

**26TH ANNUAL REPORT
2009-2010**



Ruchi

RUCHI INFRASTRUCTURE LIMITED

Powering Growth

Ruchi

Ruchi Infrastructure Limited

708, Tulsiani Chambers, Narfman Point, Mumbai - 400 021.
www.ruchinfrastructure.com

RUCHI INFRASTRUCTURE LIMITED

ANNUAL REPORT 2009-2010

Board of Directors

Mr. Dinesh Shahra
Mr. Mahendra Prasad Sharma (Whole-time Director)
Mr. Naveen Gupta
Mr. Dinesh Khandelwal
Mr. Kanta Prasad Mandhana
Mr. Navamani Murugan
Mr. Sajeve Deora (with effect from 13th November, 2009)
Mr. Navin Khandelwal (with effect from 13th November, 2009)

Company Secretary

Mr. Ashish Mehta

Auditors

M/s. M. M. Singla & Co.
Chartered Accountants

Bankers

Axis Bank Limited
The Karur Vysya Bank Limited
Corporation Bank
Development Credit Bank Limited

Registrar & 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 Sixth 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 30th September, 2010 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, 2010 and the Profit & Loss Account for the year ended 31st March, 2010 together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Preference and Equity Shares.
3. To appoint a Director in place of Mr. Dinesh Khandelwal, 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.

SPECIAL BUSINESS :

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

"RESOLVED THAT Mr. Sajeve Deora, who was appointed as Additional Director on 13th November, 2009 by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Mr. Navin Khandelwal, who was appointed as Additional Director on 13th November, 2009 by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director 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 in terms of provisions of Section 372A of the Companies Act, 1956, the approval of members of the Company be and is hereby accorded to invest, make loan and/or give guarantee in excess of the limits provided under Section 372A, provided that the aggregate of such investments, loans and guarantees shall not exceed Rs.750 Crores.

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

Registered Office :

Ruchi Infrastructure Limited

706, Tulsiani Chambers, Nariman Point,
Mumbai - 400021.
August 30, 2010

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. An Explanatory Statement pursuant to provisions to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out in Item No. 5 to 7 are annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 27th September, 2010 to Thursday, the 30th September, 2010 (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 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 Saturdays 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. Pursuant to Section 205A of the Companies Act, 1956, dividend that remains unpaid or unclaimed for a period of seven years are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Section 205C of the Companies Act, 1956 provides that no claims shall lie against the IEPF or the Company in respect of individual amounts which were unclaimed or unpaid for seven years as aforesaid and transferred to the Fund. Therefore, members who have not encashed their dividend warrant for the earlier years are requested to get their dividend warrant revalidated and encash the same.

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

Item No. 5

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 82(1) of the Articles of Association of the Company, Mr. Sajeve Deora was appointed as an Additional Director on the Board of Directors of the Company with effect from 13th November, 2009. Being an Additional Director of the Company, he holds office up to the date of this ensuing Annual General Meeting. The Company has received a notice from a member, along with a deposit in terms of Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company.

The Board recommends the Ordinary Resolution for your approval. None of the Directors other than Mr. Sajeve Deora may be deemed to be interested or concerned in passing of the Ordinary Resolution.

Item No. 6

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 82(1) of the Articles of Association of the Company, Mr. Navin Khandelwal was appointed as an Additional Director on the Board of Directors of the Company with effect from 13th November, 2009. Being an Additional Director of the Company, he holds office up to the date of this ensuing Annual General Meeting. The Company has received a notice from a member, along with a deposit in terms of Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company.

The Board recommends the Ordinary Resolution for your approval. None of the Directors other than Mr. Navin Khandelwal may be deemed to be interested or concerned in passing of the Ordinary Resolution.

Item No. 7

Having regard to the growth plans, the Company in its ordinary course of business may have to invest in high value infrastructure and related projects through special purpose vehicle companies or otherwise. The Company may have the business need of having investment in excess of the limits prescribed under Section 372A, which requires approval of members of the Company by way of Special Resolution. The Board recommends to pass the resolution as Special Resolution.

None of the directors of the Company is interested in the resolution.

Registered Office :

Ruchi Infrastructure Limited

706, Tulsiani Chambers, Nariman Point,
Mumbai - 400021.
August 30, 2010

By order of the Board of Directors

Ashish Mehta
Company Secretary

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS :

	2009-2010	(Rs. in Crore) 2008-2009
Sales & Services	<u>1,463.95</u>	<u>1,173.28</u>
Profit before Depreciation, Tax & Exceptional Items	52.82	5.41
Less: Depreciation	23.98	20.76
Profit before Tax & Extraordinary	28.84	(15.35)
Less: Provision for Tax	4.60	—
Less: Provision for deferred tax	(0.56)	2.10
Less: Provision for fringe benefit tax	—	0.13
Profit after Taxation	24.80	(17.58)
Add: Extraordinary Items (Net of Tax)	9.75	5.65
Net Profit after Tax	34.55	(11.93)
Add: Balance brought forward from previous year	4.13	21.32
Amount available for appropriation	<u>38.68</u>	<u>9.39</u>
APPROPRIATIONS :		
General Reserve	10.00	—
Dividend on Preference Shares	3.28	3.28
Dividend on Equity Shares	1.63	1.22
Tax on Dividend	0.83	0.76
Surplus Carried to Balance Sheet	<u>22.94</u>	<u>4.13</u>
	<u>38.68</u>	<u>9.39</u>

DIVIDEND :

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

	2009-2010	(Rs. in Crore) 2008-2009
(i) 6% (Rs.6/- per share) on 54,60,613 Cumulative Redeemable Preference Shares of Rs.100/- each	3.28	3.28
(ii) 8% (Re.0.08 per share) on 20,36,59,942 Equity Shares of Re. 1/- each for the financial year under review as against 6% (Re.0.06 per share) on 20,29,82,800 Equity Shares of Re.1/- each for the previous year	1.63	1.22
Total:	<u>4.91</u>	<u>4.50</u>

The total outgo on account of dividend and tax thereon amounts to Rs.5.74 Crore as against Rs.5.26 Crore in the previous year.

OPERATIONS :

During the year under review, the sales and services of your Company have increased to Rs.1,463.95 Crores from Rs.1,173.28 Crores in the previous year, recording a growth of 25%. The Company's Profit before depreciation, tax and exceptional items increased to Rs.52.82 Crores from Rs.5.41 Crores in the previous year reflecting a healthy growth. Your Company has posted a Net profit of Rs.34.55 Crore during the current financial year (Net loss of Rs.11.93 Crore for the Previous Year). Increase in profit is mainly due to improved performance of the Oil Division.

FUTURE OUTLOOK :

The company is optimally utilising the refining facilities at Kakinada, A.P., strengthening the sales and distribution channel and improved retail sales volume. In view of the current economic and rural income growth, coupled with expected increase in oil consumption patterns, the future seems lucrative potential for the value added products of the Company.

The Company is looking at active participation & focus with respect to development of modern warehousing & construction of silos for storage of various agri-commodities as well as augmenting storage facilities for liquid cargo at ports & potential inland locations.

Growth in Infrastructure is critical for the rapid economic growth of India. The Company has engaged itself in this direction of growth by showing more active participation in Real Estate business / township development / commercial & residential premises.

DIRECTORS :

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 82(1) of the Articles of Association of the Company, Mr. Sajeve Deora was appointed as an Additional Director on the Board of Directors of the Company with effect from 13th November, 2009. The Company has received a notice from a member, along with a deposit in terms of Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 82(1) of the Articles of Association of the Company, Mr. Navin Khandelwal was appointed as an Additional Director on the Board of Directors of the Company with effect from 13th November, 2009. The Company has received a notice from a member, along with a deposit in terms of Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company.

Mr. Dinesh Khandelwal retires by rotation in accordance with the provisions of Articles of Association of the Company and being eligible, offers himself for re-appointment. As per clause (IV)(G) of the Listing Agreement, the information in detail about Mr. Dinesh Khandelwal is included in the Corporate Governance Report.

SUBSIDIARY COMPANIES :

The Report of Directors and Statement of Accounts of subsidiary Peninsular Tankers Pvt. Ltd., RIFL Energy Pvt. Ltd. and Ruchi Resources Pte. Ltd. together with the Auditors' Report thereon, are attached. The requisite statement pursuant to Section 212 of the Companies Act, 1956, related to these subsidiary companies is also attached herewith.

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, 2010 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 2009-2010 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, 2010 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES :

Particulars of employees as required to be furnished pursuant to Section 217(2A) of the Companies Act, 1956, read with the rules there under, form part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to all the shareholders of your Company excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy, may write to the Company Secretary.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, details relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the Annexure forming part of the Directors' 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 your Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 30, 2010

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 for the year ended 31st March, 2010.

I. CONSERVATION OF ENERGY :

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

During the year the manufacturing unit of the Company located at Kakinada (Andhra Pradesh) has been awarded the first prize in the Edible Oil/ Vanaspati Sector for the National Energy Conservation Awards – 2009 for initiatives taken in Energy Conservation. The award reflects the continuing commitment of the Company towards the Energy Conservation.

	2009-2010	2008-2009
(A) Power and Fuel Consumption :		
1. Electricity		
(a) Purchased :		
Unit	1,11,48,545	1,10,97,787
Total Amount (Rs.)	3,73,46,253	3,65,70,191
Rate/Unit (Rs.)	3.35	3.30
(b) Own Generation :		
Through Diesel Generator		
Unit (KWH)	7,67,076	4,39,413
Units per Ltr. of Diesel Oil	3.53	3.50
Cost/Unit (Rs.)	10.06	9.91
2. Fuel		
(a) Husk :		
Purchased (Units MT)	27,550	28,343
Total Amount (Rs.)	6,53,64,398	6,83,59,386
Average Rate (Rs.)	2,373	2,412
(b) Diesel:		
Purchased (Units Ltr)	15,432	25,723
Total Amount (Rs.)	5,48,513	8,91,937
Average Rate (Rs.)	35.54	34.67
(B) Consumption per unit of production :		
Electricity (Unit)	49.85	57.49
Husk (MT)	0.12	0.14
Diesel (Ltrs)	0.91	0.63

II. TECHNOLOGY ABSORPTION :

(A) Research & Development (R & D) :

1. Several experiments has been carried out for better quality tests of Poly films used for packing and certain more tests like Tensile, Opacity, Dart Impact, Kinetic co-efficient & Friction tests has been further introduced and made mandatory for all incoming Poly films to be used for Oils & Vanaspati packing. This has resulted to maintain better consistency of quality of packing goods.
2. Time & Motion study has been carried out at manufacturing and shifting of empty plastic jars to packing machines, accordingly the lay out of Jar manufacturing machine has been modified with installation of Spiral Chute so as to reach the empty jars at the mouth of Jar filling machine involving extra man power.
3. An innovative idea has been put to use for making best use of discharged cold water from chiller by diverting it to separators engaged in dewaxing of soft oils.

(B) Benefits derived as a result of R & D :

1. Consistency in Quality of Packed goods well appreciated and accepted by market resulting in higher volumes of packed goods.
2. Cost involved in transportation and handling of empty jars eliminated.
3. Cost of power involved in reducing temperatures of water for separators reduced.

(C) Future plan of Action :

1. Installation of Vacuum pump replacing Steam operated Booster Ejector system, results in substantial reduction in consumption of steam & power.
2. Installation of Balder Motors to replace the gear boxes resulting in saving of Operation & Maintenance cost much lower than presently used gear boxes.

III. FOREIGN EXCHANGE EARNINGS & OUTGO :

	2009-2010	(Rs. in Crore) 2008-2009
(A) Foreign Exchange Earnings	3.03	1.36
(B) Foreign Exchange Outgo	458.71	422.67

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 30, 2010

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 & dry commodities such as edible oils, petroleum products, wheat, soybean & its value added products, cotton, sugar etc., Infrastructure Development and Refining of Edible oils and manufacture of Vanaspati.

In view of the growing linkages of India with the global economy, and as a consequence of liberalization measures and proactive policies of the government, the volumes of external trade have been showing significant uptrend. The demand for bulk liquid storage handling facilities, more particularly in port based areas, has been rising. The main commodities involved in the sea trade include petroleum products, edible oils and liquid chemicals.

Keeping in view the focus of the Indian Government on the rural economy and the farm sector, the demand for storage facilities in rural areas is also increasing. Agricultural marketing has assumed increasing importance in the wake of ushering in second Green Revolution, improving the living standards of farm families, making India hunger-free and turning poverty into history in the shortest possible time. The new policies for setting up storage infrastructure under PPP mode with long term commitments for use of infrastructure will facilitate development in this sector. In this backdrop the company would look at setting up silos & modern warehouses in the high demand & growth areas.

The Per capita consumption of Vegetable oils in India is low leaving ample scope for expansion in the market. Despite the unprecedented rise in prices of agricultural commodities witnessed in the past year, the demand for these products has been increasing steadily. The consumption of edible oils would rise to 18.1 million tonnes, 19 percent higher than 2008-2009 leading to domestic demand rising to 15 million tonnes a year. As edible oil has mass consumption, the growing disposable income will entail higher consumption of edible oil in future.

INDUSTRY OUTLOOK

The existing infrastructure for storage of agricultural commodities has the propensity to scale up in the long run. The long term potential for growth in infrastructure and agriculture sectors is, therefore, promising and the demand for infrastructural requirements is likely to grow in future. The Government is making all measures to maintain growth momentum and to facilitate investments in infrastructure. Rural Infrastructure, in particular, has been identified as one of the priority sectors in view of the positive cascading impact that the growth in this sector has on the other sectors of the economy.

Based on analysis of the existing Agriculture Marketing System, Policies and Trade Dynamics, there is scope for improving the efficiency through avoidable wastage, value addition, developing alternate markets, segregation of produce according to the quality and increasing quality consciousness amongst the farmers and other stake holders along the value chain. Also, efficient storage and handling facilities will ensure minimal wastage and spillage and improve productivity. This will enable the farming community to improve the realization of the produce and reap the benefits on account of growth and efficiencies.

The Indian Edible oil sector is, by and large, a price conscious and price sensitive market as a substantial part of consumption takes place at the bottom end of the pyramid. The propensity to consume also changes with the changes in prices of edible and availability of disposable income. With rising incomes, food remains an important item of expenditure to warrant large share of incremental spending. Edible oil is and will remain an important constituent of dietary plan despite varied eating habits and methods of cooking all over the country. The demand for edible oil in India is expected to grow in near 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. Your 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. Your Company has been operating in this field for over a decade 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.

Your Company had forayed into the field of Agricultural Warehousing and Rural Business Hubs, which was guided by principles of Direct Sourcing from farmers, Cleaning, Grading, Packing, Processing, Scientific Storage and pro-actively promoting grading and standardization through capacity building and infrastructure creation. The first phase of the project has been completed & there is full utilization of the storage infrastructure.

The state of the art production facility of your Company for refining of Edible Oils and manufacture of Vanaspati is located at Kakinada in Andhra Pradesh State. Your Company has a significant market share in the states of Andhra Pradesh, Orissa and Chhatisgarh for Edible Oils and Vanaspati.