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INFRA INDUSTRIES LIMITED

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ANNUAL REPORT 2005-2006

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INFRA INDUSTRIES LIMITED

BOARD OF DIRECTORS

Bhupendra J. Ambani	Non- Executive Chairman
Mukesh B. Ambani	Managing Director
Sailesh R. Sheth	Director
Haresh P. Sanghvi	Director
A P. Abraham	Director

REGISTERED OFFICE

Dhiraj Chambers, 7th Floor,
9, Hazarimal Somani Marg,
Mumbai – 400 001.

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FACTORIES

Arav, Maharashtra
Pukkathurai, Tamil Nadu,
Dadra, U/T of Dadra & Nagar Haveli
Hubli, Karnataka

SALES OFFICES

Bangalore, Belgaum , Chennai, Cochin, Renigunta

AUDITORS

M/s. Chaturvedi & Shah
Chartered Accountants

REGISTRARS & TRANSFER AGENTS

Purva Sharegistry (India) Private Limited,
9, Shiv Shakti Indusrial Estate,
Ground Floor, Sitaram Mill Compound,
J. R. Boricha Marg, Lower Parel,
Mumbai – 400 011.
Phone No. (022) 23016761 / 23018261
Email.busicomp@mtnl.net.in

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INFRA INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of **INFRA INDUSTRIES LIMITED** will be on Friday, 29th September, 2006 at 4.30 p.m. at Malabar Hill Club Ltd, B. G. Kher Marg, Malabar Hill, Mumbai - 400 006. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year on that date and the Directors' Report thereon and Auditors' Report thereto.
2. To appoint Director in place of Mr. Bhupendra J. Ambani who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Chaturvedi & Shah, Chartered Accountants, as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary resolution:

   "**RESOLVED** that Mr. Haresh P. Sanghvi, in respect of whom the Company has received notice in writing along with a deposit of Rs.500/- for notice, from a member proposing him as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956, and who is eligible for appointment to the office of director, be and is hereby appointed a Director of the Company liable to retire by rotation."

By Order of the Board of Directors

PLACE: Mumbai
DATED: 30th June, 2006.

Bhupendra J. Ambani
(Non-Executive Chairman)

REGISTERED OFFICE
Dhiraj Chambers, 7th Floor,
9, Hazarimal Somani Marg,
Mumbai – 400 001.

NOTES :

1) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself and Proxy need not be a member.
2) A Proxy in order to be effective must be lodged with the Company at least 48 hours before the meeting.
3) The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special Business under item No.4 as set out above is annexed hereto.
4) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 22nd day of September, 2006 to Friday, 29th day of September, 2006 (Both Days Inclusive).
5) In all correspondence with the Company, members are requested to quote their Folio.
6) Members should quote Folio Numbers and in case the shares are held in the dematerialised Form, they should quote their client ID Number and DP ID Number.
7) Members, who hold shares in Dematerialised Form, are requested to bring their client ID and DP numbers for Easier Identification of Attendance at the meeting

Explanatory Statements

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE NOTICE DATED 30TH JUNE 2006.

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in accompanying Notice dated 30th June, 2006 and shall be taken as forming part of the Notice.

ITEM NO.4:

Mr. Haresh P. Sanghvi, who has been appointed as an additional director under Section 260 of the Companies Act, 1956 effective December 27, 2005 holds office upto the date of the Seventeenth Annual General Meeting of the Company as provided under Article 123 of the Articles of Association of the Company and is eligible for appointment. In terms of Section 257 of the Companies Act, 1956, the Company has received notice in writing along with a deposit of Rs.500/- each from a member signifying his intention to propose the candidature of Mr. Haresh P. Sanghvi for the office of director.

Your Board recommends the resolution for your approval.

Except Mr. Haresh P. Sanghvi, no Director of the Company is concerned or interested in the resolution at item No. 4.

Your Board recommends the resolution for your approval.

By Order of the Board of Directors

PLACE: Mumbai
DATED: 30th June, 2006.

Bhupendra J. Ambani
(Non-Executive Chairman)

REGISTERED OFFICE
Dhiraj Chambers, 7th Floor,
9, Hazarimal Somani Marg,
Mumbai – 400 001.

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INFRA INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their Seventeenth Annual Report, and the Audited Statement of Accounts of the Company for the year ended 31st March, 2006.

	Year Ended 31.03.2006 (Rs.)	Period Ended 31.03.2005 (Rs.)
Profit/(Loss) before Interest, Depreciation and Tax	8,50,611	8,48,752
Less: Interest	6,84,731	5,39,938
Gross Profit/(Loss)	1,65,880	3,08,814
Less: Depreciation	25,53,743	21,62,059
Profit/(Loss) before Tax	(23,87,863)	(18,53,245)
Add: Deferred Tax Credit	(26,037)	9,16,318
Add: Provision for Fringe Benefit Tax	2,00,000	0
Profit/(Loss) after Tax	(26,13,900)	(9,36,927)
Add: Balance Brought from Previous year	(28,31,058)	(18,94,131)
Balance Carried to Balance Sheet	(54,44,958)	(28,31,058)

DIVIDEND

In the absence of profit for the year under review, your Directors are unable to recommend any dividend on the Equity Capital.

OPERATIONS

The Sales during the year under review was Rs. 5,55,83,783/- as against Rs.3,61,55, 997/- in the previous period of six months.

Due to severe increase in the Raw Material input cost the Company's margins were under pressure.

FINANCE

During the year under review the Company has availed working capital facility.

FUTURE OUTLOOK

The new facility at Hubli is in the final stage of commissioning and the Company expects to achieve higher turnover in the State of Karnataka.

There is a tremendous response from the customers, dealers and distributors as Infra has its presence in the State of Karnataka since 1992.

The advantage of Hubli Plant as it is highly cost effective due to low capital investment and added advantage of cost saving on transportation.

With the above advantages the upcoming Hubli Plant will be able to service the market and will contribute positively.

FIXED DEPOSITS

During the year the Company has not accepted any fixed deposits from the Public under Section 58A.

PARTICULARS OF EMPLOYEES

The information as required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not given, as no employee of the Company was in receipt of remuneration exceeding the limits as laid down in this respect.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement giving information regarding Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo required under Section 217(1)(e) of the Companies Act, 1956 are annexed and form part of the report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

(i) That in the preparation of the accounts for the financial year ended 31st March, 2006; the applicable accounting standards have been followed along with explanation relating to material departures;

(ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review;

(iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2006 on a 'going concern' basis.

DIRECTORS

Mr. Bhupendra J. Ambani, who retires by rotation and being eligible offers himself for re-appointment in accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association.

Mr. Haresh P. Sanghvi has been appointed as an Additional

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Director on 27th December, 2005 and holds the office till the day of the 17th Annual General Meeting. Notice from members pursuant to Section 257 has been received recommending his appointment as a Director. The Board recommends his appointment as a Director.

Mr. R. K. Sundram resigned as Director on 10th June, 2006.

The Board has placed on record appreciation of services rendered by him.

Mr. A. P. Abraham has been appointed as a Director in the casual vacancy caused due to resignation of Mr. R. K. Sundaram.

AUDIT COMMITTEE

The Audit Committee was re-constituted on 27th December, 2005 on appointment of Mr. Haresh P. Sanghvi as Director and again re-constituted on 10thJune, 2006 on the resignation of Mr. R. K. Sundaram as Director and induction of Mr. A. P. Abraham as Director on the Board.

The Audit Committee now represents

1. Mr. Haresh P. Sanghvi
2. Mr. Bhupendra J. Ambani
3. Mr. A.P. Abraham

AUDITORS AND AUDITORS' REPORT

M/s. Chaturvedi & Shah, Chartered Accountants, retire as auditor of the Company and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment as Auditor of the Company.

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

ACKNOWLEDGEMENTS

The Board of Directors wishes to place on record their appreciation of dedicated efforts by the staff of the Company at all levels in their drive to enhance the Company's operation.

We would also like to express our gratitude to all Shareholders for their wholehearted support.

By Order of the Board of Directors

PLACE: Mumbai **Bhupendra J. Ambani**
DATED: 30th June, 2006. **(Non-Executive Chairman)**

ANNEXURE – I

Statement appended to Directors' report pursuant toh the Companies (disclosure of particulars in the report of Board of Directors) rules 1998 under section 217 (1) (e) of the Companies Act 1956 and forming part of Directors' report for the year ended 31st March 2006.

1. FORM A – ENERGY CONSUMPTION

A) POWER & FUEL CONSUMPTION

	Year Ended 31.03.2006	Period Ended 31.03.2005
1. Electricity:		
(a) Purchased Units (KWH)	468068	291149
Total Amount (Rs.)	2874742	1765486
Rate / Unit (Rs.)	6.14	6.06
(b) Own Generation		
i) Through Diesel Generator Units	3542	2662
Units per Ltr. of diesel oil	1.19	0.97
Cost / Unit (Rs.)	32.88	30.57
ii) Through Steam Turbine/Generator	Not applicable	Not applicable
2. Coal:		
(Specify quality and where used)	Not applicable	Not applicable
3. Fuel Oil:		
Quantity (Litres)	168218	110486
Total Amount (Rs.)	4315271	2462848
Average Rate (Rs.)	25.65	22.29
4. Others/Internal Generations:	NIL	NIL
B) CONSUMPTION PER UNIT OF PRODUCTION		
Products (with details)		
Production (MT)	497	340
Electricity (KwH/MT)	942	856
Diesel oil for Oven (Ltrs./MT)	338	325
Coal (Special Quality)	N.A	N.A
Others (Specify)	N.A	N.A

FORM B – TECHNOLOGY ABSORPTION

1. **Specific areas in which R&D was carried out:** R & D efforts were made in development of value added products. This break through has been achieved due to efforts put by the management and technicians of the Company.
2. **Benefits Derived**: This will help the Company to develop an extended product range and moving away from its traditional single product facility to start manufacturing and establishing itself as marketed product facility.
3. **Future plan fixed**: The Company intends to market it's newly develop products and capture the market share as early as it can.
4. **Expenditure on R & D:** The Company has incurred expenditure of Rs.-NIL-- to carry out developmental activities.

TECHNICAL ABSORPTION, TECHNOLOGY ADAPTION & INNOVATION

1. **Efforts in brief**: The Company has made efforts in developing Customised Moulded Product for Rotomoulding division.
2. **Benefits Derived**: Better quality products are been made with cost effectiveness.
3. **Imported Technology**: N.A.

FOREIGN EXCHANGE EARNINGS & OUTGO OUTFLOW

1. Towards import of Raw materials:	Rs.	NIL
2. On account of Foreign Travel:	Rs.	7,681
3. On account of Technical Know-how fees:	Rs.	NIL
4. Towards Import of Capital Equipment:	Rs.	NIL

By Order of the Board of Directors

PLACE: Mumbai **Bhupendra J. Ambani**
DATED: 30th June, 2006. **(Non-Executive Chairman)**

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MANAGEMENT DISCUSSION AND ANALYSIS

The Plastic products have been facing the stiff competition, but the Company due to better utilisation of the resources at the Company's disposal and curtailing the Selling & Administrative Expenses and Interest expenses enabled the Company to reflect the better results. The Company has put the new plant at Hubli in the State of Karnataka and the same has commenced operation in the year. The Company has only one division, manufacturing of Plastic products.

There are no financial or commercial transactions having a potential conflict of interest between personnel in the management and the Company.

OVERVIEW

Our country is on a progressive road map and the business environment is positive especially in the area of building construction activities.

With the completion of golden quadruple express way connecting all the major cities of our country giving a tremendous boost in all the sectors as transportation of people and goods have become easier, affordable and in time. Due to this there is an opportunity in the smaller cities which has given potential for townships to come up.

All the above factors will see tremendous business growth opportunities in other sectors of industry and developments.

INFRA's main business of Water Tanks will have an opportunity to cater to the vast expanding housing sector and various industries.

INDUSTRIAL OUTLOOK

The "Plastics Age" is firmly with us. Today plastics have replaced traditional materials such as wood, metal, glass, leather, paper and rubber in many applications.

Polyethylene Rotomoulded tanks have replaced traditional concrete / metallic storage tanks thereby helping in conservation of water.

The boon in construction industry is growing with middle class housing colonies, slum rehabilitation & Road developments which are the key drivers for applications of various plastic products.

The Indian market is over 180 rotomoulders with the annual consumption of about 45000 Metric Tons Per Annum. Out of 85% of the market is Water Storage Tanks and now the rotomoulding industry has approached other applications such as automotive, dairy, material handling & replacement of conventional materials.

INFRA plans to benefit from this great opportunity.

OPPORTUNITES & THREATS

In view of the opportunities available there is a need for replacement of conventional materials by Plastics and especially in the field of rotational moulding where in past few years we have replaced very critical components in automotive industry, fisheries & applications in non-conventional energy.

The unorganised in this field has made its presence felt by under mining the quality of the products, under sizing the products and such other measures which has not made much impact as there is a demand for quality products.

BUSINESS OUTLOOK

INFRA brand has maintained its position in Western & Southern India which envisaged us to startup a Plant in the State of Karnataka as there is a demand for quality products. The Company is innovating the design of Water Tanks which is acceptable in the market as there is constant pursuance to provide quality product with added advantage.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward- looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply, price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes.

INTERNAL CONTROL SYSTEM

The Company has adequate internal control system to safeguard its assets and prevention of misappropriation and detection of fraud and or unauthorised use of assetsand it has been designed to ensure preparation of reliable financial statement and maintaining all the assets.

The Audit Committee of the Board deals with the significant issues relating to control raised by the Statutory Auditors.

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REPORT ON CORPORATE GOVERNANCE

Your Directors submit their report on the Corporate Governance of the Company for the Financial Year 2005-2006.

COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

Infra Industries marks its Corporate Governance with the prevalent practices and it conforms the mandatory requirements.

The Company's vision is to maximize shareholders value and compliance & adherence to regulatory procedures, implicit rules & voluntary practices.

The Company's philosophy on Corporate Governance is founded on transparent governance practices to safeguard the interest of investors, stake holders and society at large.

During the year the company adopted the code of conduct for prevention of insider trading and code of corporate disclosure practices in pursuance to the SEBI regulation in this regard.

BOARD OF DIRECTORS

The Board of Directors comprises of 1 Executive Promoter Director, 1 Non-Executive Promoter Director and 3 Non-Executive / Independent Directors.

During the financial period 1st April,2005 to 31st March,2006, 6 Board Meetings were held on 30th June, 2005, 9th August, 2005, 31st October, 2005, 27th December, 2005,31st January,2006 and 21st March, 2006.

The Composition of the Board of Directors and their attendance at the meetings during the year and at the last Annual General Meeting as also number of the other Directorship / Membership of Committees are as follows:

Category of Directorship	Name of the Director	Designation
Promotor	Mr. Bhupendra J. Ambani	Non-Executive Chairman
Promotor	Mr. Mukesh B. Ambani	Managing Director
Independent	Mr. R.K.Sundaram	Director
Independent	Mr. Sailesh R. Sheth	Director
Independent	Mr. Haresh P.Sanghavi	Director

Attendance at Board Meeting and Last Annual General Meeting.

Name of the Director	No. of Board Meetings attended	Attendance of last AGM
Mr. Bhupendra J. Ambani	6	YES
Mr. Mukesh B. Ambani	6	YES
Mr. R.K.Sundaram	6	NO
Mr. Sailesh R. Sheth	6	YES
Mr. Haresh P.Sanghavi	3	N.A

Other Board or Committee in which each Director is a Member or Chairman

Name of the Director	No. of Other Directorship	Committee Membership Member	Committee Membership Chairman
Mr. Bhupendra J. Ambani	NIL	NIL	NIL
Mr. Mukesh B. Ambani	NIL	NIL	NIL
Mr. R.K.Sundaram	NIL	NIL	NIL
Mr. Sailesh R. Sheth	NIL	NIL	NIL
Mr. Haresh P.Sanghavi	NIL	NIL	NIL

Mr. Haresh P.Sanghavi was appointed as an Additional Director with effect from 27th December, 2005.

Brief Profile Of Director Seeking Re-election/Election :

Mr. Bhupendra J. Ambani, Non-Executive Chairman, aged 68 years, an Inter B.A. started his career in 1960 as a Broker in field of Iron & Steel Trading. Activity of business was supplying Iron and Steel in bulk quantities to large business and industrial houses. With his vision the group envisaged into manufacturing activities and embarked upon the ambitious rotomoulding project at Khopoli and thereafter the Company went on expanding under his leadership and guidance.

Mr. Haresh P. Sanghavi is a practicing Company Secretary with a management background. He has a total experience in management about 20 years.

Mr. A. P. Abraham an MBA having 14 years of experience in marketing of building materials, has launched products in the respective area of operation and introduced unique promotional techniques.

They are not the Director(s) on the Board of other Public Companies nor the trustee of any charitable trust.

Details of Directorship in other public limited Companies:

Name of Director

Mr. Bhupendra J. Ambani
Mr. Mukesh B. Ambani
Mr. R. K. Sundaram
Mr. Sailesh R. Sheth
Mr. Haresh P.Sanghavi
Mr. A.P.Abraham

None of the above Directors holds any Directorship or Membership in committee of any other public limited Companies.

Promoter Directors:

Mr. Bhupendra J. Ambani	Member- Audit Committee and Non Executive Chairman - Shareholder/Investor Grievance Committee.
Mr. Mukesh B. Ambani	Member- Shareholder/Investor Grievance Committee.

Independent Directors:

Mr. Haresh P. Sanghvi	Chairman - Audit Committee
Mr. Sailesh R. Sheth	Member- Audit Committee ceased with effect from 10th June, 2006.
Mr. R. K. Sundaram	Member- Audit Committee ceased with effect from 27th December, 2005.
Mr. A.P. Abraham	Member- Audit Committee with effect from 10th June, 2006.

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