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INDIAN EXTRACTIONS LIMITED

51ST ANNUAL REPORT

2006 - 2007

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 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

THE LAKSHMI VILAS BANK LTD.

HDFC BANK LTD.

STATE BANK OF SAURASHTRA

REGISTERED OFFICE

NANAVATI MAHALAYA,
18, HOMI MODI STREET,
FORT, MUMBAI 400 001.

FACTORY

PANDIT NEHRU MARG,
JAMNAGAR - 361 002.

INDIAN EXTRACTIONS LIMITED

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the Fifty-First Annual General Meeting of INDIAN EXTRACTIONS LIMITED will be held on WEDNESDAY the 26TH SEPTEMBER, 2007 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 31st March, 2007.
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.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. S. B. Jhaveri be and is hereby re-appointed by the Shareholders in this General Meeting to be the Managing Director of the Company for a period of five years from 1st April, 2007, being not liable to retire by rotation, as long as he holds the office as such 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. S. B. Jhaveri as the Managing Director of the Company for a period of five years with effect from 1st-April 2007 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 reappointment and/or agreement and that the Board of Directors of the Company be and is hereby authorised to enter into an Agreement with Mr. S. B. 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. S. B. 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 Wednesday, the 19th September, 2007 to Wednesday, the 26th September, 2007 (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 31st March 1995, 31st March 1996, 31st March 1997, 31st March 1998 and 31st March 1999 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 31st 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 Foliros 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. 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.

By Order of the Board

For **INDIAN EXTRACTIONS LIMITED**

Registered Office:
"Nanavati Mahalaya"
18, Homi Modi Street,
Fort, Mumbai - 400 001.

S. B. JHAVERI
CHAIRMAN & MANAGING DIRECTOR

Dated: 28th June, 2007

INDIAN EXTRACTIONS LIMITED

ANNEXURE TO THE NOTICE

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

GENERAL BUSINESS:

ITEM NO.4

AUDITORS:

The term of office of M/s. C. C. Chokshi & Co., Chartered Accountants, Mumbai as Auditors of the Company expires at the conclusion of the ensuing Annual General Meeting. M/s. C. C. Chokshi & Co., Chartered Accountants have expressed their desire of not seeking reappointment at the ensuing Annual General Meeting. The Board of Directors wishes to appoint Deloitte Haskins & Sells, Chartered Accountants as Auditors of the Company in place of previous Auditors and has received a Certificate from them that their appointment, if made, would be within the prescribed limits, under Section 224(1B) of the Companies Act, 1956. You are requested to appoint them as Auditors from the conclusion of the ensuing Annual General Meeting to the conclusion of subsequent Annual General Meeting.

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

SPECIAL BUSINESS:

ITEM NO. 5

The Board of Directors have at their Meeting held on 31st January, 2007 approved the re-appointment of Mr. S. B. Jhaveri as the 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. S. B. Jhaveri is presently the Managing Director of the Company and his term of appointment expired on 31st March, 2007. The Board considers that the services of Mr. S. B. Jhaveri continuing as the Managing Director of the Company will be very valuable for the growth of the Company.

The re-appointment of Mr. S. B. Jhaveri as the 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. S. B. Jhaveri as the Managing Director are mentioned below:

1. **PERIOD OF APPOINTMENT :** 5 Years from 1st April, 2007

2. **REMUNERATION :**

The 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 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. 5 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 19th September, 2007 to 26th September, 2007 on any working day.

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

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**S. B. JHAVERI
CHAIRMAN & MANAGING DIRECTOR**

Registered Office:
"Nanavati Mahalaya"
18, Homi Modi Street,
Fort, Mumbai - 400 001.

Dated: 28th June, 2007

INDIAN EXTRACTIONS LIMITED**DIRECTORS' REPORT**

To,
The Members,
INDIAN EXTRACTIONS LIMITED

Your Directors have pleasure in presenting 51st Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2007.

FINANCIAL RESULTS :

	Current Year Rs.	Previous Year Rs.
(Loss) for the year before providing for Depreciation	(24,62,745)	(26,21,342)
Less: Depreciation	39,20,455	41,75,399
(Loss) after Depreciation	(63,83,200)	(67,96,741)
Provision for Taxation		
Wealth	(22,025)	(26,170)
Deferred	3,39,080	6,51,219
Fringe Benefit Tax	(3,87,436)	(3,47,370)
	4,29,619	2,77,679
(Loss) after Tax	(59,53,581)	(65,19,062)
(Short) Provision for taxes in respect of earlier years	(6,66,304)	(23,207)
	(52,87,277)	(65,42,269)
Less/Add: (Loss)/ Profit brought forward from previous year	(1,70,50,015)	(1,05,07,746)
Amount available for appropriation	(2,23,37,292)	(1,70,50,015)

APPROPRIATION:

General Reserve deducted per contra	(1,90,49,571)	(1,70,50,015)
Balance carried to Balance Sheet	(32,87,721)	NIL
	(2,23,37,292)	(1,70,50,015)

DIVIDEND :

Your Directors do not recommend declaration of any dividend for the year ended 31st March, 2007 in view of the loss borne by your Company.

**OPERATIONS:**

During the year the Company concentrated on processing of Rapeseed cakes. This conscious strategy was implemented in view of the continuous low availability of groundnut crop since past three years. The liberal policy of import of edible oils continue to be followed by the Government. Hence the price of edible oils have slumped resulting in decreased realization on sale of solvent extracted edible oils in the domestic market. Moreover the appreciation of the Rupee has also decreased export sales realizations of de-oiled cakes.

The cost of utilities continuous to increase. Your Company has been able to adequately utilize its manufacturing facilities in the current year but the cost of credit has increased in view of competitive markets local as well as international where liberal credit terms are to be offered in view of cut throat competition. This has increased the interest cost during the year under review.

Your Company has conducted modernization programme to upgrade its plant to suit the present and future business requirements.

All these factors have increased cost, which could not be passed over resulting in loss for the year under review.

In the current year your Directors forecast that with adequate oilseeds crop and your Company's plant being modernized there would be better utilization of capacity with satisfactory results.

DIRECTORATE:

Shri Anand R. Dalal and Shri 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.

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.

INDIAN EXTRACTIONS LIMITED

DEPOSITS:

There were no overdue Fixed Deposits out of the outstanding amount of Rs. 1,12,40,000/- 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:

The term of office of M/s. C. C. Chokshi & Co., Chartered Accountants, Mumbai as Auditors of the Company expires at the conclusion of the ensuing Annual General Meeting. M/s. C. C. Chokshi & Co., Chartered Accountants have expressed their desire of not seeking reappointment at the ensuing Annual General Meeting. The Board of Directors wishes to appoint Deloitte Haskins & Sells, Chartered Accountants as Auditors of the Company in place of previous Auditors and has received a Certificate from them that their appointment, if made, would be within the prescribed limits, under Section 224(1B) of the Companies Act, 1956. You are requested to appoint them as Auditors from the conclusion of the ensuing Annual General Meeting to the conclusion of subsequent Annual General Meeting.

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: 28th June, 2007