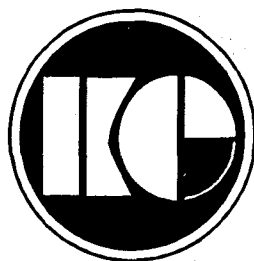


KHANDELWAL EXTRACTIONS LIMITED



29th ANNUAL REPORT

2010-2011

KHANDELWAL EXTRACTIONS LIMITED

BOARD OF DIRECTORS

K. N. KHANDELWAL

V. N. KHANDELWAL

- Director (Works)

DINESH KHANDELWAL

- Director (Finance)

ASHOK GUPTA

ATUL BAGLA

ANIL KAMTHAN

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 24th, SEPTEMBER, 2011

AT 4.00 P.M.

AT THE REGISTERED OFFICE

OF THE COMPANY

CONTENTS

| | |
|------------------------|-------|
| NOTICE | 1 |
| DIRECTORS' REPORT | 2-3 |
| COMPLIANCE CERTIFICATE | 4-5 |
| AUDITORS' REPORT | 6-7 |
| BALANCE SHEET | 8 |
| PROFIT & LOSS ACCOUNT | 9 |
| CASH FLOW STATEMENT | 10 |
| SCHEDULES TO ACCOUNTS | 11-15 |
| ACCOUNTING POLICIES | 15 |
| BALANCE SHEET ABSTRACT | 16 |

KHANDELWAL EXTRACTIONS LIMITED

NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of Khandelwal Extractions Ltd. will be held at the Registered Office of the Company on Saturday, the 24th September, 2011 at 4.00 P.M. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 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 financial year 2010-11.
3. To appoint a Director in place of Shri Anil Kamthan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri V.N.Khandelwal, 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
Dt : 30th May, 2011

- (b) The Register of the members and Share Transfer books of the Company will remain closed from 18th September, 2011 to 24th September, 2011 (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 on 18th September, 2011.
- (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

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.

Place : Kanpur
Dt : 30th May, 2011

(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, 2011.

FINANCIAL RESULTS

| | 2010-11 |
|---|---------|
| | ₹/Lacs |
| Sales and other Income | 1088.95 |
| Profit before Interest and Depreciation | 55.20 |
| Less : Interest | 24.51 |
| Depreciation | 3.46 |
| Profit before Tax | 27.23 |
| Provision for Tax | 8.44 |
| (Including Deferred Tax) | |
| Profit after tax | 18.79 |
| Balance as per last account | 34.06 |
| Amount available for appropriations | 52.85 |

APPROPRIATIONS

| | |
|--|-------|
| Dividend on Preference Shares (including tax) | 5.35 |
| Balance carried to Balance Sheet | 47.50 |

OPERATIONS

During the year under review, though the production and sales were higher, but profit was lower at ₹ 27.23 lacs compared to ₹ 51.55 lacs due to the reason that there was almost no operations during first nine months on account of non-availability of raw-materials. As reported last, the availability of raw-material was scarce in 2009-10 hence no stocks could be created to run the plant during off season. This had adverse affect on current year's profit. During last quarter of F.Y. 2010-11 the company's plants operated at full capacity.

DIVIDEND:

Your Directors recommend a dividend of ₹ 5,34,623/- (including ₹ 74,623/- Tax on Dividend) on 5000 Preference Shares of ₹ 100/- each of first and second series @ 10% and 30000 Preference Shares of ₹ 100/each of Series I @ 12% for the financial year 2010-11 .

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

MANAGEMENT'S PERCEPTION:

Nature's vagaries play an important role in determining the fate of agro-based plants in India. Your plant has been victim of worst paddy crop during 2009-10 in last decade. Thanks God, new season is full of optimism and ample opportunity is available for maximum capacity utilization subject to rider that margin this year are limited.

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 31.3.2011.

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. Anil Kamthan and Mr. V.N. Khandelwal 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 provision 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, 2011

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 2011 (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 5 times respectively on 29.05.2010, 31.07.2010, 31.10.2010, 31.01.2011 and 08.03.2011 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 2010 was held on 18.09.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minute Book maintained for the purpose..
7. No Extra Ordinary Meeting(s) was held during the financial year.
8. The Company has not advanced and 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. The company has obtained necessary approvals from the Board of Directors and Members in respect of appointments of two persons pursuant to section 314 of the Act being relatives of directors of the company and passed special resolutions 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 23.09.2010 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 obtained approval of the Registrar of Companies vide Certificate No. 24241UP1981 PLC005282/3008 dt. 25-11-2010 for CLSS Scheme during the financial year.
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 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 continues 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.
30. The Company has not altered its articles of association during the financial year.

KHANDELWAL EXTRACTIONS LIMITED

31. A Letter dt. 11.06.2010 from ROC was suitably replied by the Company on 15.06.2010. A Show Cause notice for another matter i.e. non filing of Balance Sheet & P&L A/c for 1998 issued by ROC dt. 17.06.2010 was suitably replied to by the Company on 21.06.2010. Prosecution filed by the ROC. Company filed the same under CLSS and paid a fine for late submission of the document.
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 : 30.05.2011

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

Annexure-A

Registers as maintained by the Company

- | | |
|--|---|
| <ol style="list-style-type: none"> 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. | <ol style="list-style-type: none"> 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 2011.

| 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 | 20-04-2010 | Yes | No |
| 2. | 62 | 58A read with companies acceptance of deposit Rules, 1975 | Annual Return of deposit | 08-07-2010 | No | Yes |
| 3. | 23AC/ ACA | 220 under CLSS | Balance Sheet & P & L A/C For 1998 | 30.07.2010 | No | Yes |
| 4. | 62 | 58A read with companies acceptance of deposit Rules, 1975 | Statement in lieu of advertisement | 13-08-2010 | Yes | No |
| 5. | 66 | 383-A | Sec. Compliance | 29-09-2010 | Yes | No |
| 6. | 23 AC/ 23ACA | 220 | Balance Sheet and P&L Account for 31-03-2010 | 29-09-2010 | Yes | No |
| 7. | 23 | 192 | Appointments of 2 relatives of directors U/s 314 | 01-10-2010 | Yes | No |
| 8. | 23 B (filed by Auditors) | 224 | Intimation of reappointment as Auditors to ROC | 12-10-2010 | Yes | NA |
| 9. | 67 | | Rectification of defects in Form 62 Return of Deposit and Balance sheet filed under CLSS | 26-10-2010 | Yes | NA |
| 10. | 20B | 159 | Annual Return | 17-11-2010 | Yes | No |
| 11 | 8 | 125 | Modification of charge dt. 12-03-2011 | 11-04-2011 | Yes | No |

Place : Kanpur
Date : 30.05.2011

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, 2011, Profit and Loss Account 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 Profit & Loss Account 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 Profit & Loss Account 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 31.03.2011.
 - e) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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 with notes on accounts 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, 2011.
 - (b) in the case of the Profit & Loss Account 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
(RAJENDRA GUPTA)
PARTNER
Membership No. 73250

Place : Kanpur
Date: 30-05-2011

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/taken unsecured loans from thirteen parties covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum balance involved during the year was Rs. 81.65 Lacs and the year end balance was Rs. 73.25 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 twelve 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 from other than Public.
- 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 (i) (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, 2011 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

(RAJENDRA GUPTA)
PARTNER
Membership No. 73250

Place : Kanpur
Date: 30-05-2011

KHANDELWAL EXTRACTIONS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | As at 31.03.2011 ₹ | As at 31.03.2010 ₹ |
|---|----------|--------------------------|--------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS : | | | |
| Share Capital | 1 | 1,28,00,500 | 1,28,00,500 |
| Reserves and Surplus | 2 | 1,93,75,520 | 1,80,30,972 |
| LOAN FUNDS : | | | |
| Secured | 3 | 3,02,96,354 | 1,69,80,173 |
| Unsecured | | 1,22,93,370 | 83,95,349 |
| DEFERRED TAX LIABILITY (Net) | | 16,74,870 | 16,80,550 |
| | | 7,64,40,614 | 5,78,87,544 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | 4 | 2,96,00,165 | 2,94,62,078 |
| Less : Depreciation | | 2,02,86,077 | 2,00,11,500 |
| Net Block | | 93,14,088 | 94,50,578 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| Inventories | | 6,93,45,376 | 2,67,79,757 |
| Sundry Debtors | | 87,04,447 | 8,88,092 |
| Cash & Bank Balances | | 8,95,184 | 9,71,397 |
| Other Current Assets | | 2,36,845 | 6,35,446 |
| Loans & Advances | | 83,94,452 | 2,93,09,801 |
| | | 8,75,76,304 | 5,85,84,493 |
| Less : Current Liabilities & Provisions | 6 | | |
| Current Liabilities | | 1,99,15,155 | 96,11,127 |
| Provisions | | 5,34,623 | 5,36,400 |
| | | 2,04,49,778 | 1,01,47,527 |
| Net Current Assets | | 6,71,26,526 | 4,84,36,966 |
| | | 7,64,40,614 | 5,78,87,544 |
| Contingent Liabilities & Notes On Accounts | | | |
| 11 | | | |

As per our Report attached

For P. L. TANDON & CO.

Chartered Accountants

RAJENDRA GUPTA

Partner

Place : Kanpur

Dated : 30th May, 2011

V. N. KHANDELWAL

Director (Works)

DINESH KHANDELWAL

Director (Finance)

K. N. KHANDELWAL

ATUL BAGLA

ASHOK GUPTA

ANIL KAMTHAN

Directors

KHANDELWAL EXTRACTIONS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

| | Schedule | 2010-2011 ₹ | 2009-2010 ₹ |
|---|----------|---------------------|--------------------|
| INCOME : | | | |
| Sales | | 10,41,97,725 | 8,42,61,538 |
| Other Income | 7 | 46,97,169 | 39,07,862 |
| Increase / (Decrease) in Stocks | 8 | 1,04,62,700 | (12,12,231) |
| | | 11,93,57,594 | 8,69,57,169 |
| EXPENDITURE : | | | |
| Materials | 9 | 8,97,12,925 | 5,32,60,416 |
| Expenses | 10 | 2,41,24,396 | 2,65,32,184 |
| Interest | | 24,50,441 | 16,63,170 |
| Depreciation | | 3,46,341 | 3,46,656 |
| | | 11,66,34,103 | 8,18,02,426 |
| Profit before Tax | | 27,23,491 | 51,54,743 |
| Provision for Taxation | | | |
| Current Tax | | 8,50,000 | 16,00,000 |
| Deferred Tax | | (5,680) | 24,329 |
| Profit after Tax | | 18,79,171 | 35,30,414 |
| Balance brought forward from previous year. | | 34,05,972 | 29,11,958 |
| Amount available for appropriation | | 52,85,143 | 64,42,372 |
| APPROPRIATIONS : | | | |
| Dividend on Preference Shares | | 4,60,000 | 4,60,000 |
| Tax on Dividend | | 74,623 | 76,400 |
| Transfer to General Reserve | | - | 25,00,000 |
| Balance carried to Balance Sheet | | 47,50,520 | 34,05,972 |
| | | 52,85,143 | 64,42,372 |
| Notes on Accounts | 11 | | |
| Earnings per share - Basic and Diluted | | 1.58 | 3.52 |

As per our Report attached

For P. L. TANDON & CO.
Chartered Accountants
RAJENDRA GUPTA
Partner

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

K. N. KHANDELWAL
ATUL BAGLA
ASHOK GUPTA
ANIL KAMTHAN
Directors

Place : Kanpur

Dated : 30th May, 2011

KHANDELWAL EXTRACTIONS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

| | 2010-2011 | 2009-2010 |
|---|----------------------|---------------------|
| | ₹ | ₹ |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax as per Profit & Loss A/c | 2,723,491 | 5,154,743 |
| Add/(Deduct) for: | | |
| Dividend Received | (422) | (225) |
| Interest received | (4,395,949) | (3,598,280) |
| Loss on sale of Assets | 43,237 | - |
| (Profit)/Loss on sale of Investments(Net) | - | - |
| Loss in Trading of Derivatives | - | 1,902,475 |
| Interest | 2,450,441 | 1,663,170 |
| Depreciation | <u>3,46,341</u> | <u>3,46,656</u> |
| Operating Profit before Working Capital changes | 1,167,139 | 5,468,539 |
| Adjustments for: | | |
| Trade Receivable | 1,34,15,219 | (22,150,324) |
| Inventories | (42,565,619) | 14,179,683 |
| Trade Payables | <u>9,960,129</u> | <u>(19,190,271)</u> |
| Cash Generated from Operations | (18,023,132) | (22,70,338) |
| Adjusted for: | | |
| Direct Taxes paid | (4,00,000) | (400,000) |
| Net Cash from Operating Activities | <u>(1,84,23,132)</u> | <u>(36,74,338)</u> |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (3,83,088) | (47,140) |
| Loss in Trading of Derivatives | - | (19,02,475) |
| Dividend Income | 422 | 225 |
| Interest Income | 4,028,325 | 30,07,586 |
| Sale of Fixed Asset | 130,000 | - |
| Net Cash from Investing Activities | <u>3,775,659</u> | <u>10,58,196</u> |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceed from Unsecured Loans | 3,785,000 | (18,60,000) |
| Movement in Cash Credit | 13,316,181 | 72,42,125 |
| Interest paid | (19,93,521) | (18,35,511) |
| Dividend Paid | (5,36,400) | (5,38,180) |
| Cash used in Financing Activities | <u>14,571,260</u> | <u>30,08,434</u> |
| Net Increase/Decrease in Cash & Cash equivalents(A)+(B)+(C) | (76,213) | 3,92,292 |
| Opening Balance of Cash & Cash Equivalents | 9,71,397 | 5,79,105 |
| Closing Balance of Cash & Cash Equivalents | 8,95,184 | 9,71,397 |

As per our Report attached

For P. L. TANDON & CO.

Chartered Accountants

RAJENDRA GUPTA

Partner

Place : Kanpur

Dated : 30th May, 2011

V. N. KHANDELWAL

Director (Works)

DINESH KHANDELWAL

Director (Finance)

K. N. KHANDELWAL

ATUL BAGLA

ASHOK GUPTA

ANIL KAMTHAN

Directors

KHANDELWAL EXTRACTIONS LIMITED

SCHEDULE - 1 : SHARE CAPITAL

| | | As at 31.03.2011 ₹ | As at 31.03.2010 ₹ |
|---|---|--------------------------|--------------------------|
| AUTHORISED : | | | |
| 10,00,000 | Equity Shares of Rs. 10 each | 100,00,000 | 100,00,000 |
| | Cumulative Redeemable Preference Shares of Rs.100/- each | | |
| 40,000 | 12% | 40,00,000 | 40,00,000 |
| 10,000 | 10% | 10,00,000 | 10,00,000 |
| | | 1,50,00,000 | 1,50,00,000 |
| ISSUED , SUBSCRIBED & PAID UP: | | | |
| 8,50,100 | Equity Shares of Rs. 10 each | 85,01,000 | 85,01,000 |
| | Equity Shares Forfeiture A/c. | 2,99,500 | 2,99,500 |
| | | 88,00,500 | 88,00,500 |
| | Cumulative Redeemable Preference Shares of Rs.100/- each | | |
| 5,000 | 10% (Series I) | 5,00,000 | 5,00,000 |
| 5,000 | 10% (Series II) | 5,00,000 | 5,00,000 |
| 30,000 | 12% (Series I) | 30,00,000 | 30,00,000 |
| | | 1,28,00,500 | 1,28,00,500 |

Notes :

- i. 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 :

| | |
|-----------------|------------|
| 10% (Series I) | 01.03.2004 |
| 10% (Series II) | 15.10.2004 |
| 12% (Series I) | 25.03.2008 |

SCHEDULE - 2 : RESERVES AND SURPLUS

| | | | |
|-----------------------------------|--------------------------------------|--------------------|--------------------|
| CAPITAL RESERVE : | | | |
| | As per last Balance Sheet | 11,25,000 | 11,25,000 |
| GENERAL RESERVE : | | | |
| | Balance as per last account | 1,25,00,000 | 1,00,00,000 |
| | Transferred from Profit and Loss A/c | - | 25,00,000 |
| | | 1,25,00,000 | 1,25,00,000 |
| CAPITAL REDEMPTION RESERVE | | | |
| | Balance as per last account | 10,00,000 | 10,00,000 |
| PROFIT & LOSS ACCOUNT | | | |
| | | 47,50,520 | 34,05,972 |
| | | 1,93,75,520 | 1,80,30,972 |

SCHEDULE - 3 : LOANS

| | | | |
|--------------------|--------------------------|--------------------|------------------|
| SECURED : | | | |
| | Cash Credit Account | 3,02,96,354 | 1,69,80,173 |
| UNSECURED : | | | |
| | From Directors | 9,50,000 | 9,50,000 |
| | Fixed Deposits | 1,07,85,000 | 70,00,000 |
| | Interest accrued and due | 5,58,370 | 4,45,349 |
| | | 1,22,93,370 | 83,95,349 |

Cash Credit account is secured

- (a) by equitable mortgage by deposit of title deeds on fixed assets and hypothecation of all movable assets including interalia inventories and book debts of the Company.
- (b) by personal guarantee(s) of three Directors of the Company.

KHANDELWAL EXTRACTIONS LIMITED

SCHEDULE - 4 : FIXED ASSETS

₹

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | |
|-----------------------------------|-------------------|-----------|-----------|-------------------|-------------------|-----------------|-----------|------------------|-------------------|-------------------|
| | As at 01.04.10 | Additions | Deduction | As at 31.03.11 | As at 01.04.10 | For the year | Deduction | Upto 31.03.11 | As at 31.03.11 | As at 31.03.10 |
| Free hold Land | 546002 | - | - | 546002 | - | - | - | - | 546002 | 546002 |
| Buildings | 10301014 | - | - | 10301014 | 3279189 | 202829 | - | 3482018 | 6818996 | 7021825 |
| Plant & Machinery & Equipments | 17705503 | 38900 | - | 17744403 | 16129466 | 62616 | - | 16192082 | 1552321 | 1576037 |
| Furnitures & Fixtures | 157128 | - | - | 157128 | 145857 | 9946 | - | 155803 | 1325 | 11271 |
| Vehicles | 752431 | 344188 | 245001 | 851618 | 456988 | 70950 | 71,764 | 456174 | 395444 | 295443 |
| | 29462078 | 383088 | 245001 | 29600165 | 20011500 | 346341 | 71,764 | 20286077 | 9314088 | 9450578 |
| Previous Year's figures | 29414938 | 47140 | - | 29462078 | 19664844 | 346656 | - | 20011500 | 9450578 | - |

SCHEDULE - 5 : CURRENT ASSETS, LOANS AND ADVANCES

| | As at 31.03.2011 ₹ | As at 31.03.2010 ₹ |
|---|--------------------------|--------------------------|
| A. INVENTORIES : | | |
| (Stocks as valued and certified by a Director) | | |
| Stores & Spares | 26,79,542 | 11,25,809 |
| Raw Materials | 3,87,57,217 | 82,08,031 |
| Finished Goods | 2,79,08,617 | 1,74,45,917 |
| | 6,93,45,376 | 2,67,79,757 |
| B. SUNDRY DEBTORS : | | |
| Debts Unsecured considered good | | |
| Exceeding six months | - | - |
| Others | 87,04,447 | 8,88,092 |
| | 87,04,447 | 8,88,092 |
| C. CASH AND BANK BALANCES : | | |
| Cash in hand | 1,30,414 | 1,13,318 |
| Balances with Scheduled Banks | | |
| in Current Accounts | 2,09,770 | 23,079 |
| in Fixed Deposit | 5,55,000 | 8,35,000 |
| | 8,95,184 | 9,71,397 |
| D. OTHER CURRENT ASSETS : | | |
| Interest accrued but not due on deposit | 2,36,845 | 6,35,446 |
| | 2,36,845 | 6,35,446 |

KHANDLWAL EXTRACTIONS LIMITED

| | As at 31.03.2011 ₹ | As at 31.03.2010 ₹ |
|---|--------------------------|--------------------------|
| E. LOANS AND ADVANCES : | | |
| (Unsecured considered good) | | |
| Loans | 35,00,000 | 2,60,00,000 |
| Advances recoverable in cash or in kind or for value to be received | 1,80,703 | 2,72,304 |
| VAT Recoverable A/c | 36,66,783 | 19,04,016 |
| Income Tax advance and Tax deducted at source (Net of Provision) | 5,89,087 | 6,71,463 |
| Prepaid expenses | 51,068 | 55,207 |
| Deposits | 4,06,811 | 4,06,811 |
| | 83,94,452 | 2,93,09,801 |
| | 8,75,76,304 | 5,85,84,493 |
| SCHEDULE - 6 : CURRENT LIABILITIES AND PROVISIONS | | |
| CURRENT LIABILITIES : | | |
| Sundry Creditors | 1,98,73,763 | 95,36,919 |
| Other Liabilities | 41,392 | 74,208 |
| PROVISIONS : | | |
| Proposed Dividend | 4,60,000 | 4,60,000 |
| Dividend Tax | 74,623 | 76,400 |
| | 2,04,49,778 | 1,01,47,527 |
| | 2010-11 | 2009-10 |
| SCHEDULE - 7 : OTHER INCOME | | |
| Dividend Received | 422 | 225 |
| Interest Received (Tax deducted at source Rs. 439596/- Previous year Rs. 590694/-) | 43,95,949 | 35,98,280 |
| Misc. Income | 3,00,798 | 3,09,357 |
| | 46,97,169 | 39,07,862 |
| SCHEDULE - 8 : INCREASE/(DECREASE) IN FINISHED GOODS STOCK : | | |
| Stocks at commencement | 1,74,45,917 | 1,86,58,148 |
| Stocks at close | 2,79,08,617 | 1,74,45,917 |
| | 1,04,62,700 | (12,12,231) |
| SCHEDULE - 9 : MATERIALS | | |
| Opening Stock | 82,08,031 | 2,08,44,783 |
| Add : Purchases | 11,52,94,591 | 3,51,30,060 |
| | 12,35,02,622 | 5,59,74,843 |
| Less : Closing Stock | 3,87,57,217 | 82,08,031 |
| Consumption | 8,47,45,405 | 4,77,66,812 |
| Add : Purchases (Trading) | 49,67,520 | 54,93,604 |
| | 8,97,12,925 | 5,32,60,416 |
| SCHEDULE - 10 : EXPENSES | | |
| 1. Payments to and Provisions for Employees : | | |
| Salaries, Wages & Bonus etc. | 53,22,208 | 48,37,786 |
| Contribution to Employees Provident & other Funds | 8,13,119 | 12,19,355 |
| Staff Welfare Expenses | 41,049 | 41,163 |

KHANDELWAL EXTRACTIONS LIMITED

| 2. Manufacturing & Other Expenses : | ₹ | ₹ |
|-------------------------------------|--------------------|--------------------|
| Stores, Spares etc. | 36,05,615 | 24,35,174 |
| Power & Fuel | 63,92,531 | 42,82,933 |
| Insurance | 3,30,701 | 1,91,874 |
| Repairs to Machinery | 5,96,382 | 8,16,540 |
| Repairs to Buildings | 1,64,915 | 1,99,800 |
| Handling Charges | 12,83,536 | 11,92,445 |
| Rent | 30,000 | 30,000 |
| Rates & Taxes | 32,980 | 1,38,974 |
| Loss on Sale of Assets | 43,237 | - |
| Loss in Trading of Derivatives | - | 19,02,475 |
| Directors fee | 18,000 | 27,000 |
| Auditors Remuneration : | | |
| - Audit Fee | 13,236 | 9,927 |
| - Tax Audit Fee | 3,309 | 2,206 |
| - Others | 6,923 | 3,309 |
| Misc. Expenses | 7,56,294 | 9,86,324 |
| Freight & Handling Outward | 45,39,248 | 80,93,337 |
| Commission & Brokerage | 1,31,113 | 1,21,562 |
| | 2,41,24,396 | 2,65,32,184 |

SCHEDULE - 11 : NOTES ON ACCOUNTS

| | As at 31.03.2011 | As at 31.03.2010 | |
|--|----------------------|-----------------------|----------|
| A. Contingent Liabilities : | | | |
| Claims against the Company not acknowledged as debts. | 1,45,603 | 1,45,603 | |
| Income Tax under dispute (matter pending in appeal) (Amount paid Rs. 186721 and shown under loans and advances) | 1,86,721 | 1,86,721 | |
| B. NOTES: | | | |
| 1. Working Directors have been paid minimum remuneration as under : | | | |
| | 2010-11 | 2009-10 | |
| Salaries | 8,88,000 | 8,40,000 | |
| Perquisites (excluding contribution to gratuity fund and leave encashment) | 5,91,340 | 5,38,833 | |
| 2. Disclosure of Sundry Creditors based on the information available with Company regarding Status of the suppliers as defined under 'Micro , Small and Medium Enterprises Development Act , 2006'. Amount outstanding for more than 45 days is NIL. | | | |
| 3. Related Parties Disclosures: | | | |
| (a) Key Management Personnel & 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) Details of transactions with persons referred above : | 2010-11 | 2009-10 | |
| (i.) Remuneration | 24,82,297 | 23,27,804 | |
| (ii.) Interest on Unsecured Loans/Deposits | 8,38,012 | 8,19,631 | |
| (iii.) Directors' Fee | 5,000 | 7,000 | |
| (c) Outstandings as at the year end | | | |
| Loans | 84,54,125 | 53,65,349 | |
| (d) The Unsecured Loans includes Rs.15,08,370/- (including interest ₹ 5,58,370/-) taken from Directors. | | | |
| (e) Liabilities include ₹ 26,45,633/- (Previous Year ₹ 20,55,143/-) due to Directors. | | | |

KHANDELWAL EXTRACTIONS LIMITED

4. The major components of the net Deferred tax Liability to the extent recognized and outstanding were as under :-
- | | 31.03.2011 | 31.03.2010 |
|--|------------|------------|
| | ₹ | ₹ |

Deferred Tax Liability

| | | |
|---|-----------|-----------|
| Difference between net book value of depreciable capital assets as per books vis-a-vis written down value as per Income Tax | 17,72,700 | 17,75,330 |
|---|-----------|-----------|

Deferred Tax Asset

| | | |
|--|------------------|------------------|
| Items under the Income Tax Act which will be allowed on actual payment | 97,830 | 94,780 |
| Net Deferred Tax Liability | 16,74,870 | 16,80,550 |

5. Earning per share has been computed as under :-
- | | | |
|--|-----------|-----------|
| (a) Profit after Taxation | 18,79,171 | 35,30,414 |
| (b) Preference dividend and tax thereon | 5,34,623 | 5,36,400 |
| (c) Profit available to Equity Shareholders | 13,44,548 | 29,94,014 |
| (d) No. of ordinary shares outstanding | 8,50,100 | 8,50,100 |
| (e) Earnings Per Share of Face value Rs. 10 (Basic and diluted) | 1,58 | 3,52 |

6. Figures of previous year have been regrouped and recast to conform to the layout of the accounts for the current year.
7. Schedule 1 to 11 along-with Accounting Policies form an integral part of the accounts and have been duly authenticated.
C. **INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956:**

D.

1. Licensed/Registered Capacity : Not Applicable
2. Installed Capacity : 45,000 M.T. Ricebran/Oil Cake

3. Production/Turnover and Stocks:

| Class of Goods | Opening Stock | | Production MT | Purchases | | Turnover | | Closing Stock | |
|---|---------------|---------|------------------|-----------|---------|-----------------------|---------|-----------------------|---------|
| | MT | Rs/Lacs | | MT | Rs/Lacs | MT | Rs/Lacs | MT | Rs/Lacs |
| OILS | 198 | 51.75 | 1327 | - | - | 1346 | 555.85 | 179 | 72.34 |
| | 205 | 54.85 | 968 | - | - | 975 | 306.82 | 198 | 51.75 |
| DEOILED MEALS | 2077 | 103.82 | 7942 | 758 | 49.68 | 6884 | 470.62 | 3892 | 206.74 |
| | 3529 | 131.73 | 5883 | 719 | 36.04 | 8054 | 535.80 | 2077 | 103.82 |
| TRADED GOODS | 62 | 18.89 | - | - | - | 62 | 15.51 | - | - |
| | - | - | - | 62 | 18.89 | - | - | 62 | 18.89 |
| | | | | | | 2010-11 | | 2009-10 | |
| 4. Value of imports on CIF basis | | | | | | NIL | | NIL | |
| 5. Earnings in Foreign Exchange (FOB Value) | | | | | | NIL | | NIL | |
| 6. Expenditure in Foreign Currency | | | | | | NIL | | NIL | |
| 7. Amount remitted in Foreign Currency | | | | | | NIL | | NIL | |
| 8. Raw Material Consumed: | | | | | | | | | |
| Ricebran - Quantity (MT) | | | | | | 9,263 | | 6,848 | |
| Value (₹/Lacs) | | | | | | 847.45 | | 477.67 | |
| 9. Raw Materials and Stores etc. consumed | | | | | | All Indigenous | | All Indigenous | |

D.

ACCOUNTING POLICIES:

1. **BASIS OF ACCOUNTING :** The accounts are prepared under the historical cost convention in accordance with applicable mandatory accounting standard and mercantile system of accounting is followed for recognition of Income and Expenses
2. **VALUATION:** (i) Fixed Assets are shown at cost.
(ii) Inventories of stores, spares and raw materials are valued at cost. Finished goods are valued at lower of cost and net realisable value. Cost of Raw material is determined on seasonal average cost and cost of finished goods is determined on yearly average cost.
(iii) Long term investments are stated at cost less provision for diminution in value other than temporary, if any. Current Investment are stated at lower of cost or fair market value.
3. **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.
4. **TURNOVER :** Turnover includes freight and handling outwards but is net of goods returned, rebates and discounts.
5. **EMPLOYEE BENEFITS:** Salaries, wages & house rent allowances are accounted for on accrual basis. Liability for employees' gratuity is accounted for on the basis of contribution determined by L.I.C. under their Group Gratuity Cash Accumulation Scheme. Leave encashment is accounted on the basis of actual liability determined by management as at close of the year.
6. Prepaid expenses are proportionately accounted for on time basis in respect of insurance premium.
7. 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.

As per our Report attached

For P. L. TANDON & CO.

Chartered Accountants

RAJENDRA GUPTA

Partner

Place : Kanpur

Dated : 30th May, 2011

V. N. KHANDELWAL

Director (Works)

DINESH KHANDELWAL

Director (Finance)

K. N. KHANDELWAL

ATUL BAGLA

ASHOK GUPTA

ANIL KAMTHAN

Directors

KHANDELWAL EXTRACTIONS LIMITED

Balance Sheet Abstract and Company's General Business Profile Additional information pursuant to Part IV of Schedule VI of the Companies Act, 1956

1. Registration Details

Registration No. 05282 State Code 20

Balance Sheet Date 31/03/2011
Date Month Year

2. Capital raised during the year

(₹ 000)

Private allotment NIL Rights Issue NIL

Bonus Issue NIL FCD Conversion NIL

3. Position of Mobilisation and Deployment of Funds

Total Liabilities 76441 Total Assets 76441

Sources of Funds

Paid-up Capital 12800 Reserves & Surplus 19376

Secured Loans 30297 Unsecured Loans* 13968

Application of Funds

Net Fixed Assets 9314 Investments NIL

Net Current Assets 67127 Misc. Expenditure NIL

Accumulated Losses NIL

4. Performance of Company

Turnover 119357 Total Expenditure 116634

Profit Before Tax 2723 Profit After Tax 1879

Earning per Share in Rs. 2 Dividend Rate% NIL

5. Generic Names of Three Principal Products/Services of the Company (As per monetary Terms)

Item Code No. (ITC Code)

Product Description OILS

Item Code No. (ITC Code)

Product Description DEOILED MEALS

* Includes deferred tax liability.

KHANDELWAL EXTRACTIONS LIMITED

PROXY FORM

KHANDELWAL EXTRACTIONS LIMITED

Registered Office : 51/47, Nayaganj, Kanpur - 208 001

| | |
|--------------------|--|
| Reg. Folio No. | |
| No. of Shares held | |

I/We

Being member(s) of Khandelwal Extractions Limited

hereby appoint of

or failing which.....

as my/our proxy to vote for me/us and on my/our behalf at the 29th ANNUAL GENERAL MEETING of the company to be held on Saturday, 24th September, 2011 at 4:00 p.m. at Registered Office.

Signed this day of 2011

Signature

Note : This form in order to be effective should be duly stamped, completed, signed and must be deposited with the company's Registered Office at 51/47, Nayaganj, Kanpur-208 001 not less than 48 hours before the meeting.

KHANDELWAL EXTRACTIONS LIMITED

Registered Office : 51/47, Nayaganj, Kanpur-208 001

ATTENDANCE SLIP

Annual General Meeting, Saturday, 24th September, 2011

| | |
|--------------------|--|
| Reg. Folio No. | |
| No. of Shares held | |

Mr./Ms.

I certify that I am a registered shareholder/proxy for the registered shareholder of the company. I hereby record my presence at the ANNUAL GENERAL MEETING of the company to be held on Saturday, 24th September, 2011 at 4.00 p.m. at Registered Office.

Member's/Proxy Name in Block Letters

Member's/Proxy's Signature

Note : Please fill in the attendance slip and hand it over at the entrance of the meeting room.

KHANDELWAL EXTRACTIONS LIMITED
51/47, NAYAGANJ, KANPUR-208 001