



INDIAN EXTRACTIONS LIMITED

55th ANNUAL REPORT
2010 - 2011

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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. JHAVERI
	:	SHRI AMIT B. SHAH
	:	SHRI ANKUR M. MANECK
AUDITORS	:	M/S. THINGNA & CONTRACTOR 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.
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-fifth Annual General Meeting of INDIAN EXTRACTIONS LIMITED will be held on Thursday, the 22nd September 2011 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 31st March, 2011.
- 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 Thursday, the 15th September, 2011 to Thursday, the 22nd September, 2011 (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. Members are hereby informed that Dividends which remain unclaimed / unencashed over a period of seven years have to be transferred by the Company to Investor Education and Protection Fund ("Fund") constituted by the Central Government under Sections 205A and 205C of the Companies Act, 1956. The Company has already made necessary transfer to Fund set up by the Government of India upto last dividend declared by the Company for the financial year 2002-2003 and no payments shall be made in respect of any such claims by the Fund.
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. Relevant documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 2:00 p.m. and 4:00 p.m. upto the date of the Annual General Meeting.
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: 27th May, 2011

DIRECTORS' REPORT

To,
The Members,
INDIAN EXTRACTIONS LIMITED

Your Directors have pleasure in presenting 55th Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2011.

FINANCIAL RESULTS:

	Current Year Rs.	Previous Year Rs.
(Loss)/Profit for the year before providing for Depreciation and interest and exceptional items	(41,99,842)	(21,09,678)
Less: Interest	(2,23,53,791)	(2,17,67,340)
Less: Depreciation	(69,99,591)	(67,88,758)
Loss after Depreciation	(3,35,53,224)	(3,06,65,776)
Add: Exceptional Item	3,84,72,000	--
Provision for Taxation Wealth	--	(9,249)
Deferred	--	--
Fringe Benefit Tax	--	--
	--	(9,249)
Profit / (Loss) after Tax	49,18,776	(3,06,75,025)
Less/Add: (Loss)/Profit brought forward from previous year	(4,90,63,421)	(1,83,88,396)
Amount available for appropriation	(4,41,44,645)	(4,90,63,421)

DIVIDEND:

In view of the accumulated losses, your Directors express their inability to recommend declaration of any dividend for the year ended 31st March, 2011.

OPERATIONS:

The year under review was a difficult year for the operations of the Company as the Company witnessed many adverse business factors and difficulties in its operations as broadly summarized as under:-

- 1) The Solvent Extraction Plant operations were practically paralyzed during the year and the capacity utilization was negligible considering the non-availability of groundnut oil cakes. Due to the disparity in the oil mill industry, the crushing of oil cakes was very low and consequently the availability for the solvent extraction industry.
Besides bumper crops and surplus production of soyabean and cake in the international market and dumping of the same by USA, Brazil and Argentina resulted in price disparity through out the year for the export of deoiled cakes. These factors adversely impacted in the core business of the Company i.e. the Solvent Extraction Plant operations and exports.
- 2) Heavy import of refined edible oils as well as raw edible oils with nil import duty in the domestic market resulted in unremunerative operations for the solvent extraction industry and the oil milling industry.
- 3) The Company's refinery operated at an optimum level for most of the year. However on account of competition from cheaper imported oils, a volatile speculative market resulted in narrow margins for the refining operations of the Company.
- 4) Large refining capacities established by multinational Companies near the ports where raw edible oil is imported resulted in location disadvantage for the Company to refine imported raw edible oils. Also competition against multinationals having large capacities and marketing set up, marginalized the Company's refining business as a standalone operation.

However irrespective of the adverse factors and challenges faced by the Company during the year, the Company maintained its turnover with mainly the refining and trading activities.

The significant under utilization of the extraction plant resulted in over all increased cost of operations and thereby resulting in further loss for the Company during the year.

The Company was able to process only 5557 MT of Solvent Extractions against 24789 MT in the previous year.

However the refinery processed 6101 MT of edible oils as compared to 4771 MT in the previous year.

In spite of increased operations of the refinery, due to speculative market conditions, high volatility in Crude unrefined oil prices and competition from localized brands as well as Multinationals resulted in very narrow margins and thereby the Company's over all performance resulted in losses.

In order to generate business income and a better bottom line, the Company diversified into trading of chemicals and commodities, achieving turnover of 6003 MT which supported the over all business operations and helped to maintain the previous year turnover and minimize losses due to the non-operation of the core business of the Company.

The refining activity and trading activity of the Company achieved a turnover of Rs.82.89 Crores as against Rs.80.40 Crores in the previous year.

The Company operations resulted in a loss before interest and depreciation of Rs.41.99 lacs as against Rs.21.10 Lacs in the previous year. This was on account of insignificant plant utilization of extraction plant which is the core business of the Company, wafer thin margins in the edible oil refining business and adverse market conditions as mentioned above.

However due to an exceptional item of sale of land, the Company recorded a profit at year end of Rs.49.19 Lacs as against a loss of Rs.306.75 Lacs during the previous year.

During the year under review, the Company sold its surplus vacant land admeasuring 70000 sq. ft. to Joint Managing Director of the Company at an aggregate consideration of Rs.385 Lacs, at the prevalent market rate, approved by the Board of Directors of the Company in their meeting on 12th March, 2010. The profit amounting to Rs.384.72 Lacs from the said sale has resulted in the Company recording a profit of Rs.49.19 Lacs for the year ended.

PROSPECTS & DEVELOPMENTS :

The management after undertaking various analysis and conducting market studies together with professional advisory has concluded to exit from the present business of the Company.

Due to the changed market conditions coupled with the speculative nature of business and high volatility in the pricing as well as disadvantages in comparison with very large scale capacities created by Multinational Companies, the Board after deliberation decided to discontinue present business operations permanently with a view to protect stakeholders value. Accordingly in conformity the Management is working out a systematic exit from the business.

In continuance of the decision taken by the Board of Directors, already the manufacturing operations are stopped and employment of majority of permanent workers and staff were terminated. The Management is working out alternative plans and options for utilization of the assets of the Company.

Further, for a sustainable future plan for the Company and with a view to enhance stakeholders value, the board has decided to foray into new business areas which includes manufacturing and trading in chemicals, merchant export business, trading in commodities, trading in refined edible oil under the Company's brand name and exports of deoiled cake, warehousing and logistic business and such other business incidental or ancillary to that. The Management is working out a systematic plan to enter into new areas of business in a phased manner.

As a part of reengineering exercise, the Company has also approached its Bankers, Union Bank of India for restructuring of finance facilities and the process for the same is going on and likely to be completed in coming quarter. The same will support future business plan for the Company and cash flows also.

In order to smoothly enter other lines of business, the Board has decided to go for amalgamation of Phthalo Colours & Chemicals (I) Ltd., un-listed Public Ltd. Company, with the company subject to necessary approvals from the Stakeholders, High Court and also compliance with the other statutory requirements in that connection.

The Board and the Management of the Company are confident of getting diversified into new business area in due course with a view to enhance stakeholder's value and create sustainable business model for the future of the Company.

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.

DEPOSITS :

There were no overdue Fixed Deposits out of the outstanding amount of Rs. 7,15,000/- 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 judgment 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 profit 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 are 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 2011 and the same is consistent accounting practice adopted by the Company.

AUDITORS :

You are requested to appoint Auditors and fix their remuneration.

ACKNOWLEDGMENT :

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: 27th May 2011

ANNEXURE-I TO THE DIRECTORS' REPORT
CORPORATE GOVERNANCE
COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Indian Extractions Limited believes that Corporate Governance is not an end in itself but is a catalyst in the process towards enhancement of shareholder value. The Company emphasises the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. 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, 2011

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 Committee 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	4	--	--
5	Mr. Amit B. Shah	Non-Executive, Independent	5	--	--
6	Mr. Ankur M. Maneck	Non-Executive, Independent	3	--	--

* including Foreign Company

Attendance record of the Directors :

During the Financial year 2010-2011, Meetings of Board of Directors were held on the following days:-
29th May 2010, 12th August 2010, 12th November 2010, 10th February 2011.

Annual General Meeting was held on 29th September, 2010.

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	4	4	Yes
Mr. Priyam S. Jhaveri	4	4	Yes
Mr. Asit D. Javeri	4	4	No
Mr. Anand R. Dalal	4	3	Yes
Mr. Amit B. Shah	4	3	Yes
Mr. Ankur M. Maneck	4	3	Yes