



Ruchi Infrastructure Limited

29th Annual Report | 2012-13



RUCHI INFRASTRUCTURE LIMITED

ANNUAL REPORT 2012-2013

Board of Directors

Dinesh Shahra
Naveen Gupta
Dinesh Khandelwal
Kanta Prasad Mandhana
Navamani Murugan
Sajeve Deora
Vijay Kumar Jain

Company Secretary

Ashish Mehta

Auditors

Ashok Khasgiwala & Co.,
Chartered Accountants

Cost Auditors

K.G. Goyal & Co.,
Cost Accountants

Bankers

Axis Bank Limited
ICICI Bank Limited
Corporation Bank
YES Bank

Registrar & Share Transfer Agent

Sarthak Global Limited
170/10, Film Colony,
R.N.T. Marg,
Indore - 452 001.

Registered Office

615, Tulsiani Chambers, Nariman Point,
Mumbai - 400 021.

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FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Notice

Notice is hereby given that the Twenty Ninth 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 Friday, August 30, 2013 at 9.45 AM to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Profit & Loss Account for the year ended March 31, 2013 together with the reports of the Directors and Auditors thereon.
2. To declare dividend on Preference Shares and Equity Shares.
3. To appoint a Director in place of Mr. Kanta Prasad Mandhana, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dinesh Shahra, 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 in accordance with the provisions of Sections 269, 198 and 387 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 ('the said Act') (including any statutory modifications or re-enactments thereof) the consent of the members of the Company be and is hereby given for the appointment of Mr. Enikapati Srinivasulu, Manager (Production) of the Company as the 'Manager' of the Company in terms of provisions of Section 269 of the said Act with effect from February 27, 2013 up to March 31, 2016 on the remuneration, terms and conditions as mentioned in the explanatory statement.

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

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

"RESOLVED THAT in supersession to the resolution passed at the Twenty First Annual General Meeting of the Company held on September 29, 2005, consent of the Company, pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of moneys which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves not set apart for any specific purpose, provided that the maximum amount to be borrowed (apart from temporary loans) by the Board along with such existing borrowings shall not at any time exceed Rupees Two Thousand crores.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution and to settle any questions or disputes that may arise in relation thereto."

Registered Office:

Ruchi Infrastructure Ltd.

615, Tulsiani Chambers, Nariman Point,
Mumbai – 400 021

Date : May 30, 2013

Place : Mumbai

By order of the Board of Directors

Ashish Mehta
Company Secretary

Notice (Contd.)

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 OF THE COMPANY, THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. Explanatory statements pursuant to provisions of Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out in Item Nos. 6 and 7 are annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, August 27, 2013 to Friday, August 30, 2013 (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 copies of the Annual Report at the time of attending the Annual General Meeting.
6. All documents referred to in accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days, except Saturdays between 11.00 A. M. to 1.00 P.M. up to the date of 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 Annual General Meeting so as to enable the management to keep the information ready at the meeting.
8. Pursuant to the provisions of Sections 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend upto the financial year 2004-05 to the Investor Education and Protection Fund (the IEPF) established by the Central Government.
9. The Securities and Exchange Board of India (SEBI) has vide circular ref. no. MRD/DoP/Cir-05/2009 May 20, 2009 mandated Permanent Account Number (PAN) requirement for transfer of shares in physical form. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents.

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

Item No. 6

In terms of Sections 198 and 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (the Act), the Board of Directors of the Company, subject to approval of the members, has appointed Mr. Enikapati Srinivasulu as the Manager of the Company on the following terms and conditions subject to annual increment of upto 20% on gross remuneration:

1. Basic Salary : ₹ 16,816/- per month
2. House Rent Allowance : ₹ 6,726/- per month
3. Conveyance Allowance : ₹ 800/- per month
4. Child Education Allowance : ₹ 200/- per month
5. Other Allowance : ₹ 12,179/- per month
6. Re-imbursement of medical and vehicle maintenance as per the rules of the Company.
7. Leave travel allowance, leave encashment, contribution to provident fund, bonus and gratuity as per the policy of the Company.

Mr. Srinivasulu, aged 39 years has done B.Sc (Oil Technology). He is experienced in Edible oil refining; solvent extraction and possesses rich experience of 17 years in this field. He is associated with the Company/Group for last 7 years.

The appointment of Mr. Enikapati Srinivasulu as above requires approval of the members. The explanatory statement together with the accompanying notice should be treated as an abstract of the terms of the contract of appointment of the Manager in terms of provisions of Sub-Section (2) of Section 302 of the Companies Act, 1956.

The Board is of the opinion that the proposed appointment is in the interest of the Company and recommends the same for approval of members.

None of the Directors are concerned or interested in the passing of this resolution.

Item No. 7

At present, the Board of Directors of the Company is empowered to borrow to the extent of ₹ 1,000 crore (Rupees one thousand crore only) (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) by virtue of approval of members accorded by way of ordinary resolution passed at Twenty first Annual General Meeting held on September 29, 2005. In view of the expanding operations of the Company, the Board of Directors propose to increase the said limit to ₹ 2000 crores (Rupees two thousand crores).

In accordance with provisions of Section 293(1)(d) of Companies Act, 1956 approval of members of the Company is required for such borrowings (other than temporary loans), which may exceed the aggregate of paid-up capital and free reserves of the Company.

The Board recommends the members for passing of resolution as an Ordinary Resolution.

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

Registered Office:

Ruchi Infrastructure Ltd.

615, Tulsiani Chambers, Nariman Point,

Mumbai – 400 021

Date : May 30, 2013

Place : Mumbai

By order of the Board of Directors

Ashish Mehta
Company Secretary

Directors' Report

Dear Shareholders,

Your directors have pleasure in presenting the Twenty Ninth Annual Report together with the Audited Statement of accounts of the Company for the year ended March 31, 2013.

FINANCIAL RESULTS:

	2012-2013 (₹ in Crore)	2011-2012 (₹ in Crore)
Revenue from operations	2272.89	2964.27
Profit before depreciation and tax	39.50	39.40
Depreciation	22.23	26.00
Profit before taxation	17.27	13.40
Provision for taxation	11.89	3.50
Provision for tax for earlier years	—	0.65
Profit after taxation	5.38	9.25
Balance brought forward from previous year	27.58	27.57
Amount available for appropriation	32.96	36.82
APPROPRIATION		
General Reserve	1.00	4.00
Proposed Dividend		
– Preference	3.28	3.28
– Equity	1.23	1.23
– Tax on dividend	0.76	0.73
Balance as at end of the year	26.69	27.58
	32.96	36.82

DIVIDEND:

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

Your directors also recommend dividend of 6% (₹ 0.06 per share on face value of ₹ 1/-) on equity capital of ₹ 20.52 crore for the year under review as against 6% (₹ 0.06 per share on face value of ₹ 1/-) for the previous year. The total cash outgo on account of equity and preference dividend and tax thereon amounts to ₹5.27 crore as against ₹ 5.24 crore in the previous year.

OPERATIONS:

During the year under review, the revenue from operations of your Company decreased to ₹ 2,272.89 crore from ₹ 2,964.27 crore in the previous year. Profit before depreciation and tax marginally increased to ₹ 39.50 crore from ₹ 39.40 crore in the previous year. Profit before tax has gone up to ₹ 17.27 crores from ₹ 13.40 crores. However, due to higher provision for taxation, the Profit after tax has declined to ₹ 5.38 crores as against ₹ 9.25 crores in the previous year.

FUTURE OUTLOOK:

Your Company is in advance stage of acquiring land at Krishnapatnam Port for construction of Liquid Storage Tanks to cater to the growing requirements.

Directors' Report (Contd.)

According to the industry estimates, the consumption of edible oil is expected to increase from the current level of approximately 17 Million MT to over 21 Million MT by the year 2015. Due to lower domestic supply, the import of edible oil will rise to meet the demand-supply gap, offering good business opportunities for storage facilities at ports.

Recently the Company has been selected for setting up new warehousing facilities at 16 locations in the state of Madhya Pradesh under the M.P. Government Warehousing & Logistic Policy 2012 to establish additional capacity of around 2,07,000 MT. This is in addition to existing warehousing facilities of 2,16,000 MT at 22 locations.

The Company is also exploring opportunity in supply chain businesses to increase the volume of operations and as value to the stake holders.

DIRECTORS:

Mr. Dinesh Shahra and Mr. Kanta Prasad Mandhana retire by rotation in accordance with the provisions of Articles of Association of the Company and being eligible, offer themselves for re-appointment.

In accordance with Clause 49(IV)(G)(1) of the Listing Agreement, the information of the directors retiring by rotation at the ensuing Annual General Meeting is given in para 2 of Corporate Governance Report.

Mr. Enikapati Srinivasulu has been appointed as Manager of the Company in accordance with Section 269 of the Companies Act, 1956 with effect from February 27, 2013.

SUBSIDIARY COMPANY:

Your Company has four subsidiaries as at March 31, 2013 viz. Ruchi Resources Pte. Ltd., Mangalore Liquid Impex Pvt. Ltd., Union Infrastructure Solutions Pvt. Ltd. and Peninsular Tankers Pvt. Ltd.

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 subsidiary companies concerned.

CORPORATE GOVERNANCE:

The Company has in practice a comprehensive system of corporate governance. A separate Report on Corporate Governance forms part of the Annual Report. A certificate of the Company's Statutory Auditors regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT:

As stipulated under Section 217 (2AA) of the Companies Act, 1956, your directors subscribed to the "Directors' Responsibility Statement" and confirm as under:

- (i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- (ii) that the Directors had selected appropriate accounting policies and applied them consistently, and made judgments and estimates that are 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 2012-13 and of the profit of the Company for that period;
- (iii) that 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) that the Directors have prepared the accounts for the financial year ended March 31, 2013 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES:

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

Directors' Report (Contd.)

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

Information required under Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure 'A' forming part of this Report.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public during the year under review.

AUDITORS:

The Statutory Auditors M/s. Ashok Khasgiwala & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

M/s. K. G. Goyal & Co., Cost Accountants (Registration No. 00017/07/2008) of Jaipur have been re-appointed to conduct audit of the Cost Accounting records of the Company for the financial year 2013-14.

ACKNOWLEDGMENT:

Your directors place on record their gratitude for the valued support and assistance extended to the Company by the Shareholders, Banks, Financial Institutions and Government Authorities and look forward to their continued support. Your directors also express their appreciation for the dedicated and sincere services rendered by employees of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 30, 2013

Dinesh Shahra
Director

Directors' Report (Contd.)

ANNEXURE 'A' 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, 2013.

I. CONSERVATION OF ENERGY:

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

	2012-2013	2011-2012
(A) Power and Fuel Consumption:		
1 Electricity		
(a) Purchased:		
Units	86,12,650	1,09,63,011
Total Amount (₹)	5,17,72,468	4,54,39,458
Rate/Unit (₹)	6.01	4.14
(b) Own Generation:		
Through diesel generator		
Unit(KWH)	28,38,645	6,43,103
Units per litre of diesel oil	3.59	3.54
Cost / Unit (₹)	13.66	12.23
2 Fuel		
(a) Husk:		
Purchased (MT)	25,922	26,095
Total amount (₹)	7,95,94,476	6,99,72,371
Average rate (₹)	3,071	2,681
(b) Diesel:		
Purchased (Litre)	221,292	131,130
Total amount (₹)	1,08,38,945	56,79,991
Average rate (₹)	48.98	43.32
(B) Consumption per unit of production:		
Electricity (Units)	48.35	51.45
Husk (MT)	0.11	0.12
Diesel (litre)	3.34	0.81

II. TECHNOLOGY ABSORPTION

(A) Research & Development (R & D)

1. Bulk Filling & Pouch Filling sections are re designed and introduced Conveyor system to improve productivity.
2. Safety sensors for conveyors are introduced for more safety environment.
3. Productivity has been increased due to process up gradation by changing receipt.

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

1. Increased productivity by changing designs of packing sections.
2. Improved safety.

(C) Future plan of Action:

1. Automation of Secondary packing and loading activities through mechanization.
2. Enhancing packing productivity to meet market requirements with the introduction of high speed machines.
3. Installation of VF Drives for 12 TPH Boiler ID & FD fans for conservation of energy.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	2012-2013	2011-2012
(a) Foreign exchange earning (₹ in crore)	22.96	12.93
(b) Foreign exchange outgo (₹ in crore)	480.69	610.08

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 30, 2013

Dinesh Shahra
Director

Management Discussion and Analysis Report

INDUSTRY STRUCTURE AND DEVELOPMENT

Your Company is primarily engaged in the businesses of storage infrastructure viz (a) storage facilities for handling bulk storage of liquid commodities such as edible oils, petroleum products, liquid chemicals etc and (b) agricultural warehousing facilities for storing commodities such as, wheat, cotton, soybean etc., infrastructure development, refining of edible oils and manufacture of vanaspati.

In view of the growing integration of Indian economy with the global economy, the volumes of external trade have been showing an uptrend. The demand for bulk liquid storage handling facilities, more particularly in port based areas, has been rising. There is a need for an effective and economically viable storage solution that will totally integrate the supply chains for all commodities from the production centers to the consumption centers, thereby reducing physical waste and loss of value of commodities in the process of procurement, storage and distribution.

Agricultural marketing has assumed increasing importance. 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. Connectivity of rural and urban areas enhances the demand for quality storage infrastructure for better aggregation, supply chain and consumption with low wastages and costs, offering better value for consumers. The availability of good storage facilities in the rural areas facilitate better quality retention and consequently better sales realization of products for the farming community, apart from enabling funding needs. Thus the storage infrastructure facilities have vast potential to cater to the growing needs of various stakeholders. The domestic edible oil consumption has been steadily growing and is estimated to be around 18 million MT with a per capita consumption of approx. 14 kg (2012-13) which is low as compared to global average of 22 kg. Owing to the growing demand-supply gap in edible oil, the volumes of import of edible oil have gone up from 5.9 Million MT (2007-08) to 11.04 Million MT (2012-13) over the last five years. Currently imports represent 60% of the domestic edible oil consumption. Considering the very basic needs to cater to the varying cooking styles/patterns in India, large population, better disposable income etc, the demand for edible oil is expected to increase in future.

During the year under review, the international economic and political situations coupled with monetary conditions have influenced domestic business sentiments. However, higher cost of imported raw materials, volatility in the currency and commodity prices, depreciation in the value of Indian rupee, change in the tariff structure of the exporting countries and the delayed response in our import tariff followed by the subsequent revision during the year had impacted cost structure and margins of edible oil refining industry.

INDUSTRY OUTLOOK

There is a vast gap in the quantity of agricultural produce and the available storage. Agri-supply chain requires strong integration, posing challenges at each step. There are systemic gaps both in terms of capacity and integration. Despite the obvious need for improvement and new government initiatives to stimulate growth, private investment is in short supply for reasons such as lack of knowhow and trained manpower, lack of backward & forward linkages to supplement value chain, high capital outlay, high operational costs due to high cost of power, lack of two way cargo movements, connectivity, infrastructural bottlenecks, efficient utilization of fleets etc.

Keeping in view the rural development and need for storage infrastructural needs to bring in efficiencies in the commodity value chain and linkage between the points of production and consumption with minimal wastage, the Government has accorded priority in framing appropriate policies and providing support mechanism for developmental activities in this regard. Also, the increasing volumes of global trade entail a strong demand for growing storage infrastructure needs, more particularly at the port based areas, for commodities such as petroleum products, edible oil, liquid chemicals etc. As per the industry sources, the projected traffic at the major ports in India is expected to grow over 100% in the next six years. The long term potential for growth in this sector is, therefore, promising and the demand for storage infrastructural requirements is likely to grow in future.

Pursuant to the various representations made by the industry associations to protect the domestic refinery industry (including the associated dependent sectors) against the adverse impact on account of export duty regime changes by the Government of Indonesia relating to the palm segment and to promote domestic value addition, the Government of India positively responded by making appropriate changes in the import duty structure in July 2012 for import of refined palm products to have a level playing field for the domestic industry and thus the industry was hopeful of better performance in the coming years. However, the duty increase in import of crude vegetable oil in January 2013 has adversely impacted cost structure, capacity utilization of the production facilities and profitability of the domestic refining industry. The industry desires that the Government would continue to take appropriate counter measures proactively to encourage domestic refining industry and domestic value addition.

BUSINESS STRATEGY

Driven by growth in production and consumption, organized retail outlets across India, logistics outsourcing, increased agricultural production, food security initiatives and the likely consideration for implementation of Goods and services tax, the demand for storage infrastructure is expected to grow significantly in the coming years. Also, the demand for storage facilities at port based locations for storage of edible oils, petroleum products, liquid bulk chemicals etc. has also been growing. Your Company has