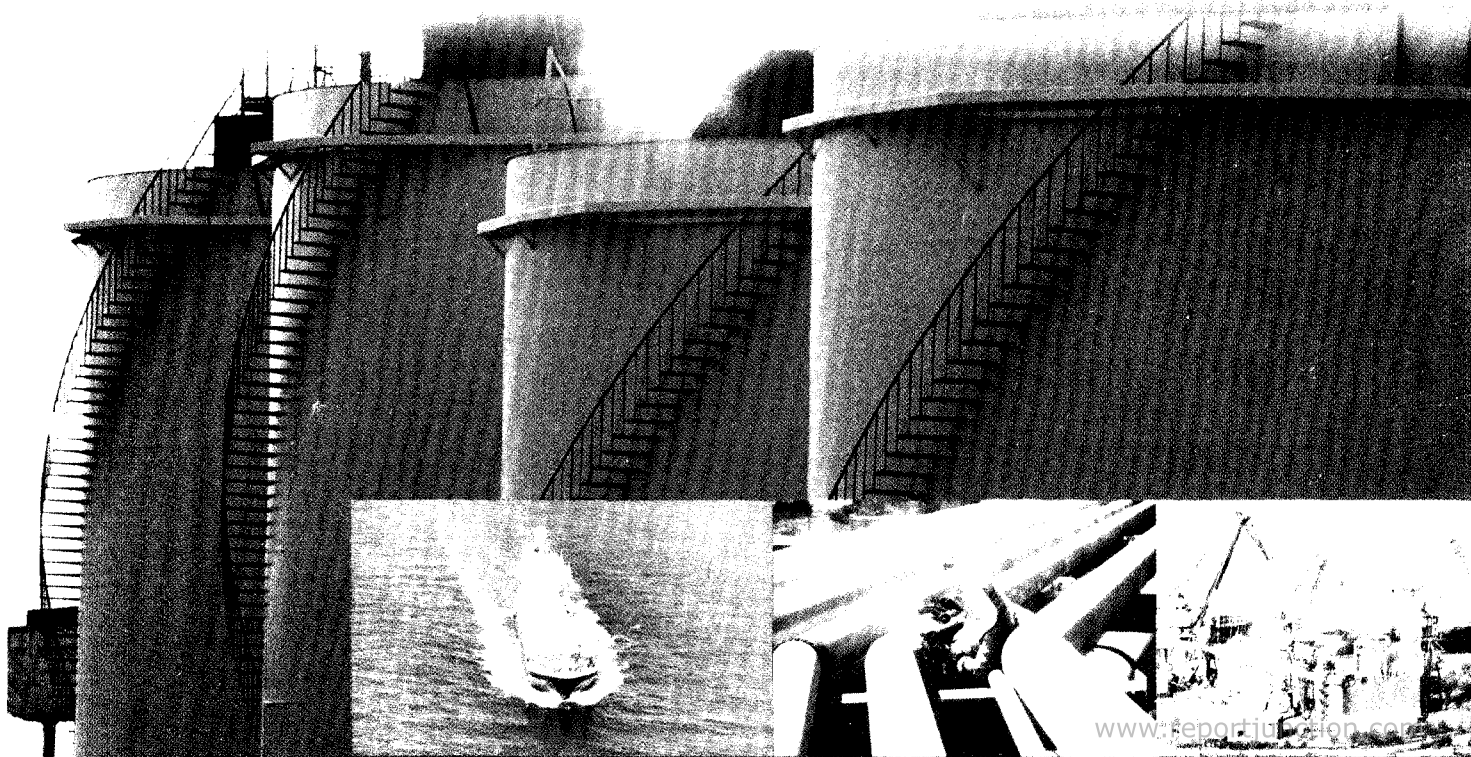




RUCHI INFRASTRUCTURE LIMITED

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ANNUAL REPORT 2005-06



RUCHI INFRASTRUCTURE LIMITED

ANNUAL REPORT 2005-2006

Board of Directors

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

Company Secretary

Shri Ashish Mehta

Auditors

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

Bankers

UTI Bank Limited
The Karur Vysya Bank Limited
Development Credit 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 Second 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 Wednesday, the 27th September, 2006 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit & Loss Account for the year ended 31st March, 2006 together with the Report of the Directors and Auditors thereon.
2. To declare dividend on Preference and 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 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 a Special Resolution :
"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 77 (1) of the Articles of Association of the Company be and is hereby amended to read as under :
 77. 1) The remuneration of a Director for his services shall be such sum as may be fixed by the Board of Directors not exceeding Rupees Five thousand only for each meeting of the Board or any committee thereof attended by him. In addition, subject to provisions of Section 309 and 314, all the Directors may receive a commission on the net profits of the Company computed under the provisions of the Companies Act, 1956. The Directors may waive or reduce their fee for any meeting or period.

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 :
Ruchi Infrastructure Ltd.
 706, Tulsiani Chambers, Nariman Point,
 Mumbai- 400 021.
 August 22, 2006

By order of the Board of Directors

ASHISH MEHTA
 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 Statement pursuant to provisions to Section 173(2) of the Companies Act, 1956, setting out the material facts in respect of the business under Item No. 6 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 20th September, 2006 to Wednesday, the 27th September, 2006 (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 copy of 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 between 11.00 A.M. and 1.00 P.M. on all working days except Saturday 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.
-

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6 :

The existing article 77 (1) of the Articles of Association of the Company provides, among other things, that remuneration may be paid to a director attending a meeting of Board or any committee thereof, subject to maximum of Rupees Two hundred fifty only. The Board proposes to revise the said limit having regard to the present industry practice.

For any amendment in Articles of Association of the Company, Section 31 of the Companies Act, 1956 requires approval of members of the Company by way of special resolution. The Board recommends the members to pass the resolution at item No.6 as a special resolution.

All the directors may be deemed to be concerned or interested in the said resolution.

Registered Office :

Ruchi Infrastructure Ltd.

706, Tulsiani Chambers, Nariman Point,

Mumbai-400 021.

August 22, 2006

By order of the Board of Directors

ASHISH MEHTA
Company Secretary

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2006.

FINANCIAL RESULTS:

	2005-2006	(Rs.in Crores) 2004-2005
Sales & Services	654.97	811.07
Profit before Depreciation & Taxation	36.85	21.67
Less: Depreciation	12.17	12.94
Profit before Taxation	24.68	8.73
Less: Provision for tax	3.89	2.00
Less: Provision for deferred tax	(1.15)	0.62
Less: Provision for fringe benefit tax	0.07	—
Profit after Taxation	21.87	6.11
Add: Balance brought forward from previous year	1.99	1.74
Amount available for appropriation	23.86	7.85
APPROPRIATIONS:		
General Reserve	15.00	5.00
Dividend on Preference Shares	* —	—
Dividend on Equity Shares	2.03	0.76
Tax on Dividend	0.29	0.10
Surplus Carried to Balance Sheet	6.54	1.99
	23.86	7.85

* Proposed Dividend for the Preference Shares for the year ended 31st March, 2006 is Rs.28,493/- (Previous Year Nil)

DIVIDEND:

Your Directors are pleased to recommend payment of dividend of 6% on 17,33,345 Redeemable Cumulative Preference Shares of Rs.100/- each on pro-rata basis, being issued during the year under review (Previous Year Nil). The Board has also recommended a dividend of 10% (Re. 0.10 per share) on Equity Share Capital of Rs. 20.30 Crores for the year under review as against 3.75% (Re. 0.0375 per share) for the previous year. The total cash outgo on account of dividend and tax thereon amounts to Rs. 2.32 Crores as against Rs. 0.86 Crores in previous year.

OPERATION:

During the year under review, the Company has recorded a total income of Rs.654.97 Crores (as against Rs.811.07 Crores for the Previous Year). The Company has registered a Gross Profit of Rs.36.85 Crores (Rs.21.67 Crores for the Previous Year). The Company has posted a Net Profit of Rs.21.87 Crores during the Current Financial Year (Rs.6.11 Crores for the Previous Year). The increase in profit is mainly due to contribution from property division and sale of investments.

FUTURE OUTLOOK:

Growth in Infrastructure is critical for the rapid economic growth of India. The Company having established itself in the storage terminals and other infrastructure businesses since last 10 years, plans to be an important participant in "Developing Infrastructure for the Nation". Few ventures under active consideration are:

- Building Logistics Solutions for Edible Oil, Petro Chemicals & Other Chemicals.
- Exploring the possibility of setting up of Storage Terminals at overseas locations.
- Participation in Agricultural Infrastructure Development such as Warehouses etc.,
- Participation in Real Estate business / township development / commercial & residential premises.

DIRECTORS :

Shri Dinesh Shahra and Shri Naveen Gupta retire by rotation in accordance with the provisions of Articles of Association of the Company and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement, a report on compliance of Corporate Governance is made as a part of the Annual Report.

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, 2006, 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 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 2005-2006 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, 2006 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 Stakeholders 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 : August 22, 2006

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 2005-2006	Previous Year 2004-2005
(A) Power and Fuel Consumption		
1. <i>Electricity</i>		
(a) Purchased :		
Units	90,89,395	81,84,023
Total Amount (Rs.)	3,23,20,610	3,10,87,833
Rate/Unit (Rs.)	3.56	3.80
(b) Own Generation :		
Through Diesel Generator		
Unit (KWH)	1,76,280	76,670
Units per Ltr. of Diesel Oil	3.38	3.38
Cost / Unit (Rs.)	9.35	7.72
2. <i>Fuel</i>		
(a) Husk		
Purchased :		
Units (MT)	20,370	19,611
Total Amount (Rs.)	3,48,68,959	2,53,14,279
Rate/Unit (Rs.)	1,712	1,291
(b) Diesel		
Purchased :		
Units (MT)	9,13,983	10,90,059
Total Amount (Rs.)	2,88,81,863	2,83,81,643
Rate/Unit (Rs.)	31.60	26.04
(B) Consumption per unit of production :		
Electricity	70.60	48.98
Husk	0.16	0.12
Diesel	0.41	0.14

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

- Specific areas in which R&D carried out by the Company:*
 - Development of Product Compositions by deriving Dilatation Values.
 - Concurrent analysis of Anisdine values to check the deterioration of Refined oils.
 - Extensive study for Fat modifications.
- Benefits derived as a result of R&D :*
 - Maintain continuous consistency of the Finished Products.
 - Stage – wise process improvement resulting ultimately into good quality of different Products.
 - Increase in Market Share by supplying good quality Products.
- Future plan of action:*
 - Further Improvement of quality of its existing Products.
 - Development of Blended Vegetable Oils.
- 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 :*
 - Conversion of Diesel Fired Thermic Fluid Boiler to Furnace Oil Fired System.
 - Introduction of Long – Mix Neutralization system.
- Benefits derived:*
 - Improvement in efficiency of production process.
 - Product Improvement.
 - Cost Reduction of Finished Products.

III. FOREIGN EXCHANGE EARNING & OUTGO :

(A) Foreign Exchange Earnings (Rs.)	1,84,16,940	NIL
(B) Foreign Exchange Outgo (Rs.)	205,11,04,439	156,91,55,939

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 22, 2006

DINESH SHAHRA
Director

Management Discussion and Analysis Report

INDUSTRY STRUCTURE AND DEVELOPMENT

The Company is one of the leading tank farm companies, having storage terminals at 7 major ports in India and 5 railway siding Terminals. The Company has constructed storage tanks of capacities over 2.5 lacs tons across the length and breadth of the country including major parts and railway siding terminals. The Company's storage terminal for handling petroleum products is at advanced stage of construction and the project is supposed to be commissioned by October 2006.

Company has set up its own Jetty at Rozy in Jamnagar for handling storage of liquid cargo as well as a dry cargo with full-fledged material handling system. The Jetty is well equipped to handle around 6 lacs tons of dry cargo per year.

Your Company is also engaged in the business of edible oils and hydrogenated fats. It has facilities at Kakinada for refining crude oil for edible grade, manufacture of vanaspati and textured soya proteins.

SEGMENTWISE PERFORMANCE

The various segments identified by the Company are as under:

- | | |
|-------------------|---|
| 1. Oils | — Crude oils, Refined oils and Vanaspati. |
| 2. Infrastructure | — Storage. |
| 3. Property | — Property. |
| 4. Others | — Miscellaneous. |

The Segment-wise Performance details are available in Schedule-14 to the Audited Accounts of the Company.

OUTLOOK

The Company carries on the business of edible oil refining and infrastructure development. Infrastructure business requires heavy investments. Oil business being turnover based and less margin business, the Company is considering various options for segregating the two main businesses. This would help the company to increase focus on each segment and enhance shareholder value. As a first step in this direction, the Company has got its shareholders approvals for increasing its Authorised Capital at the EGM held on 14th July, 2006. The Company has already made investments in real estate projects and is exploring the other avenues in infrastructural developments.

RISKS AND CONCERN

In oil business, your Company's exposure to price fluctuations on its major raw materials continues, with bulk of them being agro-based and subject to market price variations during the year. Your Company has taken various steps aimed at controlling costs and successfully hedged against market price fluctuation.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company is committed to maintain high standards of internal control system. It has proper and adequate system of internal control to ensure that all assets are safeguarded and that transactions are made as per documented policies, guidelines and procedures. All operating parameters are monitored and controlled.

QUALITY CONTROL

The Company's manufacturing unit at Kakinada (A.P.) has been awarded ISO 9001-2000 during the year under review.

FINANCIAL REVIEW AND ANALYSIS

(Rs. in Crores)

Highlights	2005-2006	2004-2005
Sales & Other Operating Income	654.97	811.07
Total Expenditure	614.73	784.34
Operating Profit (PBDIT)	40.24	26.73
Depreciation	12.17	12.94
Interest & Finance Charges	3.39	5.06
Profit Before Tax (PBT)	24.68	8.73
Provision for tax	3.89	2.00
Provision for deferred tax	(1.15)	0.62
Provision for fringe benefit tax	0.07	0.00
Profit after Tax	21.87	6.11

REVENUE

Sales and Services were lower due to lower production in the edible oil business. During the year, the Company disposed off a portion of its long term investments which generated substantial profits. The newly established Property Division achieved net revenue of Rs.7.12 Crores.

OPERATING PROFIT

Operating Profit was higher at Rs.40.24 Crores as against Rs.26.73 Crores in comparison to previous year, mainly due to Income arising from sale of company's investments and from the income generated by the Property Division.

NET PROFIT

The Net Profit of the Company increased to Rs.21.87 Crores from Rs.6.11 Crores of previous year. The increase of 257.94% is mainly due to profit on sale of investments and contribution from the Property Division.

CAUTIONARY STATEMENT

Statements in this " Management Discussion and Analysis Report" describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operation include raw material availability and prices, changes in government regulations, tax regimes, economic developments in India and the countries in which the Company conducts business and other incidental factors.

Corporate Governance Report

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

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.

(a) Composition

The Board of RIL consists of five Directors, all of whom are Non-Executive. Two out of the five Non-Executive Directors are independent. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Shri Dinesh Shahra and Shri Naveen Gupta retire by rotation in terms of provisions of Section 256 of the Companies Act, 1956. Shri Dinesh Shahra, being eligible, offers himself for re-appointment. Born on 14th July, 1952, Shri Dinesh Shahra is B.Sc. (Chemical Engineering). He has a rich experience of more than 33 years in the edible oils and soya foods industry. He is also on the Boards of Directors of the following Public Limited Companies :

Ruchi Soya Industries Limited	Ruchi Credit Corporation Limited
Ruchi Health Foods Limited	Ruchi Power Corporation Limited
Ruchi Worldwide Limited	Ruchi Integrated Steel (I) Limited

Shri Naveen Gupta being eligible offers himself for re-appointed. Born on 6th March, 1949. Shri Naveen Gupta is B.Sc. (Chemical Engineering). He possess rich experience of implementation of projects in food industry. He is also on the Board of Directors of Ruchi Worldwide Limited.

(b) Board procedures

During the financial year 2005-2006, the Board of Directors met eleven times on the following dates: 12th April, 2005, 30th April, 2005, 13th June, 2005, 30th July, 2005, 11th August, 2005, 15th September, 2005, 31st October, 2005, 10th December, 2005, 11th January, 2006, 31st January, 2006 and 30th March, 2006. 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 following table gives the attendance record of all the Directors at the board meetings held during the financial year 2005-2006 and at the last Annual General Meeting held on 29th September, 2005.

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.