0.33%