



**INDIAN EXTRACTIONS LIMITED**

**49<sup>TH</sup> ANNUAL REPORT**

**2004 - 2005**

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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. JHAVERI

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.

**REGISTERD 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-Ninth Annual General Meeting of INDIAN EXTRACTIONS LIMITED will be held on WEDNESDAY the 28TH SEPTEMBER, 2005 at 4.30 p.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce and Industry, Oricon House, 12, Kaikhushru Dubash 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 31<sup>st</sup> March, 2005.
2. To appoint a Director in place of Mr. Anand R. Dalal, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Ankur M. Maneck, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

**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 Wednesday, the 21<sup>st</sup> September, 2005 to Wednesday, the 28<sup>th</sup> September, 2005 (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 and unclaimed dividend for the Financial year ended 31<sup>st</sup> March 1995, 31<sup>st</sup> March 1996 and 31<sup>st</sup> March 1997 for a period of seven years from the date of transfer to separate 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 years ended 31<sup>st</sup> March, 1998, 31<sup>st</sup> March, 1999, 31<sup>st</sup> March, 2003 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 Agreement with Stock Exchange, 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: 28<sup>th</sup> June, 2005

**INDIAN EXTRACTIONS LIMITED****DIRECTORS' REPORT**

To,  
The Members,  
**INDIAN EXTRACTIONS LIMITED**

Your Directors have pleasure in presenting 49<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2005.

**FINANCIAL RESULTS :**

	Current Year Rs.	Previous Year Rs.
(Loss) for the year before providing for Depreciation	(19,05,217)	(50,93,242)
Less: Depreciation	42,45,853	43,88,288
(Loss) after Depreciation	(61,51,070)	(94,81,530)
Provision for Taxation - Current	(13,859)	(8,071)
Deferred	2,72,596	(32,711)
	2,58,737	(40,782)
(Loss) after Tax	(58,92,333)	(95,22,312)
Less/Add: (Loss)/ Profit brought forward from previous year	(46,15,413)	49,06,899
Amount available for appropriation	(1,05,07,746)	(46,15,413)

**APPROPRIATIONS:**

Balance carried to Balance Sheet	(1,05,07,746)	(46,15,413)
	(1,05,07,746)	(46,15,413)

**DIVIDEND :**

Your Directors do not recommend declaration of any dividend for the year ended 31<sup>st</sup> March, 2005 in view of the loss borne by your Company.

**OPERATIONS:**

During the year under review your Company has achieved a turnover of Rs. 65.76 Crores compared to Rs. 69.05 Crores in the previous year. The Company has processed 51,011 tons of oil cakes against 53,859 tons in the previous year.

The unsatisfactory and irregular precipitation of rainfall in 2004 resulted in Gujarat harvesting only 16.5 lakh tons of groundnut crop against about 30 lakh tons which is considered normal.

Besides, the liberal policy of import of edible oils followed by the Government resulted in dumping of edible oils by your Company's overseas competitors. This resulted in decreased realisation on sale of solvent extracted edible oils in domestic market.

Export during the year were marginally lower on account of the appreciation of Rupee and the increase in input costs which your Company was unable to pass on to the customers due to intense competition in the market.

All these factors resulted in an operating loss in the year under review.

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 and Mr. Ankur M. Maneck retire at the ensuing Annual General Meeting. Being eligible, offer themselves, for reappointment as Directors. Your Directors recommend their reappointment.

**CORPORATE GOVERNANCE:**

The information pursuant to Clause 49 of the Listing Agreement with the Stock Exchange 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.

## INDIAN EXTRACTIONS LIMITED

### 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.93,35,000/- 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 loss 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: 28<sup>th</sup> June, 2005





## 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 Corporate Governance the underlying philosophy, development of roles, creation of structures and continuous compliance with standard practices.

Corporate Governance deals with conducting affairs of a Company to maximise shareholders 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 31<sup>st</sup> March, 2005

Sr. No.	Name of the Director(s)	Executive/Non-Executive/ Independent	No. of outside Directorship in other Limited Companies (including Private Limited Companies)	No. of other outside Committees positions held	
				Chairman	Member
1	Mr. Shantilal B. Jhaveri	Promoter, Executive-Chairman & Managing Director	8	-	1
2	Mr. Priyam S. Jhaveri	Promoter, Executive-Joint Managing Director	11	1	2
3	Mr. Asit D. Javeri	Non-Executive, Independent	6	-	5
4	Mr. Anand R. Dalal	Non-Executive, Independent	3	-	-
5	Mr. Amit B. Shah	Non-Executive, Independent	4	-	-
6	Mr. Ankur M. Maneck	Non-Executive, Independent	2	-	-

## Attendance record of the Directors:

During the Financial year 2004-2005, Meetings of Board of Directors were held on the following days :-

27<sup>th</sup> April, 2004, 29<sup>th</sup> June, 2004, 29<sup>th</sup> July, 2004, 29<sup>th</sup> September, 2004, 29<sup>th</sup> October, 2004 and 31<sup>st</sup> January, 2005.

Annual General Meeting was held on 29<sup>th</sup> September, 2004.

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	6	6	Yes
Mr. Priyam S. Jhaveri	6	5	Yes
Mr. Asit D. Javeri	6	6	Yes
Mr. Anand R. Dalal	6	6	Yes
Mr. Amit B. Shah	6	6	Yes
Mr. Ankur M. Maneck	6	6	Yes

## INDIAN EXTRACTIONS LIMITED

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.

### Audit Committee:

The Audit Committee consists of the following Directors:

Mr. Asit D. Javeri	Chairman	Non-Executive, Independent
Mr. Anand R. Dalal	Member	Non-Executive, Independent
Mr. Amit B. Shah	Member	Non-Executive, Independent
Mr. Ankur M. Maneck	Member	Non-Executive, Independent

The Audit Committee shall have the authority to investigate into any matter that may be prescribed under Company Law for the time being in force and shall also comply with the **terms of reference** as specified herein as under:

1. The Audit Committee shall have meetings periodically as it may deem fit with at least three meetings in a year, of which one meeting, shall be before finalisation of Annual Accounts and one every six months.
2. The Audit Committee shall invite such of the executives (and particularly the head of the Finance Function), to be present at the meetings of the Committee whenever required by it.
3. The head of internal auditors and the statutory auditors of the Company shall attend and participate at the meetings without right to vote.
4. The Compliance Officer shall act as the Secretary to the Committee.
5. The Audit Committee shall have the following powers and functions:
  - a. It shall have authority to investigate into any matter in relation to the items under The Companies Act, 1956 or Listing Agreement with Stock Exchanges or referred to it by the Board from time to time and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.
  - b. To investigate any activity within its terms of reference.
  - c. To seek information from any employee.
  - d. To obtain outside legal or other professional advice.
  - e. Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
  - f. Recommending the appointment and removal of statutory (external) and internal auditors, fixation of their audit fees and also approval for payment for any other services.
  - g. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
    - i) Any changes in accounting policies and practices.
    - ii) Major accounting entries based on exercise of judgement by management.
    - iii) Qualifications in Draft audit report.
    - iv) Significant adjustments arising out of audit.
    - v) The going concern assumption.
    - vi) Compliance with accounting standards.
    - vii) Compliance with Stock Exchange and legal requirements concerning financial statements.
    - viii) Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.