

**KHANDELWAL EXTRACTIONS LTD.**

51/47 , NAYAGANJ,  
KANPUR-208001  
Phones: 2313195, 2319610  
Mobile No.: 09415330630  
Email Id : kelknp@yahoo.com  
Website: [www.khandelwalextractions.com](http://www.khandelwalextractions.com)  
CIN : L24241UP1981PLC005282

Ref. No. HO/SECY/18-19/33/

17<sup>th</sup> October, 2018

To,  
The Listing Manager  
BSE Ltd.  
The Department of Corporate Services  
PJ Towers, Dalal Street  
**MUMBAI -400001**

**Listing Centre:** [listing.bseindia.com](http://listing.bseindia.com)

**Sub: Annual Report for the Financial Year 2017-18**

Dear Sir/Ma'am,

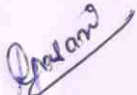
Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the F.Y. 2017-18, approved and adopted in the 36<sup>th</sup> Annual General Meeting of the Company held on Saturday, 29<sup>th</sup> September, 2018 at 4:00 PM at 50 MIG Bungalow, W Block, Keshav Nagar, Kanpur-208014.

You are requested to ignore the previous submission of Annual Report 17-18 filed on 04<sup>th</sup> October, 2018.

Kindly take the same on your records.

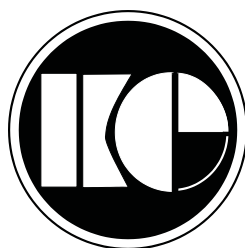
Thanking You.

Yours faithfully,  
For Khandelwal Extractions Limited



Surabhi Pasari  
(Company Secretary)

# **KHANDELWAL EXTRACTIONS LIMITED**



**36th ANNUAL REPORT**  
2017-2018

**KHANDELWAL EXTRACTIONS LIMITED**

**BOARD OF DIRECTORS**

- K. N. KHANDELWAL - Chairman
- V. N. KHANDELWAL - Director (Works) - Whole Time Director
- DINESH KHANDELWAL - Director (Finance) & CFO
- ASHOK GUPTA - Independent Director
- ATUL BAGLA - Independent Director
- ANIL KAMTHAN - Independent Director
- REKHA KEJRIWAL - Independent Director

**COMPANY SECRETARY**

SURABHI PASARI

**REGISTERED OFFICE :**

51/47, NAYAGANJ, KANPUR – 208 001

CIN : L24241UP1981PLC005282

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

Email : [kelknp@yahoo.com](mailto:kelknp@yahoo.com)

**WORKS :**

AKRAMPUR – MAGARWARA  
DISTT. UNNAO (UTTAR PRADESH)

**AUDITORS :**

M/S. GUPTA VAISH & CO., KANPUR

**BANKERS :**

KOTAK MAHINDRA BANK LTD., KANPUR

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## KHANDELWAL EXTRACTIONS LIMITED

### NOTICE

NOTICE is hereby given that the 36<sup>th</sup> Annual General Meeting of Khandelwal Extractions Ltd. will be held at 50 MIG Bungalow, W Block, Keshav Nagar Kanpur- 208014 on Saturday, the 29<sup>th</sup> September, 2018 at 4:00 P.M. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2018 and Report of the Board of Directors and Auditors' thereon.
2. To declare dividend on 5000 Preference Shares of Series II & Series III @ 12% for the financial year 2017-18 out of surplus in Profit & Loss A/c.
3. To ratify the payment of dividend on 30000, Cumulative Redeemable Preference Shares of Series I @ 12% for the period 01.04.2017 to 24.03.2018 out of surplus in Profit & Loss A/c.
4. To appoint a Director in place of Shri Vishwa Nath Khandelwal (DIN: 00161893), who retires by rotation and being eligible offers himself for re-appointment.
5. **Ratification of Appointment of Auditors and to fix their remuneration**

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

**"RESOLVED THAT** pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time and pursuant to recommendation of the Board of Directors, the Company hereby ratifies the appointment of M/s Gupta Vaish & Co, Chartered Accountants, Kanpur (ICAI Registration No. 005087C), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of next Annual General Meeting to be held in year 2019 at such remuneration as fixed by the Board of Directors of the Company."

Further, shareholders are requested to take note that pursuant to the MCA amendment dated 07.05.2018, the first proviso to Section 139 (1) of the Company's Act, 2013, which talks about ratification of appointment of auditor by members at every annual general meeting, is omitted. Hence, pursuant to the said amendment, the members of the Company are no longer required to ratify the appointment of auditors at every Annual General meeting.

#### SPECIAL BUSINESS

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

##### As Special Resolution:

6. **"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 of The Companies Act, 2013 and any other applicable provisions, if any and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force read with Schedule V to the Companies Act, 2013, the consent of the members of the Company be and is hereby accorded for the re-appointment of Mr. Vishwa Nath Khandelwal (DIN: 00161893) designated as Whole-Time Director (Works), not liable to retire by rotation except for compliance of Section 152 (6) of the Companies Act, 2013, for five (5) years with effect from 01.04.2019, on the terms and conditions as recommended by Nomination and Remuneration Committee and as contained in the Explanatory Statement attached to the notice."
7. **"RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, (including any statutory modification or re-enactment thereof) and subject to any other law for the time being in force and permissions and sanctions as may be necessary in this behalf, the consent of the members of the Company be and is hereby accorded to the Board of Directors (including Committee of Directors) of the Company to sell/lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company situated at Akrapur-Magarwara, Distt. Unnao including all licenses, permits, consent and approvals whatsoever to any suitable person/party(ies) in one or more tranches at such consideration and on such other terms and conditions as may be decided by the Board of Directors and to negotiate, prepare, settle, execute, deliver and finalize the lease/sale deed as the Board may deem appropriate in the best interest of the Company."  
**"RESOLVED FURTHER THAT** the Board of Directors (including Committee of Directors) be and is hereby authorized to do all such acts, deeds and things, as may be necessary, without further referring to the members of the Company, including finalizing the terms and conditions, methods and modes in respect thereof, determining the exact effective date, and finalizing and executing necessary documents including agreements, deeds, conveyance and such other

documents as may be necessary or expedient in its own discretion from time to time and in the best interest of the Company to give effect to this Resolution."

By order of the Board of Directors

Regd. Office:  
51/47, Nayaganj, Kanpur – 208 001  
Dated: 11th August, 2018

(SURABHI PASARI)  
COMPANY SECRETARY

#### Notes:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in aggregate not more than 10% of total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The instrument of proxy in order to be effective must be received by the Company not less than 48 hours before the meeting. A Proxy form is annexed herewith. Proxies submitted on behalf of the Companies must be supported by an appropriate resolution/authority as applicable.
- b) The Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 is annexed hereto.
- c) The Register of the members and Share Transfer books of the Company will remain closed from 23<sup>rd</sup> September, 2018 to 29<sup>th</sup> September, 2018 (both days inclusive).
- d) As decided by the Board of Directors, the dividend on Preference Shares, if declared, shall be payable to all the Preference shareholders whose name appears in the Register of members as on 29<sup>th</sup> September, 2018.
- e) All documents referred to in the accompanying notice are open for inspection at the Registered Office of Company between 2:00 P.M. to 4:00 P.M. on all working days except Saturday up to the date of Annual General Meeting.
- f) A Route Map showing directions to reach the venue of AGM is attached at the end of this Annual Report as per the requirement of the Secretarial Standard -2 on General Meetings.
- g) The particulars of Mr. Vishwa Nath Khandelwal, Director (Works) proposed to be reappointed by rotation, are given as under:  
Mr. V.N. Khandelwal, aged 70 years, (DIN 00161893) presently Director (Works) in the capacity of Whole time Director (appointed by members in the 31st Annual General Meeting for 5 years i.e. till 31st March, 2019) is one of the promoter directors and is associated with the Company since inception and having an experience of more than 35 years in managing the solvent extraction plant. He has been devoting full time and attention to the affairs of the Company and has been responsible for production, quality control and related matters. His association with the Company has been very fruitful and beneficial. His reappointment is in the interest of the Company. He holds 29650 equity shares in the Company.  
No Director and Key Managerial Personnel, except Mr. K N Khandelwal, Mr. Dinesh Khandelwal, being relative of Mr. V.N. Khandelwal, are concerned and interested in the resolution.
- h) Member's cooperation is solicited to furnish their latest address, e mail address, contact no. and PAN No. to enable the Company to communicate faster. **For any assistance, the member(s) may contact Mr. Dinesh Khandelwal –Director (Finance) & CFO on mobile no 08081252221 or 09415330630 or e-mail at [kelknkp@yahoo.com](mailto:kelnkp@yahoo.com)**
- i) The Company has entered into necessary arrangement with National Securities Depository Limited (NSDL) to enable the shareholders to dematerialize their shareholding in the Company for which they may contact the Depository Participant of the above Depository. The Company's ISIN No. is INE687W01010. Further, shareholders are requested to note that the Securities and Exchange Board of India ("SEBI") vide its notification dated 08<sup>th</sup> June, 2018 has issued SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 which has mandated that the requests for transfer of securities will be processed only if the shares are held in dematerialized form. This provision is not applicable for transmission and transposition of securities. The said regulation shall come into force on one hundred and eightieth day from the date of its publication in the Official Gazette i.e. by 05<sup>th</sup> December, 2018. In view of the same, members are requested to dematerialize their securities in order to avoid any hassle while transferring the securities in future.

## KHANDELWAL EXTRACTIONS LIMITED

- j) The Company has appointed M/s Alankit Assignments Limited, New Delhi as its Registrar and Share Transfer Agent (RTA) for providing services in respect of transfer and dematerialization of securities of the Company with NSDL.
- k) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- l) In terms of Section 108 of the Companies Act 2013 read with relevant applicable rules and pursuant to Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has made arrangement of e -voting through CDSL. Members have option to cast their vote by using electronic voting system from a place other than the venue of the meeting (remote e-voting). Members who wish to cast the vote at AGM shall be provided a Ballot to cast their vote. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast/change their vote again in the meeting.
- m) The Company has appointed M/s. Banthia & Co. (Prop. Mr. G.K. Banthia) of Kanpur, Practicing Company Secretaries (C.P. No. 1405) as the Scrutinizer for conducting the e-voting and polling process in fair and transparent manner who have consented to be available for the same.
- n) The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e 23<sup>rd</sup> September, 2018. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with Section 109 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 as amended from time to time.
- o) The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.khandelwalextractions.com](http://www.khandelwalextractions.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com). The results will simultaneously be communicated to the Stock Exchange(s).
- p) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e 29<sup>th</sup> September, 2018.
- q) A copy of this notice has been placed on the website of the Company [www.khandelwalextractions.com](http://www.khandelwalextractions.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com).

**Instructions for the voting through electronic means**

- (i) The voting period begins on 26<sup>th</sup> September, 2018 (10:00 am) and ends on 28<sup>th</sup> September, 2018 (5:00 p.m). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23<sup>rd</sup> September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders / Members
- (iv) Now enter your User ID:
  - a. For NSDL: 8 Character DP ID followed by 8 Digits Client Id
  - b. Members holding shares in physical form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company are requested to enter 10 digits sequence number printed on address label pasted on cover page of Annual Report
DOB OR Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in DD/MM/YYYY) as recorded in your demat account or with the Company in order to login.
OR	If both the details are not recorded with the Depository or Company please enter the Folio number in Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they

- are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that the Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of Khandelwal Extractions Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User Id and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) Any person, who acquires shares of the Company and become the members after dispatch of the Notice and hold shares as on the cut off date i.e 23<sup>rd</sup> September, 2018 may follow the same instructions as mentioned above for E-voting.
- (xxi) In case if you have any queries or issues regarding e-voting, you may refer the Frequently Asked questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) , under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

**Kind Attn: Shareholders**

- SEBI has mandated vide its circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20<sup>th</sup> April, 2018 for updation of PAN and Bank details in the ledger folios of shareholders holding shares in physical form. Shareholders are requested to refer to the letter annexed at the end of this Annual Report as "Annexure B".
- As per the Company's record, it has been noticed that certain shareholders have still not surrendered their Letter of Allotment after paying balance call money due on allotment of partly paid shares, in exchange of their Share Certificates. Accordingly, the same are lying with the Company for a relatively long period of time. The Company has sent reminders to these shareholders to surrender their letter of allotment in exchange of their Share Certificates. Kindly consider this as our last and final reminder to all those shareholders who have not surrendered their Letter of Allotment in exchange of their Share certificates. In case we do not hear from you, the Company will proceed with the formalities of depositing the unclaimed share certificates in the unclaimed Suspense Account with the Depository Participant to comply with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## KHANDELWAL EXTRACTIONS LIMITED

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

#### Item No. 6

Mr. Vishwa Nath Khandelwal, who has been associated with the Company's activities since inception, has been holding office in the capacity of whole-time Director (Works) in terms of approval accorded by members of the Company in the 31st Annual General Meeting held on 28th September, 2013 for a period of 5 years w.e.f. 01.04.2014. His present tenure would expire on 31.03.2019. The Board of Directors on the basis of recommendation of Nomination and Remuneration Committee has re-appointed him as Whole-time Director (Works) for another period of five (5) years w.e.f. 01.04.2019 on the remuneration package which is within the maximum permissible limit under Schedule V of the Companies Act, 2013. Fresh approval of the members by way of Special Resolution is being sought for the same.

Brief particulars of Mr. Vishwa Nath Khandelwal pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and additional information to be given to members in terms of Secretarial Standards on General Meetings (SS-2) is given below:

Category	Whole Time Director
Age	70 years
Qualification	M.Sc
Date of first appointment on the Board	24.04.1981
Brief resume of Director	Mr. Vishwa Nath Khandelwal is one of the promoter Directors and is associated with the Company since inception and having an experience of more than 35 years in managing solvent extraction plant. He has been devoting full time and attention to the affairs of the Company and has been responsible for production, quality control and related matters. His association with the Company has been very fruitful and beneficial.
Expertise in specific functional areas	Production and Quality Control
Directorship/Membership/Chairmanship held in Committees of Board of other companies	Nil
Number of shares held in the Company	29650
Relationship with other directors inter-se	Brother of Mr. Kailash Nath Khandelwal and Mr. Dinesh Khandelwal
No. of Board meetings attended in the year 2017-18	4 (Four) out of 4 (Four)
Remuneration last drawn	Details given in Form MGT-9

The followings are the terms and conditions as regards to salary and perquisites payable to him:

- i) Salary: Rs.52500/- per month

#### Category –A:

- a) Provident Fund: Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisite to the extent these, either singly or put together are not taxable under the Income Tax Act.
- b) Gratuity: Gratuity payable shall not exceed half-month's salary for each completed year of service subject to a ceiling as permitted under Gratuity Act.

#### Category – B:

Provision of Car for use on Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on telephones and use of car for private purpose shall be billed by the Company.

He shall not be entitled for any sitting fees for meeting of the Board or of any committee thereof attended by him. In the event of loss or inadequacy of profits in any financial year(s), the aforesaid remuneration shall be paid as minimum remuneration in accordance with the provisions of Companies Act, 2013. The Board of Directors, in agreement with him, may pay lower remuneration than the remuneration here in before stipulated, or revise the same from time to time, within the maximum permissible limit under Schedule V of the Companies Act, 2013.

No Director and Key Management Personnel, except Mr. K N Khandelwal, Mr. Dinesh Khandelwal, and Mr. Vishwa Nath Khandelwal being relative to each other, are concerned and interested in the resolution.

#### Item No. 7

Due to continued unviability of the Company's operations because of non-availability of sufficient raw material at competitive prices resulting in higher production cost and with no visible improvement in operation due to excess capacity created in industry, it is not viable to run the solvent extraction plant of the Company situated at Akrapur-Magarwara, Dist. Unnao. Further, the Company's plant is now 33 years old and needs major replacement for which the Company does not have ample resources. Hence, it has been considered necessary to explore the possibilities of sale/lease, transfer and dispose off the whole or substantially the whole of the undertaking or in piece meal, plant and machinery, land and building separately to fetch better value to suitable party/parties in one or more trenches at such consideration and on such terms and conditions as the Board may deem fit in the best interest of the Company. Approval of members is required to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company in terms of provisions of Section 180 (1) (a) of the Companies Act, 2013.

The Board of Directors therefore recommends the special resolution as set out in Item No. 7 in the notice of AGM.

None of the Directors, Key Managerial Personnel or their relatives is in any way concerned or interested financially or otherwise in the above resolution.

## DIRECTORS' REPORT

#### Dear Members,

Your Directors have pleasure in presenting Company's 36<sup>th</sup> Annual Report and Audited Financial Statements for the financial year ended March 31<sup>st</sup>, 2018.

#### 1. FINANCIAL RESULTS

	(Rs. in Lakhs)
Sales and other Income	1280.34
Loss before Interest and Depreciation	(25.32)
Less: Interest	40.45
Depreciation	5.14
Tax Expenses	
(including Deferred Tax)	(8.61)
Loss after tax	(62.30)

#### 2. HIGHLIGHTS OF PERFORMANCE

During the year, the Company's working resulted in loss before interest and depreciation of Rs 25.32 lakhs on a turnover of Rs. 1280.34 lakhs. The Company's operations are unviable due to running of plant for very limited period because of non availability of raw materials at reasonable prices. Cut throat competition in procurement of raw materials led to price increase resulting in erosion of margin. Further depressed demand of de-oiled cakes have changed the industrial scenario altogether. These factors have affected the Company's working. The situation continues in the current financial year as well.

#### Indian Accounting Standards (Ind-AS) – IFRS Converged Standards.

The Company has adopted Indian Accounting Standards (Ind-AS) with effect from 1st April, 2017 pursuant to Ministry of Corporate Affairs'

notification of the Companies (Indian Accounting Standard) Rules, 2015 and the Annual Accounts of 2017-18, has been drawn in terms of provisions of the Ind-AS.

#### Future Outlook

Management do not see any reversal of current industrial scenario of negative margins in near future, as the plant capacities around our plant site have outpaced the availability of raw material. Besides new plants have their own refinery units and dictate their terms and are in better position to control the market. Your Directors are therefore very pessimistic in running the plant profitably.

#### 3. TRANSFER TO RESERVES

In view of losses incurred by the Company for the F.Y. 2017-18, no amount has been transferred to General Reserve.

#### 4. DIVIDEND

In view of losses during F.Y. 2017-18, the Board of Directors have not recommended dividend on Equity shares. Directors have decided to recommend dividend on Cumulative Redeemable Preference Shares for the F.Y. 2017-18. Your Directors recommend a dividend of Rs. 144666/- (including Rs. 24666/- as dividend distribution tax) on 5,000 Preference Shares of Series II and Series III @ 12%. Further, during the year an interim dividend of Rs. 424978/- (including Rs. 71881/- as dividend distribution tax) was paid on 30,000 Preference Shares of Series I @ 12% for the period 01.04.2017-24.03.2018 along with maturity amount.

#### 5. SHARE CAPITAL

The Company's Authorized Capital remains unchanged at Rs. 200 Lakhs. The Paid up Equity Share Capital of the Company as on the

## KHANDELWAL EXTRACTIONS LIMITED

date of Balance Sheet stands unchanged at Rs. 85,01,000/- (comprising of 8,50,000 Equity shares of Rs. 10/- each). During the year, the Company has redeemed Preference Share Capital amounting to Rs. 30,00,000 (comprising of 30,000 Preference Shares of Series I @ 12% of Rs. 100/- each), hence the Paid up Preference Share Capital of the Company stand reduced to Rs. 10,00,000 (comprising of 5000 Preference Shares of Series II and 5000 Preference Shares of Series III @ 12% of Rs. 100/- each)

### 6. FIXED DEPOSITS

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

### 7. SUBSIDIARIES

Your Company does not have any subsidiary within the meaning of the Companies Act, 2013. During the financial year ended 31<sup>st</sup> March, 2018, no entity became or ceased to be the subsidiary, joint venture or associate of the Company.

### 8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Mr. Ashok Gupta (DIN 00135288), Mr. Atul Bagla (DIN: 00159563), Mr. Anil Kamthan (DIN: 00159819) and Mrs. Rekha Kejriwal (DIN: 06889864), continue on the Board as Independent Directors. The tenure of Mr. Vishwa Nath Khandelwal designated as Whole-time Director (Works), who was appointed for five (5) years w.e.f 1<sup>st</sup> April, 2014 will expire on 31<sup>st</sup> March 2019. The Board on the recommendation of Nomination and Remuneration Committee has reappointed him as Whole-Time Director (Works) for five (5) years period from 01.04.2019 on the remuneration detailed in the notice of AGM, subject to approval by members in the general meeting. His particulars are given in the Explanatory Statement attached to the notice. Mr. V.N. Khandelwal (DIN: 00161893) is also liable to retire by rotation and being eligible offers himself for re-appointment. Your Directors recommend the resolutions for re-appointment of Mr. V.N. Khandelwal for your approval. Ms. Surabhi Pasari continues to act as Company Secretary and Compliance Officer during the year.

b. All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013.

### 9. BOARD EVALUATION

Pursuant to the MCA amendment dated 07.05.2018 in the provisions of section 178(2) of the Companies Act, 2013; the Nomination and Remuneration Committee formulated the criteria for evaluation of the performance of the Board of Directors, its various Committees constituted as per the provisions of the Companies Act, 2013 and individual directors. Based on that, the Board of Directors carried out evaluation of its own performance and of its various Committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Committee of Directors (Share Transfer) and expressed satisfaction with its performance and performance of its Committees. The Board of Directors evaluated the performance of individual Director on the basis of self-appraisal and expressed their satisfactory performance. The Board of Directors also carried out an annual performance evaluation of its Independent Directors and expressed their satisfaction with their functioning /performance.

In terms of Schedule IV to the Companies Act, 2013, the Independent Directors also convened a separate meeting for this purpose and evaluated the performance of Chairman and Non Independent Directors.

### 10. REMUNERATION POLICY

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

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

### 11. RISK MANAGEMENT POLICY

The Company has formulated the Risk Management Policy in accordance with the Companies Act, 2013 which is reviewed by the Board from time to time. The Company has identified the External/Internal Risks which may impact the operations of the business/Company. The Company's unit being agro based and its products are subject to wide price fluctuations. The availability of raw material is dependent upon monsoon. Cut-throat competition for procurement of raw materials plays vital role in smooth

running of the plant. Global conditions and Government policy also play important role in regulating the prices of Company's end products and consequently affect the Company's profitability. Executive Management keeps a close watch on these external risk factors while taking decisions relating to operations. The management has taken all possible measures to cover up and minimize the internal risks such as business, financial, human, environment and statutory compliance.

### 12. INTERNAL CONTROL SYSTEM

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

The Company has already formed an Audit Committee which met four times in a year. Audit Committee also ensures proper compliance with the provisions of The Companies Act, 2013 and also reviews the adequacy and effectiveness of the internal control environment and monitors implementation of internal audit recommendations. Besides the above, Audit Committee is actively engaged in overseeing financial disclosures and in reviewing your Company's risk management policies.

### 13. INTERNAL FINANCE CONTROLS

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

### 14. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

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

### 15. RELATED PARTY TRANSACTIONS

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

### 16. STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made there under M/s. Gupta Vaish & Co., Kanpur, Chartered Accountants, (ICAI Registration No 005087C), were appointed by the shareholders at the Thirty Fifth (35th) Annual General Meeting to hold office until the conclusion of Fortieth (40th) Annual General Meeting subject to ratification by shareholders at each intervening Annual General Meeting. Therefore, the Board proposes to ratify the appointment of M/s Gupta Vaish & Co, Chartered Accountants, Kanpur (ICAI Registration No. 005087C) as Statutory Auditors of the Company for the F.Y. 2018-19. The Company has obtained from the Auditors, a Certificate as required under Section 139 of the Companies Act, 2013 to the effect that they are eligible to continue as statutory auditor of the Company.

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

### 17. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of The Companies Act, 2013 and the Rules made there under, M/s. Banthia & Co, Practising Company Secretary (CP No. 1405), Kanpur, were appointed to conduct the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2018. The Practising Company Secretary has submitted his Report on the secretarial audit which is annexed to this Directors' Report. The Secretarial Audit Report does not contain any adverse observation or qualification requiring explanation or comments from the Board under Section 134 (3) (f) of the Companies Act, 2013.

### 18. AUDITOR'S REPORT

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

## KHANDELWAL EXTRACTIONS LIMITED

### 19. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS

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

### 20. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed with no material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the same period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls in the Company that are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that these are adequate and are operating effectively.

### 21. MATERIAL CHANGES AND COMMITMENTS

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

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

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

### 23. CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Company during the financial year ended 31st March, 2018.

### 24. STATUTORY DISCLOSURES:

#### i. CORPORATE GOVERNANCE

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

#### ii. EXTRACT OF ANNUAL RETURN

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

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

- a. The Board of Directors met four times during the year on 26.05.2017, 16.08.2017, 18.11.2017 and 10.02.2018. All the Directors were present in all the meetings.
- b. The Audit Committee formed under Section 177 of Companies Act 2013, consisting of Mr. Ashok Gupta, Chairman; Mr. Atul Bagla and Mr. K.N. Khandelwal met four times during the year on 26.05.2017, 16.08.2017, 18.11.2017 and 10.02.2018. All the members were present in all the meetings.
- c. During the year, Nomination and Remuneration Committee consisting of Mr. Ashok Gupta, Chairman; Mr. Atul Bagla, Mr. Anil Kamthan and Mr. K.N. Khandelwal met one time during the year on 26.05.2017. All the members were present in the meeting.
- d. The Stake Holders Relationship Committee consisting of Mr. Anil Kamthan, Chairman; Mr. K.N. Khandelwal and Mr. Dinesh Khandelwal met once on 24.03.2018 and noted that three complaints were received from the shareholders during the year on account of non-receipt of Annual Report for F.Y. 2015-16 and 2016-17 which were duly addressed.
- e. Independent Directors held a meeting on 24.03.2018 to assess /evaluate the performance of Chairman and Non Independent Directors and concluded their satisfaction on their performances.

#### iv. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is not applicable to the Company.

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

Loans and investments were made for deployment of surplus funds which are within the limits as prescribed u/s 186 of the Companies Act, 2013. Details are given in financial statements annexed in the Annual Report for F.Y. 2017-18.

### vi. CONSERVATION OF ENERGY

Information required in "Form A" is not being given as our unit does not fall under specified industry mentioned in the relevant schedule.

### vii. TECHNOLOGY ABSORPTION

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

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

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

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

Details of remuneration paid to Directors, KMPs are given in Form No. MGT-9. Further, details as required under Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 read with section 197(12) of the Act, is given in **Annexure A**. Executive directors have been paid minimum remuneration as approved by the Shareholders. Non-executive Directors have been paid only sitting fees.

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

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

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

### 25. ENVIRONMENT AND SAFETY

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

### 26. LISTING OF EQUITY SHARES

The Equity shares continue to be listed with BSE Ltd. The Company has paid the Annual Listing fee for the year 2017-18 to the said stock exchange.

### 27. DEMATERIALIZATION OF SHARES/APPOINTMENT OF RTA

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

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

### 28. COMPLIANCE WITH APPLICABLE SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards, SS-1 on Meetings of the Board of Directors and SS-2 on General Meetings issued by the Institute of Company Secretaries of India.

### 29. ACKNOWLEDGMENT

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

FOR AND ON BEHALF OF THE BOARD

**K N KHANDELWAL**  
(CHAIRMAN)

Place: Kanpur

Date : 26<sup>th</sup> May, 2018



**KHANDELWAL EXTRACTIONS LIMITED**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2018**

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

To,  
**The Members,  
Khandelwal Extractions Ltd.  
51/47,NayaGanj  
Kanpur 208001.**

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

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Khandelwal Extractions Ltd. for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

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

- (1) The Companies Act, 2013 (the Act) and the rules made there under;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under.
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable during the Audit Period)
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. (Not applicable during the Audit Period).
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable during the Audit Period).
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable during the Audit Period)
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable during the Audit Period)
- (6) I further report that reliance has been placed on the management representation and information/records produced by the Company during course of my audit for compliances under other applicable Acts, Laws, and Regulations, there is no specific Law applicable to the Company:

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

  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Agreement(LODR)entered into by the Company with the Bombay Stock Exchange Limited. Shares of the Company are listed at Bombay Stock Exchange Limited. For transfer of shares to suspense account as per clause 39 of LODR Regulations, a letter has been issued to the concerned shareholders for claiming the shares and after reminder(s) such shares would be transferred accordingly .  
(UP Stock Exchange ceased to be a recognized Stock Exchange in June 2015.Listing Agreement with said Exchange also ceased).

I further report that during the audit period, there were no other events having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc. However, the Company has incurred losses in all the four quarters during the year.

Signature  
**Banthia And Company  
G.K.Banthia(Prop.)**

Place :Kanpur  
Date :May 26,2018

ACS No.:4933; C P No.:1405

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

**Annexure A**

To,  
**The Members  
Khandelwal Extractions Ltd.  
51/47,NayaGanj  
Kanpur 208001.**

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

1. It is the responsibility of the management of the company to maintain secretarial record, devise proper systems to ensure compliance with the provisions of all the applicable laws and to ensure that the systems are adequate and operate effectively.
2. Our responsibility is to express an opinion on these secretarial records based on our audit.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of finance records and Books of Accounts of the company.
5. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer:**

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

Signature  
**Banthia And Company  
G.K.Banthia(Prop.)**

Place :Kanpur  
Date :May 26,2018

ACS No.:4933; C P No.:1405

## KHANDELWAL EXTRACTIONS LIMITED

### FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN As on financial year ended on 31.03.2018

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

#### I. REGISTRATION & OTHER DETAILS

1	CIN	L24241UP1981PLC005282
2	Registration Date	24.04.1981
3	Name of the Company	M/s KHANDELWAL EXTRACTIONS LIMITED
4	Category/Sub-category of the Company	
5	Address of the Registered office & contact details	51/47, NAYAGANJ, KANPUR-208001
6	Whether listed company	LISTED (BSE)
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	ALANKIT ASSIGNMENTS LIMITED, 1E/13, ALANKIT HEIGHTS, JHANDEWALAN EXTENSION, NEW DELHI-110055 PH:011-42541234/23541234

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	RICE BRAN OIL		44.18
2	DEOILED RICE BRAN		55.82
			100.00

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

#### IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	-	326,000	326,000	38.35%	251,100	74,900	326,000	38.35%	0.00%
b) Central Govt			-	-			-	-	-
c) State Govt(s)			-	-			-	-	-
d) Bodies Corp.			-	-			-	-	-
e) Banks / FI			-	-			-	-	-
f) Any other			-	-			-	-	-
<b>Sub Total (A) (1)</b>	-	326,000	326,000	38.35%	251,100	74,900	326,000	38.35%	0.00%
(2) Foreign									
a) NRI Individuals			-	-			-	-	-
b) Other Individuals			-	-			-	-	-
c) Bodies Corp.			-	-			-	-	-
d) Any other			-	-			-	-	-
<b>Sub Total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL (A)</b>	-	326,000	326,000	38.35%	251,100	74,900	326,000	38.35%	0.00%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds			-	-			-	-	-
b) Banks / FI			-	-			-	-	-
c) Central Govt			-	-			-	-	-
d) State Govt(s)			-	-			-	-	-
e) Venture Capital Funds			-	-			-	-	-
f) Insurance Companies			-	-			-	-	-
g) FIs			-	-			-	-	-

## KHANDELWAL EXTRACTIONS LIMITED

h) Foreign Venture Capital Funds			-	-			-	-		-
i) Others (specify)			-	-			-	-		-
<b>Sub-total (B)(1):-</b>			-	-			-	-		-
<b>2. Non-Institutions</b>										
a) Bodies Corp.										
i) Indian	-	6,600	6,600	0.78%	-	6,600	6,600	0.78%		0.00%
ii) Overseas			-	-			-	-		-
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	-	333,600	333,600	39.24%	2500	331,100	333,600	39.24%		0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh		-	-	0.00%		-	-	0.00%		0.00%
c) Others (specify)										
Non Resident Indians	-	183,900	183,900	21.63%	500	183,400	183,900	21.63%		0.00%
Overseas Corporate Bodies			-	-			-	-		-
Foreign Nationals			-	-			-	-		-
Clearing Members			-	-			-	-		-
Trusts			-	-			-	-		-
Foreign Bodies - D R			-	-			-	-		-
<b>Sub-total (B)(2):-</b>	-	524,100	524,100	61.65%	3,000	521,100	524,100	61.65%		0.00%
<b>Total Public (B)</b>	-	524,100	524,100	61.65%	3,000	521,100	524,100	61.65%		0.00%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>			-	-			-	-		-
<b>Grand Total (A+B+C)</b>	-	850,100	850,100	100.00%	254,100	596,000	850,100	100.00%		0.00%

### (ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Anil Khandelwal	33300	3.92%	NIL	33300	3.92%	NIL	-
2	Abodh Khandelwal	4500	0.53%	NIL	4500	0.53%	NIL	-
3	Anjana Khandelwal	14950	1.76%	NIL	14950	1.76%	NIL	-
4	Dinesh Khandelwal	42000	4.94%	NIL	42000	4.94%	NIL	-
5	Eti Khandelwal	12800	1.51%	NIL	12800	1.51%	NIL	-
6	Kailash Nath Khandelwal	35000	4.12%	NIL	35000	4.12%	NIL	-
7	Kiran Khandelwal	10000	1.18%	NIL	10000	1.18%	NIL	-
8	Krishna Khandelwal	1400	0.16%	NIL	1400	0.16%	NIL	-
9	Radha Rani Khandelwal	22300	2.62%	NIL	22300	2.62%	NIL	-
10	Rajni Khandelwal	9200	1.08%	NIL	9200	1.08%	NIL	-
11	Ruchi Gupta	5250	0.62%	NIL	5250	0.62%	NIL	-
12	Rohit Khandelwal	19600	2.31%	NIL	19600	2.31%	NIL	-
13	Sudhir Kumar Khandelwal	23250	2.73%	NIL	23250	2.73%	NIL	-
14	Shruti Khandelwal	12700	1.49%	NIL	12700	1.49%	NIL	-
15	Vishwa Nath Khandelwal	29650	3.49%	NIL	29650	3.49%	NIL	-
16	Vinita Khandelwal	5500	0.65%	NIL	5500	0.65%	NIL	-
17	Vijay Kumar Khandelwal	1100	0.13%	NIL	1100	0.13%	NIL	-
18	Abhishek Khandelwal	13150	1.55%	NIL	13150	1.55%	NIL	-
19	Yash Khandelwal	30350	3.57%	NIL	30350	3.57%	NIL	-
	<b>TOTAL</b>	<b>326000</b>	<b>38.35%</b>		<b>326000</b>	<b>38.35%</b>		<b>0.00%</b>

## KHANDELWAL EXTRACTIONS LIMITED

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Reason	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in shareholding during the year
			No. of shares	% of total shares	No. of shares	% of total shares	
	At the beginning of the year						
No change in Promoter's Shareholding during the year ended 31.03.2018							

### (iv) Shareholding Pattern of Top Ten Shareholder

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	SHIVAN KHANDELWAL			13000	1.53%	13000	1.53%
2	JAI KUMAR BHAGWANDAS			12500	1.47%	12500	1.47%
3	JAI KUMAR BHAGWANDAS			9000	1.06%	9000	1.06%
4	BHAGWANDAS HARIDAS			8500	1.00%	8500	1.00%
5	KISHORE KUMAR SUNDERDAS			7500	0.88%	7500	0.88%
6	VINOD KUMAR BHAGWANDAS			5500	0.65%	5500	0.65%
7	BHAGWANDAS HARIDAS			5000	0.59%	5000	0.59%
8	RADHEY SHYAM KHANDELWAL			5000	0.59%	5000	0.59%
9	VINOD KUMAR BHAGWANDAS			4500	0.53%	4500	0.53%
10	H. SRINIVASA KAMATH			4300	0.51%	4300	0.51%
				74800	8.80%	74800	8.80%

### (v) Shareholding of Directors and Key Managerial Personnel :

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. K.N. Khandelwal			35000	4.12%	35000	4.12%
2	Mr. V.N. khandelwal			29650	3.49%	29650	3.49%
3	Mr. Dinesh Khandelwal			42000	4.94%	42000	4.94%
4	Mr.Ashok Gupta			100	0.01%	100	0.01%
5	Mr. Atul Bagla			100	0.01%	100	0.01%
6	Mr. Anil Kamthan			100	0.01%	100	0.01%
7	Mrs. Rekha Kejriwal			-	-	-	-
8	Ms. Surabhi Pasari			-	-	-	-

### (V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	425.09	54.50	-	479.59
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>425.09</b>	<b>54.50</b>	<b>-</b>	<b>479.59</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	115.00	-	115.00
* Reduction	140.70	9.50	-	150.20
<b>Net Change</b>	<b>(140.70)</b>	<b>105.50</b>	<b>-</b>	<b>(35.20)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	284.39	160.00	-	444.39
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>284.39</b>	<b>160.00</b>	<b>-</b>	<b>444.39</b>

## KHANDELWAL EXTRACTIONS LIMITED

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (Rs)
		Name	Designation	
		V.N.KHANDELWAL	DINESH KHANDELWAL	
		WHOLE TIME DIRECTOR	CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	630,000	630,000	1,260,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (Excluding Gratuity & Medical reimbursement)	327,600	327,600	655,200
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL		-
2	Stock Option	NIL		-
3	Sweat Equity	NIL		-
4	Commission			-
	- as % of profit	NIL		-
	- others, specify	NIL		-
5	Others, please specify	NIL		-
	Total (A)	957,600	957,600	1,915,200
	Ceiling as per the Act			

#### B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount (Rs)
		Ashok Gupta	Atul Bagla	Anil Kamthan	Rekha Kejriwal	
1	Independent Directors					
	Fee for attending board /committee meetings	9,000	9,000	6,000	4,000	28,000
	Commission					-
	Others, please specify					-
	Total (1)	9,000	9,000	6,000	4,000	28,000
2	Other Non-Executive Directors					
	Fee for attending board /committee meetings	10,000				10,000
	Commission					-
	Others, please specify					-
	Total (2)	10,000	-	-	-	10,000
	Total (B)=(1+2)	19,000	9,000	6,000	4,000	38,000
	Total Managerial Remuneration					1,953,200
	Overall Ceiling as per the Act	Minimum Remuneration as per approval of members				

#### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs)
		Name	Designation		
		Surabhi Pasari			
		CS			
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	204,000			204,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				-
2	Stock Option				-
3	Sweat Equity				-
4	Commission				-
	- as % of profit				-
	- others, specify				-
5	Others, please specify				-
	Total	204,000			204,000

#### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: No penalties/punishment imposed during the financial year 2017-18

**KHANDELWAL EXTRACTIONS LIMITED**

**ANNEXURE A**

**Disclosure in the Directors' Report under Section 197(12) of Companies Act, 2013 read with Rule 5 (1) & (2) of Companies (Appointment & Remuneration) Rules, 2014**

<b>(i)</b>	The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2017-18	<b>Director's Name</b>	<b>Ratio to median remuneration</b>
		Mr. V.N. Khandelwal	5.31:1
		Mr. Dinesh Khandelwal	5.31:1
<b>(ii)</b>	The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2017-18 compared to 2016-17	<b>Designation</b>	<b>% increase in remuneration</b>
		Mr. V.N. Khandelwal Director (Works)	Nil
		Mr. Dinesh Khandelwal Director (Finance) & CFO	Nil
		Ms. Surabhi Pasari, Company Secretary	6.25%
		Other Directors are paid sitting fees only Details mentioned in MGT-9	-
<b>(iii)</b>	Percentage increase in the median remuneration of employees in the financial year 2017-18 compared to 2016-17	12.43%	
<b>(iv)</b>	Number of permanent employees on the rolls of the Company	As on 31.03.2018  27	As on 31.03.2017  31

**(vi)** The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.

Names of every employee of the company as per Rule 5(2) - **NIL**

# KHANDELWAL EXTRACTIONS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### To The Members of KHANDELWAL EXTRACTIONS LIMITED

#### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Khandelwal Extractions Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements

give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

- 1- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2- As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and 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 it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - I. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; (**Refer Note No29**)
    - II. The company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund;

For GUPTA VAISH & Co.  
Chartered Accountants  
Registration Number: 005087C

Place: KANPUR

Date: 26-05-2018

RAJENDRA GUPTA  
(PARTNER)  
Membership Number: 073250

**KHANDELWAL EXTRACTIONS LIMITED**

**ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT  
Re : KHANDELWAL EXTRACTIONS LIMITED**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March, 2018, we report that:

- 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) According to the information and explanations given to us and the records examined by us and based on the examination of registered sale deed /transfer deed/ conveyance deed and other relevant records evidencing title provided to us, we report that, the title deeds, comprising all the immovable properties of land and building are held in the name of the company as at the balance sheet date, except the following:

Particular of land	Gross Block as at 31-03-2018 Rs.	Net Block as at 31-03-2018 Rs.	Remarks
Freehold land (two cases))	1,55,124	1,55,124	The title deeds of land is held in the erstwhile name of the company - KHANDELWAL EXTRACTIONS PRIVATE LIMITED

- ii. In respect of its Inventories:
 

As explained to us, inventories have been physically verified during the year by the management at reasonable intervals and discrepancies noticed on verification between physical stocks and the book records were not material.
- iii. In respect of loans, secured or unsecured, granted by the Company to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013, according to the information and explanations given to us :
 

The Company has not granted any loan to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the provisions of paragraph (iii) of the Companies (Auditor's Report) order, 2016, are not applicable to the company.
- iv. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. In our opinion and according to information and explanations given to us, the company has not accepted any deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013. Therefore, the provisions of paragraph (v) of the Companies (Auditor's Report) order, 2016, are not applicable to the company.
- vi. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 the Companies Act, 2013 for the products of the company.
- vii. 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, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise,

- value added tax, goods & service tax, cess and any other statutory dues applicable to it.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, goods & service tax, cess and other statutory dues were in arrear as at 31<sup>st</sup> March, 2018 for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no dues of income tax, sales tax, service tax, goods & service tax, duty of custom, duty of excise or value added tax which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly, provisions of paragraph (ix) of the Companies (Auditor's Report) order, 2016, are not applicable to the company.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, provisions of paragraph (xii) of the Companies (Auditor's Report) order, 2016, are not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transaction with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and on our examination of the records of the Company, the Company has not entered into non cash transactions with directors or person connected with them. Accordingly provisions of paragraph (xv) of the Companies (Auditor's Report) order, 2016, are not applicable to the company.
- xvi. The Company is not required to be registered under 45 –IA of the Reserve Bank of India Act 1934.

**For GUPTA VAISH & Co.**  
Chartered Accountants  
Registration Number: 005087C

**RAJENDRA GUPTA**  
(PARTNER)  
Membership Number: 073250

Place: Kanpur  
Date: 26-05-2018



**ANNEXURE –“B” TO THE INDEPENDENT AUDITORS REPORT OF EVEN  
DATE ON THE FINANCIAL STATEMENTS OF  
KHANDELWAL EXTRACTIONS LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of KHANDELWAL EXTRACTIONS LIMITED (“the Company”) as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For GUPTA VAISH & Co.**  
Chartered Accountants  
Registration Number: 005087C

**RAJENDRA GUPTA**  
(PARTNER)  
Membership Number: 073250

Place: Kanpur  
Date: 26-05-2018

**KHANDELWAL EXTRACTIONS LIMITED**

**BALANCE SHEET AS AT 31st MARCH, 2018**

	NOTES	As At 31.03.2018 ₹	As At 31.03.2017 ₹	As At 01.04.2016 ₹
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	2	10,494,955	10,617,524	8,489,531
Deferred Tax Assets (net)	12	1,473,259	612,259	114,630
		<u>11,968,214</u>	<u>11,229,783</u>	<u>8,604,161</u>
<b>Current Assets</b>				
Inventories	3	48,265,162	78,877,574	72,534,046
<b>Financial Assets:</b>				
Trade Receivables	4	3,868,997	6,316,277	3,070,331
Cash and Cash equivalents	5	179,695	199,879	1,059,162
Loans	6	14,000,000	15,000,000	10,000,000
Current Tax Assets (Net)	7	349,059	-	674,570
Other Current Assets	8	11,920,254	9,469,988	6,445,961
		<u>78,583,167</u>	<u>109,863,718</u>	<u>93,784,070</u>
<b>TOTAL</b>		<u><b>90,551,381</b></u>	<u><b>121,093,501</b></u>	<u><b>102,388,231</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	9	8,800,500	8,800,500	8,800,500
Other Equity	10	19,482,214	25,998,514	21,331,088
		<u>28,282,714</u>	<u>34,799,014</u>	<u>30,131,588</u>
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	11	1,000,000	1,000,000	4,000,000
		<u>1,000,000</u>	<u>1,000,000</u>	<u>4,000,000</u>
<b>Current Liabilities</b>				
<b>Financial Liabilities:</b>				
Borrowings	13	28,438,634	42,509,309	47,104,559
Trade Payables	14	6,292,490	20,983,995	8,136,367
Other Financial liabilities	15	16,144,666	9,858,274	6,378,274
Other Current Liabilities	16	10,240,604	11,478,144	6,434,070
Provisions	17	152,273	283,886	203,373
Current Tax Liabilities (Net)			180,879	
		<u>61,268,667</u>	<u>85,294,487</u>	<u>68,256,643</u>
<b>TOTAL</b>		<u><b>90,551,381</b></u>	<u><b>121,093,501</b></u>	<u><b>102,388,231</b></u>

Accounting policies and notes on financial statements 1 to 30

As per our report of even date attached  
For Gupta Vaish & Co.  
Chartered Accountants  
Registration No. 005087C

RAJENDRA GUPTA  
(Partner)  
Membership No. 073250

SURABHI PASARI  
(Company Secretary)

DINESH KHANDELWAL  
(Director- Finance & CFO)

V.N. KHANDELWAL  
(Whole Time Director)

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

Place: Kanpur  
Date: 26.05.2018

**KHANDELWAL EXTRACTIONS LIMITED**

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2018**

	Notes	Year Ended 31.03.2018 ₹	Year Ended 31.03.2017 ₹
<b>INCOME</b>			
Revenue from operations	18	125,602,735	151,738,355
Other Income	19	2,431,121	2,424,719
<b>Total Income</b>		<u>128,033,856</u>	<u>154,163,074</u>
<b>EXPENSES:</b>			
Cost of Materials Consumed (Ricebran)		97,576,728	120,778,846
Purchases of Stock in trade		1,577,750	4,905,478
Changes in inventories of finished stock	20	3,589,591	(10,536,504)
Employees Benefits Expense	21	7,590,800	7,543,650
Finance cost	22	4,044,963	2,720,677
Depreciation and amortization expense		513,929	446,511
Other Expenses	23	20,230,697	22,984,608
<b>Total Expenses</b>		<u>135,124,458</u>	<u>148,843,266</u>
<b>Profit/ (Loss) before Tax</b>		<u>(7,090,602)</u>	<u>5,319,808</u>
<b>Tax Expenses:</b>			
Current Tax		-	1,150,011
Deferred Tax Credit (Including MAT Credit Entitlement)		(861,000)	(497,629)
<b>Profit/ (Loss) for the period</b>		<u>(6,229,602)</u>	<u>4,667,426</u>
Other Comprehensive Income			
<b>Total Comprehensive Income for the year</b>		<u>(6,229,602)</u>	<u>4,667,426</u>
Earning per equity share of Rs 10 each			
Basic and Diluted	24	(7.33)	5.49
<b>Accounting policies and notes on financial statements</b>	<b>1 to 30</b>		

As per our report of even date attached

For Gupta Vaish & Co.  
Chartered Accountants  
Registration No. 005087C

DINESH KHANDELWAL  
(Director- Finance & CFO)

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

RAJENDRA GUPTA  
(Partner)  
Membership No. 073250

SURABHI PASARI  
(Company Secretary)

V.N. KHANDELWAL  
(Whole Time Director)

Place: Kanpur  
Date: 26.05.2018

**KHANDELWAL EXTRACTIONS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018**

	2017-18	2016-17
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit Before Taxation	(7,090,602)	5,319,808
Adjustments for:		
Interest Income	(2,429,621)	(2,301,444)
Dividend Income	(1,500)	-
Short term capital gain	-	(123,275)
(Profit)/Loss on sale of Fixed Assets	(6,360)	(33,115)
Finance Cost	4,044,963	2,720,677
Depreciation	513,929	446,511
	<u>2,121,411</u>	<u>709,354</u>
<b>Operating Profit before Working Capital changes</b>	<b>(4,969,191)</b>	<b>6,029,162</b>
Adjustments for:		
(Increase)/Decrease in Trade & Other Receivables	839,194	(11,104,459)
(Increase)/Decrease in Inventories	30,612,412	(6,343,528)
Increase/(Decrease) in Trade & Other Payables	(5,510,658)	17,972,215
	<u>25,940,948</u>	<u>524,228</u>
<b>Cash generated from operations</b>	<b>20,971,757</b>	<b>6,553,390</b>
Adjusted for:		
Income Tax Paid (Net)	(288,370)	(69,922)
	<u>(288,370)</u>	<u>(69,922)</u>
<b>Net Cash from Operating Activities</b>	<b>20,683,387</b>	<b>6,483,468</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(394,360)	(2,752,754)
Proceeds from Sale of Fixed Assets	9,360	211,365
Purchase of Investments	-	(7,000,000)
Proceeds from Sale of Investments	-	7,123,275
Dividend Received	1,500	-
Interest Received(Net of TDS)	2,345,873	1,911,290
	<u>1,962,373</u>	<u>(506,824)</u>
<b>Net Cash from Investing Activities</b>	<b>1,962,373</b>	<b>(506,824)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Redemption of Preference Shares	(3,000,000)	-
Movement in Cash Credit	(14,070,675)	(4,595,250)
Dividend Paid	(1,736,705)	-
Dividend Distribution Tax Paid	(383,245)	-
Interest paid	(3,475,319)	(2,240,677)
	<u>(22,665,944)</u>	<u>(6,835,927)</u>
<b>Net Cash used in Financing Activities</b>	<b>(22,665,944)</b>	<b>(6,835,927)</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash equivalents</b>	<b>(20,184)</b>	<b>(859,283)</b>
<b>(A)+(B)+(C)</b>	<b>(20,184)</b>	<b>(859,283)</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>199,879</b>	<b>1,059,162</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>179,695</b>	<b>199,879</b>

**Notes:**

1. Cash and Cash Equivalents consist of Cheques, Drafts, balance and deposits with original maturity of upto three months.
2. Reconciliation of Cash and Cash Equivalents: Cash and Cash Equivalents as per Note No. 5

As Per our Report Attached

Gupta Vaish & Co.  
Chartered Accountants  
Registration Number : 005087C

DINESH KHANDELWAL  
(Director- Finance & CFO)

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

RAJENDRA GUPTA  
(Partner)  
Membership No. 073250

SURABHI PASARI  
(Company Secretary)

V.N. KHANDELWAL  
(Whole Time Director)

Place : Kanpur  
Dated : 26-05-2018

**KHANDELWAL EXTRACTIONS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

Statement of changes in equity for the year ended 31st March, 2018

**A. Equity Share Capital**

Balance at the beginning of the Reporting Period i.e. 01st April, 2016	Changes in equity share capital during the year 2016-17	Balance at the end of the Reporting Period i.e. 31st March, 2017	Changes in equity share capital during the year 2017-18	Balance at the end of the Reporting Period i.e. 31st March, 2018
8,800,500	-	8,800,500	-	8,800,500

**B. Other Equity**

	Capital Redemption Reserve	General Reserve	Retained Earnings	Total
As on 31st March, 2017				
Balance as at 1st April, 2016	1,000,000	13,625,000	7,634,362	22,259,362
Ind As Adjustments	-	-	(928,274)	(928,274)
Restated Balance as at 01.04.2016	1,000,000	13,625,000	6,706,088	21,331,088
Total Comprehensive Income for the year	-	-	4,667,426	4,667,426
<b>Balance as at 31st March, 2017</b>	<b>1,000,000</b>	<b>13,625,000</b>	<b>11,373,514</b>	<b>25,998,514</b>

	Capital Redemption Reserve	General Reserve	Retained Earnings	Total
As on 31st march, 2018				
Balance as at 1st April, 2017	1,000,000	13,625,000	11,373,514	25,998,514
Total Comprehensive Income for the year	-	-	(6,229,602)	(6,229,602)
Transfer from general reserve	3,000,000	(3,000,000)	-	-
Tax on Preference Dividend	-	-	(286,698)	(286,698)
<b>Balance as at 31st March, 2018</b>	<b>4,000,000</b>	<b>10,625,000</b>	<b>4,857,214</b>	<b>19,482,214</b>

# KHANDELWAL EXTRACTIONS LIMITED

## Note 1: SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

Khandelwal Extractions Limited (the "Company") is a company domiciled in India and limited by shares (CIN: L24241UP1981PLC005282). The shares of the company are publicly traded on the BSE Limited. The address of the company's registered office is 51/47, 3<sup>rd</sup> floor, Kesharwani Bhawan, Nayaganj, Kanpur-208001. The company is primarily engaged in the manufacturing and sale of solvent oil.

### 1.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31<sup>st</sup> March 2017, the Company prepared its financial statements in accordance with Accounting Standards (AS) notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and in accordance with companies (Accounting Standards), Rules 2006 (erstwhile - Indian GAAP). These financial statements for the year ended 31<sup>st</sup> March 2018 are the first financial statements of the Company prepared in accordance with Ind-AS.

### 1.2 Current and non-current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is treated as current when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

An entity shall classify a liability as current when:

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

### 1.3 Revenue recognition

#### 1.3.1 Sales revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes, levies or duties collected on behalf of the government/ other statutory bodies.

The taxes, levies or duties are not considered to be received by the Company on its own account and are excluded from net revenue.

#### 1.3.2 Interest

Interest income is recognised using the Effective Interest Method.

#### 1.3.3 Dividend

Dividend income from investments is recognised when the rights to receive payment is established.

#### 1.3.4 Other Claims

Other claims (including interest on delayed realization from customers) are accounted for, when there is certainty of realisation.

### 1.4 Property, Plant and Equipment (PPE)

Land is carried at historical cost. Historical cost includes expenditure which are directly attributable to the acquisition of the land like, rehabilitation expenses, resettlement cost etc.

After recognition, an item of all other Property, plant and equipment are carried at its cost less any accumulated depreciation and any accumulated impairment losses under Cost Model. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item depreciated separately. However, significant part(s) of an item of PPE having same useful life and depreciation method are grouped together in determining the depreciation charge.

Costs of the day-to-day servicing described as for the 'repairs and maintenance' are recognised in the statement of profit and loss in the period in which the same are incurred.

### Subsequent Measurement

Subsequent cost of replacing parts of an item of property, plant and equipment are recognised in the carrying amount of the item, if it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised in accordance with the de recognition policy mentioned below.

When major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised.

An item of Property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of assets. Any gain or loss arising on such de recognition of an item of property plant and equipment is recognised in profit and Loss.

### Depreciation

Depreciation on property, plant and equipment, except freehold land, is provided on straight line method based on useful life specified in schedule II to the Companies Act, 2013. The residual value of Property, plant and equipment is considered as 5% of the original cost of the asset.

Depreciation on the assets added / disposed of during the year is provided on pro-rata basis with reference to the month of addition / disposal.

Capital Expenses incurred by the company on construction/development of certain assets which are essential for production, supply of goods or for the access to any existing Assets of the company are recognised as Enabling Assets under Property, Plant and Equipment.

### Transition to Ind AS

The company elected to continue with the carrying value as per cost model (for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS (01-04-2017) , measured as per the previous GAAP.

### 1.5 Impairment of Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, *Financial Instruments*, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### 1.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 1.6.1 Financial assets

##### 1.6.1 Initial recognition and measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### 1.6.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- \* Debt instruments at amortised cost
- \* Debt instruments at fair value through other comprehensive income (FVTOCI)

# KHANDELWAL EXTRACTIONS LIMITED

- \* Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- \* Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**1.6.3 Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, *Financial Instruments*, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**1.6.4 Financial liabilities**

**1.6.4.1 Initial recognition and measurement**

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**1.6.4.2 Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**1.6.4.3 Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

**1.6.5 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**1.7 Borrowing Costs**

Borrowing costs are expensed as incurred except where they are directly attributable to the acquisition, construction or production of qualifying assets i.e. the assets that necessarily takes substantial period of time to get ready for intended use, in which case they are capitalised as part of the cost of those asset up to the date when the qualifying asset is ready for its intended use.

**1.8 Tax Expenses**

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive Income or equity.

**Current Tax:**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance Sheet date.

**Deferred Tax:**

Deferred Tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

**1.9 Employee Benefits**

**(i) Short term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The company has following defined contribution plans:

- a) Provident fund
- b) Superannuation scheme

**(iii) Defined benefit plans**

The company net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The company has following defined benefit plans:

**a) Gratuity**

The company provides for its gratuity liability based on actuarial valuation of the gratuity liability as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary and contributes to the gratuity fund of the company. The contributions made are recognized as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognized in the Balance Sheet. Re-measurements are recognized in the Other Comprehensive Income, net of tax in the year in which they arise.

**1.10 Foreign Currency Transactions**

The company's reported currency and the functional currency for majority of its operations is in Indian Rupees (INR) being the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are converted into the reported currency of the company using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies outstanding at the end of the reporting period are translated at the exchange rates prevailing as at the end of reporting period. Exchange differences arising on the settlement of monetary assets and liabilities or on translating monetary assets and liabilities at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in statement of profit and loss in the period in which they arise.

Non-monetary items denominated in foreign currency are valued at the exchange rates prevailing at the transaction date.

**1.11 Inventories**

i) Inventories are valued as follows:

Raw materials, packing materials, stores and spares	Lower of cost and net realisable value. Cost is determined by using First in First Out (FIFO) method. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost
Work-in-progress, finished goods and traded goods	Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads. Cost of finished goods includes excise duty, wherever applicable.
Waste	At net realisable value

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

- ii) Work-in-progress, finished goods and traded goods have been valued as per the principles and basis consistently followed.
- iii) Provision for obsolete/ old inventories is made, wherever required.

**1.12 Cash and Cash Equivalent**

Cash and cash equivalents in the balance sheet comprise cash at banks and on

## KHANDELWAL EXTRACTIONS LIMITED

hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### 1.13 Provisions, Contingent Liabilities & Contingent Assets

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the company, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent Assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

### 1.14 Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per shares is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per shares and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

### 1.15 Judgements, Estimates and Assumptions

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and the amount of revenue and expenses during the reported period. Applications of accounting policies involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimate are recognised in the period in which the estimates are revised and, if material, their effects are disclosed in the notes to the financial statements.

#### 1.15.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

##### 1.15.1.1 Formulation of Accounting Policies

Accounting policies are formulated in a manner that result in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

In the absence of an Ind AS that specifically applies to a transaction, other event or condition, management has used its judgement in developing and applying an accounting policy that results in information that is:

- a) relevant to the economic decision-making needs of users and
- b) reliable in that financial statements:
  - (i) represent faithfully the financial position, financial performance and cash flows of the entity; (ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form; (iii) are neutral, i.e. free from bias; (iv) are prudent; and (v) are complete in all material respects on a consistent basis

In making the judgement management refers to, and considers the applicability of, the following sources in descending order:

- (a) the requirements in Ind ASs dealing with similar and related issues; and
- (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the *Framework*.

In making the judgement, management considers the most recent pronouncements of International Accounting Standards Board and in absence thereof those of the other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources in above paragraph.

##### 1.15.1.2 Materiality

Ind AS applies to items which are material. Management uses judgment in deciding whether individual items or groups of items are material in the financial statements. Materiality is judged by reference to the size and nature of the item. The deciding

factor is whether omission or misstatement could individually or collectively influence the economic decisions that users make on the basis of the financial statements. Management also uses judgement of materiality for determining the compliance requirement of the Ind AS. In particular circumstances either the nature or the amount of an item or aggregate of items could be the determining factor. Further an entity may also be required to present separately immaterial items when required by law.

### 1.15.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### 1.15.2.1 Impairment of non-financial assets

There is an indication of impairment if, the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Company considers individual PPE as separate cash generating units for the purpose of test of impairment. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

#### 1.15.2.2 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### 1.15.2.3 Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

#### 1.15.2.4 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 1.16 First Time Adoption of Ind AS

The company has adopted Ind AS w.e.f. 1<sup>st</sup> April ,2017 with comparative being restated. Accordingly the impact of transition has been provided in the opening Reserve as at 1<sup>st</sup> April ,2016 . The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

### 1.17 Abbreviation used:

a.	CGU	Cash generating unit
b.	DCF	Discounted Cash Flow
c.	FVTOCI	Fair value through Other Comprehensive Income
d.	FVTPL	Fair value through Profit & Loss
e.	GAAP	Generally accepted accounting principal
f.	Ind AS	Indian Accounting Standards
g.	OCI	Other Comprehensive Income
h.	P&L	Profit and Loss
i.	PPE	Property, Plant and Equipment



**KHANDELWAL EXTRACTIONS LIMITED**

**NON-CURRENT ASSETS**

**2. PROPERTY, PLANT AND EQUIPMENT**

Particulars	Gross Block						
	Opening Balance as on 01.04.2016	Additions made during the year	Deletions made during the year	Balance as on 31.03.2017	Additions made during the year	Deletions made during the year	Balance as on 31.03.2018
<b>Tangible Assets</b>							
Freehold Land	546,002	-	-	546,002	-	-	546,002
Factory Buildings	10,301,014	-	-	10,301,014	-	-	10,301,014
Plant and equipments	17,947,891	1,847,235	835,000	18,960,126	394,360	60,000	19,294,486
Furniture and Fixtures	157,128	-	-	157,128	-	-	157,128
Vehicles	972,210	905,519	344,188	1,533,541	-	-	1,533,541
<b>TOTAL</b>	<b>29,924,245</b>	<b>2,752,754</b>	<b>1,179,188</b>	<b>31,497,811</b>	<b>394,360</b>	<b>60,000</b>	<b>31,832,171</b>

Particulars	Depreciation Block						
	Upto 31.03.2016	Depreciation for the year	Adjustments during the year	Upto 31.03.2017	Depreciation for the year	Adjustments during the year	Upto 31.03.2018
<b>Tangible Assets</b>							
Freehold Land	-	-	-	-	-	-	-
Factory Buildings	4,483,889	196,692	-	4,680,581	196,692	-	4,877,273
Plant and equipments	16,463,139	102,819	766,035	15,799,923	170,237	57,000	15,913,160
Furniture and Fixtures	155,803	-	-	155,803	-	-	155,803
Vehicles	331,883	147,000	234,903	243,980	147,000	-	390,980
<b>TOTAL</b>	<b>21,434,714</b>	<b>446,511</b>	<b>1,000,938</b>	<b>20,880,287</b>	<b>513,929</b>	<b>57,000</b>	<b>21,337,216</b>

Particulars	Net Block		
	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
<b>Tangible Assets</b>			
Freehold Land	546,002	546,002	546,002
Factory Buildings	5,423,741	5,620,433	5,817,125
Plant and equipments	3,381,326	3,160,203	1,484,752
Furniture and Fixtures	1,325	1,325	1,325
Vehicles	1,142,561	1,289,561	640,327
<b>TOTAL</b>	<b>10,494,955</b>	<b>10,617,524</b>	<b>8,489,531</b>

Note : The title deed of immovable property included in property plant & equipment are held in the name of company except the following:

Particulars of Immovable Property	Gross Block as at 31.03.2018	Net Block as at 31.03.2018	Remarks
Freehold land (two cases)	1,55,124	1,55,124	The title deeds of land is held in the erstwhile name of the company - KHANDELWAL EXTRACTIONS PRIVATE LIMITED

## KHANDELWAL EXTRACTIONS LIMITED

	As At 31.03.2018	As At 31.03.2017	As At 01.04.2016
	₹	₹	₹
<b><u>CURRENT ASSETS</u></b>			
<b>3 INVENTORIES:</b>			
<b>(Valued at lower of cost and net realisable value)</b>			
Raw materials	24,292,322	50,649,137	54,788,194
Finished Goods	20,334,599	23,924,190	13,387,686
Consumable Stores & Spares	3,638,241	4,304,247	4,358,166
	<u>48,265,162</u>	<u>78,877,574</u>	<u>72,534,046</u>
<b>4 TRADE RECEIVABLES:</b>			
Unsecured Considered Goods	3,868,997	6,316,277	3,070,331
	<u>3,868,997</u>	<u>6,316,277</u>	<u>3,070,331</u>
<b>5 CASH &amp; CASH EQUIVALENTS :</b>			
Balance With Banks In Current accounts	82,625	86,678	825,561
Cash on hands	97,070	113,201	233,601
	<u>179,695</u>	<u>199,879</u>	<u>1,059,162</u>
<b>6 LOANS:</b>			
Unsecured considered goods:			
Loans	14,000,000	15,000,000	10,000,000
(Inter-Corporate Deposits)	<u>14,000,000</u>	<u>15,000,000</u>	<u>10,000,000</u>
<b>7 CURRENT TAX ASSETS:</b>			
Income Tax Advance	349,059	-	674,570
	<u>349,059</u>	<u>-</u>	<u>674,570</u>
<b>8 OTHER CURRENT ASSETS:</b>			
Security Deposit	555,418	546,418	407,211
Vat Recoverable	6,915,609	7,801,755	5,754,045
GST Recoverable	3,818,914	-	-
Prepaid Expenses	109,242	151,687	117,346
Interest Receivables	164,885	322,705	157,191
Insurance Claim recoverable	345,914	-	-
Other Advances	10,272	647,423	10,168
	<u>11,920,254</u>	<u>9,469,988</u>	<u>6,445,961</u>
<b>9 SHARE CAPITAL:</b>			
<b>AUTHORISED:</b>			
1000000 Equity Shares of Rs. 10/- each	10,000,000	10,000,000	10,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>			
850100 Equity Shares of Rs. 10/- each	8,501,000	8,501,000	8,501,000
Equity Shares Forfeiture A/c	299,500	299,500	299,500
	<u>8,800,500</u>	<u>8,800,500</u>	<u>8,800,500</u>
<b>The Reconciliation of number of shares outstanding at the beginning and end of the year:</b>			
<b>Particulars</b>	<b>No. of Shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
Equity Shares at the Beginning of the year	850,100	850,100	850,100
Equity Shares at the end of the year	850,100	850,100	850,100
<b><u>Details Of Shareholders Holding More Than 5 % Shares</u></b>			
Equity Shares	NIL	NIL	NIL

**KHANDELWAL EXTRACTIONS LIMITED**

	As At 31.03.2018 ₹	As At 31.03.2017 ₹	As At 01.04.2016 ₹
<b>10 OTHER EQUITY:</b>			
<b>a CAPITAL REDEMPTION RESERVE</b>			
Balance at the beginning of the year	1,000,000	1,000,000	1,000,000
Transfer from General Reserve	<u>3,000,000</u>	-	-
Balance at the end of the year	4,000,000	1,000,000	1,000,000
<b>b GENERAL RESERVE</b>			
Balance at the beginning of the year	13,625,000	13,625,000	13,625,000
Transfer to Capital Redemption Reserve	<u>(3,000,000)</u>	-	-
Balance at the end of the year	10,625,000	13,625,000	13,625,000
<b>c Retained Earnings</b>			
Balance at the beginning of the year	11,373,514	6,706,088	7,186,088
Less: Ind AS Adjustment	(286,698)	-	(480,000)
Add: Total Comprehensive Income for the year	<u>(6,229,602)</u>	4,667,426	-
Balance at the end of the year	4,857,214	11,373,514	6,706,088
	<u>19,482,214</u>	<u>25,998,514</u>	<u>21,331,088</u>

**NON-CURRENT LIABILITIES**

**FINANCIAL LIABILITIES**

<b>11 BORROWINGS:</b>			
Unsecured			
Cumulative Redeemable Preference Shares			
12% (Series I)	-	-	3,000,000
12% (Series II)	500,000	500,000	500,000
12% (Series III)	500,000	500,000	500,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>4,000,000</u>

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 Allotment
12% (Series II)	19.02.2014
12% (Series III)	10.10.2014

<b>12 DEFERRED TAX LIABILITIES (NET)</b>			
Balance at the beginning of the year	(612,259)	(114,630)	-
Charge/Credit to statement of Profit/Loss	(861,000)	652,371	-
MAT Credit Entitlement	-	<u>(1,150,000)</u>	-
Balance at the end of the year	(1,473,259)	(612,259)	-
<b>Component of Deferred Tax Liability/Asset</b>			
<b>Deferred Tax Liability/(Asset) in relation to</b>			
Property, Plant & Equipment	1,562,116	681,670	1,750,950
Items under the Income Tax act which will be allowed on actual payment	(38,769)	(87,721)	(62,840)
Unabsorbed Business Losses & Depreciation	(1,846,606)	(56,208)	(1,802,740)
MAT Credit Entitlement	<u>(1,150,000)</u>	<u>(1,150,000)</u>	-
	<u>(1,473,259)</u>	<u>(612,259)</u>	<u>(114,630)</u>

**KHANDELWAL EXTRACTIONS LIMITED**

	As At 31.03.2018 ₹	As At 31.03.2017 ₹	As At 01.04.2016 ₹
<b>CURRENT LIABILITIES</b>			
<b>FINANCIAL LIABILITIES</b>			
<b>13 BORROWINGS:</b>			
<b>SECURED LOANS FROM BANKS</b>			
Cash Credit Account	28,438,634	42,509,309	47,104,559
Secured by equitable mortgage of land and Building and hypothecation of all fixed assets, inventories & trade receivables of the company and also by the personal guarantee(s) of three Directors of the company			
	<u>28,438,634</u>	<u>42,509,309</u>	<u>47,104,559</u>
<b>14 TRADE PAYABLES</b>	<u>6,292,490</u>	<u>20,983,995</u>	<u>8,136,367</u>
Sundry Creditors	<u>6,292,490</u>	<u>20,983,995</u>	<u>8,136,367</u>
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, 2018 as per the terms of contract.			
<b>15 OTHER CURRENT FINANCIAL LIABILITIES</b>			
Current Maturity of Long Term Debts (Unsecured)	-	3,000,000	-
Dividend on Preference Shares	144,666	1,408,274	928,274
Unsecured loans from related parties	16,000,000	5,450,000	5,450,000
	<u>16,144,666</u>	<u>9,858,274</u>	<u>6,378,274</u>
<b>16 OTHER CURRENT LIABILITIES</b>			
VAT Payable	-	1,705,477	-
Payable to related party	9,605,440	7,405,020	5,525,500
Other Payable	635,164	2,367,647	908,570
	<u>10,240,604</u>	<u>11,478,144</u>	<u>6,434,070</u>
<b>17 SHORT-TERM PROVISIONS</b>			
Provisions for Employees Benefits	152,273	283,886	203,373
	<u>152,273</u>	<u>283,886</u>	<u>203,373</u>

**KHANDELWAL EXTRACTIONS LIMITED**

	Year Ended 31.03.2018 ₹	Year Ended 31.03.2017 ₹
<b>18 REVENUE FROM OPERATIONS:</b>		
(a) Sale of products	123,680,479	151,649,498
(b) Other Operating Revenues	<u>1,922,256</u>	<u>88,857</u>
	<u><b>125,602,735</b></u>	<u><b>151,738,355</b></u>
<b>19 OTHER INCOME:</b>		
Interest Income	2,429,621	2,301,444
Short Term Capital Gain	-	123,275
Dividend	<u>1,500</u>	<u>-</u>
	<u><b>2,431,121</b></u>	<u><b>2,424,719</b></u>
<b>20 CHANGES IN INVENTORIES OF FINISHED GOODS:</b>		
Stock at Commencement	23,924,190	13,387,686
Stock at Close	<u>20,334,599</u>	<u>23,924,190</u>
<b>(Increase)/Decrease</b>	<u><b>3,589,591</b></u>	<u><b>(10,536,504)</b></u>
<b>21 EMPLOYEE BENEFITS EXPENSE:</b>		
Salaries & Wages	6,802,520	6,680,255
Contribution To Provident and Other Funds	683,863	687,980
Staff Welfare Expense	<u>104,417</u>	<u>175,415</u>
	<u><b>7,590,800</b></u>	<u><b>7,543,650</b></u>
<b>22 FINANCE COST:</b>		
Interest on Borrowings	3,451,569	2,240,677
Other Financing Cost	<u>593,394</u>	<u>480,000</u>
	<u><b>4,044,963</b></u>	<u><b>2,720,677</b></u>
<b>23 OTHER EXPENSES:</b>		
<b>MANUFACTURING EXPENSES</b>		
Power & Fuel	8,151,675	9,131,399
Stores, Spares, Consumption	3,852,191	4,440,263
VAT Tax	-	1,776,355
Repairs to Machinery	649,011	1,094,887
Repairs to Buildings	57,510	722,150
Handling Charges	<u>3,009,474</u>	<u>2,822,387</u>
	<u><b>15,719,861</b></u>	<u><b>19,987,441</b></u>
<b>ADMINISTRATIVE EXPENSES</b>		
Insurance	227,341	164,154
Rates & Taxes	373,587	323,289
Rent	30,000	30,000
Miscellaneous Expenses	<u>1,259,614</u>	<u>1,525,467</u>
	<u><b>1,890,542</b></u>	<u><b>2,042,910</b></u>
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Freight & Handling Outward	2,177,607	592,026
Selling Expenses	<u>424,687</u>	<u>335,781</u>
	<u><b>2,602,294</b></u>	<u><b>927,807</b></u>
<b>REMUNERATION TO AUDITORS</b>		
Audit Fees	18,000	20,700
For other services	-	5,750
	<u>18,000</u>	<u>26,450</u>
	<u><b>20,230,697</b></u>	<u><b>22,984,608</b></u>

## KHANDELWAL EXTRACTIONS LIMITED

	2017-18	2016-17
	₹	₹
<b>24 EARNINGS PER SHARE:</b>		
Net Profit available to equity shareholders (used as numerator for calculating Basic & Diluted EPS)	(6,229,602)	4,667,426
Number of equity shares (used as denominator for calculating Basic & Diluted EPS)	<u>850,100</u>	<u>850,100</u>
Basic and Diluted Earning per share of Rs. 10/-	<u>(7.33)</u>	<u>5.49</u>
<b>25</b> Balances of Trade Receivables , Advances and Trade Payables, are subject to confirmation.		
	<b>2017-18</b>	<b>2016-17</b>
	₹	₹
<b>26 a) Defined Contribution Plan</b>		
Contribution to defined contribution plan recognised as expenses for the year 2017-18 are as under		
Employer's Contribution to Provident Fund	571,022	576,267
<b>b) Defined Benefit Plan</b>		
The Employees Gratuity Fund Scheme managed by L.I.C. is Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation provided by L.I.C.		
<b>Gratuity Funded</b>		
<b>I Expenses recognised in statement of Profit and Loss for the year ended.</b>		
Current Service Cost	117,991	144,193
Interest Cost	420,356	461,801
Expected return on plan assets	(497,698)	(314,367)
Net Actuarial (Gain)/Loss recognised in the year	(57,419)	(1,124,062)
Expenses recognised in statement of Profit and Loss	(16,770)	(832,435)
<b>II Net assets/(Liability) recognised in Balance sheet as at 31.03.2018</b>		
Present Value of obligations as at the end of the year	5,593,150	5,254,445
Fair value of plan assets as at the end of the year	6,926,795	6,571,320
Funded Status	1,333,645	1,316,875
Net assets/(Liability) recognised in balance sheet	1,333,645	1,316,875
<b>III CHANGE IN OBLIGATION DURING THE YEAR ENDED</b>		
Present Value of Obligations as at the beginning of the year	5,254,445	5,772,513
Interest Cost	420,356	461,801
Current Service Cost	117,991	144,193
Benefits Paid	(142,223)	-
Actuarial (Gain)/Loss on obligation	(57,419)	(1,124,062)
Present Value of obligations as at the end of the year	5,593,150	5,254,445
<b>IV CHANGE IN ASSETS DURING THE YEAR ENDED</b>		
Fair value of plan assets at the beginning of the year	6,571,320	6,256,953
Expected return on plan assets	497,698	314,367
Contributions	-	-
Benefits Paid	(142,223)	-
Actuarial (Gain)/Loss on Plan assets	-	-
Fair value of plan assets at the end of the year	6,926,795	6,571,320
<b>V ACTUARIAL ASSUMPTIONS</b>		
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	5.00%

Actuarial Valuation of Leave Encashment has not been carried out as Company has paid leaves earned upto 31.03.2018.

## KHANDELWAL EXTRACTIONS LIMITED

	2017-18 ₹	2016-17 ₹
<b>27 Related Party Disclosures:</b>		
<b>a) Related Party disclosures as required under Section 188 of The Companies Act, 2013 – (with whom transactions made)</b>		
<b>Key Management Personnel and their relatives :</b>		
V.N. Khandelwal                      Director (Works)	Sudhir Kumar Khandelwal	Relative
Dinesh Khandelwal                  Director (Finance) & CFO	Anil Khandelwal	Relative
K.N. Khandelwal                      Non-Executive Non-Independent Director		
Surabhi Pasari                          Company Secretary (KMP)		
<b>Independent Directors:</b>		
Ashok Gupta                              Atul Bagla		
Anil Kamthan                              Rekha Kejriwal		
<b>b) The following transactions were carried with persons referred above in the ordinary course of business:</b>		
Directors Sitting Fee- Non-Executive Non-Independent Director	<b>10,000</b>	11,000
Independent Directors	<b>28,000</b>	31,000
Remuneration	<b>3,260,880</b>	3,342,825
<b>Unsecured Loan and Deposits</b>		
Balance at the beginning of the year	<b>5,450,000</b>	5,450,000
Amount paid during the year	<b>950,000</b>	4,000,000
Amount received during the year	<b>11,500,000</b>	4,000,000
Balance at the end of the year	<b>16,000,000</b>	5,450,000
Interest Paid/ credited during the year	<b>1,295,691</b>	534,884

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

## KHANDELWAL EXTRACTIONS LIMITED

### 28 FIRST-TIME ADOPTION OF IND AS:

- A. Ind AS 101 (First Time Adoption of Indian Accounting Standards) provides a suitable starting point for accounting in accordance with Ind AS and is required to be mandatorily followed by first time adopters. The Company has prepared the opening Balance Sheet as per Ind AS as of 1st April 2016 (the transition date) by:
- (i) recognising all assets and liabilities whose recognition is required by Ind AS.
  - (ii) not recognising items of assets or liabilities which are not permitted by Ind AS.
  - (iii) reclassifying items from previous Generally Accepted Accounting Principals (GAAP) to Ind AS as required under Ind AS, and
  - (iv) applying Ind AS in measurement of recognised assets and liabilities.
- B. Property plant and equipment and intangible assets were carried in the Balance Sheet prepared in accordance with previous GAAP on 31st March 2016. Under Ind AS the company has elected to regard such carrying values as deemed cost at the transition.
- C. Effect of Ind AS adoption on the standalone Balance Sheet as at 31 March 2017 and 1st April 2016:

	As At 31.03.2017			As At 01.04.2016		
	Previous GAAP*	Effect of Transition to Ind As	As per Ind AS Balance Sheet	Previous GAAP*	Effect of Transition to Ind As	As per Ind AS Balance Sheet
	₹	₹	₹	₹	₹	₹
<b>ASSETS</b>						
<b>Non Current Assets</b>						
Property Plant and Equipment	10,617,524	-	10,617,524	8,489,531	-	8,489,531
Deferred Tax Assets( Net)	-	612,259	612,259	114,630	-	114,630
<b>TOTAL NON CURRENT ASSETS</b>	<b>10,617,524</b>	<b>612,259</b>	<b>11,229,783</b>	<b>8,604,161</b>	<b>-</b>	<b>8,604,161</b>
<b>Current Assets</b>						
Inventories	78,877,574	-	78,877,574	72,534,046	-	72,534,046
Trade Recievables	6,316,277	-	6,316,277	3,070,331	-	3,070,331
Cash and Cash Equivalents	199,879	-	199,879	1,059,162	-	1,059,162
Loans	15,000,000	-	15,000,000	10,000,000	-	10,000,000
Current Tax	-	-	-	674,570	-	674,570
Other Current Assets	10,439,109	(969,121)	9,469,988	6,445,961	-	6,445,961
<b>TOTAL CURRENT ASSETS</b>	<b>110,832,839</b>	<b>(969,121)</b>	<b>109,863,718</b>	<b>93,784,070</b>	<b>-</b>	<b>93,784,070</b>
<b>TOTAL ASSETS</b>	<b>121,450,363</b>	<b>(356,862)</b>	<b>121,093,501</b>	<b>102,388,231</b>	<b>-</b>	<b>102,388,231</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Equity Share Capital	12,800,500	(4,000,000)	8,800,500	12,800,500	(4,000,000)	8,800,500
Other Equity	27,406,788	(1,408,274)	25,998,514	22,259,362	(928,274)	21,331,088
<b>Total Equity</b>	<b>40,207,288</b>	<b>(5,408,274)</b>	<b>34,799,014</b>	<b>35,059,862</b>	<b>(4,928,274)</b>	<b>30,131,588</b>
<b>Liabilities</b>						
<b>Non Current Liabilities</b>						
Borrowings	-	-	-	950,000	(950,000)	-
Borrowing (Preference Share Capital)	-	1,000,000	1,000,000	-	4,000,000	4,000,000
Deffered Tax Liabilities( Net)	537,741	(537,741)	-	-	-	-
<b>Total Non Current Liabilities</b>	<b>537,741</b>	<b>462,259</b>	<b>1,000,000</b>	<b>950,000</b>	<b>3,050,000</b>	<b>4,000,000</b>
<b>Current Liabilities</b>						
Borrowings	42,509,309	-	42,509,309	47,104,559	-	47,104,559
Trade Payables	20,983,995	-	20,983,995	8,136,367	-	8,136,367
Other Finacial Liabilities	6,858,274	3,000,000	9,858,274	4,500,000	1,878,274	6,378,274
Other Current Liabilities	10,069,870	1,408,274	11,478,144	6,434,070	-	6,434,070
Provisions	283,886	-	283,886	203,373	-	203,373
Current Tax Liabilities (Net)	-	180,879	180,879	-	-	-
<b>Total Current Liabilities</b>	<b>80,705,334</b>	<b>4,589,153</b>	<b>85,294,487</b>	<b>66,378,369</b>	<b>1,878,274</b>	<b>68,256,643</b>
<b>Total Equity &amp; Liabilities</b>	<b>121,450,363</b>	<b>(356,862)</b>	<b>121,093,501</b>	<b>102,388,231</b>	<b>-</b>	<b>102,388,231</b>

\*The previous GAAP figures have been reclassified to conform Ind AS presentation requirements for the purpose of this note.



## KHANDELWAL EXTRACTIONS LIMITED

**D. Effect of Ind As adoption on the Statement of Profit and Loss for the Year Ended 31st March 2017:**

	Previous GAAP*	Effect of Transition to Ind As	As per Ind AS Balance Sheet
	₹	₹	₹
Revenue from operations	151,738,355	-	151,738,355
Other Income	2,424,719	-	2,424,719
<b>Total Income</b>	<b>154,163,074</b>	<b>-</b>	<b>154,163,074</b>
<b>EXPENSES:</b>			
Cost of Materials Consumed	120,778,846	-	120,778,846
Purchases of Stock in trade	4,905,478	-	4,905,478
Changes in inventories of finished stock	(10,536,504)	-	(10,536,504)
Employees Benefits Expense	7,543,650	-	7,543,650
Finance cost	2,240,677	480,000	2,720,677
Depreciation and amortization expense	446,511	-	446,511
Other Expenses	22,984,608	-	22,984,608
<b>Total Expenses</b>	<b>148,363,266</b>	<b>480,000</b>	<b>148,843,266</b>
<b>Profit/Loss before Tax</b>	<b>5,799,808</b>	<b>(480,000)</b>	<b>5,319,808</b>
<b>Tax Expenses:</b>			
Current Tax	1,150,011	-	1,150,011
Deferred Tax Credit	(497,629)	-	(497,629)
<b>Profit/Loss for the year</b>	<b>5,147,426</b>	<b>(480,000)</b>	<b>4,667,426</b>

\*The previous GAAP figures have been reclassified to conform Ind AS presentation requirements for the purpose of this note.

**E. Reconciliation of Equity as reported under previous GAAP is summarized as follows:**

	As at 01.04.2016	As at 31.03.2017
Particulars	₹	₹
<b>Equity as reported under previous GAAP</b>	22,259,362	27,406,788
Impact of dividend on preference shares	928,274	1,408,274
<b>Equity as reported under Ind As</b>	<b>21,331,088</b>	<b>25,998,514</b>

**29 CONTINGENT LIABILITIES:**

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
	₹	₹	₹
Claims against the Company not acknowledged as debts.	520,951	520,951	520,951

**30** Figures of previous year have been regrouped, recasted and restated to conform to the layout of the accounts for the current year.

## KHANDELWAL EXTRACTIONS LIMITED

### KHANDELWAL EXTRACTIONS LIMITED

(CIN:L24241UP1981PLC005282)

Regd. Office: 51/47 NayaGanj, Kanpur-208001  
E-mail:kelnkp@yahoo.com Website: www.khandelwalextractions .com  
Phone:+91-512- 2313195 Fax (Office):91-512-2318706

#### Attendance Slip

I/We hereby record my/our presence at the 36th Annual General Meeting of the Company to be held on Saturday, 29<sup>th</sup> September 2018, at 4.00 P.M at 50 MIG Bunglow, W Block, Keshav Nagar, Kanpur 208014.

.....  
Member's Folio No.

.....  
Member's/Proxy's name  
In Block Letters

.....  
Member's /Proxy's Signature

**Note : Please complete the Folio No. and name, sign this Attendance Slip and hand it over at the ENTRANCE OF THE MEETING HALL.**

#### PROXY FORM

Name of the member(s):			
Registered address:			
E-mail ID			
Folio No.			
I/We being the member(s) holding .....shares of Khandelwal Extractions Limited hereby appoint:			
1	Name.....	Address.....	
	E-mail id.....	Signature.....	Or failing him;
2	Name.....	Address.....	
	E-mail id.....	Signature.....	Or failing him;
3	Name.....	Address.....	
	E-mail id.....	Signature.....	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36<sup>th</sup> Annual General Meeting of the Company to be held at 50 MIG Bunglow, W Block, Keshav Nagar, Kanpur, 208014 on Saturday, 29<sup>th</sup> Sept, 2018 at 4.00 p.m. and at any adjournment thereof in respect of such resolutions as indicated below:

Resolution No.	RESOLUTIONS	Optional (✓)	
Ordinary Business		For	Against
1.	Adoption of Audited Financial Statements & Reports of the Directors and Auditors for the year ended 31 <sup>st</sup> March, 2018		
2.	Declaration of Dividend on Preference Shares for F.Y. 2017 -18		
3.	Ratification of payment of Dividend on Preference Shares for the period 01.04.2017 to 24.03.2018		
4.	Re-appointment of Mr. Vishwa Nath Khandelwal who retires by rotation.		
5.	Ratification of appointment of M/s Gupta Vaish & Co., Chartered Accountants as Auditors and fixing their remuneration.		
Special Business/Special Resolution			
6.	Re-appointment of Mr. Vishwa Nath Khandelwal as Whole -Time Director (Works) for 5 years.		
7.	Sell/lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company situated at Akrapur-Magarwara, Distt. Unnao.		

Signed this.....day of September, 2018

Signature of shareholder.....

Signature of Proxy holder(s).....

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of Meeting.
2. For the Resolutions, Explanatory Statement and Notes please refer to the Notice of the 36<sup>th</sup> Annual General Meeting.

Affix Revenue Stamp of Rs.1/-

**Mandatory updation of PAN and Bank details against your holding**

Dear Shareholder(s),

Pursuant to SEBI circular No.SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20<sup>th</sup> April, 2018, shareholders whose ledger folios do not have or having incomplete details with regard to PAN and Bank particulars are required to compulsorily furnish the details to the RTA/to the Company for registration in the folio at the address mentioned below:

**Khandelwal Extractions Limited**  
51/47, 3<sup>rd</sup> Floor, Kesharwani Bhawan  
Bhawan Nayaganj  
Kanpur-208001  
Email: kelknp@yahoo.com

**Alankit Assignments Limited-RTA**  
Alankit Heights, 1E/13  
Jhandewalan Extension  
New Delhi-110055  
Email: info@alankit.com

You are requested to submit the following to update the records immediately on receipt of this letter:

- Enclosed format duly filled in and signed by all the shareholders.
- Self-attested copy of PAN Card of all the shareholders.
- Original cancelled cheque leaf with name (if name not printed, self attested copy of first page of pass book)
- Address proof (self-attested copy of Aadhaar card)

Member's cooperation is solicited to furnish the said details in order to enable the Company to comply with the said circular.

Thanking You.

Yours faithfully,

For **Khandelwal Extractions Limited**

Sd/-

**Surabhi Pasari**

(Company Secretary)

**KHANDELWAL EXTRACTIONS LIMITED**

**KHANDELWAL EXTRACTIONS LIMITED**

(CIN:L24241UP1981PLC005282)

Regd. Office: 51/47 NayaGanj, Kanpur-208001

E-mail:kelknp@yahoo.com Website: www.khandelwalextractions .com

Phone:+91-512- 2313195 Fax (Office):91-512-2318706

**FORMAT FOR FURNISHING PAN AND BANK DETAILS**

Name of the Company	KHANDELWAL EXTRACTIONS LIMITED
Registered Folio No.	
Name of the Shareholder	1.
	2.
	3.
No. of Shares held	
Latest Address (Attach copy of address proof)*	
Email Id	
Contact No.	
Status: Resident/Non Resident Indian	
PAN (Attach copy of PAN Card)*	1.
	2.
	3.
Shareholder Signature	1.
	2.
	3.

\*Self attested copy of document(s) required.

**Bank Account Details:**

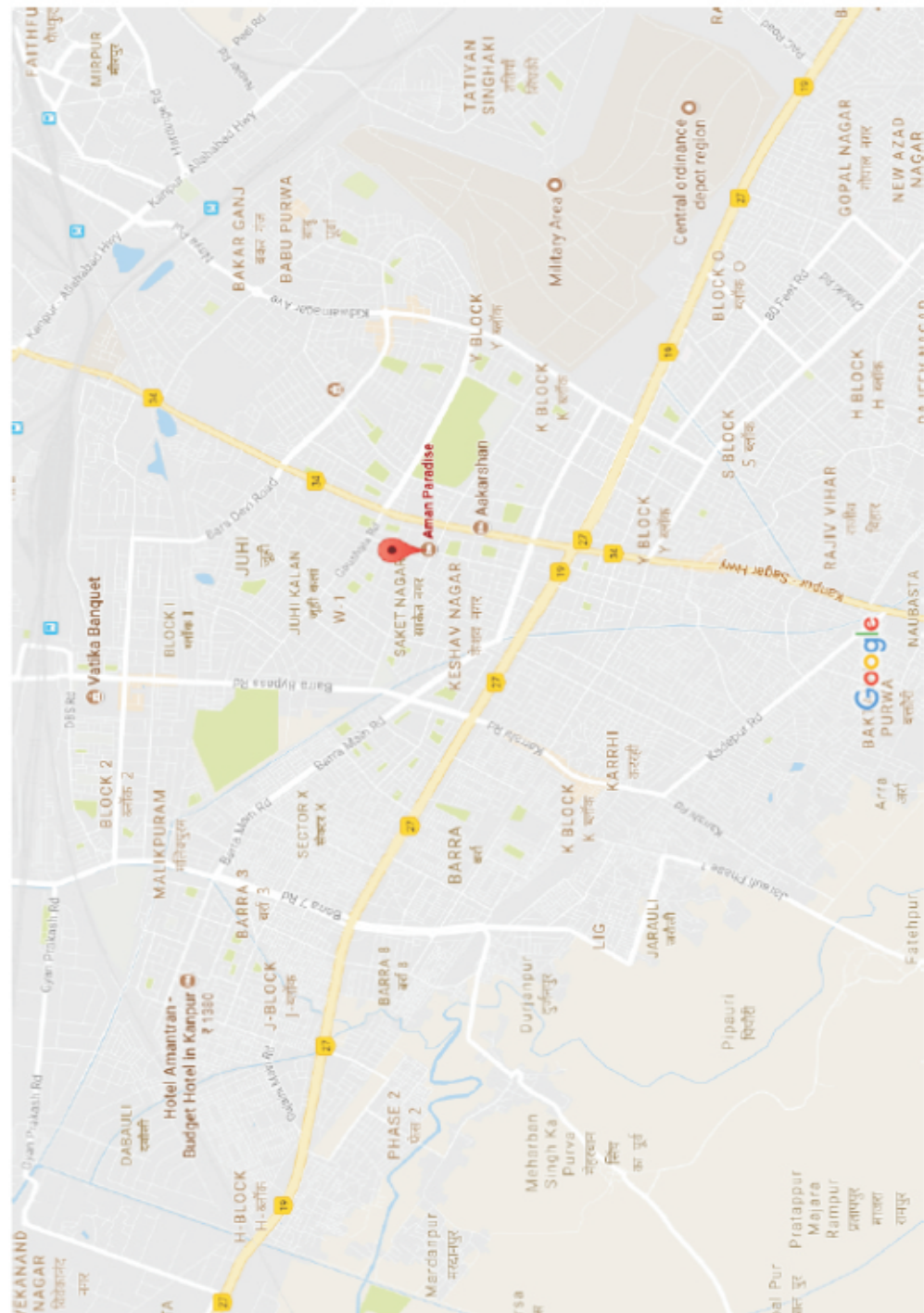
Name of the Bank	
Name of the Branch	
Account Number (as appearing in your cheque book)	
Account Type	
9 digit MICR Number (as appearing on the MICR cheque issued by the bank)	
11 digit IFSC Code	

Note: The above details will not be updated if the said documents are not attached and not duly signed by all the shareholder(s).

**KHANDELWAL EXTRACTIONS LIMITED**

**MAP SHOWING VENUE OF ANNUAL GENERAL MEETING OF KHANDELWAL EXTRACTIONS LIMITED**

**VENUE: 50 MIG BUNGALOW, W BLOCK, KESHAV NAGAR, KANPUR-208014 (Near Aman Paradise)**



*if undelivered please return to :*  
**KHANDELWAL EXTRACTIONS LIMITED**  
51/47, NAYAGANJ, KANPUR-208 001

Sharda Graphics (P) Ltd.  
Kanpur ● 9839075253