27th Annual Report

2010-2011

Ruchi

Ruchi Infrastructure Limited

RUCHI INFRASTRUCTURE LIMITED

ANNUAL REPORT 2010-2011

Board of Directors
Mr. Dinesh Shahra
Mr. Naveen Gupta
Mr. Dinesh Khandelwal
Mr. Kanta Prasad Mandhana
Mr. Navamani Murugan
Mr. Sajeve Deora
Mr. Mahendra Prasad Sharma (till September 9, 2010)
Mr. Navin Khandelwal (till August 9, 2011)
Mr. Vijay Kumar Jain (with effect from November 10, 2010)

Company Secretary
Mr. Ashish Mehta

Auditors
M/s. Ashok Khasgiwala & Co.,
Chartered Accountants

Bankers
Axis Bank Limited
The Karur Vysya Bank Limited
ICICI Bank Limited
Corporation Bank

Registrar & Share Transfer Agent
Sarthak Global Limited
170/10, Film Colony,
R.N.T. Marg,
Indore - 452001.

Registered Office
615, Tulsiani Chambers, Nariman Point,
Mumbai - 400021.

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Notice

NOTICE is hereby given that the Twenty Seventh 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 - 400018 on Friday, September 30, 2011 at 1.00 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the year ended March 31, 2011 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. Naveen Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Navamani Murugan, 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 Mr. Vijay Kumar Jain, who was appointed as an Additional Director on November 10, 2010 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, liable to retire by rotation."

Registered Office :
Ruchi Infrastructure Limited
615, Tulsiani Chambers, Nariman Point,
Mumbai - 400021.
August 27, 2011

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 of Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out in Item No. 6 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday September 26, 2011 to Friday, September 30, 2011 (both days inclusive), to ascertain the entitlement of dividend declared, if any.
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. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company provides the facility of payment of dividend through ECS. Members desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agent.
9. Securities and Exchange Board of India (SEBI) vide Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 has mandated Permanent Account Number (PAN) for transfer of shares in physical form. Members holding shares in physical form may submit a copy of their PAN card to the Company/Registrar and Share Transfer Agent.
10. Pursuant to Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unpaid/ unclaimed dividends up to the financial year ended March 31, 2003 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The unpaid/unclaimed dividend declared for the financial year ended March 31, 2004 and as declared at the Annual General Meeting held on September 27, 2004, is due to be transferred to the Investor Education and Protection Fund. Members who have not encashed such dividend are requested to get their dividend warrant revalidated.
11. The members of the Company are requested to provide their email address for serving by electronic mode the notice/ documents as a part of the Green Initiative in Corporate Governance introduced by the Ministry of Corporate Affairs vide Circular No. 17/2011 & 18/2011 dated April 21, 2011 and April 29, 2011 respectively. The said information/ request can be sent by members to M/s. Sarthak Global Limited, the Registrar and Share Transfer Agent email id at investors@sarthakglobal.com or at the Company's email id at ruchiinfrasecretarial@ruchigroup.com.

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

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. Vijay Kumar Jain was appointed as an Additional Director on the Board of Directors of the Company with effect from November 10, 2010. Being an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. The Company has received a notice along with a deposit in terms of Section 257 of the Companies Act, 1956, from a member, 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. Vijay Kumar Jain may be deemed to be interested or concerned in passing of this Resolution.

Registered Office :
Ruchi Infrastructure Limited
615, Tulsiani Chambers, Nariman Point,
Mumbai - 400021.
August 27, 2011

By order of the Board of Directors

Ashish Mehta
Company Secretary

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Seventh Annual Report together with the audited statement of accounts of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS :

		(Rs. in Crore)
	2010-2011	*2009-2010*
Sales & Services	**1,756.44**	*1,466.75*
Profit before depreciation, tax & extraordinary items	**49.94**	*52.82*
Less : Depreciation	**26.18**	*23.98*
Profit before prior period adjustments, tax & extraordinary items	**23.76**	*28.84*
Less : Prior period adjustments	**0.55**	—
Profit before tax	**23.21**	*28.84*
Less : Provision for current tax	**6.85**	*4.60*
Less : Provision for deferred tax	**(2.65)**	*(0.56)*
Less : Short/(Excess) provision for taxation of earlier year	**(0.17)**	—
Profit after tax before extraordinary items	**19.18**	*24.80*
Add : Extraordinary item (net of tax)	**1.16**	*9.75*
Profit after tax	**20.34**	*34.55*
Add : Balance brought forward from previous year	**22.94**	*4.13*
Amount available for appropriation	**43.28**	*38.68*
APPROPRIATIONS :		
General reserve	**10.00**	*10.00*
Dividend on preference shares	**3.28**	*3.28*
Dividend on equity shares	**1.64**	*1.63*
Tax on dividend	**0.80**	*0.83*
Surplus carried to balance sheet	**27.56**	*22.94*
	43.28	*38.68*

DIVIDEND :

Your Directors recommend dividend on 54,60,613 - 6% Non Convertible Cumulative Redeemable Preference Shares of Rs.100/- each amounting to Rs.3.28 Crore.

Your Directors also recommend dividend of 8% (Re.0.08 on face value of Re.1/-) on equity capital of Rs.20.52 crore for the year under review as against 8% (Re.0.08 on face value of Re.1/-) for the previous year. The total outgo on account of dividend and tax thereon amounts to Rs.5.72 Crore as against Rs.5.74 Crore in the previous year.

OPERATIONS :

During the year under review, the sales and services of your Company have increased to Rs.1,756.44 Crores from Rs.1,466.75 Crores in the previous year, recording a growth of over 19%. In view of intense competition and challenging business environment, the Operating Profit has been recorded at Rs.49.94 Crores aginst Rs.52.82 Crores in previous year. Due to decline in the extraordinary item income in the year under review, the profit after tax is recorded at Rs.20.34 Crores in comparison to Rs.34.55 Crores for the previous year.

FUTURE OUTLOOK :

The demand for edible oil in India has been stable and growing in line with the higher disposable income. In view of the demand- supply gap, over 53% of the domestic edible oil consumption is met by imports and the share is expected to increase in future. Your company is hopeful of utilizing the port based edible oil refining facility at Kakinada, Andhra Pradesh State at a higher level in future.

The operations with respect to Agri-Warehouses in Madhya Pradesh have stabilized. In the backdrop of the current economic scenario regarding availability of food and food prices, Food Security Act, Government initiatives for encouraging modern warehousing and anticipated demand for development of back-end for retail, the Company would like to expand the foot-print further and emerge as a leader in the area of storage of various kinds of agri-commodities.

The new policies and developments in the market are expected to generate not only higher revenues, but also fixed and long-term demands for storage space and allied services, for which the Company has already established a sound base.

Your company has been allotted 14,550 sq. mtrs. of land by Kandla Port Trust for construction of Liquid Storage Tanks recently. Keeping in view the demand for Liquid storage at port based areas, your company is looking forward to set up substantial additional storage capacity for liquid cargo in the years to come.

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. Vijay Kumar Jain was appointed as an Additional Director on the Board of Directors of the Company with effect from November 10, 2010. 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. Naveen Gupta and Mr. Navamani Murugan retires by rotation in accordance with the provisions of Articles of Association of the Company and being eligible, offers themselves for re-appointment.

As per Clause 49(IV)(G) of the Listing Agreement, the information in detail about Mr. Naveen Gupta and Mr. Navamani Murugan, the retiring Directors at the ensuing Annual General Meeting, is given in para 2 of the Corporate Governance Report.

SUBSIDIARY COMPANIES :

The Company has complied with the conditions of General Circular No. 2 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India and availed exemption from compliance of Section 212 of the Companies Act, 1956. Hence, the annual accounts of the subsidiary companies, directors and auditors reports thereon, do not form part of the Annual Report of the Company.

The Company undertakes to provide annual accounts of the subsidiary companies and the related detailed information to shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholder at the registered office of the holding company and of the subsidiary companies concerned.

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 March 31, 2011 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 2010-2011 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 March 31, 2011 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES :

There is no employee, particulars of which is required to be furnished pursuant to Section 217(2A) of the Companies Act, 1956, read with the rules there under.

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 :

Members of the Company on August 1, 2011 appointed, by way of postal ballot, M/s. Ashok Khasgiwala & Co., Chartered Accountants as the statutory auditors of Company to fill up the casual vacancy in the office of statutory auditors of the Company. The Auditors M/s. Ashok Khasgiwala & 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 27, 2011

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 March 31, 2011.

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 2010-2011	*Previous Year 2009-2010*
(A) Power and Fuel Consumption :		
1. *Electricity*		
(a) Purchased :		
Unit	**1,06,40,935**	*1,11,48,545*
Total Amount (Rs.)	**4,47,71,010**	*3,73,46,253*
Rate/Unit (Rs.)	**4.21**	*3.35*
(b) Own Generation :		
Through Diesel Generator		
Unit (KWH)	**5,09,543**	*7,67,076*
Units per Ltr. of Diesel Oil	**3.46**	*3.53*
Cost/Unit (Rs.)	**11.64**	*10.06*
2. *Fuel*		
(a) Husk :		
Purchased (Units MT)	**24,688**	*27,550*
Total Amount (Rs.)	**6,92,81,172**	*6,53,64,398*
Average Rate (Rs.)	**2,806**	*2,373*
(b) Diesel :		
Purchased (Units Ltr)	**2,50,327**	*15,432*
Total Amount (Rs.)	**1,00,91,029**	*5,48,513*
Average Rate (Rs.)	**40.31**	*35.54*
(B) Consumption per unit of production :		
Electricity (Unit)	**52.44**	*49.85*
Husk (MT)	**0.12**	*0.12*
Diesel (Ltrs)	**0.69**	*0.91*

II TECHNOLOGY ABSORPTION

A. Research & Development (R&D) :

I. Introduction of High Speed Mechanical latest technology packing machines like Prism 40 & Olusum for higher productivity and lesser operating cost, and utility consumption.

II. Re-engineering the packing units for reduction in number of packing machines from 39 to 16 numbers and achieving same productivity with lesser manpower and utility consumption resulting in cost savings.

III. Installation of heat exchangers in between final DEO oil at high temperature with olien to save the thermal energy.

B. Benefits derived as a result of R&D :

I. Better consistent quality product at optimum cost.

II. Reduction of dependency on unskilled labour.

III. Reduction of thermal energy due to heat exchangers.

C. Future Plan of Action :

I. Considering the cost escalation for getting man power and shortage of man power we are planning to introduce mechanized stacking and loading of packed goods.

II. Re engineering of Tin manufacturing unit by doing more mechanization of Tin flow to reduce the man power cost and improve the quality.

III. Planning to introduce COVACSIS RTPD Software for better productivity and reduction in wastage and improved cost savings.

IV. Installation of softeners for cooling tower water to reduce the chances of scaling in heat exchangers.

III. FOREIGN EXCHANGE EARNING & OUTGO :

(Rs. in Crore)

	2010-2011	*2009-2010*
(A) Foreign Exchange Earnings	**31.88**	*3.03*
(B) Foreign Exchange Outgo	**533.25**	*460.78*

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 27, 2011

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 domestic edible oil consumption has been steadily growing and is estimated to be over 16 million MT in the current year. While the growth in population and disposable income (due to economic growth) resulting in higher consumption, the supply growth has been primarily lower due to relative stagnancy in the domestic oil seed output. In order to bridge the growing demand- supply gap in edible oil, the volumes of import of edible oil have gone up from 5.4 Million MT (2006-07)to 8.5 Million MT (2010-11) over the last five years. This has improved the capacity utilisation of the port based edible oil refining facilities in the country. The share of palm segment in the import of oil has gone up from 3.6 Million MT (2006-07) to 6.5 Million MT(2010-11) over the last five years due to favorable price dynamics and higher demand of the cost conscious consuming population in the country.

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 economic growth is expected to be commodity intensive in future. The food sector, one of the major growth sectors of the Indian economy, is essentially commodity oriented. Edible oil is and will remain an important constituent of dietary plan despite varied eating habits and varied methods of cooking across the different states/regions in the country. The demand for edible oil in India is relatively stable and growing in line with the higher disposable income. Keeping in view the steady average rate of GDP growth (and the consequent Income growth) and the population growth expected in India, it is estimated that the domestic demand for edible oil, will also consequently rise. According to the industry estimates, the consumption of edible oil is expected to increase from the current level of 16 million MT to over 21million MT by the year 2015. Due to lower domestic supply, the import of edible oil will rise to meet the demand-supply gap.

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 etc., 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 and has 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.

The food grain output has been increasing and reached a record output of 232 million tonnes in 2010-11. In view of the good monsoon this year, the trend is likely to continue. This increased production coupled with the country's strategic needs to have higher buffer stocks than before will generate a higher demand for additional warehousing capacities. A large number of warehouses are over-aged and are not in line with the current norms. Their replacement and renovation is the need of the