



RUCHI INFRASTRUCTURE LIMITED

ANNUAL REPORT 2002-2003

Ruchi Infrastructure Limited

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Board of Directors

Shri Dinesh Shahra
Shri P. S. Santhanakrishnan
Shri Naveen Gupta
Shri Dinesh Khandelwal
Shri K. P. Mandhana

Auditors

M/s. M. M. Singla & Company
Mumbai

Bankers

Development Credit Bank Limited
UTI Bank Limited
The Karur Vysya Bank Limited

Registered Office

706, Tulsiani Chambers, Nariman Point,
Mumbai - 400 021.

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of Ruchi Infrastructure Limited will be held at Sunville Deluxe Pavilion, Sunville Building, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018 on Tuesday, the 30th September, 2003 at 1.30 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the year ended 31st March, 2003 together with the Report of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri P.S. Santhanakrishnan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Naveen Gupta, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting held on 27th September, 1995, the consent of the Company, pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of moneys which together with the moneys already borrowed by the Company (apart from temporary loans such as cash credit facility obtained/to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves not set apart for any specific purpose, provided that the maximum amount of moneys so borrowed by the Board shall not at anytime exceed Rs.500 Crores (Rupees Five Hundred Crores only).

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such further acts, deeds, matter, and things as may be necessary, appropriate or desirable for giving effect to this Resolution”.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT the Company do hereby accord its consent under section 293(1)(a) and other applicable provisions, if any of the Company Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company all or any of the movable and/or immovable properties, both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company by way of first charge pari-passu with the existing charges already created for securing any loan obtained or to be obtained from any financial institution and/or Bank and by way of second charge in favour of various Banks for securing various Working Capital facilities including Non-fund based limits availed/to be availed from time to time together with interest, costs, charges, expenses and any other money payable by the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution and to settle any questions or disputes that may arise in relation thereto”.

Registered Office :
706, Tulsiani Chambers,
Nariman Point,
Mumbai - 400 021

By order of the Board of Directors
Ruchi Infrastructure Ltd.

August 30, 2003.

DINESH SHAHRA
Director

NOTES :

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The Proxy Form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. Explanatory Statements pursuant to provisions to Section 173(2) of the Companies Act, 1956, setting out the material facts in respect of the business under item Nos. 6 and 7 are annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd September, 2003 to 30th September, 2003 (both days inclusive).
4. Members who attend the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
5. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
6. All documents referred to in the accompanying Notice and Explanatory Statements are open for inspection at the Registered Office of the Company during the office hours on all working days except Saturday between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
7. Members seeking any further information about the accounts are requested to write to the Company at least ten days before the date of the Annual General Meeting so as to enable the management to keep the information ready at the meeting.
8. SEBI has notified for compulsory settlement of shares of the Company in demat form with effect from 24th July, 2000. Members, who have not dematerialised their shares are advised to contact Depository Participants in this regard.

**EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956****Item No. 6**

At present the Board of Directors of the Company are empowered to borrow to the extent of Rs.200 Crores (apart from temporary loans such as cash credit facility obtained or to be obtained from the Company's bankers in the ordinary course of business). The Board considers that the said limit of Rs.200 Crores may not be sufficient to meet with the future financial requirements of the Company in view of its expanding business. Hence, the Board recommends that the said limit be increased to Rs.500 Crores (Rupees Five Hundred Crores only). The Ordinary Resolution being item No. 6 as set out in the notice convening the meeting is intended to supersede the Ordinary Resolution passed on 27th September, 1995 so that the Board may be empowered to borrow monies as and when considered necessary by the Company, however to the limit specified therein.

None of the Directors is in any way concerned or interested in the said resolution.

Item No. 7

The Board of Directors has to create security in favour of the Financial Institutions and/or Banks for the amounts borrowed/to be borrowed from them from time to time. The Company has to create mortgage/charge on immovable and/or movable properties of the Company in favour of such Financial Institution and/or Banks to secure repayment of amounts due with interest additional interest, liquidated damages etc. The resolution is proposed to seek approval of members to create mortgage on the immovable and/or movable properties of the Company in favour of such Financial Institutions and/or Banks as the case may be from time to time under Section 293(1)(a) of the Companies Act, 1956. The Directors commend this resolution for your approval.

None of the Directors is in any way concerned or interested in the said resolution.

Registered Office :
706, Tulsiani Chambers,
Nariman Point,
Mumbai - 400 021.

By order of the Board of Directors
Ruchi Infrastructure Ltd.

DINESH SHAHRA
Director

August 30, 2003.

Dear Shareholders,

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS:

	2002-2003	(Rs.in Crores) 2001-2002
Sales & Services	740.17	267.11
Profit before Depreciation & Taxation	23.57	17.68
Less: Depreciation	14.46	10.44
Profit before Taxation	9.11	7.24
Less: Provision for Taxation-Current	1.10	0.55
Less: Provision for Taxation-Deferred Tax	1.92	1.85
Profit after Taxation	6.09	4.84
Add: Balance brought forward from previous year	0.74	0.51
Amount available for appropriation	6.83	5.35

APPROPRIATIONS:

General Reserves	5.00	4.00
Final Dividend	0.51	0.61
Tax on Dividend	0.07	-
Surplus Carried to Balance Sheet	1.25	0.74
	6.83	5.35

DIVIDEND:

In order to conserve the resources of the Company for further deployment in the business, your directors are pleased to recommend dividend @ 10% (Rs.1.00 per equity share) on Equity Share Capital of Rs.5.07 Crores for the year ended 31st March, 2003 as against 12% (Rs. 1.20 per equity share for the previous year). The dividend will be tax free in the hands of the Shareholders.

OPERATION:

During the year under review, the Company's total income has increased to Rs.740.17 Crores from Rs.267.11 Crores reflecting a growth of 177% over the previous year, primarily due to higher capacity utilisation of the refinery unit of the Company at Kakinada, A.P. The Company's Gross Profit has increased to Rs.23.57 Crores from Rs.17.68 Crores. Despite intense competitive business environment, the Company has posted a Net Profit of Rs.6.09 Crores during the current financial year as against Rs.4.84 Crores during the previous financial year.

FUTURE OUTLOOK:

The Company is planning to optimally utilise the production facility at Kakinada, A.P. and realise the benefits on accounts of economies of scale. The Company has consolidated its position in the storage tank business by adding more capacity at various ports and setting up inland storage tanks to fulfil the growing needs of the business.

The Company has plans to expand and modernise the jetty facility to increase the loading capacity.

DIRECTORS :

Shri P.S. Sanathanakrishnan retires by rotation in accordance with the provisions of Articles of Association of the Company and being eligible, offers himself for re-appointment. As required, the details concerning the Director are included in the Corporate Governance Report.

Shri Naveen Gupta retires by rotation in accordance with the provisions of Articles of Association of the Company and being eligible, offers himself for re-appointment. As required, the details concerning the Director are included in the Corporate Governance Report.

CORPORATE GOVERNANCE:

Your Company is committed to good Corporate Governance practices in line with clause 49 of the Listing Agreement with the Stock Exchanges and has implemented all the major stipulations prescribed. The Certificate of the Company's Statutory Auditors in this regard is annexed hereto.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that:

- i. in the preparation of the annual accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii. the Directors have selected appropriate accounting policies and applied them consistently, and made judgements 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 2002-2003 and of the profit of the Company for that period;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the Directors have prepared the accounts for the financial year ended 31st March, 2003 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES :

There being no employee who is in receipt of remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956, the information required under the said Section is not given.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE :

Information required under section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure forming part of this Report.

FIXED DEPOSITS :

During the year under review, the Company has not accepted any deposits from the public.

AUDITORS :

M/s.M.M. Singla & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGMENTS:

Your directors place on record their appreciation for the assistance and support extended by all Government Authorities, Financial Institutions, Banks and Shareholders of the Company and look forward to their continued support. Your directors also express their appreciation for the dedicated and sincere services rendered by employees of the Company.

By order of the Board of Directors
Ruchi Infrastructure Ltd.

Place : Mumbai
Date : 30th August, 2003.

DINESH SHAHRA
Director

ANNEXURE TO DIRECTORS REPORT

Information under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report.

I. CONSERVATION OF ENERGY :

The Company regularly monitors the consumption of energy and has taken effective steps to conserve energy in its manufacturing processess.

	Current Year 2002-2003	Previous Year 2001-2002
(A) Power and Fuel Consumption		
1. <i>Electricity</i>		
(a) Purchased :		
Units	37,41,863	7,71,994
Total Amount (Rs.)	1,83,77,058	35,80,832
Rate/Unit (Rs.)	4.91	4.64
(b) Own Generation :		
Through Diesel Generator		
Unit (KWH)	3,32,019	7,28,891
Units per Ltr. of Diesel Oil	3.30	3.25
Cost / Unit (Rs.)	5.92	5.35
2. <i>Others (Diesel)</i>		
Qty. (Ltr.)	9,09,582	2,24,274
Total Amount (Rs.)	1,77,91,424	39,02,376
Average Rate (Rs.)	19.56	17.40
(B) Consumption per unit of production :		
Electricity	19.22	54.66
Diesel	0.52	15.88

II. TECHNOLOGY ABSORPTION :**(A) Research & Development (R&D) :**

1. *Specific areas in which R&D carried out by the Company :*
 - (a) Extensive Study of Spectrophotometer regarding Oxidative effect on Finished Product.
 - (b) Development of different variety of Bakery Fats.
2. *Benefits derived as a result of R & D :*
 - (a) Improvement in Quality of Finished Goods thereby increase in market share.
 - (b) Addition of new products in its Existing Product Range which caters to different customers.
 - (c) Introduction of value-added products and improvement in contributions.
3. *Future plan of action :*
 - (a) To develop speciality fats and margarine for different consumer applications.
 - (b) To develop premium quality blended vegetable oils under 'AGMARK' standards.
4. *Expenditure on R & D :*
Expenditure incurred on Research and Development are charged under primary heads of accounts and not allocated separately.

(B) Technology absorption, adaptation & innovation:

1. *Efforts in brief made towards technology absorption, adaptation and innovation :*
 - (a) Improvement in quality of the products through latest technology absorption.
 - (b) Development of new process for Bakery shortenings by using innovative method.
2. *Benefits derived :*
 - (a) Product improvement.
 - (b) Cost reduction.
 - (c) Product development.
 - (d) Increase in market share.
 - (e) Entry into new product segment.

III. FOREIGN EXCHANGE EARNING & OUTGO :

(A) Foreign Exchange Earnings (Rs.)	NIL	NIL
(B) Foreign Exchange Outgo (Rs.)	73,98,40,621	39,54,95,768

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30th August, 2003.

DINESH SHAHRA
Director

1. CORPORATE GOVERNANCE PHILOSOPHY

Ruchi Infrastructure Limited (RIL) believes in conducting its affairs in a fair, transparent and professional manner and in maintaining the highest ethical standards in its dealing with all its constituents. RIL looks on Corporate Governance as a necessary tool for achieving all round business excellence reflected in enhanced shareholder value, without compromising on the needs and interests of other stakeholders. We have always aimed to build trust with shareholders, employees, customers, suppliers and diverse stakeholders and to meet the expectations of various elements of corporate environment.

RIL has been discharging its statutory obligations and duties and has always complied with the statutory and regulatory requirements. Given below are the Company's Corporate Governance policies and practices in accordance with the provisions of clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS**(a) Composition**

The Board of Directors monitors Company performance, approves and reviews policies/strategies and evaluates management performance. The Board ensures legal and ethical conduct and accurate financial reporting to ensure that the long term objectives of maximising profit and enhancing stakeholder value is met with.

The board of RIL consists of five directors, all of whom are non-executive. Four out of the five non-executive directors are independent.

(b) Board procedures

During the financial year 2002-2003, the board of directors met on the following dates: 24th April, 2002, 30th April, 2002, 28th June, 2002, 5th July, 2002, 31st July, 2002, 24th August, 2002, 12th October, 2002, 31st October, 2002, 27th December, 2002, 31st January, 2003 and 7th March, 2003. The gap between any two meetings did not exceed four months, as mandated in clause 49 of the Listing Agreement. The dates of the meetings were generally decided in advance.

(c) Attendance record of Directors and Boards and Committees in which each Director is a Member or Chairperson

The under-mentioned table gives the composition of the board and the attendance record of all the directors at the board meetings held during the financial year 2002-2003 and at the last annual general meeting.

The table also gives the number of Boards and Committees of other Companies on which each director is a member/chairman. Private Limited Companies, if any where our directors are directors have been excluded for the above purpose. Further, as per the Listing Agreement, only Audit Committee and Shareholders' Grievance Committee are considered for the purpose of Committee positions.

Name of Director	Category	Meetings attended	Whether attended last AGM	No. of other Boards in which he is member or (Chairman)	No. of other Committees in which he is member or (Chairman)
Naveen Gupta	Independent (Non-Executive)	10	No	1(0)	2(0)
Dinesh Shahra	Promoter (Non-executive)	9	Yes	10(0)	0(0)
P.S. Santhanakrishnan	Independent (Non-executive)	7	Yes	6(1)	6(3)
Dinesh Khandelwal	Independent (Non-executive)	11	Yes	1(0)	0(0)
K.P. Mandhana	Independent (Non-executive)	5	Yes	0(0)	0(0)