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Indian Extractions Limited

CERTIFIED TRUE COPY

For Indian Extractions Limited.

[Signature]
Managing Director

42ND ANNUAL REPORT
1997-98

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NOTICE

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of the Members of **INDIAN EXTRACTIONS LIMITED** will be held on **Tuesday the 29th September, 1998 at 3.00 p.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce Trust, Oricon House, 12, K. Dubhash Marg, Fort, Mumbai - 400 023** to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account of the Company for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Atulya Y. Mafatlal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Asit D. Javeri, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as SPECIAL RESOLUTION:

"RESOLVED THAT Mr. P. S. Jhaveri be and is hereby re-appointed by the Shareholders in this General Meeting to be the Joint Managing Director of the Company for a period of five years from 4th September, 1998, being not liable to retire by rotation, so long as he holds the office as such Joint Managing Director."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and subject to such approvals/sanctions as may be necessary, the Company hereby accords its consent and approval to the re-appointment and the terms of remuneration of Mr. P. S. Jhaveri as the Joint Managing Director of the Company for a period of five years with effect from 4th September, 1998 on the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the draft of the Agreement (the particulars of which are enumerated in the Explanatory Statement Annexed hereto), placed before this Meeting and initialled by the Chairman for the purpose of identification, which agreement hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement and that the Board of Directors of the Company be and is hereby authorised to enter into an Agreement with Mr. P. S. Jhaveri in terms of the said draft of the Agreement with such modifications as may be agreed to and acceptable to the Board of Directors and to Mr. P. S. Jhaveri."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to the foregoing resolution."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buy back, from the existing holders of shares and/or other securities giving right to subscribe for shares of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the Securities (odd lots) and/or by purchasing the securities issued to the employees pursuant to a scheme of stock option, the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "the Securities"), of the Company, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time."

Indian Extractions Limited

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper to give effect to the foregoing resolution."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. The Proxy, in order to be effective, must be received by the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain close from Tuesday, the 22nd September, 1998 to Tuesday, the 29th September, 1998 (both days inclusive).
3. Dividend on Equity Shares, if approved at the Annual General Meeting will be paid (and the dividend warrant will be posted) to those Members whose names are on the Register of Members of the Company as on the date of Annual General Meeting i.e. 29th September, 1998.
4. Members are requested to
 - (i) immediately intimate change of address, if any, to the Company quoting reference to their Registered Folio Number.
 - (ii) write to the Company for any information about accounts at least 10 days in advance of the Annual General Meeting.
5. Members/Proxies are requested to bring the copy of their Annual Report alongwith them and to produce the attendance slip at the entrance of the Meeting Hall.

By Order of the Board
For **INDIAN EXTRACTIONS LIMITED**

S. B. JHAVERI
Chairman and Managing Director

Registered Office :
Nanavati Mahalaya,
18, Homi Modi Street,
Mumbai - 400 023.
Dated : 27th August, 1998

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO.6

The Board of Directors have at their Meeting held on 24th July, 1998 approved the re-appointment of Mr. P. S. Jhaveri as the Joint Managing Director of the Company for a period of 5 years on the terms and conditions mentioned herein below, subject to the approval of the Shareholders and subject to all other necessary approvals/sanctions. Mr. P. S. Jhaveri is presently the Joint Managing Director of the Company and his term of appointment expires on 3rd September, 1998. The Board considers that the services of Mr. P. S. Jhaveri continuing as the Joint Managing Director of the Company will be very valuable for the growth of the Company.

The re-appointment of Mr. P. S. Jhaveri as the Joint Managing Director of the Company would be pursuant to the provisions of Section 269 read with Schedule XIII to the Companies Act, 1956.

The terms and conditions for the re-appointment of Mr. P. S. Jhaveri as the Joint Managing Director are mentioned below :

1. **PERIOD OF APPOINTMENT** : 5 Years from 4th September, 1998
2. **REMUNERATION** :

The Joint Managing Director shall be entitled to remuneration upto the maximum as may be permitted under Schedule XIII of the Companies Act, 1956 or any modifications or re-enactment thereof as in force for the period under the agreement or on the basis of such other law/modification as may be permissible or applicable, so however the total remuneration shall not exceed a salary of Rs.50,000/- per month and applicable perquisites and commission of 2% on the net profit.



3. OVERALL LIMIT :

The remuneration referred to in Clause 2 hereof is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% on the remuneration of all the Managing Directors of the Company.

4. In the event of absence or inadequacy of profits during the aforesaid period, the remuneration to the Joint Managing Director by way of salary, dearness allowance, perquisites and other allowances shall be restricted to the ceiling prescribed in Section II of Part II of Schedule XIII.

5. He shall not be paid any sitting fees for attending the Meetings of the Board of Directors or Committee thereof.

6. OTHER FACILITIES :

He will be eligible for all other facilities, privileges and amenities as may be applicable from time to time to the Senior Management Cadre Executives of the Company.

Your Director recommend the Resolution for your approval. Except for Mr. S. B. Jhaveri and Mr. P. S. Jhaveri, none of the Directors is interested in the Resolution.

This Explanatory Statement together with Resolution under serial No.6 to the accompanying Notice is and should be treated as abstract under Section 302 of the Companies Act, 1956.

The Draft of the Agreement is open for inspection by the Shareholders at the Registered Office of the Company during the office hours from 22nd September 1998 to 29th September 1998 on any working day.

ITEM NO.7

Buy back of own shares or other securities convertible into equity shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997 sought to lay down the operative provisions to regulate the buy back of shares/securities by Companies. The said bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such buy back.

It is proposed to authorise the Board of Directors to buy back from the existing security holders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots) and/or by purchasing the securities issued to the employees of the Company pursuant to the scheme of stock option, subject to necessary enactment in this regard.

The buy back of shares as aforesaid would entail investing of an amount which would not be less than the market value of the shares or other securities giving right to subscribe for shares of the Company and shall be met out of the free reserves and/or the securities premium account and/or out of the proceeds of an issue specifically made for the purpose or from such other sources as may be permitted by law. The shares so bought back shall be dealt with as per the then prevailing law/regulation.

The Board is of the opinion that it will be in the best interests of the Company if shareholders approve the said resolution, permitting such buy back, so that the Company will be able to implement this resolution once the law is amended.

The resolution, if approved, will be operative and given effect to from the applicable date as may be prescribed in this regard.

The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible.

The Directors recommend the resolution for approval of the Shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By Order of the Board
For **INDIAN EXTRACTIONS LIMITED**

S. B. JHAVERI
Chairman and Managing Director

Registered Office :
Nanavati Mahalaya,
18, Homi Modi Street,
Mumbai - 400 023.
Dated : 27th August, 1998

Indian Extractions Limited

DIRECTORS' REPORT

To,
The Members,
INDIAN EXTRactions LIMITED

Your Directors have pleasure in presenting 42nd Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 1998.

FINANCIAL RESULTS :

	Rs.	Current Year Rs.	Previous Year Rs.
Profit for the year before providing for Depreciation and taxation		1,84,33,748	1,88,06,500
Less: Depreciation	47,76,456		39,93,438
Provision for Taxation	15,50,000		19,50,000
		63,26,456	59,43,438
Profit after tax		1,21,07,292	1,28,63,062
Add : Profit brought forward from previous year		1,19,63,295	55,67,202
		2,40,70,587	1,84,30,264
Less: Income tax adjustment in respect of earlier year		14,139	5,85,493
Amount available for appropriation		2,40,56,448	1,78,44,771

APPROPRIATION :

Proposed Dividend	46,72,686	46,72,686
Tax on Dividend	4,67,269	4,67,269
Transferred to General Reserve	7,48,850	7,41,521
Balance carried to Balance Sheet	1,81,67,643	1,19,63,295
	2,40,56,448	1,78,44,771

DIVIDEND :

Your Directors are pleased to recommend a dividend of Rs. 1.40 (previous year Rs.1.40) per Equity Share of Rs.10/- each for the financial year 1997-98.

OPERATIONS :

During the year under review your Company has achieved a turnover of Rs.89.92 Crores compared to Rs.73.10 Crores in the previous year; registering growth of 23%. Exports during the year have increased to Rs.57.96 Crores from Rs.51.29 Crores in the previous year; registering growth of 13%.

At Extraction Division, Jamnagar the Company has processed 85288 tons of Oilcakes/Seeds against 77803 tons in the previous year. At Chemical Division, Vapi the Company has produced 397 tons of Dyes Intermediates against 313 tons in the previous year.

Profit after tax is Rs.121.07 lacs as compared to Rs.128.63 lacs in the previous year in spite of growth in Sales because of lower realisation in the international market due to Currency-Crisis in South-East Asian Countries.

The Company's Solvent Extraction Plant at Jamnagar was shut down from 09.06.98 to 08.07.98 on account of the after effects of cyclone. The Plant has recommenced production from 09.07.98. The damage caused to Stock and Premises is being assessed by Surveyors. The appropriate claim will be lodged with the Insurance Company on the completion of the assessment. The stock and premises of the company are fully insured.

**DIRECTORATE :**

Shri Atulya Y. Mafatlal and Shri Asit D. Javeri retire at the ensuing Annual General Meeting. Being eligible, offer themselves, for reappointment as Directors. Your Directors recommend their reappointment.

PARTICULARS OF THE EMPLOYEES :

The statement of employees as required u/s.217(2A) of the Companies Act, 1956 is given in Annexure 1 forming part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report to the Board of Directors) Rules, 1988 is given in Annexure II forming part of this report.

POLLUTION CONTROL :

The Company has taken steps to control pollution of effluents, dust and emission from chimneys etc. Samples are periodically drawn and reports are submitted to Pollution Control Board to ensure compliance with the standard.

DEPOSITS :

There were no overdue deposits out of the outstanding amount of Rs. 16,00,000/- at the end of the year.

INSURANCE :

All the properties and insurable interest of the Company including Buildings, Plant and Machinery are adequately insured.

AUDITORS REPORT :

There are no qualifications by the Auditor's in their Report and hence no comments are offered.

AUDITORS :

You are requested to appoint Auditors and fix their remuneration.

ACKNOWLEDGEMENT :

Your Directors wish to place on record their appreciation for the continued support received from shareholders, depositors and bankers of the Company. The Directors also wish to record their appreciation of the employees at all levels for their unstinted efforts and contribution to the growth of the Company.

On behalf of the Board of Directors

S. B. JHAVERI

Chairman and Managing Director

Place : Mumbai

Dated : 25th August, 1998

ANNEXURE - I TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) (B)(ii) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1998

Sl. No.	Name of the Employee	Age in years	Designation/ Nature of Duties	Remuneration Received	Qualification	Experience in years	Date of Commencement of Employment	Last Employment held, Name of the Employer, Post held & period
Persons employed throughout the Financial Year & in receipt of remunerations for the year aggregating not less than Rs.3,00,000/-.								
1.	Shri S. B. Jhaveri	76	Chairman and Managing Director	829670	B.A. (With Economics)	42	06.02.1956	Nanavati & Co. Pvt. Ltd. Sales Executive / 4 yrs.
2.	Shri P. S. Jhaveri	43	Jt. Managing Director	580432	B.Com.	21	01.01.1977	—
3.	Shri A. L. Sehgal	65	President	708808	B.Sc. Diploma in Oil Technology (Mumbai)	41	23.12.1957	Bhavnagar Chemical Works Chief Chemist / 2 yrs.
4.	Shri A. R. Kapoor	37	Chief Executive	324977	B.A. (With History)	15	20.11.1990	—

- Notes:
- The nature of employment in all cases are contractual.
 - Remuneration as above includes, where applicable, salary, commission, company's contribution to provident Fund, Gratuity, Medical Expenses, Personal Accident Insurance Premium, House Rent Allowance etc. and the monetary value of perquisites calculated in accordance with the provisions of Income Tax Act, 1961 and rules made thereunder.
 - No person was employed for part of the financial year and in receipt of remuneration aggregating not less than Rs.25,000/- per month.
 - Shri S.B. Jhaveri and Shri P.S. Jhaveri who are directors of the Company are related to each other.

On Behalf of the Board of Directors

MUMBAI.

Dated : 25th August, 1998

S. B. Jhaveri
Chairman and Managing Director



ANNEXURE - II TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under the Companies (Disclosure of particulars in the Board of Directors' Report) Rules, 1988.

1. CONSERVATION OF ENERGY :

The company mainly uses non-conventional fuel i.e. Groundnut Husk, an agro waste subject to availability and uses lignite as an alternate fuel. The details of power and fuel consumption are given hereunder:

A. POWER & FUEL CONSUMPTION:

			<u>Current Year</u>	<u>Previous Year</u>
1.	<u>Electricity:</u>			
	Purchased & Consumed - Unit		1926646	1831680
	- Total Amount	Rs.	71,85,220	60,85,517
	- Rate/Unit	Rs.	3.73	3.32
2.	<u>Coal (Lignite)</u>			
	- Tonnes		312	244
	- Total Amount	Rs.	3,88,395	2,00,206
	- Average Rate	Rs.	1244.86	821.52
3.	<u>Furnace Oil</u>			
	- Litres		233425	186100
	- Total Amount	Rs.	19,36,324	14,54,324
	- Average Rate	Rs.	8.30	7.81
4.	<u>Others:</u>			
1.	Groundnut Husk			
	- Tonnes		7870	7676
	- Total Amount	Rs.	45,82,563	54,17,878
	- Average Rate	Rs.	582.28	705.82
2.	Firewood			
	- Tonnes		37	95
	- Total Amount	Rs.	48,659	1,23,071
	- Average Rate	Rs.	1315.11	1295.96

B. CONSUMPTION PER UNIT OF PRODUCTION

Per tonne of oilcakes/seeds Processed:

Electricity	- Unit	16.21	18.21
Fuel : Coal - Lignite	- kgs.	4	3
G.N. Husk	- "	92	99
Firewood	- "	0.4	1
Diesel	- Litre	0.11	—

Per Kilo of Dyes Intermediates :

Electricity	- Unit	1.33	1.30
Furnance Oil	- Litres	0.56	0.59

Indian Extractions Limited

2. a. REASERCH AND DEVELOPMENT

The Company does not have separate Research and Development Department. However, it has laboratory where the quality of Raw Materials and Finished Products is tested to ensure the quality and yield of the product. There is no expenditure on R & D during the year under review.

b. TECHNOLOGY ABSORPTION

The Company completed modernisation-cum-expansion of its Solvent Extraction Plant in 1994 making it versatile to process soyabeans besides Groundnut and Rapeseed oilcakes. It also installed fluidised bed boiler in 1995. As a result of these changes the company was able to reduce cost of production and improve the quality of finished products. The Company has not imported any technology.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

a. The Company is a recognised Export House and one of the leading exporters of De-oiled Cakes. Efforts are continuously made to sustain the present market and develop new export market by undertaking export promotional tours to survey the export markets.

b. Total Foreign Exchange Earned and Used :

		<u>Current Year</u>	<u>Previous Year</u>
Foreign Exchange Earned	Rs.	57,95,85,409	51,04,82,506
Foreign Exchange Used	Rs.	18,68,415	15,12,515



On Behalf of the Board of Directors

S. B. JHAVERI

Chairman and Managing Director

MUMBAI.

Dated : 25th August, 1998