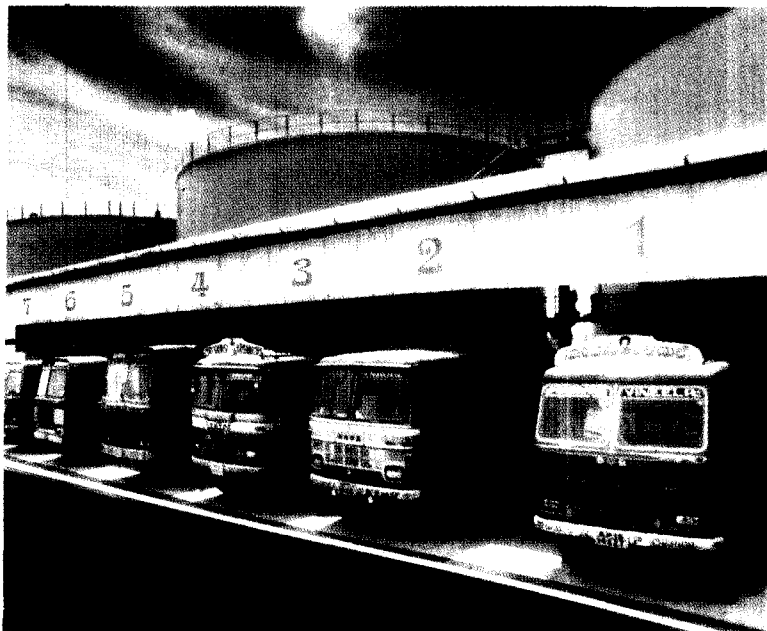




Ruchi Infrastructure Limited

Annual Report 2003-04

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Ruchi Infrastructure Limited

ANNUAL REPORT 2003-2004

Board of Directors

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

Vice President & Company Secretary

Shri S.K. Sharma

Auditors

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

Bankers

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

Share Transfer Agent

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

Registered Office

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

Notice

NOTICE is hereby given that the Twentieth 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 Monday, the 27th September, 2004 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, 2004 and the Profit & Loss Account for the year ended 31st March, 2004 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 Dinesh Shahra, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri K.P. Mandhana, 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 the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of the storage tanks located at Haldia, Karwar, Ludhiana, Hyderabad, Cuttack, Jaipur and also commercial premises at 615 Tulsiani Chambers, Mumbai - 400 021, present and future, to or in favour of ICICI Bank Limited (ICICI Bank) to secure Corporate Rupee Loan of Rs. 100.00 Million together with all interest thereon liquidated damages, commitment charge, premium on prepayment or on redemption, costs, charges, expenses, and all other moneys payable by the Company to ICICI Bank in terms of respective Facility Agreement entered into by the Company in respect of the said assistance and to the Board of Directors of the Company agreeing with ICICI Bank in terms of the Facility Agreement to reserve a right to take over the management of the business and concern of the Company in certain events.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with ICICI Bank documents for creating aforesaid mortgage and /or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolutions."

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

"RESOLVED THAT in accordance with the provisions of Section 314(1), other applicable provisions, if any, of the Companies Act, 1956 and the rules and regulations made thereunder, the approval of members of the Company be and is hereby accorded for appointment of Shri Sarvesh Shahra as Executive Officer with effect from 1st November, 2003 on such terms and conditions including remuneration as approved by the Board of Directors and more particularly mentioned in the explanatory statement annexed hereto.

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to do all such acts, deeds matters, and things as may be considered necessary in this regard."

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

August 27, 2004.

By order of the Board of Directors

S.K. SHARMA
Vice President & Company Secretary

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 Monday, the 20th September, 2004 to Monday, the 27th September, 2004 (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**

The financial assistance is in the form of Rupee Term Loan not exceeding Rs. 100.00 Million (Rupees One Hundred Million only) from ICICI Bank Limited is to meet a part of the Company's requirement of funds towards increase in net working capital, normal capital expenditure and repayment of Term Loans.

Section 293 (1) (a) of the Companies Act, 1956 provides that the Board of Directors of public limited company shall not, without the consent of such public limited company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

As the assistance from the aforesaid institutions availed by the Company has to be secured by the first mortgage of the immovable properties and first charge by way of hypothecation of the moveable properties of the Company at the abovementioned locations, both present and future, and the aforesaid institution would like to retain a power to take over the management of the business and concern of the Company in certain events, it is necessary for the members to pass a resolution 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.

Item No. 7

At the meeting of Board of Directors held on 31st October, 2003, the board of directors appointed Shri Sarvesh Shahra as an Executive Officer with a salary of Rs. 30,000/- p.m. subject to the approval of the members. He has International Baccalaureate Degree from Singapore and Bachelors' Degree in Business Management from USA. He is son of Shri Dinesh Shahra, Promoter Director of the Company. In accordance with the provisions of Section 314(1) of the Companies Act, 1956, the approval of members for such appointment is required by way of passing of special resolution.

The Board of Directors recommends the passing of resolution as a special resolution.

None of the Directors, except Shri Dinesh Shahra, Promoter Director is interested in the resolution.

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

August 27, 2004.

By order of the Board of Directors

S.K. SHARMA
Vice President & Company Secretary

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS:

	2003-2004	(Rs.in Crores) 2002-2003
Sales & Services	715.56	741.65
Profit before Depreciation & Taxation	22.87	23.57
Less: Depreciation	14.26	14.46
Profit before Taxation	8.61	9.11
Less: Provision for Taxation-Current	1.50	1.10
Less: Provision for Taxation-Deferred Tax	1.04	1.92
Profit after Taxation	6.07	6.09
Add: Balance brought forward from previous year	1.25	0.74
Amount available for appropriation	7.32	6.83
APPROPRIATIONS:		
General Reserves	5.00	5.00
Final Dividend	0.51	0.51
Tax on Dividend	0.07	0.07
Surplus Carried to Balance Sheet	1.74	1.25
	7.32	6.83

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, 2004 as against 10% (Rs.1.00 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 has recorded a total income of Rs.715.56 Crores (as against Rs.741.65 Crores for the Previous Year). The Company has registered a Gross Profit of Rs.22.87 Crores (Rs.23.57 Crores for the Previous Year). The Company has posted a Net Profit of Rs.6.07 Crores during the Current Financial Year (Rs.6.09 Crores for the Previous Year).

FUTURE OUTLOOK:

The Company is planning to optimally utilise the production facilities at Kakinada, A.P., strengthening the sales and distribution channel to improve the retail sales volume of the value added products of the Company. The Company is also evaluating various investment opportunities in infrastructural and other projects with a view to benefit the Company in the long term.

DIRECTORS :

Shri Dinesh Shahra and Shri K. P. Mandhana retire by rotation in accordance with the provisions of Articles of Association of the Company and being eligible, offer themselves for re-appointment. As required, the details concerning the Directors 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, 2004, 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 2003-2004 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, 2004 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 :

The 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.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 27th August, 2004.

DINESH SHAHRA
Director

ANNEXURE TO THE 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 processes.

	Current Year 2003-2004	Previous Year 2002-2003
(A) Power and Fuel Consumption		
1. <i>Electricity</i>		
(a) Purchased :		
Units	74,28,715	37,41,863
Total Amount (Rs.)	2,92,64,152	1,83,77,058
Rate/Unit (Rs.)	3.94	4.91
(b) Own Generation :		
Through Diesel Generator		
Unit (KWH)	1,97,265	3,32,019
Units per Ltr. of Diesel Oil	3.96	3.30
Cost / Unit (Rs.)	5.54	5.92
2. <i>Others (Diesel)</i>		
Qty. (Ltr.)	9,55,573	9,09,582
Total Amount (Rs.)	2,09,99,284	1,77,91,424
Average Rate (Rs.)	21.98	19.56
(B) Consumption per unit of production :		
Electricity	48.10	19.22
Diesel	0.32	0.52

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

- Specific areas in which R&D carried out by the Company :*
 - Extensive Study of Spectrophotometer regarding Oxidative effect on Finished Product.
 - Development of different variety of Bakery Fats.
- Benefits derived as a result of R & D :*
 - Improvement in Quality of Finished Goods thereby increase in market share.
 - Addition of new products in its Existing Product Range which caters to different customers.
 - Introduction of value-added products and improvement in contributions.
- Future plan of action :*
 - To develop speciality fats and margarine for different consumer applications.
 - To develop premium quality blended vegetable oils under 'AGMARK' standards.
- 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:

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

III. FOREIGN EXCHANGE EARNING & OUTGO :

(A) Foreign Exchange Earnings (Rs.)	NIL	NIL
(B) Foreign Exchange Outgo (Rs.)	113,44,58,574	73,98,40,621

For and on behalf of the Board of Directors

Place : Mumbai
Date : 27th August, 2004.

DINESH SHAHRA
Director

Corporate Governance

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 2003-2004, the Board of Directors met on the following dates: 30th April, 2003, 14th May, 2003, 30th June, 2003, 31st July, 2003, 8th August, 2003, 12th August, 2003, 30th August, 2003, 22nd September, 2003, 1st October, 2003, 31st October, 2003, 12th November, 2003, 31st December, 2003, 31st January, 2004 and 16th February, 2004. 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 2003-2004 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, Shareholders Grievance Committee and Remuneration 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)
Dinesh Shahra	Promoter (Non-Executive)	14	Yes	6(0)	0(0)
P.S. Santhanakrishnan	Independent (Non-Executive)	5	Yes	6(1)	3(3)
Naveen Gupta	Independent (Non-Executive)	6	No	2(0)	0(0)
K.P. Mandhana	Independent (Non-Executive)	10	Yes	0(0)	0(0)
Dinesh Khandelwal	Independent (Non-Executive)	14	Yes	1(0)	0(0)