



RUCHI INFRASTRUCTURE LTD

Strong Participation In...

Developing Infrastructure For The Nation



2004-05 ANNUAL REPORT

RUCHI INFRASTRUCTURE LTD

Annual Report 2004-2005

Board of Directors

Shri Dinesh Shahra
Shri P.S. Santhanakrishnan
Shri Naveen Gupta
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 Twenty First 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 Thursday, the 29th September, 2005 at 12.30 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit & Loss Account for the year ended 31st March, 2005 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 Khandelwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.S. Santhanakrishnan, 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 Pursuant to Section 16, 97 and other applicable provisions, if any of the Companies Act, 1956:

- a) The Authorised Share Capital of the company be and is hereby increased from Rs.21,00,00,000/- (Rupees Twenty One Crores only) divided into 21,00,00,000 Equity Shares of Rs.1/- to Rs.75,00,00,000/- (Rupees Seventy Five Crores only) divided into 25,00,00,000 Equity Shares of Rs.1/- each and 50,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each.
- b) The existing clause V of Memorandum of Association of the Company be and is hereby amended to read as follows :
The Authorised Share Capital of the Company is Rs.75,00,00,000/- (Rupees Seventy Five Crores only) divided into 25,00,00,000 Equity Shares of Rs.1/- each and 50,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each with power to increase or reduce the said share capital and to issue any part of its capital original or increased, with or without any preference, priority or special privilege or subject to any postponement of right or to any conditions, restrictions and so that unless the conditions of issue shall otherwise expressly declare, every issue of shares whether declared to be preference or otherwise shall be subject to the power hereinafter contained. The rights of the holders of any class of shares for the time being forming part of the capital of the Company may be modified, affected, varied, extended or surrendered either with the consent in writing of the holders of three fourth of the issued shares of the class or with sanction of special resolution of the members of the class provided by the Memorandum of Association or as altered by Special Resolution ;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company.”

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

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 3 of the Articles of Association of the Company be and is hereby amended to read as follows :

The Authorised Share Capital of the Company shall be as mentioned in Clause V of the Memorandum of Association of 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”.

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

“RESOLVED THAT pursuant to provisions of Section 198, 269, 309 of the Companies Act, 1956, Schedule XIII thereto and other applicable provisions thereof, the approval of the members of the Company be and is hereby accorded for appointment of Shri N.K. Arora as the General Manager of the Company on the terms and conditions as mentioned in the Explanatory Statement to this resolution;

RESOLVED FURTHER THAT where in any financial year during the currency of tenure of Shri N.K. Arora, the Company has no profits or the profits are inadequate, the Company may pay remuneration as per Section II of Part II of the Schedule XIII to the Companies Act 1956;

RESOLVED FURTHER THAT the approval of the members of the Company be and is hereby accorded to the Board of Directors to alter and vary the terms and conditions of appointment of Shri N.K. Arora, including remuneration payable to him in accordance with the provisions of Schedule XIII to the Companies Act, 1956 as the Board of Directors may deem fit and as may be agreed to by Shri N.K. Arora;

RESOLVED FURTHER THAT Shri N.K. Arora be and is hereby entitled for a yearly increment as per the rules of the Company and that the board of directors of the Company be and is hereby authorised to decide such yearly increment maximum up to 20% of Shri N.K. Arora's gross emoluments by passing appropriate board resolution at the board meeting;

RESOLVED FURTHER THAT Shri Dinesh Shahra, Director of the Company be and is hereby authorised to do all such acts and things as may be considered necessary and expedient in this regard."

9. 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 Nineteenth Annual General Meeting of the Company held on 30th September 2003, consent of the Company, pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company 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 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 to be borrowed by the Board shall not at any time exceed Rupees One Thousand Crores.

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."

10. 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 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant provisions of the Memorandum and Articles of Association of the Company, the Foreign Exchange Management Act, 1999 and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, Guidelines prescribed by the Securities and Exchange Board of India (SEBI) and subject to such approval(s), consent(s), permission(s) and/or sanction of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such terms, conditions, modifications and alterations as may be prescribed and specified by any of them in granting such approval, consent, permission or sanction, the consent, authority and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof) to offer, issue and allot, in the course of offerings, in one or more foreign markets, any Securities including Equity Shares, Global Depository Receipts and/or American Depository Receipts, Foreign Currency Convertible Bonds, Convertible Bonds, Euro-convertible Bonds/ Shares/ Debentures/ Preference Shares whether Cumulative/Redeemable/ Partly convertible/ convertible at the option of the company and / or at the option of the holders of the Security(s), Securities partly or fully convertible into Equity shares and/or securities linked to Equity Shares and/or any instruments or securities with or without detachable warrants, secured or unsecured or such other types of securities representing either Equity Shares or Convertibles Securities (hereinafter referred to as "Securities") to Foreign/Domestic Investors, Non-residents, Foreign Institutional Investors/ Foreign Companies/ NRI(s) / Foreign National(s)/Banks/Mutual Funds/Financial Institutions or such other entities or persons as may be decided by the Board, whether or not such persons/entities/investors are Members of the Company, through Prospectus, Offering Letter, Circular to the general public and/or through any other mode or on private placement basis as the case may be from time to time in one or more tranche(s) as may be deemed appropriate by the Board on such terms and conditions as the Board may in its absolute discretion deem fit for an amount not exceeding US\$ 100 Million (US Dollar One hundred million only) or equivalent thereof including green shoe option on such terms and conditions including pricing as the Board may in its sole discretion decide including the form and the persons to whom such securities may be issued and all other terms and conditions and matters connected therewith.

RESOLVED FURTHER THAT without prejudice to the generality of the above the aforesaid issue of the Securities may have all or any term or combination of terms in accordance with normal practice including but not limited to conditions in relation to payment of interest, dividend, premium or redemption or early redemption at the option of the company and/or of the holder(s) of the securities and other debt service payment whatsoever and all such terms as are provided in offerings of this nature including terms for issue of additional Equity Shares, variation of interest payment, variation of the price or the period of conversion of securities into Equity Shares, issue of Equity Shares during the duration of the securities or terms pertaining to voting rights or option for early redemption of securities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of underlying Equity Shares as may be required to be issued and allotted upon conversion of any such securities referred to above or as may be in accordance with the terms of the offering(s) and that the said Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects pari passu with the existing Equity Shares of the Company from the financial year during which the shares are allotted.

RESOLVED FURTHER THAT such of these securities to be issued as are not subscribed may be disposed of by the Board to such person(s)/entity(ies) in such manner and on such terms as the Board in its absolute discretion thinks fit, in the best interest of the Company and as is permissible in law.

RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body for issue of Depository Receipts representing underlying equity Shares/ Preference Shares/ other securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent.

RESOLVED FURTHER THAT the securities issued in foreign markets shall be deemed to have been made abroad and/or in the market and/or at the place of issue of the securities in the international market and may be governed by applicable foreign laws.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, the Board be and is hereby authorised to determine the form, terms and timing of the offering(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in such tranche, issue price, face value, premium amount on issue/conversion of Securities, Exercise of Warrants/redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges as the Board in its absolute discretion deems fit and to make and accept any modification in the proposal as may be required by the authorities involved in such issues and on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, the Appointment of Registrar, Book-Runner, Lead-Managers, Trustees/ Agents, Bankers, Global co-ordinators, Custodians, Depositories, Consultants, Solicitors, Accountants, entering into arrangements for underwriting, marketing, listing, trading, depository and such other arrangements and agreements, as may be necessary and to issue any offer document(s) and sign all deeds, documents and to pay and remunerate all agencies/intermediaries by way of commission, brokerage, fees, charges, out of pocket expenses and the like as may be involved or connected in such offerings of securities, and also to seek listing of the securities or securities representing the same in any Indian and/or in one or more international stock exchanges with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue, offer or allotment of securities and in complying with any Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Directors or Company Secretary or any other Officer or Officers of the Company to give effect to the aforesaid resolution."

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

July 30, 2005.

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 to 10 are annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 23rd September, 2005 to Thursday, the 29th September, 2005 (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 STATEMENTS PURSUANTS TO PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 6 & 7 :**

At the Extra Ordinary General Meeting of the company held on 4th April, 2005, the approval of the members of the Company was accorded to increase the Authorised Share Capital of the Company from Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 15,00,00,000 Equity Shares of Rs. 1/- each to Rs. 21,00,00,000/- (Rupees Twenty One Crores only) divided into 21,00,00,000 Equity Shares of Rs.1/- each.

Keeping in the growth plans of the Company, it is proposed to increase the Capital as mentioned in resolution proposed as Item No.6 of the Notice. Further, to enable the Company to tap international market for raising long term funds, the Board of Directors proposes amendment in Articles of Association as mentioned in resolution proposed as Item No.7 of the Notice.

Section 16 of the Companies Act, 1956 read with the provisions of section 97 of the Companies Act, 1956 requires any change in the Memorandum of Association, to be approved by the members of the Company. For any amendment in Articles of Association of the Company, Section 31 of the said Act requires approval of the members of the Company by way of Special Resolution. The Board of Directors recommends the members to pass the resolution at Item No.6 as an ordinary resolution and resolution at Item No.7 as a Special Resolution. None of the Directors is concerned or interested in the aforesaid resolutions.

Item No. 8 :

Shri N.K. Arora is an existing employee of the Company and has been appointed as the General Manager of the Company for a period of five years w.e.f 1st September, 2005. He is Mcom., F.C.A. and possess rich experience of 33 years. He has worked with many elite Indian Companies at various senior managerial positions and has entrepreneurial experience of setting up of industry from conceptual to commissioning and thereafter successfully running it. Subject to the approval of the members the Board of Directors at its meeting held on 11th August, 2005 appointed Shri. N. K. Arora as the General Manager w.e.f. 1st September, 2005 on the following terms and conditions.

- | | |
|--|--------------------------|
| 1. Basic pay | : Rs.19,800/- per month. |
| 2. House Rent Allowance | : Rs.7,920/- per month. |
| 3. Personal Pay | : Rs.5,591/- per month. |
| 4. In Lieu of PF | : Rs.2,376/- per month. |
| 5. Reimbursement of medical expenses limiting to | : Rs.1,250/- per month. |

6. Reimbursement of vehicle expenses limiting to : Rs.10,000/- per month.
7. Reimbursement of expenses of magazine limiting to : Rs.1,500/- per month.
8. Reimbursement of entertainment expenses limiting to : Rs.5,000/- per month.
9. Reimbursement of Education limiting to : Rs. 500/- per month.
10. Contribution to Bonus, LTA and Gratuity as per Company Rules.

The appointment of Shri N. K. Arora as General Manager of the Company is in accordance with the provisions of Section 198, 269, 309 of the Companies Act, 1956, Schedule XIII thereto and other applicable provisions thereof. Pursuant to provisions of Section 269(2) of the Companies Act, 1956 read with Schedule XIII, the appointment requires approval of the members in general meeting. The Board of Directors recommends the members to pass the resolutions as an Ordinary Resolution.

None of the directors is interested in the aforesaid resolution.

Item No.9 :

At present the Board of Directors of the Company are empowered to borrow to the extent of Rs.500 Crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business). In view of the expanding operations of the Company, the Board of Directors proposes to increase the said limit to Rs.1000 Crores.

Section 293(1)(d) of Companies Act, 1956 requires approval of members of the Company for borrowings of moneys, which may exceed the aggregate of paid-up capital and free reserves of the Company. The Board recommends passing of resolution as an Ordinary Resolution.

None of the Directors of the Company is concerned or interested in the aforesaid resolution.

Item No.10 :

The Company has been examining various growth opportunities from time to time in line with its objective. While it is envisaged that the internal generation of funds would partially finance the proposed investments, it is thought prudent at this stage for the Company to raise a part of this fund requirement through the issue of securities in the domestic/international markets as set out in the resolution.

It is therefore proposed to issue appropriate securities for an amount not exceeding the equivalent of US\$ 100 million in one or more tranches in such form and on such terms and conditions and in such manner, at such price or prices and at such time as may be considered appropriate by the Board of Directors to the various categories of investors in the domestic/ international markets as set out in the Resolution.

The mode of financing and utilization plans would be worked out in consultation with Advisors, Lead Managers and other agencies as may be required subject to approval of Government of India, Reserve Bank of India, Securities Exchange Board of India and other authorities wherever applicable. While the fund raising program may be through a mix of debt/ equity related instruments as may be appropriate, approval of the members of the Company is being sought to the extent that any part of the above-mentioned fund raising plan include issue of Ordinary (Equity) Shares to the person(s)/entities who may or may not be existing members of the Company. Section 81 (1A) of the Companies Act, 1956 provides, inter alia, that wherever it is proposed to increase the subscribed capital of the company by issue and allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the Ordinary Shares of the company, in proportion to the Capital paid up on that date unless the members in a general meeting decide otherwise by way of a Special Resolution. The Listing Agreement executed by the company with the various Stock Exchanges also contains a similar provision in this regard. The securities issued pursuant to this resolution may be listed on Stock Exchange whether in India or abroad, as may be decided by the Board. While no specific instrument has been identified at this stage that may be issued by the Company pursuant to the Resolution, the Ordinary (Equity) Shares, if any, allotted on conversion of securities or exercise of warrants shall rank pari passu in all respects inter-se with the then existing Ordinary Equity Shares of the Company from the financial year during which the shares are allotted.

Your Directors recommend the proposed resolution to be passed as a Special Resolution. None of the directors is interested or concerned in the aforesaid resolution.

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

July 30, 2005.

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 Twenty First Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2005.

FINANCIAL RESULTS:

	2004-2005 (Rs.in Crores)	2003-2004 (Rs.in Crores)
Sales & Other Operating Income	811.07	699.99
Profit before Depreciation & Taxation	21.67	22.87
Less: Depreciation	12.94	14.26
Profit before Taxation	8.73	8.61
Less: Provision for Taxation-Current	2.00	1.50
Less: Provision for Taxation-Deferred Tax	0.62	1.04
Profit after Taxation	6.11	6.07
Add: Balance brought forward from previous year	1.74	1.25
Amount available for appropriation	7.85	7.32
APPROPRIATIONS:		
General Reserves	5.00	5.00
Dividend	0.76	0.51
Tax on Dividend	0.10	0.07
Surplus Carried to Balance Sheet	1.99	1.74
	7.85	7.32

DIVIDEND:

Your Directors are pleased to recommend payment of dividend of 15% (Rs.1.50 per equity share) for the financial year ended 31st March, 2005 as against 10% (Rs.1.00 per equity share). 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.811.07 Crores (as against Rs.699.99 Crores for the Previous Year). The Company has registered a Gross Profit of Rs.21.67 Crores (Rs.22.87 Crores for the Previous Year). The Company has posted a Net Profit of Rs.6.11 Crores during the Current Financial Year (Rs.6.07 Crores for the Previous Year).

SUBDIVISION OF SHARES AND BONUS ISSUE:

The Company had sub-divided equity shares of Rs. 10/- each into 10 equity shares of Rs. 1/- each on 29th April, 2005. The Company issued 15,22,37,100 Equity Shares of Rs.1/- each as Bonus Shares on 30th April, 2005.

FUTURE OUTLOOK:

The Company is chalking out major plans to significantly step up the investments in infrastructure activities in coming years. The initiative taken in this regard are expected to significantly improve the bottom line in the future.

The company is putting maximum effort to optimally utilise the production facilities at Kakinada, A.P., strengthening the sales and distribution channel and to improve the retail sales volume of the value added products of the Company. In view of the current economic growth and rural income growth, it is expected that the consumption of edible oil is likely to be buoyant in the current year.

DIRECTORS :

Shri Dinesh Khandelwal and Shri P.S. Santhanakrishnan 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, 2005, 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 2004-2005 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, 2005 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 is 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 the employees of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: July 30, 2005.

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 2004-2005	Previous Year 2003-2004
(A) Power and Fuel Consumption		
1. <i>Electricity</i>		
(a) Purchased :		
Units	81,84,023	74,28,715
Total Amount (Rs.)	3,10,87,833	2,92,64,152
Rate/Unit (Rs.)	3.80	3.94
(b) Own Generation :		
Through Diesel Generator		
Unit (KWH)	76,670	1,97,265
Units per Ltr. of Diesel Oil	3.38	3.96
Cost / Unit (Rs.)	7.72	5.54
2. <i>Fuel</i>		
(a) Husk		
Purchased :		
Units (MT)	19,611	19,016
Total Amount (Rs.)	2,53,14,279	2,81,99,590
Rate/Unit (Rs.)	1290.81	1482.92
(b) Diesel		
Purchased :		
Units (MT)	10,90,059	9,55,573
Total Amount (Rs.)	2,83,81,643	2,09,99,284
Rate/Unit (Rs.)	26.04	21.98
(B) Consumption per unit of production :		
Electricity	48.98	48.10
Husk	0.12	0.12
Diesel	0.14	0.32

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.)	156,91,55,939	113,44,58,574

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30th July, 2005.

DINESH SHAHRA
Director