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**INDIAN EXTRACTIONS LIMITED**

**52<sup>nd</sup> ANNUAL REPORT**

**2007 - 2008**

## **Contents**

<b>Notice .....</b>	<b>2</b>
<b>Annexure to the Notice.....</b>	<b>5</b>
<b>Director's Report .....</b>	<b>7</b>
<b>Auditor's Report .....</b>	<b>30</b>
<b>Balance Sheet .....</b>	<b>33</b>
<b>Profit &amp; Loss Account .....</b>	<b>34</b>
<b>Cash Flow Statement .....</b>	<b>35</b>
<b>Schedules .....</b>	<b>37</b>



# INDIAN EXTRACTIONS LTD.

## MUMBAI.

<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. DELOITTE HASKINS & SELLS 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.

## NOTICE

### TO THE MEMBERS

NOTICE is hereby given that the Fifty-second Annual General Meeting of INDIAN EXTRACTIONS LIMITED will be held on TUESDAY the 23<sup>RD</sup> SEPTEMBER, 2008 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, 2008.
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.

### 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. 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 4<sup>th</sup> September, 2008, 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 4<sup>th</sup> September 2008 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 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. 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."

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



"RESOLVED THAT in supersession of earlier Resolution passed at the Annual General Meeting of the Company and pursuant to Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof), the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies which, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs.30 crores."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION BY POSTAL BALLOT:

"RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events, to or in favour of the Banks/Financial Institutions, other investing agencies and trustees for the holders of debentures/bonds and/or other instruments to secure rupee/foreign currency loans and/or the issue of debentures whether partly/fully convertible or non-convertible and/or securities linked to Ordinary Shares and/or rupee/foreign currency convertible bonds and/or bonds with share warrants attached (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said Loans, shall not, at any time exceed the limit of Rs.30 crores."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments in writing as may be required."

#### 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 Tuesday, the 16<sup>th</sup> September, 2008 to Tuesday, the 23<sup>rd</sup> September, 2008 (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.

**INDIAN EXTRACTIONS LIMITED**

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, 31<sup>st</sup> March, 1998 and 31<sup>st</sup> 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 year ended 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. The Resolutions at Item No.6 and Item No.7 above requires consent of Shareholders through postal ballot and the results thereof will be declared on 25th August, 2008 and again at the Annual General Meeting by the Chairman.
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.

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: 18<sup>th</sup> June, 2008



## ANNEXURE TO THE NOTICE

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

#### SPECIAL BUSINESS:

##### ITEM NO. 5

The Board of Directors have at their Meeting held on 18<sup>th</sup> June, 2008 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 3<sup>rd</sup> September, 2008. 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 4<sup>th</sup> September, 2008

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. 5 to the accompanying Notice is and should be treated as Abstract under Section 302 of the Companies Act, 1956.

**INDIAN EXTRACTIONS LIMITED**

The Draft of the Agreement is open for inspection by the Shareholders at the Registered Office of the Company during the office hours from 16<sup>th</sup> September, 2008 to 23<sup>rd</sup> September, 2008 on any working day.

**ITEM NOS. 6 & 7**

Under Section 293(1)(d) of the Act, the Board of Directors of a Company cannot, except with the consent of the Company in a General Meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose. To meet the capital expenditure requirements and for additional working capital needs, as also to provide for the issue of any debt/debt related instrument in the Indian and/or international market, it is necessary to enhance the present borrowing limit. The Members' approval is therefore being sought pursuant to Section 293(1)(d) of the Act to increase the borrowing limit to Rs.30 crores. Even with the proposed borrowing, the debt equity ratio will be within normally accepted prudential accounting norms.

The proposed borrowings of the Company may, if necessary, be secured by way of a charge, mortgage, hypothecation of the Company's assets in favour of the security holders, trustees for the holders of the said securities. As the documents to be executed between the security holders, trustees for the holders of the said securities and the Company may contain the power to take over the management of the Company in certain events, it is necessary for the Company to pass a Resolution under Section 293(1)(a) of the Act, for creation of charges, mortgages and hypothecations for an amount not exceeding Rs.30 crores at any point of time.

The above proposals are in the interest of the Company and your Directors commend the said Resolutions at Item Nos.6 and 7 of the Notice for approval by the Members.

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

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

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

Dated: 18<sup>th</sup> June, 2008





## DIRECTORS' REPORT

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

Your Directors have pleasure in presenting 52<sup>nd</sup> Annual Report together with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2008.

### FINANCIAL RESULTS:

	Current Year Rs.	Previous Year Rs.
(Loss) for the year before providing for Depreciation	14,61,061	(24,62,745)
Less: Depreciation	38,74,169	39,20,455
(Loss) after Depreciation	(24,13,108)	(63,83,200)
Provision for Taxation		
Wealth	(16,190)	(22,025)
Deferred	57,902	8,39,080
Fringe Benefit Tax	(3,10,000)	(3,87,436)
	(2,68,288)	4,29,619
(Loss) after Tax	(26,81,396)	(59,53,581)
(Short) Provision for taxes in respect of earlier years	(51,929)	(6,66,304)
	(27,33,325)	(52,87,277)
Less/Add: (Loss)/ Profit brought forward from previous year	(32,87,721)	(1,70,50,015)
Amount available for appropriation	(60,21,046)	(2,23,37,292)

### APPROPRIATION:

General Reserve deducted per contra	--	(1,90,49,571)
Adjustment for provision of gratuity net of deferred taxes	(13,21,760)	--
Balance carried to Balance Sheet	(46,99,286)	(32,87,721)
	(60,21,046)	(2,23,37,292)

### DIVIDEND:

Your Directors do not recommend declaration of any dividend for the year ended 31<sup>st</sup> March, 2008 in view of the loss borne by your Company.

## **OPERATIONS:**

Your Company continues to concentrate on processing of Rapeseed cakes besides Groundnut cakes, the core product.

Your Company is also processing groundnut oil cakes for exports which is the core competence of your company. Your Company has earned good profits in the last quarter which has been able to wipe off a considerable portion of the losses of the first three quarters. The prices of edible oils increased and the rupee has also become weak which are all favourable factors for your company.

The cost of utilities continues to increase. The cost of credit also continues to increase. Your Company has fully utilized its manufacturing facilities from the current season.

Your Company is on the threshold of undertaking an expansion project to set up an additional physical oil refinery with a capacity of 50 MT per day. Post expansion the edible oil refining capacity of the company would be 80 MT per day.

Your company is also replacing the existing extractor since it has become obsolete.

The Company at present commands respect in the market in wholesale trade for marketing edible oil under the premium established brand name "Diamond" and "Star". Your Company is now leveraging these brands for sale in retail segment.

All these factors will result in increase of turnover, economies of scale which will in turn lead your Company earning good profits in the current year.

In the current year the monsoon has commenced before schedule and with adequate oil seeds crop, all factors seem favourable for your Company.

## **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.

## **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.