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INFRA INDUSTRIES LIMITED

ANNUAL REPORT 2006-2007

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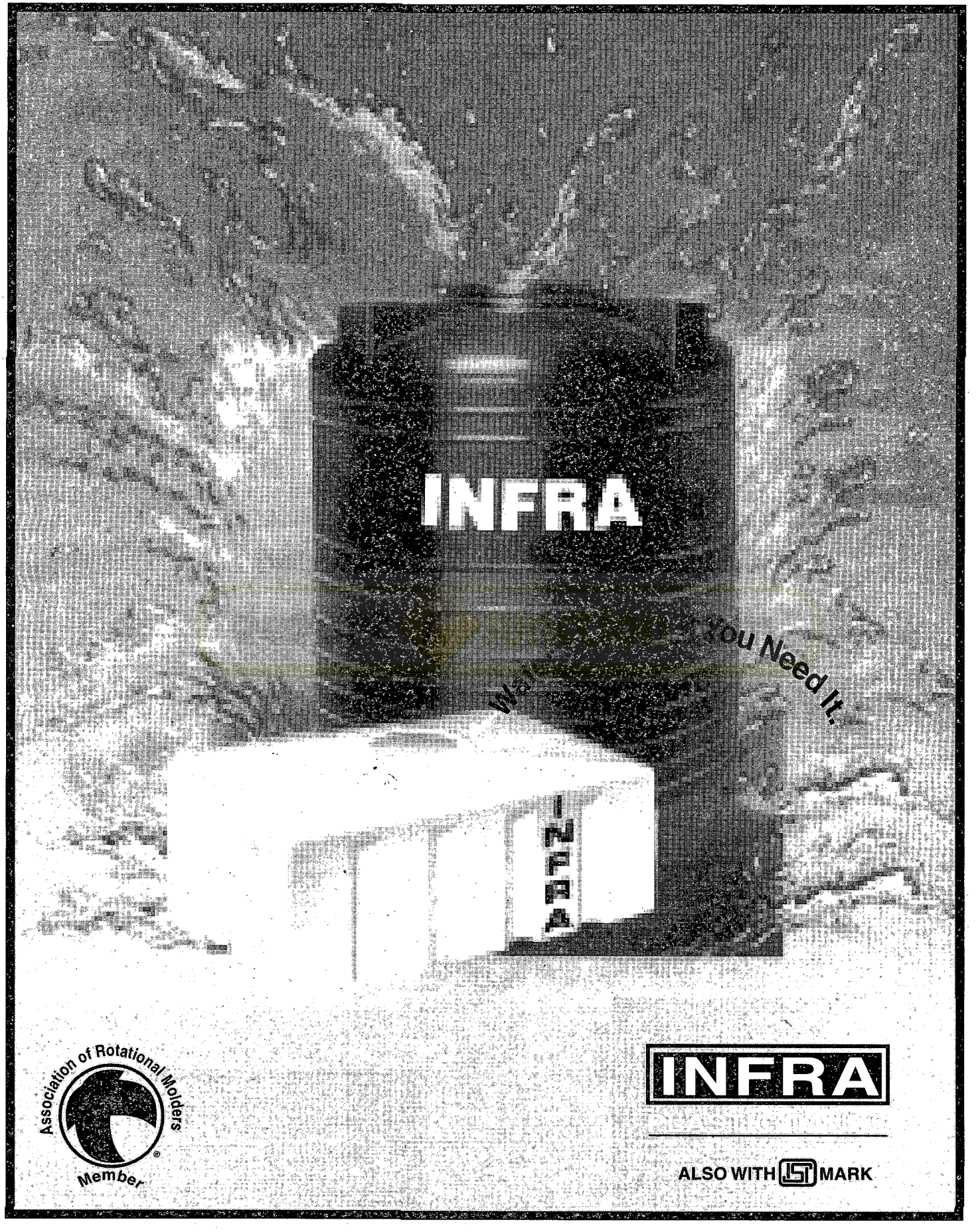

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BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

FACTORIES

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

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SALES OFFICES

Bangalore, Chennai, Kochi, Renigunta

AUDITORS

M/s. Chaturvedi & Shah
Chartered Accountants

BANKER

Indian Overseas Bank

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

TABLE OF CONTENTS

Notice
Directors' Report
Management Discussion & Analysis
Corporate Governance Report
Auditors' Report
Balance Sheet
Profit & Loss Account
Notes
Cash Flow Statement

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INFRA INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of **INFRA INDUSTRIES LIMITED** will be on Thursday, 23rd August, 2007 at 10.00 a.m. at Malabar Hill Club Ltd, B. G. Kher Marg, Malabar Hill, Mumbai - 400 006 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date and the Directors' Report thereon and Auditors' Report thereto.

2. To appoint Director in place of Mr. A. P. Abraham 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 and to fix their remuneration.

By Order of the Board of Directors

PLACE : Mumbai
Bhupendra J. Ambani
DATED : 28th June, 2007
(Non-Executive Chairman)

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REGISTERED OFFICE

7TH FLOOR, DHIRAJ CHAMBERS,
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 Register of Members and Share Transfer Books of the Company will remain closed from Friday, 17th day of August, 2007 to Thursday, 23rd day of August, 2007 (Both Days Inclusive).

4) In all correspondence with the Company, members are requested to quote their Folio.

5) 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.

6) 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.

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INFRA INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their Eighteenth Annual Report, and the Audited Statement of Accounts of the Company for the year ended 31st March, 2007.

Financial Performance

	Year Ended 31.03.2007 (Rs.)	Year Ended 31.03.2006 (Rs.)
Profit/(Loss) before Interest, Depreciation and Tax	(2,57,778)	8,50,611
Less: Interest	27,79,210	6,84,731
Profit/(Loss) before Depreciation	(3,036,988)	1,65,880
Less: Depreciation	19,77,076	25,53,743
Profit/(Loss) before Tax	(50,14,064)	(23,87,863)
Add: Provision for Fringe Benefit Tax	2,25,000	2,00,000
Add: Deferred Tax	4,84,572	26,037
Profit/(Loss) after Tax	(57,23,635)	(26,13,900)
Add: Balance Brought from Previous year	(54,44,958)	(28,31,058)
Balance Carried forward to next year	(1,11,68,594)	(54,44,958)

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.6,56,34,070/- as against Rs.5,55,83,783/-in the previous year. Company has incurred Loss before Interest, Depreciation and Tax Rs.2,57,778/- during the current year as against the Profit before Interest, Depreciation and Tax of Rs.8,50,611/- in the previous year. The margins were reduced due to severe increase in the raw material cost during the first quarter which being the prime season of water tank business and followed by heavy rains in the coastal parts of western and southern India which is our area of operations in the market.

During the year, the Company has embarked upon to diversify the product portfolio and develop products with advance technology for industrial and automobile applications.

The company has also commenced full commercial production of the plant at Hubli in Karnataka from second half of the year.

FINANCE

During the year under review the Company has availed of Working Capital facility and Term Loan from the Bank.

FUTURE OUTLOOK

The new facility at Hubli is commissioned during the year under review 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 have its presence in the State of Karnataka since 1992.

The Company has ventured into the manufacturing of Industrial Products for OEMs with advance processing technology. These will be the value added product having higher margins which will improve the performance in future.

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, 2007; 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, 2007 on a 'going concern' basis.

DIRECTORS

Mr. A. P. Abraham, 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. Sailesh R. Sheth resigned as Director on 21st July, 2006.

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

CORPORATE GOVERNANCE

As per the amended Listing Agreement with the stock exchange, the Company has complied with the requirements of Corporate Governance. A report on Corporate Governance is attached.

AUDITORS AND AUDITORS' REPORT

M/s. Chaturvedi & Shah, Chartered Accountants, retire as auditors of the Company and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment as the Auditors 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 for the dedicated efforts by the staff of the Company and also our bankers, dealers, distributors, OEM Customers and technical team of Raw material suppliers in their drive to enhance the Company's operation.

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

For and on behalf of the Board of Directors

PLACE: Mumbai **Bhupendra J. Ambani**
DATED: 28th June, 2007 **(Non-Executive Chairman)**

ANNEXURE – I

Statement appended to Directors' report pursuant to 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 2007

FORM A – ENERGY CONSUMPTION

A) POWER & FUEL CONSUMPTION

	Year Ended 31.03.2007	Year Ended 31.03.2006
1. **Electricity:**		
(a) Purchased Units (KWH)	526501	468068
Total Amount (Rs.)	3342521	2874742
Rate / Unit (Rs.)	6.35	6.14
(b) Own Generation		
i) Through Diesel Generator Units	3261	3542
Units per Ltr. of diesel oil	1.15	1.19
Cost / Unit (Rs.)	41.74	32.88
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)	195161	168218
Total Amount (Rs.)	6158688	4315271
Average Rate (Rs.)	31.56	25.65
4. **Others/Internal Generations:**	NIL	NIL
B) CONSUMPTION PER UNIT OF PRODUCTION		
Products (with details)		
Production (MT)	585	497
Electricity (KWH/MT)	898	942
Diesel oil for Oven (Ltrs./MT)	333	338
Coal (Special Quality)	N.A	N.A
Others (Specify)	N.A	N.A

FORM B – TECHNOLOGY ABSORBTION

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 technical team of the Company.
2. **Benefits Derived:** This will help the Company to develop an extended product range and also manufacture existing products at economical cost and better products.
3. **Future plan fixed:** The Company intends to cater to the growing non conventional products marketed specifically for the OEM of various industries.
4. **Expenditure on R & D :** The technical team of the Company has been able to achieve the required innovations and introduce new product without affecting any expenses due to experience in the production system.

TECHNICALABSORBTION, 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 being 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.	49,523
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: 28th June, 2007. **(Non-Executive Chairman)**

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MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The plastic products have been well accepted by the Indian Consumers and application has been multiplied in various sectors for Industrial and consumer use. GDP growth during the year 2006-07 was 9.2% and is expected to grow at healthy rate in future. Plastics has been widely accepted for domestic and industrial use.

Infra is recognized brand in the western and southern parts of India mainly due to its quality consciousness and services rendered. The Company has expanded product portfolio and ventured in manufacturing products for Industrial applications which have been well accepted by the customers.

The growth in industry and economy will provide opportunity to excel its performance in future. The boom in the housing sector will also contribute as the main business of Infra being in water storage tanks.

INDUSTRIAL OUTLOOK

Infra with experience of more than 16 years in the field of rotational moulding, by this process western countries service many industrial and various other applications including OEMs. Being a versatile process, Infra has ventured in catering the new application markets.

The advantage of Infra having multi location production facilities which gives the benefit of availability of products to its customers and assurance to OEMs to serve their requirements in time.

OPPORTUNITIES & THREATS

With the new materials and compounds being available in the market place, various conventional materials can be replaced by plastic processing which has advantages of standardization, accuracy and availability at multiple location and the awareness and recognition by the buyers has been a positive sign for the plastic process.

The Plastic water storage tank manufacturing industries are under pressure due to the competition from unorganized sectors and also the raw material prices which can increase due to uncertainty of oil and petroleum industries.

CAUTIONARY STATEMENT

Statements in the Management Discussions 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 unauthorized use of assets and 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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INFRA INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

Your Directors submit their report on the Corporate Governance of the Company for the Financial Year 2006-2007.

COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

Infra Industries Limited marks its Corporate Governance with the prevalent practices and it confirms 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, stakeholders 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 2 Non-Executive - Independent Directors.

During the financial year 1st April, 2006 to 31st March, 2007, Seven Board Meetings were held on 10th June, 2006; 30th June, 2006; 21st July, 2006; 31st July, 2006; 31st October, 2006; 31st January, 2007 and16th March, 2007.

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
NED-Promotor	Mr. Bhupendra J. Ambani	Non-Executive Chairman
MD-Promotor	Mr. Mukesh B. Ambani	Managing Director
NED-IND	Mr. R.K.Sundaram	Director
NED-IND	Mr. Sailesh R. Sheth	Director
NED-IND	Mr. Haresh P.Sanghvi	Director
NED-IND	Mr. A. P. Abraham	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	7	YES
Mr. Mukesh B. Ambani	7	YES
Mr. R.K.Sundaram	1	N.A.
Mr. Sailesh R. Sheth	2	N.A.
Mr. Haresh P.Sanghvi	7	YES
Mr. A. P. Abraham	7	NO

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

Name of the Director	No. of Other Directorship	Committee Membership	
		Member	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.Sanghvi	NIL	NIL	NIL

Mr. R. K. Sundaram and Mr. Sailesh R. Sheth resigned as Directors with effect from 10th June, 2006 & 21st July, 2006 respectively due to their personal reasons.

Mr. A. P. Abraham has been appointed as Director on 10th June, 2006 in the casual vacancy caused due to resignation of Mr. R. K. Sundaram.

Brief profile of Director seeking re-election/election

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.

Mr. A.P. Abraham is neither on the Board of Directors of other Public Companies nor the trustee of any charitable trust.

Details of Directorship in other Public Limited Companies

Name of Directors

Mr. Bhupendra J. Ambani
Mr. Mukesh B. Ambani
Mr. R. K. Sundaram
Mr. Sailesh R. Sheth
Mr. Haresh P. Sanghvi
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. A.P. Abraham	Member– Audit Committee with effect from 10th June, 2006.

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