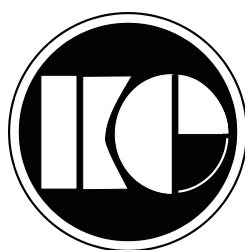


KHANDELWAL EXTRACTIONS LIMITED



34th ANNUAL REPORT
2015-2016

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

COMPANY SECRETARY

SURABHI PASARI

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

CONTENTS

NOTICE	1-2
DIRECTORS' REPORT	2-4
SECRETARIAL AUDIT REPORT	5
EXTRACT OF ANNUAL RETURN	6-10
ANNEXURE-A TO DIRECTOR'S REPORT	11
AUDITORS' REPORT	12-14
BALANCE SHEET	15
PROFIT & LOSS ACCOUNT	16
CASH FLOW STATEMENT	17
NOTES TO FINANCIAL STATEMENT	18-24
ATTENDANCE SLIP & PROXY FORM	25

KHANDELWAL EXTRACTIONS LIMITED

NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of Khandelwal Extractions Ltd. will be held at 50 MIG Bungalow, W Block, Keshav Nagar Kanpur- 208014 on Saturday, the 24th September, 2016 at 4:00 P.M. to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2016 and Report of the Board of Directors and Auditors' thereon.
- 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.

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 re-appointment in terms of Section 141 of The Companies Act, 2013.

SPECIAL BUSINESS

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

As Special Resolution:

- "RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 of The Companies Act, 2013 and any other applicable provisions, if any and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force read with Schedule V to the Companies Act, 2013, the consent of the members of the Company be and is hereby accorded for the re-appointment of Mr. Dinesh Khandelwal (DIN: 00161831) designated as Director (Finance) & CFO, not liable to retire by rotation except for compliance of section 152 (6) of the Companies Act, 2013, for three (3) years with effect from 01.04.2017, on the terms and conditions as recommended by Nomination and Remuneration Committee and as contained in the Explanatory Statement attached to the notice.

By order of the Board of Directors

Regd. Office:

51/47, Nayaganj, Kanpur – 208 001

Dated : 8th August, 2016

(**SURABHI PASARI**)
COMPANY SECRETARY

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 SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in aggregate not more than 10% of total share capital of the company carrying voting rights. 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. The instrument of 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 18th September, 2016 to 24th September, 2016 (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. V.N. Khandelwal, Director proposed to be reappointed by rotation, are given as under:
Mr. V.N. Khandelwal, aged 68 years, (DIN 00161893) presently Director Works in the capacity of Whole time Director (appointed by members in the 31st Annual General Meeting for 5 years i.e. till 31st March, 2019) is one of the promoter directors and is associated with the Company since inception and having an experience of 35 years in

managing the solvent extraction plant. He has been devoting full time and 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 reappointment is in the interest of the Company. He holds 29650 equity shares in the Company.

No Director and Key Managerial Personnel, except Mr. K N Khandelwal, Mr. Dinesh Khandelwal, being relative of Mr. V.N. Khandelwal, 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 108 of the Companies Act 2013 read with relevant applicable rules and pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the 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 18th September, 2016. 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 and on the website of CDSL. The results will 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 24, 2016.

- A copy of this notice has been placed on the website of the Company and on the website of CDSL.

Instructions for the voting through electronic means.

- The voting period begins on 21st September, 2016 (10:00 am) and ends on 23rd September, 2016 (5:00 p.m). During this period shareholders' of the Company, holding shares as on the cut-off date of 18th September, 2016 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.
- 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.

KHANDELWAL EXTRACTIONS LIMITED

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members will then directly reach the Company selection screen.
- (ix) The details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for M/s. Khandelwal Extractions Limited on which you choose to vote.
- (xi) 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.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xvii) **Note for Non – Individual Shareholders and Custodians.**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - 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.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - 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.
- (xviii) Any person, who acquires shares of the Company and become the members after dispatch of the Notice and hold shares as on the cut off date i.e 18th September, 2016 may follow the same instructions as mentioned above for E-voting.
- (xix) 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 www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

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

Item No. 4

In the AGM held on 27th September 2014, the members have consented for appointment of Mr. Dinesh Khandelwal as Director –Finance and CFO for three (3) years with effect from 01.04.2014. The Board on the basis of recommendation of Nomination and Remuneration Committee has re-appointed him as Director (Finance) & CFO for another period of three (3)

years w.e.f 01.04.2017 on the remuneration package which is within 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.55000/- per month in the scale of Rs. 55000-2500-60000.
Performance Linked Incentive: As may be decided by the Board on the recommendation of Nomination & Remuneration Committee.

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.

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, aged 63 years, (DIN: 00161831) a commerce graduate, carries 35 years of experience in dealing with Company's finances, banking and commercial functions and he is associated with the Company since inception i.e. 24.04.1981. He holds 42000 equity shares in the Company. The remuneration paid to him in 2015-16 is given in Form No. MGT-9. 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. 4 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, are concerned and interested in the resolution

DIRECTOR'S REPORT

To Dear Members,

Your Directors have pleasure in presenting Company's 34th Annual Report and Audited Financial Statements for the financial year ended March 31st, 2016.

1 FINANCIAL RESULTS

	(Rs. in Lacs)
Sales and other Income	1049.34
Profit before Interest and Depreciation	19.68
Less: Interest	26.85
Depreciation	3.64
Tax Expenses(including Deferred Tax)	(3.19)
Loss after tax	7.62
Balance as per last account	83.96
Amount available for Appropriations	76.34
Dividend on Preference Shares(including Tax)	-
Balance carried to Balance Sheet	76.34

2. HIGHLIGHTS OF PERFORMANCE

During the year under review, the Company achieved turnover of

Rs. 1049.34 lacs and recorded Profit before interest and depreciation of Rs. 19.68 lacs as against loss of Rs. 12.17 lacs in the previous year. Loss after adjustment of tax at Rs. 7.62 lacs is lower compared to Rs. 33.66 lacs in the previous year.

Second consecutive draught played havoc and industry utilization slipped to a state of un-remunerative running of the plant due to non availability of raw material. Despite all these odds, the management could restrict the losses. Considering all these factors and industry scenario your Directors are of the view that the performance of your Company is satisfactory.

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 the financial year

KHANDELWAL EXTRACTIONS LIMITED

2015-16 out of past accumulated profits. The dividend on Cumulative Preference Shares is kept in arrears for 2014-15 and 2015-16.

4. SHARE CAPITAL

The Company's Authorized Capital remains unchanged at Rs. 200 Lacs. The Paid up Equity Share Capital and Preference Share Capital of the Company as on the date of Balance Sheet stands unchanged at Rs. 85,01,000 and Rs. 40,00,000 respectively.

5. FIXED DEPOSITS

Your Company has not invited any deposits during the financial year under review.

6. SUBSIDIARIES

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

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Mr. Ashok Gupta (DIN 00135288), Mr. Atul Bagla (DIN: 00159563), Mr. Anil Kamthan (DIN: 00159819) and Mrs. Rekha Kejriwal (DIN: 06889864), continue on the Board as Independent Directors. The tenure of Mr. Dinesh Khandelwal designated as Director (Finance) and CFO, who was appointed for three (3) years w.e.f 1st April, 2014 will expire on 31st March 2017. The Board on the recommendation of Nomination and Remuneration Committee has reappointed him as Director (Finance) & CFO for three (3) years period from 01.04.2017 on the remuneration detailed in the notice of AGM, subject to approval by members in the general meeting. His particulars are given in the Explanatory Statement attached to the notice. Mrs. Liza Arora, Company Secretary, has resigned from the office w.e.f 05th October, 2015 and Ms. Surabhi Pasari, a qualified Company Secretary has been appointed as Company Secretary and Compliance Officer to fill the vacancy w.e.f 10th February, 2016. Mr. V.N. Khandelwal (DIN: 00161893) is liable to retire by rotation and being eligible offers himself for re-appointment. His particulars are given in the notice of AGM. Your Directors recommend the resolutions of re-appointment of Mr. Dinesh Khandelwal and Mr. V.N. Khandelwal 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.

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. As per Section 178(2) of The Companies Act, 2013, the Nomination and Remuneration Committee carried out evaluation of every Director on the basis of self-appraisal and expressed their satisfactory performance to the Board. 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, 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 suitable to the size of the business.

The Company has already formed an Audit Committee which met four times in a year. Audit Committee also ensures proper compliance with the provisions of The Companies Act, 2013 and also 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. INTERNAL FINANCE CONTROLS

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has Internal Financial Controls Policy by means of policies and procedures commensurate with the size & nature of its operations and pertaining to financial reporting. In accordance with Rule 8(5) (viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements.

13. 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.

14. 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 The 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.

15. AUDITOR'S REPORT

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

16. 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

KHANDELWAL EXTRACTIONS LIMITED

appointed to conduct the 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.

17. 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.

18. 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.

19. MATERIAL CHANGES AND COMMITMENTS

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

20. STATUTORY DISCLOSURES:

i. CORPORATE GOVERNANCE

The Company is exempted from compliance of Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

ii. 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.

iii. MEETINGS OF THE BOARD AND COMMITTEE HELD DURING THE YEAR

- a. The Board of Directors met four times during the year on 26.05.2015, 28.07.2015, 30.10.2015 and 10.02.2016. All the Directors were present in all the meetings.
- b. The Audit Committee formed under Section of 177 of Companies Act 2013, consisting of Mr. Ashok Gupta, Chairman; Mr. Atul Bagla and Mr. K. N Khandelwal met four times during the year on 26.05.2015, 28.07.2015, 30.10.2015 and 10.02.2016 All the Directors were present in all the meetings.
- c. During the year, Nomination and Remuneration Committee consisting of Mr. Ashok Gupta, Chairman; Mr. Atul Bagla, Mr. Anil Kamthan and Mr. K. N Khandelwal met two times during the year on 26.05.2015 and 10.02.2016. All the members were present in both the meetings.
- d. The Stake Holders Relationship Committee consisting of Mr. Anil Kamthan, Chairman; Mr. K. N Khandelwal and Mr. Dinesh Khandelwal met once on 31.03.2016 and noted that only two complaints were received from the shareholders during the year on account of non-receipt of Annual Report

for the financial year 2014-15 which were duly addressed.

- e. Independent Directors held a meeting on 10.02.2016 to assess /evaluate the performance of Chairman and Non Independent Directors and concluded their satisfaction on their performances.

iv. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is not applicable to the company.

v. 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.

vi. 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.

vii. 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.

viii. 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.

ix. REMUNERATION PAID TO EXECUTIVE DIRECTORS AND KEY MANAGERIAL PERSONNEL

Details of remuneration paid to Directors, KMPs are given in Form No. MGT-9. Further, details as required under Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 read with section 197(12) of the Act, is given in **Annexure A**. Executive directors have been paid minimum remuneration as approved by the Shareholders. Non-executive Directors have been paid only sitting fees. During the year no increments were given to Executive Directors and person one rank below considering Company's poor performance during last year.

- x. There was no employee getting salary in excess of the limit as specified under Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 read with section 197(12) of the Act, throughout or part of the year under review.

xi. 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.

21. 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.

22. LISTING OF EQUITY SHARES

The equity shares continue to be listed with BSE. The Listing fee for the year 2015-16 is duly paid. As per Regulation 109(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a fresh listing agreement has been executed with BSE Ltd.

23. ACKNOWLEDGMENTS

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

FOR AND ON BEHALF OF THE BOARD

K N KHANDELWAL
(CHAIRMAN)

Place: Kanpur

Date : 08th August, 2016

KHANDELWAL EXTRACTIONS LIMITED

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST March, 2016

[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 31st March, 2016 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 31st March, 2016 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 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 during the Audit Period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable 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 clients; **(Not applicable during the Audit Period)**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable during the Audit Period)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable during the Audit Period)**
- (6) I further report that reliance has been placed on the management representation on compliance with other laws; there is no specific Law applicable to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement (LODR) entered into by the Company with the Bombay Stock Exchange Limited.
(UP Stock Exchange ceased to be a recognized Stock Exchange in June 2015, accordingly Listing Agreement with said Exchange also ceased)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I 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(s) 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.

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 except:

(a) The UPSE, the stock exchange where the shares were also Listed, ceased to be a recognized exchange in June 2015, accordingly the Listing Agreement with said exchange ceased. The shares of Company continue to be listed at BSE.

Place: Kanpur
Date: 08th August, 2016

Signature
Banthia And Company

G.K. Banthia (Prop.)
ACS No.:4933; C P No.: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.

Annexure-A

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. It is the responsibility of the management of the company to maintain secretarial record, devise proper systems to ensure compliance with the provisions of all the applicable laws and to ensure that the systems are adequate and operate effectively.

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

3 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.

4. We have not verified the correctness and appropriateness of finance records and Books of Accounts of the company.

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

Disclaimer:

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.

Place: Kanpur
Date: 08th August, 2016

Signature
Banthia And Company

G.K. Banthia (Prop.)
Practising Company Secretary
ACS No. 4933; C.P.No.1405

KHANDELWAL EXTRACTIONS LIMITED

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

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		40.79
2	DEOILED RICE BRAN		59.21
			100.00

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

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-2015]				No. of Shares held at the end of the year [As on 31-March-2016]			% Change during the year
	Demat	Physical	Total	% of Total Shares	Physical	Total	% of Total Shares	
A. Promoters								
(1) Indian								
a) Individual/ HUF		326,000	326,000	38.35%	326,000	326,000	38.35%	0.00%
b) Central Govt		-	-	-	-	-	-	-
c) State Govt(s)		-	-	-	-	-	-	-
d) Bodies Corp.		-	-	-	-	-	-	-
e) Banks / FI		-	-	-	-	-	-	-
f) Any other		-	-	-	-	-	-	-
Sub Total (A) (1)	-	326,000	326,000	38.35%	326,000	326,000	38.35%	0.00%
(2) Foreign								
a) NRI Individuals		-	-	-	-	-	-	-
b) Other Individuals		-	-	-	-	-	-	-
c) Bodies Corp.		-	-	-	-	-	-	-
d) Any other		-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-
TOTAL (A)	-	326,000	326,000	38.35%	326,000	326,000	38.35%	0.00%
B. Public Shareholding								