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**INDIAN EXTRACTIONS LIMITED**

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

**2005 - 2006**

**DIAN EXTRACTIONS LIMITED**

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<b>DIRECTORS</b>	:	SHRI SHANTILAL B. JHAVERI Chairman and Managing Director
	:	SHRI PRIYAM S. JHAVERI Joint Managing Director
	:	SHRI ANAND R. DALAL
	:	SHRI ASIT D. JAVERI
	:	SHRI AMIT B. SHAH
	:	SHRI ANKUR M. MANECK
<b>AUDITORS</b>	:	M/S. C. C. CHOKSHI & CO. Chartered Accountants
<b>BANKERS</b>	:	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. STATE BANK OF SAURASHTRA
<b>REGISTERED OFFICE</b>	:	NANAVATI MAHALAYA, 18, HOMI MODI STREET, FORT, MUMBAI 400 001.
<b>FACTORY</b>	:	PANDIT NEHRU MARG, JAMNAGAR - 361 002.

## INDIAN EXTRACTIONS LIMITED

### NOTICE

#### TO THE MEMBERS

NOTICE is hereby given that the Fiftieth Annual General Meeting of INDIAN EXTRACTIONS LIMITED will be held on THURSDAY the 28TH SEPTEMBER, 2006 at 4.30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Fort, (Behind Prince of Wales Museum), Mumbai - 400 001 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, 2006.
2. To appoint a Director in place of Mr. Asit D. Javeri, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Amit B. Shah, 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 Thursday, the 21<sup>st</sup> September, 2006 to Thursday, the 28<sup>th</sup> September, 2006 (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, 31<sup>st</sup> March 1997 and 31<sup>st</sup> March 1998 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, 1999 and 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 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.
10. Kindly note the change of PIN code in the Registered Office Address of our Company from 400 023 to 400 001 as intimated by Director, General Post Office, Mumbai - 400 001.
11. 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.

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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 - 400 001.

Dated: 22<sup>nd</sup> June, 2006

## INDIAN EXTRACTIONS LIMITED

## DIRECTORS' REPORT

To,  
The Members,  
INDIAN EXTRACTIONS LIMITED

Your Directors have pleasure in presenting 50<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2006.

## FINANCIAL RESULTS :

	Current Year Rs.	Previous Year Rs.
(Loss) for the year before providing for Depreciation	(26,21,342)	(19,05,217)
Less: Depreciation	41,75,399	42,45,853
(Loss) after Depreciation	(67,96,741)	(61,51,070)
Provision for Taxation - Current	(26,170)	(13,859)
Deferred	6,51,219	2,72,596
Fringe Benefit Tax	(3,47,370)	-
	2,77,679	2,58,737
(Loss) after Tax	(65,19,062)	(58,92,333)
(Short) Provision for taxes in respect of earlier years	(23,207)	-
	(65,42,269)	(58,92,333)
Less/Add: (Loss)/ Profit brought forward from previous year	(1,05,07,746)	(46,15,413)
Amount available for appropriation	(1,70,50,015)	(1,05,07,746)

## APPROPRIATION:

Balance carried to Balance Sheet	(1,70,50,015)	(1,05,07,746)
	(1,70,50,015)	(1,05,07,746)

## DIVIDEND:

Your Directors do not recommend declaration of any dividend for the year ended 31<sup>st</sup> March, 2006 in view of the loss borne by your Company.



## OPERATIONS:

During the year under review your Company has achieved a turnover of Rs. 65.68 Crores compared to Rs. 65.76 Crores in the previous year. The Company has processed 45,961 tons of oil cakes against 51,011 tons in the previous year.

In 2005 the rainfall was irregular which resulted in Gujarat harvesting only 18 Lakh tons of groundnut crop against about 30 Lakh tons which is considered normal. Lately, there is an increasing trend of groundnut consumption in form of seeds.

The epidemic of bird flu caused havoc and resulted in a slump in demand for groundnut de-oiled cakes. This depressed the local as well as international markets. Besides, the liberal policy of import of edible oils followed by the Government resulted in exceptionally heavy imports of edible oils by your Company's overseas competitors. This resulted in decreased realisation on sale of solvent extracted edible oils in domestic market.

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

The strategy of your Company of concentrating on trading in oilmeals and edible oils has been implemented. This has resulted in your Company earning marginal profits from trading activities.

Your Directors are also pursuing processing of oil cakes from other oilseeds like Rapeseeds, Soya bean seeds etc. This activity has been commenced on small scale during the year under review.

In the current year, your Directors would concentrate on various oilseeds and with the rainfall, which is expected to be normal, your Directors are of the opinion that better utilization of capacity can be expected with satisfactory results.

## DIRECTORATE:

Shri Asit D. Javeri and Shri. Amit B. Shah 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 Fixed Deposits out of the outstanding amount of Rs. 1,22,25,000/- 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: 22<sup>nd</sup> June, 2006



## 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, 2006

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	7*	-	3
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	-	-

\*Including Foreign Company.

## Attendance record of the Directors:

During the Financial year 2005-2006, Meetings of Board of Directors were held on the following days:-

26<sup>th</sup> April 2005, 28<sup>th</sup> June 2005, 29<sup>th</sup> July 2005, 28<sup>th</sup> September 2005, 28<sup>th</sup> October 2005 and 30<sup>th</sup> January 2006.

Annual General Meeting was held on 28<sup>th</sup> September 2005.

The Attendance of Directors at the Board Meetings and Annual General Meeting 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	3	No
Mr. Anand R. Dalal	6	5	No
Mr. Amit B. Shah	6	5	No
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:

As required u/s. 292A of the Companies Act, 1956 read with provision of Clause 49 of the Listing Agreement with the Stock Exchange, the Board has constituted Audit Committee which 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 terms of reference of the Audit Committee are as outlined in the Companies Act, 1956 and the Listing Agreement.

Mr. A. L. Sehgal, the President and representative of the firms of Statutory Auditor and Internal Auditor, have been permanent invitees to the Audit Committee Meetings. Mr. Mihir Shah and Mr. P. M. Purohit, Internal Auditors, attended most of the meetings of the Audit Committee.

During the year, the Audit Committee, in its meetings, discussed among other things, the following:

- Reviewed with management, quarterly, half yearly and annual financial statements before submission to the Board.
- Discussed with the management and the internal and statutory auditors findings in the internal audit reports.
- Deliberated on the applicability, compliance and impact of various Accounting Standards and guidelines issued by the Institute of Chartered Accountants of India from time to time.

The Chairman of the Audit Committee, has briefed the Board of Directors, about the Audit Committees observations on various issues discussed at its meetings. Minutes of the Audit Committee Meetings are also circulated to all the Board Members along with agenda of the subsequent meeting.

All the suggestions / recommendations of the Audit Committee during the financial year 2005-06, have been accepted by the Board of Directors.

The Financial decision of the Company is taken by the Chairman and Managing Director, Mr. Shantilal B. Jhaveri at the Board of Directors Meeting.

The attendance record of each member of the Audit Committee at the Meetings held on 26/4/2005, 28/6/2005, 29/7/2005, 28/10/2005 and 30/01/2006 are as follows:

Name	Date of Appointment	Non-Executive/Independent	Numbers of Meetings	
			Held	Attended
Mr. Asit D. Javeri	19-09-2002	Non-Executive, Independent	5	3
Mr. Anand R. Dalal	19-09-2002	Non-Executive, Independent	5	5
Mr. Amit B. Shah	27-01-2003	Non-Executive, Independent	5	5
Mr. Ankur M. Maneck	27-01-2003	Non-Executive, Independent	5	5

No sitting fees have been paid to the Members of the Audit Committee.