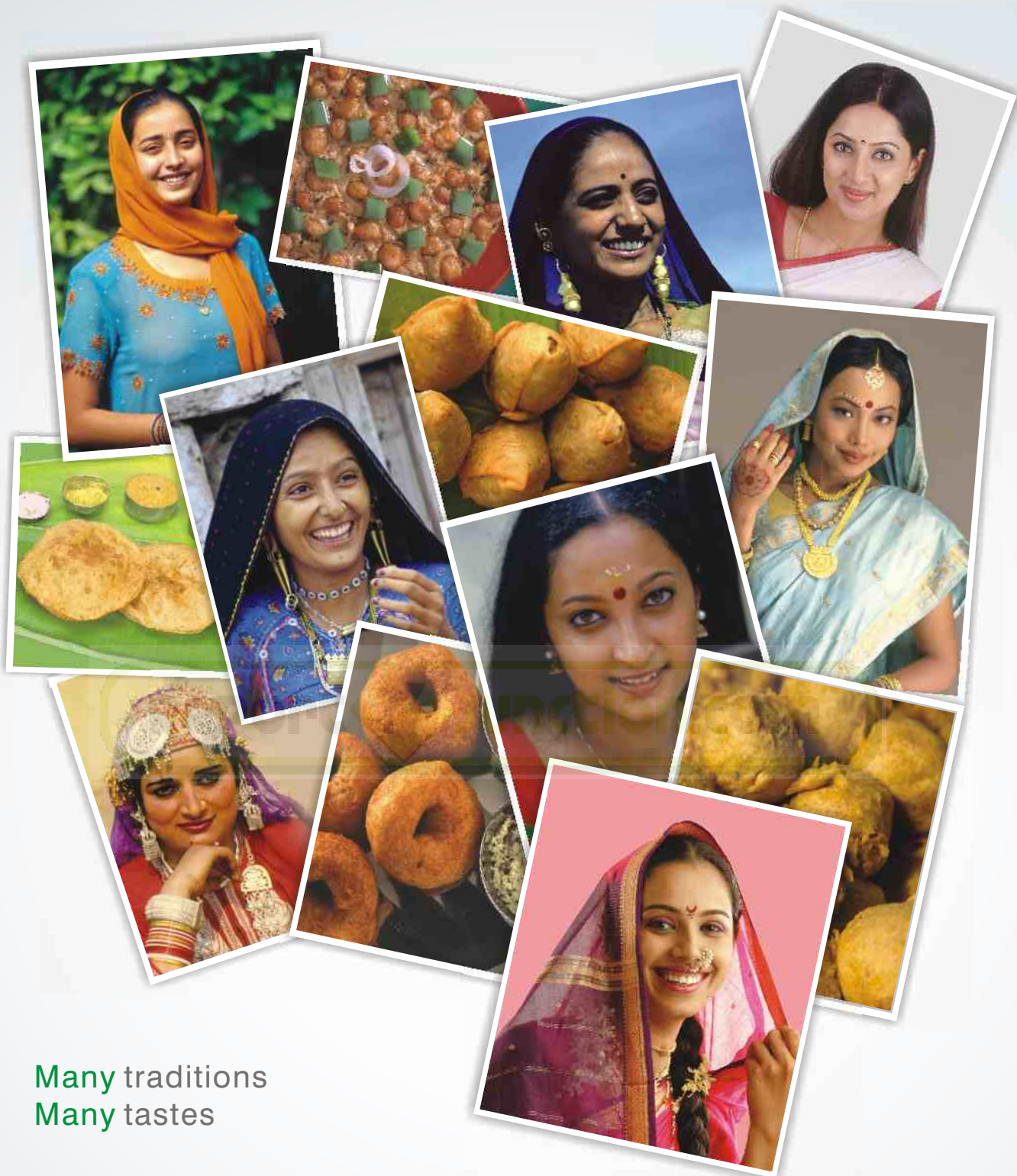




Many traditions
Many tastes

One company
that understands India best



Ruchi Soya Industries Limited
21st Annual Report 2006 - 2007

COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Kailash Shahra

Managing Director

Dinesh Shahra

Directors

P. D. Nagar

P. S. Santhanakrishanan

S. P. Joshi

A. B. Rao

Sajeve Deora

Company Secretary

R. L. Gupta

Auditors

P. D. Kunte & Co. (Regd.)

Cost Auditors

K. G. Goyal & Co.

BANKERS

State Bank of Indore

State Bank of Saurashtra

State Bank of Bikaner & Jaipur

State Bank of Hyderabad

State Bank of Travancore

State Bank of Patiala

State Bank of Mysore

Dena Bank

Oriental Bank of Commerce

The Bank of Rajasthan Ltd.

Punjab National Bank

Bank of India

Axis Bank Ltd.

United Bank of India

Bank of Maharashtra

Syndicate Bank

Corporation Bank

UCO Bank

The South Indian Bank Ltd.

The Karur Vysya Bank Ltd.

Vijaya Bank

Andhra Bank

Central Bank of India

Registered Office

408, Tulsiani Chambers, Nariman Point, Mumbai 400 021.

Share Transfer Agent

Sarthak Global Limited, 170/10, Film Colony, R.N.T. Marg, Indore 452 001

Administrative & Head Office

301, Mahakosh House, 7/5, South Tukoganj, Nath Mandir Road, Indore 452 001.

Taste is a personal matter.

It can't be dictated or determined by others.

It's an individual preference, that can be traced back to one's roots and the food habits of one's region.

India is a land of many tastes. Different staples, diverse styles of cooking, different ingredients, different cooking mediums all go into making the cuisine of one region vastly different from that of the others.

Report

As far as edible oils go, there are some very distinct patterns of preference. While groundnut oil is favoured in the West, mustard oil is a must in the East and parts of the North. If coconut oil is the medium of choice in the South... soyabean oil, sunflower oil, rice bran oil all vie for a place in the urban Indian kitchen.

Catering to all these myriad choices and tastes is **Ruchi Soya Industries Limited.**

A company which has been in the business of edible oils for over two decades, Ruchi offers a cooking medium to match the various tastes of this vast and varied nation. Purity is something our consumers can take for granted, because we believe while tastes may vary, quality should not.



“

We are re-assessing our strengths and areas of improvement to augment our market share.

There are many possibilities to be explored, potential to be realised.

”



MESSAGE FROM THE MD

India is a land of diversity. A variety of people and their cultures exist across the length and breadth of our magnificent country. This multi-cultural country, I believe, presents one of the challenging markets in the world. The key to capturing a niche market in India is understanding - understanding every single aspect of regional India. It is all about understanding diversity in consumerism, in new market trends, geographies and cultures. One of the vital factors for our dominance in the soya and edible oil segments is an understanding of regional preferences.

Over the last few years there has been a change in the mindset of the Indian consumer. Today, consumers are well-informed about the latest trends, brands and services. In fact, the demand for diversified and healthier products is on the rise. To meet this rising demand, we have empowered our distribution network by increasing the number of sales depots. In addition, our market penetration strategy is well underway. In the first phase, we have appointed new distributors to capture the C and D class towns' markets. In the second phase, we will undertake the penetration of rural markets.

Expectations abound, especially after our consolidation. With our resourceful methodology, we are confident of positive growth in the regional and national market. In a major development, your company has commenced the rationalisation of Stock Keeping Units, in a bid to offer dynamic service. There has been a consistent effort to improve cost-efficiency at every level, particularly in the supply chain.

Our tryst with future opportunities is progressing systematically. Our maiden venture in this direction is to motivate farmers for Palm Plantation. Your company has traversed select areas of Gujarat, Mizoram, Orissa and Andhra Pradesh for contract farming for palm plantation. We are also working at a micro-level to assess our infrastructure and requirements to enter into the field of bio-diesel.

Organised retailing is one of the most profitable emerging businesses in India today. Our strategic tie-ups with some of the celebrated players will reap good dividends in the long run. I am sure that these ventures will result in us emerging as one of the dominant forces in the market.

We are re-assessing our strengths and areas of improvement to augment our market share. There are many possibilities to be explored, potential to be realised. Nevertheless, our commitment of high quality, healthy, value-added products to our consumers will remain steadfast. We appreciate the support of our investors, business associates and employees irrespective of market adversities. We will continuously strive to enhance the value of your company and all our stakeholders in the years ahead.

DINESH SHAHRA

Managing Director



FROM THE CHAIRMAN'S DESK

At Ruchi, we believe leadership is a blend of sensibility and sensitivity. Sensibility enables us to understand the different requirements of our consumers, investors, trade partners and employees. Sensitivity, on the other hand, aids in responding to these requirements and resolving the same effectively.

So far, we have been successful in fulfilling the demands of all our stakeholders.

Dear Stakeholders,

Transformation is a way of life. It is a sign of development - as it influences nations, people, lifestyles. In fact, every single aspect of our identity is touched by change and transformed into something newer, something larger. India is undergoing a paradigm shift and is transforming rapidly in order to chalk out a global presence for itself. Urban and rural consumers are showing a greater affinity for consumption. An increment in per capita income is boosting consumerism in an unprecedented manner. Economic and trade pundits maintain that India is experiencing a golden period in terms of economic growth.

In keeping with this national pattern, companies too are transforming themselves to capitalise on the increasing consumption trends. As a result, cut-throat competition is inevitable in the market. Today, success depends on a company's skill in evolving and innovating in conformance with market trends. Be it evolution or innovation - your company's proactive approach ever since its inception has kept it abreast of newer trends. The timely merger of different companies of the group engaged in the edible oil and soya business exemplifies our proactive approach.

It takes years of experience to understand the varied tastes and psyche of the Indian consumer. Your company possesses two decades of strong business understanding including regional preferences, even of the remotest of areas. Over millions of satisfied consumers from all over India vouch for our impeccable quality and affordability.

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and employees. Sensitivity, on the other hand, aids in responding to these requirements and resolving the same effectively. So far, we have been successful in fulfilling the demands of all our stakeholders and will continue to do so in future.

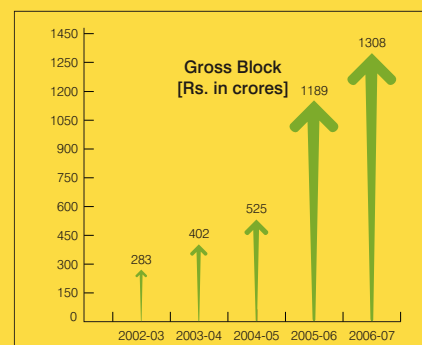
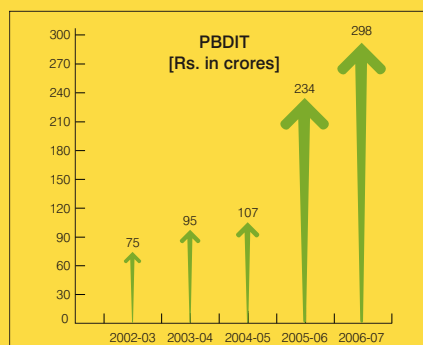
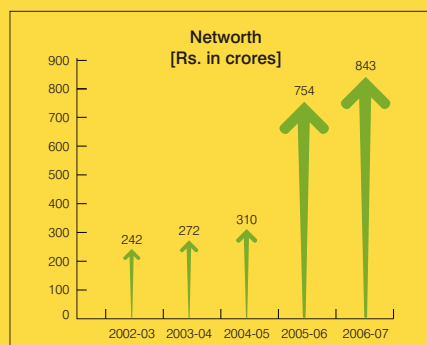
Our endeavour is supported by state-of-the-art infrastructure backed by technological expertise. Our efficient logistics enables smooth distribution at minimum costs. Persistent application of fundamental principles and innovative approaches have made it possible for the company to record a turnover of Rs. 8648 crores during the financial year 2006-07 marking a growth of 14.46% from the previous financial year. The net profit of the company grew by 21.59% to Rs. 100.70 crores from Rs. 82.82 crores in the previous financial year.

Our people form the nucleus of the organisation. Hence, we are concentrating on devising policies for symbiotic growth - that benefits the employees as well as the organisation. We have roped in the international expertise of Hewitt Associates for the same. In a nutshell, we intend to examine the various HR processes that will enable us to manage and motivate employees at the individual level. This strategy of ours will nurture leadership at every level and will eventually help our organisation develop into an even stronger one.

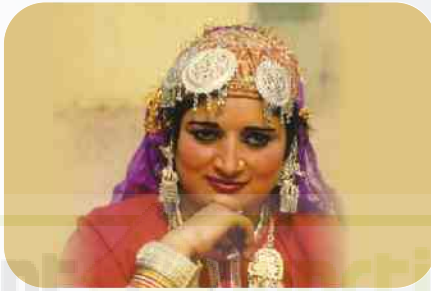
I am thankful for your support and the trust bestowed by you in the management of the company. With your valued support and the dedication of our motivated team, we look forward to achieving value maximisation for our shareholders and the fulfillment of all the aspirations of our many stakeholders.

KAILASH SHAHRA

Chairman



Beyond Northern Notions



The northern region of India is a vast region comprising of ten states. Every state is traditionally different from the other, and this difference is evident in peoples' ethnicities, dialects, lifestyles and even dietary habits.

Culinary methods, ingredients, preparation of dishes as well as types of oils vary from state to state. In fact, there is more to this region than just 'makke di roti and sarson da saag.'

The medium of cooking is generally oil, butter or ghee. In Kashmir - 'Wazhawan' - a delicious banquet, is cooked in mustard oil, while rajma-chawal of Punjab, or the Awadhi style 'Dum Pukht' from Uttar Pradesh sizzles in ghee (clarified butter) or groundnut oil.

Soyabean, Sunflower and Mustard are the oils of choice for the preparation of North Indian delicacies. For connoisseurs of northern cuisine, cooking oils are as important as the ingredients for they impart a distinct flavour. We at Ruchi, understand these unique preferences and judiciously cater to the multi-cultural flavours of the North.

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In Kashmir - 'Wazhawan' -
a delicious banquet is cooked in mustard oil,
while the Awadhi style 'Dum Pukht' sizzles
in ghee or groundnut oil.
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Adding health, adding taste!

Ruchi has been a vital ingredient in the regional flavour of North India. Over the years, we have been enhancing the taste of delightful northern dishes. Our brands like **Nutrela Mustard Oil**, **Nutrela Filtered Groundnut Oil**, **Sunrich Refined Sunflower Oil** have all been riding the crest of success with a commendable market share. Our region-specific strategies will further place our brands in a commanding position.



Of Southern Surprises



The southern region is one of the most vibrant regions of India, yet if you ask non South Indians about the cuisine of this region, their answers will dwell on the standard "idli-dosa-wada-sambhar." In reality, the four states that make up this region serve up some of the most appetizing dishes on the sub-continent, and the variety can come as quite a surprise too.

Yes, South Indian cuisine spans different styles viz. the rich Nizami or Hyderabadi cuisine of Andhra Pradesh, the fiery Chettinad fare of Tamil Nadu, the Malabari preparations of Kerala. Even the state of Karnataka boasts of some exclusive culinary practices.

Coconut is the dominant element in most of the cuisine styles of the South, and coconut oil enjoys overwhelming popularity. However, other oils like sunflower, palmolein, groundnut and sesame oils are also popular, especially with the masses. For instance, the Kozhi Therakkal - a Chettinad delicacy, is cooked in sesame oil. Further up, the Hyderabadi Biryani tastes best cooked in ghee, though sunflower oil or groundnut oil are also used these days.

Over the years, we at Ruchi have become well-versed with the distinctive tastes so integral to the culture of south India and have contributed significantly in introducing edible oils that can enhance them.

“
Kozhi Therakkal a Chettinad delicacy,
is cooked in sesame oil. Further up,
the Hyderabadi Biryani is cooked in ghee,
sunflower oil, or groundnut oil.
”

A matter of choice!

Our brands not only fulfil their promise but also satisfy culinary choices. Our top-selling brand **Ruchi Gold Refined Palmolein Oil**, and the equally popular **Sunrich Refined Sunflower Oil**, **Nutrela Soyumm - Soyabean Oil** are favoured oils for household and commercial consumption respectively. We owe our success to our high quality, affordability and consumer loyalty. A combined market share of 25% is enjoyed by our brands in this region.



About the Eastern Experience

