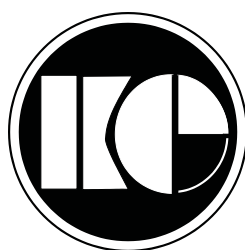


KHANDELWAL EXTRACTIONS LIMITED



35th ANNUAL REPORT
2016-2017

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
AUDITOR'S 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

NOTICE is hereby given that the 35th Annual General Meeting of Khandelwal Extractions Ltd. will be held at 50 MIG Bungalow, W Block, Keshav Nagar Kanpur- 208014 on Saturday, the 23rd September, 2017 at 4:00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 and Report of the Board of Directors and Auditors' thereon.
2. To declare Dividend on 30000 Preference Shares of Series I @ 12%; on 5000 Preference Shares of Series II @ 12% for the financial years 2014-15, 2015-16 and 2016-17; and on 5000 Preference Shares of Series III @ 12% for the period 10.10.14 to 31.03.15, 2015-16 and 2016-17.
3. To appoint a Director in place of Shri Dinesh Khandelwal (DIN: 00161831), who retires by rotation and being eligible offers himself for re-appointment.

4. 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 pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, and pursuant to recommendation of the Audit Committee and Board of Directors, M/s Gupta Vaish & Co., Chartered Accountants, Kanpur (ICAI Registration No. 005087C), be and are hereby appointed as Statutory Auditors of the Company to hold office for a term of 5 years from the conclusion of 35th Annual General Meeting (AGM) till the conclusion of 40th Annual General Meeting (subject to ratification of the appointment by the members at every intervening Annual General Meeting held after this Annual General Meeting) at such remuneration as fixed by the Board of Directors of the Company."

By order of the Board of Directors

(SURABHI PASARI)

Regd. Office:

51/47, Nayaganj, Kanpur – 208 001

COMPANY SECRETARY

Dated : 16th August, 2017

Notes:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (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.
- b) The Register of the members and Share Transfer books of the Company will remain closed from 17th September, 2017 to 23rd September, 2017 (both days inclusive).
- c) As decided by the Board of Directors, the dividend on Preference Shares, if declared, shall be payable to all the Preference shareholders whose name appears in the Register of members as on 23rd September, 2017.
- d) 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.
- e) The particulars of Mr. Dinesh Khandelwal, Director (Finance) & CFO proposed to be reappointed by rotation, are given as under: Mr. Dinesh Khandelwal, aged 64 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 is devoting full time attention in the Company's affairs and closely associated with various Company's activities. His association is of immense value for the Company's affairs. He holds 42000 equity shares in the Company. In the last AGM, the members had approved his appointment as

- f) Director (Finance) & CFO for three (3) years w.e.f. 01.04.2017. No Director and Key Managerial Personnel, except Mr. K.N. Khandelwal, Mr. V.N. Khandelwal, being relative of Mr. Dinesh Khandelwal are concerned and interested in the resolution.
- g) Member's cooperation is solicited to furnish their latest address, email address, contact 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 at kelknp@yahoo.com**
- h) The Company has entered into necessary arrangement with National Securities Depository Limited (NSDL) to enable the shareholders to dematerialize their shareholding in the Company for which they may contact the Depository Participant of the above Depository. The Company's ISIN No. is INE687W01010. The Company is taking steps to enter into necessary arrangement with Central Depository Services (India) Limited (CDSL) also.
- i) The Company has appointed M/s Alankit Assignments Limited, New Delhi as its Registrar and Share Transfer Agent (RTA) for providing services in respect of transfer and dematerialization of securities of the Company with NSDL/CDSL.
- j) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- k) In terms of Section 108 of the Companies Act 2013 read with relevant applicable rules and pursuant to Regulation 44 of 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.
- l) 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.
- m) 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 17th September, 2017. 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 as amended from time to time.
- n) 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 www.evotingindia.com. The results will simultaneously be communicated to the Stock Exchange(s).
- o) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e 23rd September, 2017.
- p) A copy of this notice has been placed on the website of the Company www.khandelwalextractions.com and on the website of CDSL www.evotingindia.com.
- q) **Instructions for the voting through electronic means**
- r) The voting period begins on 20th September, 2017 (10:00 am) and ends on 22nd September, 2017 (5:00 p.m). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 17th September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- s) The shareholders should log on to the e-voting website www.evotingindia.com.
- t) Click on Shareholders / Members
- u) Now enter your User ID:
 - a. For NSDL: 8 Character DP ID followed by 8 Digits Client Id
 - b. Members holding shares in physical form should enter Folio Number registered with the Company.

KHANDELWAL EXTRACTIONS LIMITED

- (v) Next enter the Image Verification as displayed and Click on Login.
 (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
 (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) 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 in your demat account or with the Company in order to login.
OR	If both the details are not recorded with the Depository or Company please enter the Folio number in Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
 (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that the Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 (x) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 (xi) Click on the EVSN of Khandelwal Extractions Limited on which you choose to vote.
 (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.
 (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 (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.

- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 (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.
 (xvii) If a demat account holder has forgotten the login password then Enter the User Id and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 (xviii) 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. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
 (xix) **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.
 (xx) 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 17th September, 2017 may follow the same instructions as mentioned above for E-voting.
 (xxi) 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

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting Company's 35th Annual Report and Audited Financial Statements for the financial year ended March 31st, 2017.

1. FINANCIAL RESULTS

	(Rs. in Lacs)
Sales and other Income	1541.63
Profit before Interest and Depreciation	84.88
Less: Interest	22.41
Depreciation	4.47
Tax Expenses (including Deferred Tax)	6.52
Profit after tax	51.48

2. HIGHLIGHTS OF PERFORMANCE

During the year under review, there has been an immense improvement in the performance of the Company as compared to previous year. The Company achieved turnover of Rs. 1541.63 lakhs and recorded Profit before interest and depreciation of Rs. 84.88 lakhs as against Rs. 19.68 lakhs in the previous year. After adjustment of Interest, depreciation and tax, the Company has

earned a profit of Rs. 51.48 lakhs as compared to loss of Rs. 7.62 lakhs in the previous year.

3. TRANSFER TO RESERVES

The Company has retained the amount of Rs. 51.48 lakhs in the Profit and Loss Account and no amount has been transferred to General Reserve.

4. DIVIDEND

The Board of Directors have not recommended dividend on Equity shares. Due to losses incurred during the previous financial years, the dividend on Preference Shares was not paid and was kept in abeyance. In view of sufficient profits during the F.Y. 2016-17, the Directors have decided to recommend the dividend on Cumulative Redeemable Preference Shares for the financial year(s) 2014-15, 2015-16 and 2016-17. Your Directors recommend a dividend of Rs. 1694972/- (including Rs. 286698/- as Dividend Distribution Tax) on 30000 Preference Shares of Series I @ 12%; on 5000 Preference Shares of Series II @ 12% for the financial years 2014-15, 2015-16 and 2016-17 and on 5000

KHANDELWAL EXTRACTIONS LIMITED

Preference Shares of Series III @ 12% for the period 10.10.14 to 31.03.15, 2015-16 and 2016-17.

5. SHARE CAPITAL

The Company's Authorized Capital remains unchanged at Rs. 200 Lakhs. 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/- (comprising of 8,50,000 Equity shares of Rs. 10/- each) and Rs. 40,00,000/- (comprising of 40,000 Preference Shares of Rs. 100/- each) respectively.

6. FIXED DEPOSITS

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

7. SUBSIDIARIES

Your Company does not have any subsidiary within the meaning of the Companies Act, 2013. During the financial year ended 31st March, 2017, no entity became or ceased to be the subsidiary, joint venture or associate of the Company.

8. 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. Mr. Dinesh Khandelwal has been designated as Director (Finance) and CFO for three (3) years w.e.f 1st April, 2017 which was approved by the members at the last Annual General Meeting. Ms. Surabhi Pasari continues to act as Company Secretary and Compliance Officer during the year. Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Dinesh Khandelwal (DIN: 00161831) 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 resolution of his re-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.

9. BOARD EVALUATION

Pursuant to the provisions of section 178(2) of the Companies Act, 2013, and SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P2017/004 dated January 5, 2017; the Nomination and Remuneration Committee formulated the criteria for evaluation of the performance of the Board of Directors. Based on that, 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. In terms of Schedule IV to the Companies Act, 2013, the Independent Directors also convened a separate meeting for this purpose and 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.

10. 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.

11. 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 wide 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of The Companies Act, 2013 and the Rules made there under M/s. P.L. Tandon & Co., Kanpur, Chartered Accountants, (ICAI Registration No 000186C), will retire at the ensuing Annual General Meeting and they are not eligible for re-appointment due to rotation policy. Therefore, the Board proposes on the recommendation of Audit Committee to appoint M/s Gupta Vaish & Co, Chartered Accountants, Kanpur (ICAI Registration No. 005087C) as Statutory Auditors of the Company. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for appointment as Auditors of the Company.

Necessary resolution for appointment of the said Auditors is included in the Notice of Annual General Meeting for seeking approval of members.

17. 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 (CP No. 1405), Kanpur, were appointed to conduct the Secretarial Audit of the Company for the year ended 31st March, 2017. The Practicing Company Secretary has submitted his Report on the secretarial audit which is annexed to this Board's Report. The Secretarial Audit Report does not contain any adverse observation or qualification requiring explanation or comments from the Board under Section 134 (3) (f) of the Companies Act, 2013.

KHANDELWAL EXTRACTIONS LIMITED

18. AUDITOR'S REPORT

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

19. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS

Pursuant to the provisions of Section 143 (12) of the Companies Act, 2013, no instance of fraud has been reported by the auditors against the Company.

20. 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 profit 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.

21. 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.

22. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

No significant and material orders have been passed by any Regulator or Court or Tribunal impacting the going concern status and Company's operations in future.

23. CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Company during the financial year ended 31st March, 2017.

24. STATUTORY DISCLOSURES:

i. CORPORATE GOVERNANCE

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

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

- a. The Board of Directors met four times during the year on 27.05.2016, 08.08.2016, 10.11.2016 and 11.02.2017. All the Directors were present in all the meetings.
- b. The Audit Committee formed under Section 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 27.05.2016, 08.08.2016, 10.11.2016 and 11.02.2017. All the Members 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 08.08.2016 and 11.02.2017. 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 31.03.2017 and noted that only one complaint was received from the shareholder during the year on account of non-receipt of Annual Report for the financial year 2015-16 which was duly addressed.
- e. Independent Directors held a meeting on 11.02.2017 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 statements annexed in the Annual Report for the F.Y. 2016-17.

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.

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.

x. 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.

25. 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.

26. LISTING OF EQUITY SHARES

The Equity shares continue to be listed with BSE Ltd. The Company has paid the Annual Listing fee for the year 2016-17 to the said stock exchange.

27. DEMATERIALISATION OF SHARES/APPOINTMENT OF RTA

The Company has entered into necessary arrangement with National Securities Depository Limited (NSDL) to enable the shareholders to dematerialize their shareholding in the Company for which they may contact the Depository Participant of the above Depository. The Company's ISIN No. is INE687W01010. The Company is taking steps to enter into necessary arrangement with Central Depository Services (India) Limited (CDSL) also.

The Company has appointed M/s. Alankit Assignments Limited, New Delhi as its Registrar and Share Transfer Agent (RTA) for providing services in respect of transfer and dematerialization of securities of the Company with NSDL/CDSL.

28. ACKNOWLEDGEMENT

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 : 16th August, 2017

KHANDELWAL EXTRACTIONS LIMITED

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST March, 2017

[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, 2017 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, 2017 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;
 - (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 BSE Limited. Shares of the Company are listed at BSE 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 Directors, Non-Executive Directors 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.

Place: Kanpur
Date: 16th August, 2017

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, Nayaganj
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.

Date: 16th August, 2017
Place: Kanpur

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

KHANDELWAL EXTRACTIONS LIMITED

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN As on financial year ended on 31.03.2017

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.	ALANKIT ASSIGNMENTS LIMITED, 1E/13, ALANKIT HEIGHTS, JHANEWALAN EXTENSION, NEW DELHI-110055 PH:011-42541234/23541234

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		39.35
2	DEOILED RICE BRAN		60.65
			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-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	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%