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INDIAN EXTRACTIONS LIMITED

53rd ANNUAL REPORT

2008 - 2009

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. DELOITTE HASKINS & SELLS
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.

CORPORATION BANK

REGISTERED OFFICE

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

FACTORY

PANDIT NEHRU MARG,
JAMNAGAR - 361 002.

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the Fifty-third Annual General Meeting of **INDIAN EXTRACTIONS LIMITED** will be held on **WEDNESDAY the 23rd SEPTEMBER, 2009** 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, 2009.
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 16th September, 2009 to Wednesday, the 23rd September, 2009 (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 year 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 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. 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

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S. B. JHAVERI
CHAIRMAN & MANAGING DIRECTOR

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

Dated: 29th June, 2009

INDIAN EXTRACTIONS LIMITED**DIRECTORS' REPORT**

To,
The Members,
INDIAN EXTRACTIONS LIMITED

Your Directors have pleasure in presenting 53rd Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2009.

FINANCIAL RESULTS:

| | Current Year Rs. | Previous Year Rs. |
|---|------------------------|-------------------------|
| (Loss) for the year before providing for Depreciation | (1,09,52,624) | 14,61,061 |
| Less: Depreciation | 47,81,660 | 38,74,169 |
| (Loss) after Depreciation | (1,57,34,284) | (24,13,108) |
| Provision for Taxation - Wealth | 29,903 | (16,190) |
| Deferred | (24,35,077) | 57,902 |
| Fringe Benefit Tax | 3,60,000 | (3,10,000) |
| | (20,45,174) | (2,68,288) |
| (Loss) after Tax | (1,36,89,110) | (26,81,396) |
| (Short) Provision for taxes in respect of earlier years | -- | (51,929) |
| | (1,36,89,110) | (27,33,325) |
| Less/Add: (Loss)/ Profit brought forward from previous year | (46,99,286) | (32,87,721) |
| Amount available for appropriation | (1,83,88,396) | (60,21,046) |

APPROPRIATION:

| | | |
|--|---------------|-------------|
| General Reserve deducted per contra | -- | -- |
| Adjustment for provision of gratuity net of deferred taxes | -- | (13,21,760) |
| Balance carried to Balance Sheet | (1,83,88,396) | (46,99,286) |
| | (1,83,88,396) | (60,21,046) |

DIVIDEND:

Your Directors do not recommend declaration of any dividend for the year ended 31st March, 2009 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 achieved a lower turnover in quantitative terms during the year on account of the modernization programme conducted for solvent extraction plant.

The liberal policy of import of edible oils continues 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.

During the year your Company has successfully commissioned the modernized solvent extraction plant. In May 2009, your Company has also successfully commissioned the refinery with enhanced capacity for refining of edible oils.

The cost of utilities continues to increase. The cost of credit also continues to increase.

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.

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.1,62,45,000/- 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: 29th June, 2009



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 31st March, 2009

| 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 | 7 | - | 1 |
| 2 | Mr. Priyam S. Jhaveri | Promoter, Executive-Joint Managing Director | 13 | 1 | 2 |
| 3 | Mr. Asit D. Javeri | Non-Executive, Independent | 9* | - | 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 | - | - |

* including Foreign Company

Attendance record of the Directors:

During the Financial year 2008-2009, Meetings of Board of Directors were held on the following days:-

9th April, 2008, 18th June, 2008, 29th July, 2008, 23rd September, 2008, 23rd October, 2008 and 30th January, 2009.

Annual General Meeting was held on 23rd September, 2008.

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 | 4 | Yes |
| Mr. Anand R. Dalal | 6 | 5 | 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.

Code of Conduct for Board Members and Senior Management :

A declaration regarding compliance by the Board, of Code of Conduct is separately annexed to this Report.

As there is no website of the Company at present, the said Code of Conduct is not displayed on the Web.

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 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:

The **Role of the Audit Committee** shall be as under:

- Oversight 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.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with management the annual financial statements before submission to the Board, for approval with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgement by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with Listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with internal auditors any significant findings and follow up thereon.