



RUCHI INFRASTRUCTURE LTD



RUCHI INFRASTRUCTURE LIMITED

706, Tulsiani Chambers, Nariman Point, Mumbai 400021

www.ruchiinfrastructure.com

**Annual Report
2006-2007**

RUCHI INFRASTRUCTURE LIMITED

ANNUAL REPORT 2006-2007

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

Axis 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 Third 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 Saturday, the 29th September, 2007 at 1.00 P.M. to transact the following Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended 31st March, 2007 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 K.P. Mandhana, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

Registered Office :

Ruchi Infrastructure Ltd.

706, Tulsiani Chambers, Nariman Point,

Mumbai- 400 021.

August 30, 2007

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. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 22nd September, 2007 to Saturday, the 29th September, 2007 (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 is 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.

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2007.

FINANCIAL RESULTS:

	2006-2007	(Rs. in Crores) 2005-2006
Sales & Services	874.98	654.97
Profit before Depreciation & Taxation	37.84	36.85
Less: Depreciation	10.95	12.17
Profit before Taxation	26.89	24.68
Less: Provision for tax	7.25	3.89
Less: Provision for deferred tax	(0.73)	(1.15)
Less: Provision for fringe benefit tax	0.10	0.07
Profit after Taxation	20.27	21.87
Add: Balance brought forward from previous year	6.54	1.99
Amount available for appropriation	26.81	23.86
APPROPRIATIONS:		
General Reserve	15.00	15.00
Dividend on Preference Shares	2.11	* —
Dividend on Equity Shares	2.03	2.03
Tax on Dividend	0.70	0.29
Surplus Carried to Balance Sheet	6.97	6.54
	26.81	23.86

* Rs.28,439/- on pro-rata basis

DIVIDEND:

Your Directors are pleased to recommend payment of dividend as under:

	(Rs.in Crores)
(i) 6% (Rs.6/- per share) on 54,60,613 Redeemable Cumulative Preference Shares of Rs.100/- each as under:	
(a) On 17,33,345 Redeemable Cumulative Preference Shares @ Rs.6/- per share	1.04
(b) On 37,27,268 Redeemable Cumulative Preference Shares on pro-rata basis @ Rs.2.86 per share	1.07
(ii) 10% (Re.0.10 per share) on 20,29,82,800 Equity Shares of Re.1/- each	2.03
Total:	4.14

* Rs.28,439/- on pro-rata basis

The total outgo on account of dividend and tax thereon amounts to Rs.4.84 Crores as against Rs.2.32 Crores in previous year.

OPERATION:

During the year under review, the Company has recorded a total income of Rs.874.98 Crores (Rs.654.97 Crores for the Previous Year). The Company has registered a Gross Profit of Rs.37.84 Crores (Rs.36.85 Crores for the Previous Year). The Company has posted a Net Profit of Rs.20.27 Crores during the Current Financial Year (Rs.21.87 Crores for the Previous Year).

ISSUE OF FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs):

Pursuant to the approval accorded by the members through Special resolution passed at the Extra-ordinary General Meeting held on 14th July, 2006, the company raised USD 40 million on 5th February, 2007, through an issue of FCCBs due in 2012. The FCCBs have a maturity of five years and one day from the date of issue and is listed at Singapore Exchange Limited. The FCCBs, if fully converted into Equity Shares at the conversion price of Rs.47/- per share, will result in increase in capital of the Company by 3,76,51,064 Shares.

The said FCCBs are convertible by Bondholders into Equity Shares at any time after the issue date upto the close of the business on 19th January, 2012.

QUALITY RECOGNITIONS:

During the year the manufacturing facility of the Company located at Kakinada has been awarded the certification of ISO 14001 - 2000 certifying the establishment of an environmental management system that is in compliance with the International Environment Management Standard. Further this facility has also been awarded OHSAS 18000: 1999 for having established Health and Safety Management Systems that is in compliance with these standards. These certifications reflect the commitment of the Company for maintaining world class standards in environment protection and ensuring a safe working environment for all its stakeholders.

FUTURE OUTLOOK:

Having established the storage infrastructure business across strategic locations in the country, the Company has chalked out ambitious plans to capitalize the growing opportunities and participate in all the facets of the infrastructure business. Some of the important areas under active consideration/implementation are as under:

- Enhancing logistics solutions for storage of edible oils, petrochemicals and other chemicals/liquids.
- Setting up of storage and agricultural marketing infrastructure in rural areas.
- Participating in infrastructural development for township, commercial and residential spheres.
- Foraying into shipping business.
- Exploring the possibility of acquisition/setting up of storage terminals at overseas locations.

DIRECTORS:

Shri K.P. Mandhana retires by rotation in accordance with the provisions of Articles of Association of the Company and being eligible, offers himself 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, 2007, 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 2006-2007 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, 2007 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 30, 2007

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 had taken effective steps to conserve energy in its manufacturing processes.

	Current Year 2006-2007	Previous Year 2005-2006
(A) Power and Fuel Consumption:		
1. <i>Electricity</i>		
(a) Purchased:		
Unit	98,35,798	90,89,395
Total Amount (Rs.)	3,39,78,326	3,23,20,610
Rate/Unit (Rs.)	3.45	3.56
(b) Own Generation:		
Through Diesel Generator		
Unit (KWH)	1,99,178	1,76,280
Units per Ltr. of Diesel Oil	3.49	3.38
Cost/Unit (Rs.)	9.84	9.35
2. <i>Fuel</i>		
(a) Husk:		
Purchased (Units MT)	21,138	20,370
Total Amount (Rs.)	3,59,46,478	3,48,68,959
Average Rate (Rs.)	1,701	1,712
(b) Diesel:		
Purchased (Units Ltr)	4,43,386	9,13,983
Total Amount (Rs.)	1,50,89,207	2,88,81,863
Average Rate (Rs.)	34.03	31.60
(c) Furnace Oil:		
Purchased (Units Ltr)	6,02,005	—
Total Amount (Rs.)	1,19,70,087	—
Average Rate (Rs.)	19.88	—
(B) Consumption per unit of production:		
Electricity (Unit)	64.41	70.60
Husk (MT)	0.14	0.16
Diesel (Ltr)	0.36	0.41
Furnace Oil (Ltr)	3.94	—

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

- Specific areas in which R & D carried out by the Company:*
 - Development of Interesterified vegetable oil for Bakery Industry.
 - Automatic determination of oxidative stability of Fats and Oils according to International Standards through Rancimat.
 - Process Automization.
- Benefits derived as a result of R & D:*
 - Penetrating in another market segment by launching Interesterified vegetable oil thereby increasing sales.
 - Achieved significant improvement in quality of different finished products.
 - Exercised Effective Process Controls thereby ensuring consistency in quality.
- Future plan of action:*
 - Development of Premium Quality Blended Vegetable Oils under "AGMARK" standards.
 - Further enlarge its existing product range to cater to different customers.
- Expenditure on R & D:*
Expenditure incurred on Research & Development are charged under primary heads of Accounts and not allocated separately.

(B) Technology absorption, adaptation & innovation:

- Efforts in brief made towards technology absorption, adaption and innovation:*
 - Improvement in quality of packing materials by installing Automatic Testing Machines.
 - Development of large product range and new products.
- Benefits derived:*
 - Increase in popularity of our products resulting into increase in market share.
 - Improvement in process and cost efficiency.

III. FOREIGN EXCHANGE EARNING & OUTGO :

(A) Foreign Exchange Earnings	(Rs.)	1,36,42,925	1,84,16,940
(B) Foreign Exchange Outgo	(Rs.)	231,87,45,843	205,11,04,439

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 30, 2007

DINESH SHAHRA
Director

Management Discussion and Analysis Report

INDUSTRY STRUCTURE AND DEVELOPMENT

Your Company is primarily engaged in the businesses of Storage infrastructure for handling bulk storage of liquid commodities such as edible oils, petroleum etc, Infrastructure Development and Refining of Edible oils and manufacture of Vanaspati.

There are 12 major ports in India which account for around 75 per cent of the total sea-borne traffic. Approximately 185 minor ports in India account for the remaining 25 per cent. As a consequence of liberalization measures and proactive policies of the government, the volumes of external trade has been increasing over a period of time. The demand for bulk liquid storage handling facilities, more particularly in port based areas, has been encouraging. The main commodities involved in the sea trade include petroleum, edible oils and liquid chemicals.

Availability of infrastructural support is a critical factor to continue the growth momentum and the Government is seized of the importance of the same. Also, the emphasis on rural trade and development will also demand rural infrastructural facilities conducive for growth.

The per capita consumption of Vegetable oils in India is low leaving ample scope for expansion in the market. The consumption of edible oil is around 12 Million M.T and approximately 35% to 40% of the domestic consumption is met by imports. As edible oil is an item of mass consumption, the growing disposable income will entail higher consumption of edible oil in future.

INDUSTRY OUTLOOK

India has posted strong GDP growth in the recent past. The Government has taken a number of initiatives to step up and sustain the GDP growth towards 10% in future. In this regard, infrastructure and agriculture are identified as the major thrust areas of need and contributing factors for the growing economy. The significant measures and policies initiated by the Government will enable the flow of investments in the infrastructure sector and will facilitate the overall growth.

One of the fundamental factors aiding the growth in the rural sector is rural infrastructure. The existing infrastructure for storage of agricultural commodities is not commensurate with the agricultural growth targetted by the Government and therefore offers attractive business opportunities in this segment. Also, efficient storage and handling facilities will ensure minimal wastage and spillage and improve productivity. Moreover, this will also enable the farming community to improve the realisation of the produce and reap the benefits on account of growth and efficiencies.

The introduction of Value Added Tax has provided the much needed uniformity and transparency in the industry. The Government has proactively responded in moderating import duties to neutralize the steep rise in the global prices of commodities. Considering the overall demand growth for edible oil, the import volumes are expected to grow to bridge the demand supply gap, in future.

BUSINESS STRATEGY

Your Company believes that infrastructure development especially in the fields of Storage facilities for Storage and transportation of Edible Oils, Petroleum, Liquid Bulk Chemicals present a huge growth opportunity for the future. The Company has a presence in six ports, strategically located to cater to all major states in India. Further your Company also has storage terminals in five inland locations. The company has been operating in this field for the past ten years and has a well established reputation in the industry. Our storage facilities are well connected to the railways to enable long distance supply and the port based facilities are integrated with ports to facilitate transportation by pipelines. We provide comprehensive and competitive supply chain solutions to our customers. We are one of the few companies in the bulk liquid infrastructure industry having operations across India.

As an extension to the present storage infrastructure development business, the Company has forayed into the field of Agricultural Warehousing. Your Company has identified construction of strategically located Agricultural Warehouses and providing agricultural marketing Infrastructure as future growth areas.

The state of the art production facility of the company for refining of edible oils and manufacture of Vanaspati is located at Kakinada in Andhra Pradesh State. This facility has the distinction of having certification of ISO 9001-2000 certifying the achievement of stringent quality parameters. Further we also have received certifications of ISO 14001-2004 for having established an environmental management system that is in compliance with the International Environment Management Standard and OHSAS 18001:1999 for establishing health and safety management system that is in compliance with these standards. These certifications reflect the continuing commitment of the Company to provide highest quality products at competitive terms while maintaining world class standards in Environment Protection and ensuring a safe working environment for all its stakeholders. The Company has a significant market share in the states of Andhra Pradesh, Orissa and Chhatisgarh for Edible Oils and Vanaspati.

Thus the company, having established itself in the storage infrastructure business across the strategic locations in the country,

has chalked out ambitious plans to capitalize the growing opportunities and participate in all the facets of the infrastructure business. Some of the important areas under active consideration/implementation are as under:

- Enhancing logistics solutions for storage of edible oils, petrochemicals and other chemicals/liquids.
- Setting up of storage and agricultural marketing infrastructure in rural areas.
- Participating in infrastructural development for township, commercial and residential spheres.
- Foraying into shipping business.
- Exploring the possibility of acquisition/setting up of storage terminals at overseas locations.

RISKS & CONCERNS

The volatility in real estate market conditions may increase the project cost for Infrastructure initiatives. However, the Company, drawing on its decade long experience in setting up of storage terminals across the length and breadth of India, will employ considerable skill in identifying the opportunities well in advance for acquiring/setting up the facilities at strategic locations in time, acquiring land at reasonable prices.

In the Edible Oil business, the Company has exposures to commodity and currency fluctuations on its major raw materials, a significant portion of which is imported. The Company will continue to adopt proactive hedging strategies and utilize appropriate hedging mechanisms and instruments, on an ongoing basis.

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.

FINANCIAL REVIEW AND ANALYSIS

(Rs. in Crores)

Highlights	2006-2007	2005-2006
Sales and Services	874.98	654.97
Operating Profit (PBDIT)	36.63	38.56
Depreciation	10.95	12.17
Interest	(1.21)	1.71
Profit before Tax	26.89	24.68
Provision for Tax	6.62	2.82
Profit after Tax	20.27	21.87

REVENUE

Sales and Services recorded a growth of 33.59% to Rs.874.98 Crores as compared to Rs.654.97 Crores in 2005-2006. Sales of Edible Oils Division grew by 37.12% to Rs.851.14 Crores as compared to Rs.620.72 Crores. Revenues of Infrastructure Division rose by 41.11% to Rs.16.20 Crores as against Rs.11.48 Crores in 2005-2006.

OPERATING PROFIT

Profit before Depreciation, Interest & Taxation (PBDIT) was Rs.36.63 Crores as against Rs.38.56 Crores in 2005-2006. Profit for the year 2005-2006 included an amount of Rs.12.07 Crores resulting from sale of Investments, which was of a non recurring nature. Excluding the impact of this one time gain from earlier year's earnings, there was a growth in PBDIT of 38.28% as compared to 2005-2006.

NET PROFIT

Despite a higher provision for taxation of Rs.6.62 Crores as against Rs.2.82 Crores in 2005-2006, Profit after Tax for the year stood at Rs.20.27 Crores as compared to Rs.21.87 Crores in 2005-2006.

SEGMENT PERFORMANCE

The various segments identified by the Company are as under:

- Oils : Crude Oils, Refined Oils and Vanaspati.
- Infrastructure : Storage.
- Property : Construction, Development Rights.
- Others : Soaps, Other un allocable items.

The detailed Segment-wise Performance is given in Note 19 to Schedule 15 to the Audited Annual Accounts of the Company.

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 entered into with the Stock Exchanges.

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 are met with.

(a) Composition

The Board of RIL consists of five Non-Executive Directors. Out of the five Non-Executive Directors two are independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Shri K.P. Mandhana retires by rotation in terms of provisions of Section 256 of the Companies Act, 1956. Shri K.P. Mandhana, being eligible, offers himself for re-appointment. Born on 1st February, 1962, Shri K.P. Mandhana is a Fellow of Institute of Chartered Accountants of India. He is a practicing Chartered Accountant with 20 years of experience.

(b) Board procedures

During the financial year 2006-2007 the Board of Directors met ten times on the following dates: 29th April, 2006, 11th May, 2006, 20th June, 2006, 31st July, 2006, 22nd August, 2006, 9th October, 2006, 31st October, 2006, 5th January, 2007, 31st January, 2007 and 2nd March, 2007. 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 2006-2007 and at the last Annual General Meeting held on 27th September, 2006.

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	Number of 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)
Shri Dinesh Shahra	Promoter Non-Executive	10	Yes	5(0)	0(0)
Shri P.S. Santhanakrishnan	Independent Non-Executive	3	No	5(1)	6(2)
Shri Naveen Gupta	Non-Executive	4	No	1(0)	0(0)
Shri K.P. Mandhana	Independent Non-Executive	5	Yes	0(0)	0(0)
Shri Dinesh Khandelwal	Non-Executive	8	Yes	0(0)	0(0)