



<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  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 Fifty-fourth Annual General Meeting of INDIAN EXTRACTIONS LIMITED will be held on Thursday the 23<sup>RD</sup> SEPTEMBER, 2010 at 3.30 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, 2010.
2. To appoint a Director in place of Mr. Asti 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 16<sup>th</sup> September, 2010 to Thursday, the 23<sup>rd</sup> September, 2010 (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, 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. 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: 29<sup>th</sup> May, 2010

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

To,

The Members,

**INDIAN EXTRACTIONS LIMITED**

Your Directors have pleasure in presenting 54<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2010.

**FINANCIAL RESULTS :**

	Current Year Rs.	Previous Year Rs.
(Loss) for the year before providing for Depreciation and Interest	<b>(21,09,678)</b>	37,06,305
Interest	<b>(2,17,67,340)</b>	(1,46,58,929)
Less: Depreciation	<b>(67,88,758)</b>	(47,81,660)
(Loss) after Depreciation	<b>(3,06,65,776)</b>	(1,57,34,284)
Provision for Taxation - Wealth	<b>(9,249)</b>	29,903
Deferred	--	24,35,077
Fringe Benefit Tax	--	(3,60,000)
	<b>(3,06,75,025)</b>	(20,45,174)
(Loss) after Tax	--	(1,36,89,110)
(Short) Provision for taxes in respect of earlier years	--	--
	<b>(3,06,75,025)</b>	(1,36,89,110)
Less/Add: (Loss)/ Profit brought forward from previous year	<b>(1,83,88,396)</b>	(46,99,286)
Amount available for appropriation	<b>(4,90,63,421)</b>	(1,83,88,396)

**APPROPRIATION:**

General Reserve deducted per contra	--	--
Adjustment for provision of gratuity net of deferred taxes	--	--
Balance carried to Balance Sheet	<b>(4,90,63,421)</b>	(1,83,88,396)
	<b>(4,90,63,421)</b>	(1,83,88,396)

**DIVIDEND :**

Your Directors do not recommend declaration of any dividend for the year ended 31<sup>st</sup> March, 2010 in view of the loss borne by your Company.



## **OPERATIONS :**

The year under review has witnessed many challenges and difficulties for the operations of the Company because of various factors, broadly summarized as under:-

1. The Solvent Extractions Plant operations were adversely affected due to large disparity in processing of seeds and oilcakes, which has practically resulted in negligible exports of Deoiled Cake Meal.
2. Bumper crops in USA, Brazil and Argentina has resulted in surplus production of Soya Seeds in international market, which in turn has lowered all types of the Deoiled Cakes prices in overseas market coupled with massive surplus production, resulting in non-viable pricing for exports from India.
3. Heavy import of refined edible oil and raw edible oil with nil import duty in the domestic market, resulted unremunerative operations for solvent extraction industry.
4. Shortages in domestic market particularly of groundnuts because of un-even pattern of monsoon and climatic changes has adversely affected the core activity of the company of the groundnut oil extraction.

All the above factors resulting in very low capacity utilization and thereby increased cost of operations has resulted in negative margin for the solvent extraction business operations.

The Company was able to process only 24789 MT. of Solvent Extractions against 36253 MT. in the previous year.

As informed in the earlier Directors' Report, fortunately the multi product oil refinery has been commissioned in May, 2009 with trial runs and the functioning of the refinery has been stabilized successfully during the last quarter.

The refinery was installed with a view to increase and diversify the business strength in the edible oil market by capitalizing on the Company's reputed and established brand "DIAMOND".

The Company has successfully entered into the market with Refined Cotton Seed Oil and Refined Soya Oil, besides the traditional solvent extracted groundnut oil and refined groundnut expeller oil.

The stabilization and consistent operations of refinery will broaden the business operations of the company and reduce the dependence of solvent extractions operations over a period.

In addition, the company has diversified its business operations by entering into a trading activity in the chemicals and commodities, which has also supported operations of the company.

During the year, the Company has refined 4543 MT of different edible oils as compared to 2417 MT in the previous year, resulting in almost doubling the quantity.

Due to refinery activity and trading activity, the company has achieved a turnover of Rs. 80.40 Crore as against Rs. 69.86 Crore in the previous year, thereby registering a growth of 15% in spite of very low solvent extraction business.

The Company has incurred loss before interest and depreciation of Rs. 21.10 lacs as profit against for previous year of Rs. 37.06 lacs. The fall is mainly because of lower refinery utilization upto December, 2009 as well as minimum operation of solvent extractions plant due to adverse market factors as mentioned above.

The loss for the year is recorded at Rs.306.75 lacs as against Rs. 136.89 lacs for the previous year. The loss was higher because of higher interest and financial charges of Rs. 217.80 lacs as against Rs. 146.58 lacs on account of Term Loan interest on the newly commenced refinery besides higher utilization of working capital limits due to liquidity constrain.

## **PROSPECTS :**

The operations of the new refinery has been stabilized and the company has successfully captured a significant share in the local Refined Cotton Oil market in the Jamnagar district. The company is in the process of introducing different edible oil like Soya, Rapeseed, Palm etc. in the market as well in a phased manner under its established brand name with a view to broaden product mix and also for better margins. The full focus is on producing, marketing, distributing and selling Refined Edible Oils which will facilitate the Company to hedge its existing business of solvent extractions. In addition, the company has also started trading activity and is exploring new possibility for trading into commodities and chemicals.

## **INDIAN EXTRACTIONS LIMITED**

Also forecast for satisfactory monsoon will benefit the company due to possibility of higher availability of oil seed crop in to optimize a coming season which in then facilitate solvent extractions plant.

The management has also implemented various cost cutting, control and saving measure, which will benefit the company in a long run. Further, the bank has approved reduction of interest, a concession given as per Agro processing unit scheme introduced in September 2009 which will benefit by way of saving significantly the finance cost. The Company is also discussing for reorganization of it's banking facilities for cost reduction and improvement in liquidity.

Also with a view to improve the liquidity, the company has activated the process for sale of its vacant surplus land adm. 70000 Sq. Ft. to Mr. Priyam S. Jhaveri - Jt. Managing Director and Promoter in terms of approval of its Board of Directors and the proceeds of the same will be deployed to improve the liquidity position of the company for better business operations.

Considering the long standing experience of the Promoters and Management in the Solvent Extractions and Edible Oil Industry together with various measures taken by them, the Board of Directors bearing unforeseen circumstances are confident to improve business operations and performance of the company in years to come.

### **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.

### **DEPOSITS:**

There were no overdue Fixed Deposits out of the outstanding amount of Rs.1,12,15,000/- 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.

#### **EXPLANATION ON AUDITORS REPORT**

The notes to the accounts referred to in the Auditors Report as self explanatory and therefore do not call for any further comments.

With regards to qualification in the auditors report, the board of directors would like to comment that the Company has entered into a definite contract for sale of special quality of groundnut extraction with various parties. Due to various factors the parties had requested the Company for taking deliveries of the goods under said contract on a piecemeal basis over a period of time. Since the significant amount of contract value has been already received and the parties have confirmed to lift material in due course and material is ready for delivery with the company but was held as stock on the specific request of respective parties, the management is of the view that there is no uncertainty is involved in such transactions and accordingly has valued the specific quality of groundnut extraction stock under said contract at realizable market value which is not in accordance with Accounting Standard 2 "Valuation of Inventories". However, considering the nature of transaction, definite sales contract and factual position the management and the board of directors is of the opinion to value such stock at a fair realizable market value for proper presentation of the financial statement for the year ended on 31st March 2010.

#### **AUDITORS :**

The terms of Office of present auditor Deloitte Haskins & Seller are upto ensuing Annual General Meeting of the Company, vide their letter dated May 28, 2010 they have expressed their unwillingness to be reappointed at the ensuing annual General Meeting. The Board of Directors of the company has received notice form one of the member requesting for appointment M/s. Thingna & Contractor, Chartered Accountants as statutory auditors of the Company. The board recommends and propose the appoint M/s. Thingna & Contractor, Chartered Accounts as statutory auditors of the Company.

#### **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: 29<sup>th</sup> May, 2010

## INDIAN EXTRACTIONS LIMITED

### 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, 2010

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	6	-	-
2	Mr. Priyam S. Jhaveri	Promoter, Executive-Joint Managing Director	13	1	2
3	Mr. Asit D. Javeri	Non-Executive, Independent	8*	-	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:-  
2<sup>nd</sup> April, 2009, 29<sup>th</sup> June, 2009, 31<sup>st</sup> July, 2009, 23<sup>rd</sup> September, 2009, 28<sup>th</sup> October, 2009, 28<sup>th</sup> January, 2010 and 12<sup>th</sup> March, 2010

Annual General Meeting was held on 23<sup>rd</sup> September, 2009.

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	7	7	Yes
Mr. Priyam S. Jhaveri	7	6	Yes
Mr. Asit D. Javeri	7	6	Yes
Mr. Anand R. Dalal	7	7	Yes
Mr. Amit B. Shah	7	7	Yes
Mr. Ankur M. Maneck	7	7	Yes





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, review oth business, sale and purchase of investments and/or Property 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:

1. 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.
2. 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.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with management the annual financial statements before submission to the Board, for approval with particular reference to:
  - a. 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.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on exercise of judgement by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with Listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management performance of statutory and internal auditors, adequacy of the internal control systems.
7. 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.
8. Discussions with internal auditors any significant findings and follow up thereon.

## INDIAN EXTRACTIONS LIMITED

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Mr. A. L. Sehgal, the President and representatives 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.
- Reviewed the Company's Financial and Risk Management Policies and Audit Reports covering operational, financial and other business risk areas.

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 2008-09, have been accepted by the Board of Directors.

The Financial decisions 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 2/4/2009, 29/6/2009, 31/7/2009, 28/10/2009, 28/1/2010 and 12/03/2010 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	6	5
Mr. Anand R. Dalal	19-09-2002	Non-Executive, Independent	6	6
Mr. Amit B. Shah	27-01-2003	Non-Executive, Independent	6	6
Mr. Ankur M. Maneck	27-01-2003	Non-Executive, Independent	6	6

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