



INDIAN EXTRACTIONS LIMITED

47TH ANNUAL REPORT

2002 - 2003

Indian Extractions Limited

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**DIRECTORS**

SHRI SHANTILAL B. JHAVERI
Chairman and Managing Director

SHRI PRIYAM S. JHAVERI
Joint Managing Director

SHRI ANAND R. DALAL

SHRI ASIT D. JAVERI

SHRI SURESH K. MUNDRA

SHRI AMIT B. SHAH

SHRI ANKUR M. MANECK

AUDITORS

M/S. C. C. CHOKSHI & CO.
Chartered Accountants

BANKERS

UNION BANK OF INDIA

STATE BANK OF INDIA

ANDHRA BANK

COMMERCIAL CO-OP. BANK LTD.

STATE BANK OF BIKANER & JAIPUR

ICICI BANK LTD.

THE LAKSHMI VILAS BANK LTD.

HDFC BANK LTD.

REGISTERED OFFICE

NANAVATI MAHALAYA,
18, HOMI MODI STREET,
FORT, MUMBAI 400 023.

FACTORY

PANDIT NEHRU MARG,
JAMNAGAR - 361 002.

Indian Extractions Limited

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the Forty Seventh Annual General Meeting of **INDIAN EXTRactions LIMITED** will be held on **MONDAY the 29TH SEPTEMBER, 2003 at 4.30 p.m.** at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce and Industry, Oricon House, 12, K. Dubhash Marg, Fort, Mumbai - 400 023 to transact the following business:

GENERAL BUSINESS:

1. To consider and adopt the Reports of the Auditors and the Directors and the Audited Accounts of the Company for the year ended 31st March, 2003.
2. To declare dividend on Equity Shares of the Company.
3. To appoint a Director in place of Mr. Anand R. Dalal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Mr. Amit B. Shah as Director.
5. To appoint Mr. Ankur M. Maneck as Director.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s) the following Resolutions as 'Special Resolutions':

7. **"RESOLVED THAT** the Company do apply for voluntary delisting of the Equity Shares of the Company from the Ahmedabad Stock Exchange subject to the Equity Shares of the Company remaining listed at Stock Exchanges having nationwide trading terminals i.e. The Stock Exchange, Mumbai or any other Stock Exchange referred to in Regulation 5 of the 'Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003' and further subject to other compliance(s), clearance(s) as mandated under the said Guidelines."
8. **"RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as given herein below:

The following Article be inserted after Article No.119 in the Articles of Association of the Company:-

"119A Notwithstanding anything contained in this Article, pursuant to Section 192A of the Companies Act, 1956, the Company may and in the case of matters relating to such business as the Central Government may, by notification, declare or any other statutory authority stipulate to be conducted only by postal ballot (including voting by electronic mode), shall get any resolution passed by means of a postal ballot (including voting by electronic mode) instead.

If a resolution is assented by the stipulated majority of the shareholders by means of postal ballot (including voting by electronic mode), it shall be deemed to have been duly passed at a General Meeting in that behalf."

9. **"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, 2003, 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, 2003 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 to the Notice of Annual General Meeting), 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."

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 closed from Monday, the 22nd September, 2003 to Monday, the 29th September, 2003 (both days inclusive).
 3. Members are requested to
 - (i) immediately intimate change of address, if any, to the Company/Registrar and Share Transfer Agents 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.
 4. Members/Proxies should bring attendance slips sent herewith duly filled in, for attending the Meeting.
 5. The Members are requested to dematerialise their shareholdings with their Depository Participants as the Company's Shares are traded compulsorily under demat mode in the Stock Exchanges.
 6. As per the provisions of the Companies Act, 1956 facility for making nominations is available for shareholders in respect of the physical shares held by them. Nomination forms can be obtained from the Company's Registered Office.
 7. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of refund pertaining to share application money out of public issue remaining unpaid or unclaimed for a period of seven years from the date of transfer to Refund Account of the Company has been transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
- Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 1997 to 31st March, 1999, are requested to make their claims to the Company accordingly, without any delay.
8. Members, who are holding Shares in identical order of names in more than one Folio, are requested to apply to the **Company/Share Transfer Agents** alongwith the relevant Share Certificates for consolidation of such Folios in one Folio.
 9. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.
 10. As per requirement of Clause 49 VI(A) of the Listing Agreements with Stock Exchanges, the particulars of Directors retiring by rotation and eligible for re-appointment are given in the Corporate Governance Section to this Annual Report.

By Order of the Board
For INDIAN EXTRACTIONS LIMITED

S. B. JHAVERI
CHAIRMAN & MANAGING DIRECTOR

Registered Office:
"Nanavati Mahalaya"
18, Homi Modi Street,
Fort, Mumbai - 400 023.

Dated : 26th June, 2003

Indian Extractions Limited

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

Item No. 7

The Equity Shares of the Company are at present listed in India at The Stock Exchange, Mumbai (BSE) and The Ahmedabad Stock Exchange (ASE).

As per **"Securities and Exchange Board of India (Delisting of Securities) Guidelines – 2003"** it is open for the Company to get voluntarily delisted its securities from a Stock Exchange provided its securities continue to be listed in the Stock Exchange having nationwide trading terminals i.e. NSE or BSE.

The shares of the Company are already listed and continue to be listed inter-alia at BSE, as stipulated by the aforesaid guidelines, which have terminals in various cities affording the investors access to trade and deal in the Company's ordinary shares across the country.

During the last 12 months no transaction has taken place in ASE due to the availability of nationwide terminals of BSE everywhere, therefore, it is proposed to get delisted the Equity Shares of the Company from the said Exchange as it will hardly cause any inconvenience to the investors.

The resolution under this item is intended to obtain the approval of members for proposed delisting of Equity Shares of the Company from ASE and your Directors recommend its approval.

None of the Directors of the Company are interested in the proposed resolution.

Item No. 8

A new Section 192A has been inserted in the Companies Act, 1956 empowering the Central Government to declare that certain matters can be transacted by the Company through a resolution passed by a Postal Ballot only. SEBI has also stipulated as Non-Mandatory Requirements for certain resolutions to be passed by Postal Ballot under the Corporate Governance clause of the Listing Agreement with the Stock Exchanges for making possible the wider participation of shareholders in taking key decisions of the Company.

New Article 119A is proposed to be inserted to meet the foregoing requirements for passing of certain resolutions by Postal Ballot only.

According to Section 31 of the Companies Act, 1956, it is necessary to pass a Special Resolution to amend any of the provisions of the Articles of Association. Therefore, the Board recommends the resolution for approval of the members.

None of the Directors of the Company are interested in the proposed resolution.

Item No. 9

The Board of Directors have at their Meeting held on 26th June, 2003 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, 2003. 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 of 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, 2003

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.1,25,000/- 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 including perquisites, privileges and amenities as may be applicable from time to time to the Senior Management Cadre Executives of the Company.

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

This Explanatory Statement together with Resolution under serial No. 9 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, 2003 to 29th September, 2003 on any working day.

By Order of the Board
For INDIAN EXTRACTIONS LIMITED

S. B. JHAVERI
CHAIRMAN & MANAGING DIRECTOR

Registered Office:
"Nanavati Mahalaya"
18, Homi Modi Street,
Fort, Mumbai - 400 023.

Dated : 26th June, 2003

Indian Extractions Limited

DIRECTORS' REPORT

To,
The Members,
INDIAN EXTRACTIONS LIMITED

Your Directors have pleasure in presenting 47th Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2003.

FINANCIAL RESULTS:

	Current Year Rs.	Previous Year Rs.
Profit/(Loss) for the year before providing for Depreciation	97,58,244	1,75,13,962
Less: Depreciation	34,88,925	30,86,060
Profit/(Loss) after Depreciation	62,69,319	1,44,27,902
Less: Provision for Taxation - Current	5,60,000	9,84,000
Deferred	22,31,866	52,15,227
	27,91,866	61,99,227
Profit/(Loss) after Tax	34,77,453	82,28,675
Less/Add: (Loss)/ Profit brought forward from previous year	33,12,080	(49,10,317)
	67,89,533	33,18,358
Less/Add: Income Tax adjustment in respect of earlier year	NIL	(6,278)
Amount available for appropriation	67,89,533	33,12,080
APPROPRIATIONS :		
Proposed Dividend	16,68,817	NIL
Corporate Dividend tax	2,13,817	NIL
Balance carried to Balance Sheet	49,06,899	33,12,080
	67,89,533	33,12,080

DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs.0.50 (previous year Rs.NIL) per Equity Share of Rs.10/- each for the financial year 2002-2003.

OPERATIONS:

During the year under review your Company has achieved a turnover of Rs.50.52 Crores compared to Rs.61.56 Crores in the previous year.

The Company has processed 38,177 tons of Oilcakes/Seeds against 59,330 tons in the previous year.

Last year the rainfall commenced slightly later than normal at the end of June. The last phase of rainfall was not adequate in the last monsoon to produce a normal crop which resulted in deficient production of groundnut crop. Heavy imports of vegetable oils greatly affected market competitiveness. These factors have affected the operations of your Company. The Company was able to utilise capacity to the extent of 42% as compared to 66% in the previous year.

In the current year Groundnut Crop with adequate rainfall should be normal and your Directors are of the opinion that better utilisation of capacity can be expected with satisfactory results.

DIRECTORATE:

Shri Anand R. Dalal retires at the ensuing Annual General Meeting. Being eligible, offer himself, for reappointment as Director. Your Directors recommend his reappointment.

Shri Amit B. Shah was appointed as Additional Director of the Company with effect from 27th January, 2003. By virtue of Article 139 of the Articles of Association and Section 260 of the Companies Act, 1956. Shri Amit B. Shah holds office upto the date of Annual General Meeting and is eligible for appointment. Your Directors recommend his appointment.

Shri Ankur M. Maneck was appointed as Additional Director of the Company with effect from 27th January, 2003. By virtue of Article 139 of the Articles of Association and Section 260 of the Companies Act, 1956. Shri Ankur M. Maneck holds office upto the date of Annual General Meeting and is eligible for appointment. Your Directors recommend his appointment.



CORPORATE GOVERNANCE:

The information pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges is given in Annexure-I forming part of this report.

PARTICULARS OF THE EMPLOYEES:

There are no employees to whom the disclosure requirements u/s.217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended apply.

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.85,94,000/- at the end of the year.

INSURANCE:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 of the Companies Act, the Directors hereby confirm that:

- i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability;
- iv) the Directors have prepared the Annual Accounts on a "Going Concern" basis.

AUDITORS' REPORT:

There are no qualifications by the Auditors' 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.

,For and on behalf of the Board

S. B. JHAVERI
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Dated : 26th June, 2003

Indian Extractions Limited

ANNEXURE-I TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Indian Extractions Limited believes that Corporate Governance is not an end in itself but is a catalyst in the process towards maximisation of shareholder value. Therefore, shareholder value as an objective is woven into all aspects of Corporates Governance the underlying philosophy, development of roles, creation of structures and continuous compliance with standard practises.

Corporate Governance deals with conducting affairs of a Company to maximise shareholder value, such that

- Trust is built around that enterprise is managed adequately and efficiently in its chosen business;
- There is openness, integrity and accountability in the dealings of the Company to the extent, possible;
- There is fairness to its shareholders;
- There is adequate supervision of its business activities.

BOARD OF DIRECTORS:

Composition of the Board and Directorship held in other Companies as on 31st March, 2003

Sr. No.	Name of the Director(s)	Executive/Non-Executive/ Independent	No. of other Directorship in other Limited Companies	No. of other Board Committees as	
				Chairman	Member
1	Mr. Shantilal B. Jhaveri	Promoter, Executive-Chairman & Managing Director	7	1	1
2	Mr. Priyam S. Jhaveri	Promoter, Executive - Joint Managing Director	10	1	2
3	Mr. Asit D. Javeri	Non-Executive, Independent	5	3	5
4	Mr. Anand R. Dalal	Non-Executive, Independent	5	-	3
5	Mr. Suresh K. Mundra	Non-Executive, Independent	1	-	3
6	Mr. Amit B. Shah	Non-Executive, Independent	4	-	4
7	Mr. Ankur M. Maneck	Non-Executive, Independent	2	-	4

Attendance record of the Directors:

During the Financial year 2002-2003, Meetings of Board of Directors were held on the following days :-

30th April, 2002, 28th June, 2002, 30th July, 2002, 19th September, 2002, 31st October, 2002, 27th January, 2003 and 28th January, 2003.

Annual General Meeting was held on 19th September, 2002.

The Attendance of Directors at the Board Meetings and Annual General Meetings were as under:

Directors	Number of Meetings		Attendance at the last Annual General Meeting
	Held	Attended	
Mr. Shantilal B. Jhaveri	7	7	Yes
Mr. Priyam S. Jhaveri	7	6	Yes
Mr. Asit D. Javeri	7	3	Yes
Mr. Anand D. Dalal	7	5	Yes
Mr. Suresh K. Mundra	7	5	Yes
Mr. Amit B. Shah	2*	2	Not Applicable
Mr. Ankur M. Maneck	2*	2	Not Applicable

* appointed as Additional Directors in the Board Meeting held on 27th January, 2003.

Agenda for each Board Meeting were sent along with notes on agenda items about a week in advance to the Board Members. Matters discussed at these Board Meetings related to among others, review of annual plan, quarterly results of the Company, minutes of meetings of audit committee, observations of the Audit Committee, Statutory compliances by the Company, sale and purchase of investments etc. etc.