

KHANDELWAL EXTRACTIONS LIMITED



30th ANNUAL REPORT 2011-2012

KHANDELWAL EXTRACTIONS LIMITED

BOARD OF DIRECTORS

K. N. KHANDELWAL

V. N. KHANDELWAL

DINESH KHANDELWAL

ASHOK GUPTA

ATUL BAGLA

ANIL KAMTHAN

- Director (Works)

- Director (Finance)

REGISTERED OFFICE :

51/47, NAYAGANJ, KANPUR – 208 001

WORKS :

AKRAMPUR – MAGARWARA

DISTT. UNNAO (UTTAR PRADESH)

AUDITORS :

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

BANKERS :

THE FEDERAL BANK LTD.

ANNUAL GENERAL MEETING

ON SATURDAY,

THE 29th, SEPTEMBER, 2012

AT 4.00 P.M.

AT THE REGISTERED OFFICE

OF THE COMPANY

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KHANDELWAL EXTRACTIONS LIMITED

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of Khandelwal Extractions Ltd. will be held at the Registered Office of the Company on Saturday, the 29th September, 2012 at 4.00 P. M. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors' thereon.
2. To declare Dividend on 10% 5000 Preference Shares of Series-I and Series-II each and on 12% 30000 Preference Shares of Series-I for the financial year 2011-12.
3. To appoint a Director in place of Shri Dinesh Khandelwal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Ashok Gupta, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. P. L. Tandon & Company, Chartered Accountants, Kanpur to hold office of the Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

By order of the Board of Directors

(Dinesh Khandelwal)
Director (Finance)

Regd. Office

51/47, Nayaganj, Kanpur- 208 001

Date : 30th May, 2012

Notes :

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and a proxy need not be a member. Proxy in order to be effective must be received by the company not less than 48 hours before the meeting.

- (b) The Register of the members and Share Transfer books of the Company will remain closed from 21st September, 2012 to 29th September, 2012 (both days inclusive).

- (c) As decided by the Board of Directors, the dividend on Preference Shares, if approved, shall be payable to all those shareholders whose name shall appear in the Register of members on 21st September, 2012.

- (d) All documents referred to in the accompanying notice / explanatory statement are open for inspection at the Registered Office of Company between 2.00 P.M. to 4.00 P.M. on all working days up to the date of the Annual General Meeting.

- (e) With a view to have quick communication with our shareholders and to make them updated with important issues, the Company is in process of developing complete record of shareholders. The Company therefore seeks cooperation from each shareholder (including joint shareholders) by sending their following details :-

- (a) Name of the shareholder(s) :
- (b) Folio No./DPID/Client ID No.:
- (c) E-mail address(s):
- (d) Landline phone number(s):
- (e) Mobile number(s):
- (f) Postal Address(es):

For any assistance or communication, kindly contact Mr.Dinesh Khandelwal, Director (Finance) at his Mobile No.08081252221 / e-mail : kelknp@yahoo.com , kel_dinesh@yahoo.in

By order of the Board of Directors

Place : Kanpur

Date : 30th May, 2012

(Dinesh Khandelwal)
Director (Finance)

KHANDELWAL EXTRACTIONS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in submitting their Annual Report and audited Statements of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

	2011-12
	₹/Lacs
Sales and other Income	1658.77
Profit before Interest and Depreciation	46.72
Less : Interest	26.92
Depreciation	3.51
Profit before Tax	16.29
Tax Expense	4.24
(Including Deferred Tax and written back)	
Profit after tax	12.05
Balance as per last account	47.50
Amount available for appropriations	59.55

APPROPRIATIONS

Dividend on Preference Shares	5.35
(including tax)	
Balance carried to Balance Sheet	54.20

OPERATIONS:

During the year under review, despite higher volumes and higher turnover the profit was lower at ₹16.29 lacs due to lower margins and poor off take of Deoiled Meals during off season. Heavy inventory had to be carried forward to new season. Lower Interest earning also had an adverse impact on profitability.

The new season have started with high expectations and with improved margins. Management expects this trend to continue in off season as rupee parity to dollar should hold the prices firm.

DIVIDEND:

Your Directors recommend a dividend of ₹ 5,34,623/- (including ₹ 74,623/- Tax on Dividend) on 5000 Preference Shares of ₹ 100/- each of I and II series @ 10% and 30000 Preference Shares of ₹ 100/- each of Series-I @ 12% for the financial year 2011-12 .

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

PUBLIC DEPOSITS:

The company is not accepting deposits from public, but has accepted deposits from friends, relatives and business associates and has filed statement in lieu of advertisement. There was no unclaimed deposit as on 31.03.2012.

LISTING OF SHARES

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

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.

KHANDELWAL EXTRACTIONS LIMITED

TECHNOLOGY ABSORPTION:

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

There was no foreign exchange earnings and outgo during the year under review.

DIRECTORS:

Two of your directors namely Mr.Dinesh Khandelwal and Mr.Ashok Gupta will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of provisions of Section 217(2AA) of the Companies (Act) ,1956 , your Directors confirm as under :

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

PERSONNEL:

- i) Industrial relations remained cordial through out the year.
- ii) There was no employee getting monthly remuneration of maximum permissible limit prescribed under Section 217 (2A) of the Companies Act, 1956 during the year which needed disclosure.

AUDITORS:

The Auditors, M/s. P.L. Tandon & Co., Chartered Accountants, Kanpur will retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate to this effect.

SECRETARIAL COMPLIANCE CERTIFICATE:

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

ACKNOWLEDGEMENT:

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

By Order of the Board of Directors
For KHANDELWAL EXTRACTIONS LIMITED

Sd/-

DINESH KHANDELWAL
Director (Finance)

Sd/-

V. N. KHANDELWAL
Director (Works)

Place: Kanpur

Date: 30th May, 2012

KHANDELWAL EXTRACTIONS LIMITED

COMPLIANCE CERTIFICATE

To,
The Members,
Khandelwal Extractions Ltd.
51/47, Nayaganj, Kanpur-208 001
CIN-L24241UP1981PLC005282

I have examined the registers, records, books and papers of M/s. Khandelwal Extractions Ltd. (The Company) as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2012 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, under the Act and the rules made there under.
3. The Company being a Public Limited Company, comments are not required. It has the minimum prescribed paid up share capital.
4. The Board of Directors duly met 4 times respectively on 30.05.2011, 10.08.2011, 05.11.2011 and 04.02.2012 in respect of which meeting proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members. Necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for financial year ended on 31st March 2011 was held on 24.09.2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary Meeting(s) was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government. The members have already passed special resolution u/s 314 at the annual general meeting held on 18.09.2010.
12. The Company has not issued any duplicate shares Certificate during the financial year.
13. The Company has :
 - (i) delivered all the certificates on lodgment thereof for transfer/transmission in accordance with the provisions of the Act;
 - (ii) deposited the amount of dividend declared in a separate bank account on 29.09.2011 which is within five days from the date of declaration of dividend.
 - (iii) paid dividends to all the share holders within a period of 30 days;
 - (iv) there is no unpaid/unclaimed dividend hence said clause not applicable;
 - (v) The Company has duly complied with the requirement of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed any Managing Director/ Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and or such other authorities prescribed under provisions of the Act during the financial year as informed to me by the Company.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has accepted deposits and complied with the provisions of Section 58 A read with Companies (Acceptance of deposits) Rules, 1975 during the financial year. Unsecured loans from the promoters of the Company accepted in earlier years continue in this year also as informed to me by the Directors.
24. The amount borrowed by the company during the financial year are within the borrowing limits of the company and that necessary resolution as per section 293(1) (d) of the Act have been passed in duly convened annual general meeting of the company held on 29.09.2007.
25. The Company has made/given loans to other bodies corporate under Section 372 A during the financial year in accordance with the provisions of Section 372-A of the Act as per information provided to me by the Company. Necessary entries have been made in the Register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny and complied with the provisions of the Act.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.

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30. The Company has not altered its articles of association during the financial year.
31. A Letter dt. 27.04.2011 was received from ROC for non filing of Balance Sheet & P&L A/c and Annual Return for F.Y.2010 which was suitably replied by the Company on 02-05-2011.
32. The Company has not received any money as security from its employees during the financial year.
33. As per information provided to me the provisions of Section 418 of the Act is not applicable to company. However the company has deposited Provident Fund with prescribed authorities under The Employees Provident Fund Act.

Place: Kanpur
Date: 30.05.2012

For **Banthia & Company**
Company Secretaries
G.K. Banthia
(Proprietor)
C.P. No. 1405

Annexure-A

Registers as maintained by the Company

1. Register of Members U/s 150
2. Board Meeting Minutes Book U/s 193
3. General Meetings Minutes Book U/s 193.
4. Directors Attendance Register as per Table A.
5. Directors Particulars Register U/s 303.
6. Directors Share holding Register U/s 307.
7. Register of Particulars of Contracts U/s 301.
8. Register of Loans U/s 372A.
9. Share Transfer Book.
10. Register of Charges U/s 143.
11. Register of Dividend.
12. Register of Deposits under Rule 7 of the Companies (Acceptance of Deposits) Rules 1978.

Annexure-B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2012.

S.No.	Form No./ Return	Filed under section	For	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite /additional fee paid Yes/No
1.	8	125	Modification of Charge dt. 29.03.2010	11-04-2011	Yes	No
2.	62	58A read with companies acceptance of deposit Rules, 1975	Annual Return of deposit	02-06-2011	Yes	No
3.	62	58A read with companies acceptance of deposit Rules, 1975	Statement in lieu of advertisement	19-08-2011	Yes	No
4.	23 AC/ 23ACA XBRL	220	Balance Sheet and P&L Account	20-11-2011	Yes	No
5.	66	383-A	Sec. Compliance	03-10-2011	Yes	No
6.	23 B (filed by Auditors)	224	Intimation of reappointment as Auditors to ROC	22-10-2011	Yes	NA
7.	20B	159	Annual Return	21-11-2011	Yes	No

Place : Kanpur
Date : 30.05.2012

For **Banthia & Company**
G.K. Banthia
(Proprietor)
C.P. No. 1405

KHANDELWAL EXTRACTIONS LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF KHANDELWAL EXTRACTIONS LIMITED

1. We have audited the attached Balance Sheet of **KHANDELWAL EXTRACTIONS LIMITED** as at 31st March, 2012, the Statement of Profit and Loss and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of those books;

- c) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956. However liability for leave encashment has been provided on the basis of actual liability determined by the management as on 31.03.2012.
- e) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clauses (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - (b) In the case of the Statement of Profit & Loss of the Profit for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **P. L. TANDON & CO.**
Chartered Accountants
Registration No. 000186C
(**P. P. SINGH**)
PARTNER
Membership No. 72754

Place : Kanpur
Date: 30-05-2012

ANNEXURE TO THE AUDITORS' REPORT

Re : **KHANDELWAL EXTRACTIONS LIMITED**

(Referred to in Paragraph (3) of our report of even date)

- I. In respect of its Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the company has not made any substantial disposal during the year.
- II. In respect of its Inventories :
 - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and discrepancies noticed on verification between physical stocks and the book records were not material.
- III. In respect of Loans, Secured or Unsecured, granted or taken by the Company to or from Companies, Firms or other Parties covered in the Register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us :-
 - (a) The Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans secured or unsecured to parties listed in the register maintained under section 301 of the Companies Act, 1956, the paragraphs 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are therefore, not applicable to the Company.

KHANDELWAL EXTRACTIONS LIMITED

- (e) Company had/has taken unsecured loans from twelve parties covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum balance involved during the year was Rs.95.25 Lacs and the year end, balance was Rs.79.40 Lacs.
- (f) The rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
- (g) There is no stipulation for the repayment in two cases and in ten cases loans are not due for repayment during the year.
- IV. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- V. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
- (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- VI. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted.
- VII. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
- VIII. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the company.
- IX. According to the information and explanations given to us, in respect of statutory and other dues.
- (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at 31st March, 2012 for a period more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty which have not been deposited on account of any dispute.
- X. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- XI. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks.
- XII. As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- XIII. The nature of Company's business / activities during the year is such that provision of Clause 4 (xiii) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- XIV. In our opinion, the Company is not dealing in or trading in shares, securities and debentures and other investments.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from any banks or financial institutions.
- XVI. The Company has not obtained any term loan during the year.
- XVII. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- XIX. As the Company has no debenture outstanding at any time during the year, provision of Clause 4 (xix) of the Companies (Auditors Report) Order, 2003 are therefore, not applicable to the Company.
- XX. The Company has not raised any money by Public issue during the year.
- XXI. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For P. L. TANDON & CO.
Chartered Accountants
Registration No. 000186C
(P. P. SINGH)
PARTNER
Membership No. 72754

Place : Kanpur
Date: 30-05-2012

KHANDELWAL EXTRACTIONS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
EQUITY AND LIABILITIES			
Shareholder's Fund			
Share Capital	2	12,800,500	12,800,500
Reserves And Surplus	3	20,045,606	19,375,520
		<u>32,846,106</u>	<u>32,176,020</u>
Non-Current Liabilities			
Long Term Borrowings	4	5,100,000	6,145,000
Deferred Tax Liabilities (net)	5	1,666,636	1,674,870
		<u>6,766,636</u>	<u>7,819,870</u>
CURRENT LIABILITIES			
Short Term Borrowings	6	30,730,294	30,296,354
Trade Payables	7	8,871,622	11,907,542
Other Current Liabilities	8	13,695,194	13,839,370
Short Term Provisions	9	1,291,069	851,236
		<u>54,588,179</u>	<u>56,894,502</u>
TOTAL		<u>94,200,921</u>	<u>96,890,392</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	9,129,399	9,314,088
Long Term Loans and Advances	11	406,811	406,811
		<u>9,536,210</u>	<u>9,720,899</u>
Current Assets			
Inventories	12	56,391,178	69,345,376
Trade Receivables	13	8,770,997	8,704,447
Cash and Cash equivalents	14	1,358,620	895,184
Short Term Loans and Advances	15	17,942,241	7,987,641
Other Current Assets	16	201,675	236,845
		<u>84,664,711</u>	<u>87,169,493</u>
TOTAL		<u>94,200,921</u>	<u>96,890,392</u>
Accounting policies and notes on financial statements			
	1 to 28		

As per our Report of even date attached

For P. L. TANDON & CO.

Chartered Accountants

P. P. Singh

Partner

Place : Kanpur

Dated : 30th May, 2012

V. N. KHANDELWAL

Director (Works)

DINESH KHANDELWAL

Director (Finance)

K. N. KHANDELWAL

ASHOK GUPTA

ANIL KAMTHAN

Directors

KHANDELWAL EXTRACTIONS LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	NOTE NO.	2011-2012 Rs.	2010-2011 Rs.
INCOME			
Revenue from operations	17	163,666,394	104,498,483
Other Income	18	2,210,947	4,396,411
TOTAL REVENUE		165,877,341	108,894,894
EXPENSES:			
Cost of Materials Consumed (Ricebran)		114,020,508	84,745,405
Purchases of Stock in trade		6,001,683	4,967,520
Changes in inventories of finished stock	19	6,677,049	(10,462,700)
Employees Benefits Expense	20	6,279,404	6,176,376
Finance cost		2,692,491	2,450,441
Depreciation		350,898	346,341
Other Expenses	21	28,226,276	17,948,020
TOTAL EXPENSES		164,248,309	106,171,403
PROFIT BEFORE TAX		1,629,032	2,723,491
TAX EXPENSE			
Current Tax		525,000	850,000
Deferred Tax Credit		(8,234)	(5,680)
Earlier Year's Tax -Adjustments		(92,443)	-
PROFIT FOR THE YEAR		1,204,709	1,879,171
Earning per equity share of Rs 10 each Basic and Diluted		0.79	1.58

Accounting policies and notes on financial statements

1 to 28

As per our Report of even date attached

For P. L. TANDON & CO.

Chartered Accountants

P. P. Singh

Partner

Place : Kanpur

Dated : 30th May, 2012

V. N. KHANDELWAL

Director (Works)

DINESH KHANDELWAL

Director (Finance)

K. N. KHANDELWAL

ASHOK GUPTA

ANIL KAMTHAN

Directors

KHANDELWAL EXTRACTIONS LIMITED

CASH FLOW STATEMENT FOR YEAR ENDED 31st MARCH, 2012

	2011-2012 Rs.	2010-2011 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax as per Profit & Loss A/C	1,629,032	2,723,491
Add/(Deduct) for:		
Dividend Received	(250)	(422)
Interest received	(2,210,697)	(4,395,949)
Loss on sale of Assets	3,244	43,237
Interest	2,692,491	2,450,441
Depreciation	350,898	835,686
Operating Profit before Working Capital changes	2,464,718	1,167,139
Adjustments for:		
Trade Receivable	(10,575,067)	13,415,219
Inventories	12,954,198	(42,565,619)
Trade Payables	(2,632,414)	(253,283)
Cash Generated from Operations	2,211,435	9,960,129
Adjusted for:		
Direct Taxes paid/Refund	575,426	(400,000)
Net Cash from Operating Activities	2,786,861	(18,423,132)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(206,665)	(383,088)
Loss in Trading of Derivatives		
Dividend Income	250	422
Interest Income	2,210,697	4,028,325
Sale of Fixed Assets	37,212	130,000
Net Cash from Investing Activities	2,041,494	3,775,659
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from Unsecured Loans	(1,630,000)	3,785,000
Movement in Cash Credit	433,940	13,316,181
Interest paid	(2,634,236)	(1,993,521)
Dividend Paid	(534,623)	(536,400)
Cash used in Financing Activities	(4,364,919)	14,571,260
Net Increase/ Decrease in Cash & Cash equivalents	463,436	(76,213)
(A)+(B)+(C)		
Opening Balance of Cash & Cash Equivalents	895,184	971,397
Closing Balance of Cash & Cash Equivalents	1,358,620	895,184

As per our Report of even date attached

For P. L. TANDON & CO.
Chartered Accountants
P. P. Singh
Partner

V. N. KHANDELWAL
Director (Works)
DINESH KHANDELWAL
Director (Finance)

K. N. KHANDELWAL
ASHOK GUPTA
ANIL KAMTHAN
Directors

Place : Kanpur

Dated : 30th May, 2012

KHANDELWAL EXTRACTIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES:

- (I) **BASIS OF ACCOUNTING**: The accounts are prepared in accordance with applicable mandatory accounting standards under the historical cost convention and mercantile system of accounting is followed for recognition of Income and Expenses.
- (II) **INVESTMENT**: Current investments are valued at lower of cost and fair market value. Long term investments are stated at cost after deducting provisions made for other than temporary diminution in the value, if any.
- (III) **FIXED ASSETS**: Fixed assets are stated at cost. Cost comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use.
- (IV) **INVENTORIES**: Inventories are valued at the lower of cost and net realizable value. Cost comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
Cost of Raw Material is determined on seasonal weighted average cost. Cost of stores and spares and finished goods are determined on weighted average cost.
- (V) **BORROWING COST**: Borrowing Cost that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized and other borrowing cost are charged to Profit & Loss Account.
- (VI) **DEPRECIATION**: Depreciation on the Fixed Assets has been provided in the books as per straight line method at the rates prescribed in schedule XIV of the Companies Act, 1956.
- (VII) **SALES**: Sales includes freight and handling outwards but is net of goods returned, rebates and discounts.
- (VIII) **EMPLOYEE BENEFITS**: (i) Salaries, wages, house rent allowances and leave encashments are accounted for on accrual basis.
(ii) Liability for employees' gratuity is accounted for on the basis of contribution determined by L.I.C. under their Group Gratuity Cash Accumulation Scheme.
- (IX) Prepaid expenses are proportionately accounted for on time basis in respect of insurance premium.
- (X) Insurance claims are accounted for on the basis of claims filed with the Insurance Company and adjustments arising due to short/excess received in such claims are made in the year the claim is finally settled.

2 SHARE CAPITAL:

AUTHORISED:

1000000 Equity Shares of Rs.10/- each
Cumulative Redeemable Preference Shares
of Rs. 100/- each
40000 12%
10000 10%

As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
10,000,000	10,000,000
4,000,000	4,000,000
1,000,000	1,000,000
<u>15,000,000</u>	<u>15,000,000</u>

ISSUED, SUBSCRIBED & PAID UP

Equity Shares of Rs. 10/- each
Equity Shares Forfeiture A/c
Cumulative Redeemable Preference
Shares of Rs. 100/- each
10% (Series I)
10% (Series II)
12% (Series I)

Number	Rs.	Number	Rs.
850,100	8,501,000	850,100	8,501,000
	299,500		299,500
	<u>8,800,500</u>		<u>8,800,500</u>
5,000	500,000	5,000	500,000
5,000	500,000	5,000	500,000
30,000	3,000,000	30,000	3,000,000
	<u>12,800,500</u>		<u>12,800,500</u>

KHANDELWAL EXTRACTIONS LIMITED

2.1 SHAREHOLDER HOLDING MORE THAN 5% SHARES

Equity Shares (Numbers) Preference Shares Name	NIL		NIL	
	10% Series I No. of Shares	%	10% Series II No. of Shares	12% Series I No. of Shares
Suraj Devi Khandelwal	-	-	-	4,000
Kailash Nath Khandelwal	500	10	2,500	8,000
Vishwa Nath Khandelwal	2,000	40	600	-
Sudhir Kumar Khandelwal	-	-	600	3,000
Dinesh Khandelwal	2,000	40	600	5,000
Anil Khandelwal	500	10	700	4,000
Rohit Khandelwal	-	-	-	3,500
Kiran Khandelwal	-	-	-	2,500

2.2 All the Cumulative Redeemable Preference Shares are redeemable at par on the expiry of 10 years from the date of allotment (as detailed below) but the Company has the option to redeem earlier but not before expiry of 3 years :

	Date of Issue
10% (Series I)	01.03.2004
10% (Series II)	15.10.2004
12% (Series I)	25.03.2008

2.3 There is no change in outstanding number of Equity as well as Preference Shares and also in list of share holders holding more than 5% Shares as at 31.03.2011 and 31.03.2012

3 RESERVES AND SURPLUS:

	Rs.	Rs.
CAPITAL RESERVE		
As per last Balance Sheet	1,125,000	1,125,000
CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	1,000,000	1,000,000
GENERAL RESERVE		
As per last Balance Sheet	12,500,000	12,500,000
SURPLUS		
As per last Balance Sheet	4,750,520	3,405,972
Add: Balance in Statement of Profit and loss	1,204,709	1,879,171
	<u>5,955,229</u>	<u>5,285,143</u>
Less : APPROPRIATIONS:-		
Dividend on Preference Shares (proposed)	460,000	460,000
Tax on Dividend	74,623	74,623
	<u>5,420,606</u>	<u>4,750,520</u>
	<u>20,045,606</u>	<u>19,375,520</u>

4 NON-CURRENT LIABILITIES

LONG TERM BORROWINGS

UNSECURED LOANS:

Related Parties	950,000	950,000
DEPOSITS:		
Related Parties	3,400,000	3,590,000
Others	750,000	1,605,000
	<u>5,100,000</u>	<u>6,145,000</u>

KHANDELWAL EXTRACTIONS LIMITED

Maturity Profile		Rate of Interest	After 5 years	After 6 years
Unsecured Loans		9%	950,000	950,000
			<u>2013-14</u>	<u>2012-13</u>
Deposits		12%	4,150,000	5,195,000
5 DEFERRED TAX LIABILITIES (NET)				
DEFERRED TAX LIABILITIES				
Difference between net book value of depreciable capital assets as per books vis a vis written down value as per Income Tax			1,770,939	1,772,700
DEFERRED TAX ASSETS				
Items under the Income tax Act which will be allowed on actual payment.			(104,303)	(97,830)
			<u>1,666,636</u>	<u>1,674,870</u>
6 SHORT-TERM BORROWINGS:				
SECURED LOANS FROM BANKS				
Cash Credit Account				
Secured by deposit of title deeds on fixed assets & hypothecation of all movable assets including interalia inventories & trade receivables of the company and also by the personal guarantee(s) of three Directors of the company			<u>30,730,294</u>	<u>30,296,354</u>
7 TRADE PAYABLES				
Sundry Creditors			<u>8,871,622</u>	<u>11,907,542</u>
7.1	Based on the information available with the Company regarding the status of suppliers as defined under MSMED Act, 2006, there was no principal amount overdue and no interest was payable to the Micro, Small and Medium Enterprises on 31st March, 2012 as per the terms of contract.			
8 OTHER CURRENT LIABILITIES				
Current Maturity of Long Term Debts				
Related Parties			3,590,000	2,785,000
Others			1,415,000	2,805,000
Interest accrued and due			680,544	558,370
Interest accrued but not due on borrowings			1,021,017	1,084,936
Other Payables			6,988,633	6,606,064
			<u>13,695,194</u>	<u>13,839,370</u>
8.1	Other payables include dues payable to Employees etc.			
9 SHORT-TERM PROVISIONS				
Provisions for Employees Benefits			337,550	316,613
Provision for Taxation			418,896	-
Proposed Dividend on Preference Shares			460,000	460,000
Tax on proposed Dividend			74,623	74,623
			<u>1,291,069</u>	<u>851,236</u>
10 FIXED ASSETS				
TANGIBLE ASSETS				
GROSS BLOCK				
ASSETS	OP. BALANCE	ADDITIONS	DELETIONS	TOTAL
Freehold Land	546,002	-	-	546,002
Factory Buildings	10,301,014	-	-	10,301,014
Plant and equipments	17,744,403	206,665	153,052	17,798,016

KHANDELWAL EXTRACTIONS LIMITED

Furniture and Fixtures	157,128	-	-	157,128
Vehicles	851,618	-	17,866	833,752
TOTAL OF THIS YEAR	29,600,165	206,665	170,918	29,635,912
TOTAL OF THE PREVIOUS YEAR	29,462,078	383,088	245,001	29,600,165
DEPRECIATION BLOCK				
Freehold Land	-	-	-	-
Factory Buildings	3,482,018	202,829	-	3,684,847
Plant and equipments	16,192,082	74,395	113,490	16,152,987
Furniture and Fixtures	155,803	-	-	155,803
Vehicle	456,174	73,674	16,972	512,876
TOTAL OF THIS YEAR	20,286,077	350,898	130,462	20,506,513
TOTAL OF THE PREVIOUS YEAR	20,011,500	346,341	71,764	20,286,077
NET BLOCK				
	THIS YEAR			LAST YEAR
Freehold Land	546,002			546,002
Factory Buildings	6,616,167			6,818,996
Plant and equipments	1,645,029			1,552,321
Furniture and Fixtures	1,325			1,325
Vehicle	320,876			395,444
TOTAL	9,129,399			9,314,088
11 LONG TERM LOANS AND ADVANCES:				
Unsecured Considered Good :				
Security Deposits	406,811			406,811
12 INVENTORIES:				
Raw materials	31,722,622			38,757,217
Finished Goods	21,231,568			27,908,617
Stores & Spares	3,436,988			2,679,542
	56,391,178			69,345,376
13 TRADE RECEIVABLES:				
Unsecured Considered Good :				
Over six months	-			-
Others	8,770,997			8,704,447
	8,770,997			8,704,447
14 CASH & CASH EQUIVALENTS :				
Balance With Banks In				
Fixed Deposit	850,000			555,000
Current accounts	369,409			209,770
Cash on hands	139,211			130,414
	1,358,620			895,184
15 SHORT TERM LOANS & ADVANCES:				
Unsecured considered good				
Loans	13,500,000			3,500,000
Vat Recoverable	4,232,486			3,666,783
Advances -IncomeTax (net of provisions)	-			589,087
Other Advances	116,595			180,703
Prepaid Expenses	64,285			51,068
Claims Recoverable	28,875			-
	17,942,241			7,987,641
16 OTHER CURRENT ASSETS:				
Interest accrued on deposits	201,675			236,845
	201,675			236,845

KHANDELWAL EXTRACTIONS LIMITED

	2011-12	2010-11
17 INCOME		
(a) Sale of products	163,465,787	104,197,725
Oil	89,882,921	55,585,072
Deoiled Meals	73,582,866	47,061,862
Others	-	1,550,791
(b) Other Operating Revenues		
Miscellaneous Income	200,607	167,277
Excess Provisions/Balances Written Back-		133,481
	163,666,394	104,498,483
18 OTHER INCOME:		
Interest Income	2,210,697	4,395,949
Dividend	250	462
	2,210,947	4,396,411
19 CHANGES IN INVENTORIES OF FINISHED GOODS		
Stock at Commencement	27,908,617	17,445,917
Stock at Close	21,231,568	27,908,617
(Increase)/Decrease	6,677,049	(10,462,700)
20 EMPLOYEE BENEFITS EXPENSE		
Salaries , Wages & Bonus	5,496,135	5,322,208
Contribution To Provident and Other Funds	742,148	813,119
Staff Welfare Expense	41,121	41,049
	6,279,404	6,176,376
21 OTHER EXPENSES:		
MANUFACTURING EXPENSES :		
Power & Fuel	9,038,555	6,392,531
Stores, Spares,etc	5,514,037	3,605,615
Repairs to Machinery	388,522	596,382
Repairs to Buildings	73,475	164,915
Handling Charges	2,106,778	1,283,536
	17,121,367	12,042,979
ADMINISTRATIVE EXPENSES		
Insurance	309,247	330,701
Rates & Taxes	287,868	128,733
Rent	30,000	30,000
Loss on Sale of Fixed Assets	3,244	43,237
Payment to Auditors :		
Audit Fees	16,854	16,545
For other services	3,309	6,923
Miscellaneous Expenses	1,130,939	678,541
	1,781,461	1,234,680
SELLING & DISTRIBUTION EXPENSES		
Freight & Handling	9,089,752	4,539,248
Selling Expenses	233,696	131,113
	9,323,448	4,670,361
	28,226,276	17,948,020
22 Balances of Sundry Debtors , Advances and Creditors, are subject to confirmation.		
23 Earning Per Share (EPS):		
Basic earning per share is calculated by dividing the net profit for the year attributable to ordinary share holders by the weighted average No. of ordinary shares out standing during the year .		

KHANDELWAL EXTRACTIONS LIMITED

a)	Net Profit available for Equity Shareholder. (Numerator used for calculation)	670,086	1,344,549
b)	Number of Equity Shares. (Used as denominator for calculating EPS)	850,100	850,100
c)	Basic and Diluted earnings per Share of Rs.10/- each (Rs.).	0.79	1.58

24 Related Party Disclosures:

- a) Related Party disclosures as required under Accounting Standard 18 – "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below

Key Management Personnel and their relatives :

V.N. Khandelwal	Director (Works)	Rohit Khandelwal	Relative
Dinesh Khandelwal	Director (Finance)	Suraj Devi Khandelwal	Relative
K.N. Khandelwal	Relative	Radha Rani Khandelwal	Relative
Sudhir Kumar Khandelwal	Relative	Kiran Khandelwal	Relative
Anil Khandelwal	Relative	Rajni Khandelwal	Relative
Anjana Khandelwal	Relative		

- b) The following transactions were carried with persons referred above in the ordinary course of business:

	2011-12 Rs.	2010-11 Rs.
Directors Sitting Fee	4,000	5,000
Remuneration	2,397,665	2,482,297
Unsecured Loan		
Balance at the beginning of the year	7,325,000	5,360,000
Amount paid during the year	2,785,000	2,185,000
Amount received during the year	3,400,000	4,150,000
Balance at the end of the year	7,940,000	7,325,000
Interest Paid/ credited during the year	1,039,397	1,606,251

- (c) Liabilities include Rs. 3,452,213/- (Previous Year Rs.2,645,633 /-) due to directors.

Note: Related Parties relationship is as identified by the Company and relied upon by the auditors.

25.1 VALUE OF RAW MATERIALS, STORES & SPARE PARTS ETC. CONSUMED

	2011-12 (Rs in Lacs)	2010-11 (Rs in Lacs)
a. Raw Materials - Ricebran	1140.21	847.45
i) Imported value % of total consumption	NIL	NIL
ii) Indigenous value % of total consumption	100%	100%
b. Stores and Spare parts etc (Including packing materials)	55.14	36.06
i) Imported value % of total consumption	NIL	NIL
ii) Indigenous value % of total consumption	100%	100%

25.2 ADDITIONAL INFORMATION

C.I.F. Value of import	NIL	NIL
Expenditure in foreign Currency	NIL	NIL
Remittance in Foreign Currency	NIL	NIL
Earning in Foreign Exchange	NIL	NIL
As At	As At	

26 CONTINGENT LIABILITIES:

	31.03.2012	31.03.2011
Claims against the Company not acknowledged as debts.	131,603	145,603

- 27 Directors have proposed dividend on Preference Shares at the prescribed rate for the year 2011-12.

- 28 Figures of previous year have been regrouped and recast to conform to the layout of the accounts for the current year.