



**INFRA INDUSTRIES LIMITED**

**ANNUAL REPORT 2004-2005**

**IL INFRA INDUSTRIES LIMITED**

**BOARD OF DIRECTORS**

**Bhupendra J. Ambani**  
Non- Executive Chairman

**Mukesh B. Ambani**  
Managing Director

**R.K. Sundaram**

**Sailesh R. Sheth**

**REGISTERED OFFICE**

Dhiraj Chambers, 7<sup>th</sup> Floor,  
9, Hazarimal Somani Marg,  
Mumbai – 400 001.

**FACTORIES**

Arav, Maharashtra  
Pukkathurai, Tamil Nadu  
Dadra, U/T of Dadra & Nagar Haveli  
Hubli, Karnataka

**SALES OFFICES**

Bangalore, Belgaum  
Chennai, Cochin  
Renigunta

**AUDITORS**

M/s. Chaturvedi & Shah

**REGISTRARS & TRANSFER AGENTS**

Purva Sharegistry (India) Private Limited,  
33, Printing House,  
28-D, Police Court Lane, Fort,  
Mumbai – 400 001.  
Phone No. (022) 22617957 / 22632967  
Fax No. (022) 22626407  
Email.busicomp@vsnl.com

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## **NOTICE**

**NOTICE** is hereby given that the Sixteenth Annual General Meeting of the members of **INFRA INDUSTRIES LIMITED** will be on Tuesday, 27th September, 2005 at 9.30 a.m. at WIAA Club Ltd, Ridge Road, Malabar Hill, Mumbai - 400 006 to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider and adopt the Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the period on that date and the Directors' Report thereon and Auditors' Report thereto.
2. To appoint Director in place of Mr. R. K. Sundaram who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Chaturvedi & Shah, Chartered Accountants, as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting to fix their remuneration.

### **SPECIAL BUSINESS :**

4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary resolution:

**"RESOLVED** that Mr. Sailesh R. Sheth, in respect of whom the Company has received notice in writing along with a deposit of Rs.500/- for notice, from a member proposing him as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956, and who is eligible for appointment to the office of director, be and is hereby appointed a Director of the Company liable to retire by rotation."

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

**"RESOLVED** pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 that consent of the Company be and is hereby accorded to the appointment and payment of remuneration to Mr. Mukesh B. Ambani as the Managing Director of the Company for a period of 5 years with effect from 1<sup>st</sup> April, 2005 on remuneration and terms and conditions as detailed herein below:

**1. Salary:**

Salary of Rs.25,000/- per month, with liberty to Directors to grant such increments as they may determine from time to time, within the overall limit laid down in Schedule XIII to the Companies Act, 1956.

**2. Perquisites:**

Perquisites as listed hereunder, shall be allowed in addition to salary. Monetary Value of the perquisites will be evaluated as per the applicable Income-Tax Rules in this regard.

- i) Unfurnished accommodation with expenditure on gas, electricity, water and furnishing to be borne by the Company. The expenditure incurred by the Company on hiring furnished accommodation for him will be subject to the ceiling of 60% of salary over and above 10% payable by him.
- ii) If the Company does not provide accommodation to him, House Rent Allowance shall be paid to him subject to a ceiling of 50% of the salary payable to him.
- iii) Leave as per the Rules of the Company including encashment of Leave at the end of the tenure.
- iv) Leave Travel Concession for him and his family once in a year incurred in accordance with the Rules of the Company.
- v) Medical Expenses actually and properly incurred for him and his family.
- vi) Club Membership Fees, including Life Membership Fees, subject to a maximum of Two Clubs.
- vii) Personal Accident Insurance Policy, including its Premium.
- viii) Free use of Company's Car with Driver for the Business of the Company. The Company shall bill use of Car for private purpose.
- ix) Free use of Telephone Facility at Residence. The Company shall bill all personal long distance calls.
- x) Reimbursement of Entertainment Expenses actually and properly incurred in the course of legitimate business of the Company.
- xi) He shall not be entitled to any sitting fees for Attending Meeting of the Board or Committee thereof.
- xii) The Company's Contribution on Provident Fund, Superannuation Fund or Annuity Fund, Gratuity, Retirement Funds in accordance with the Rules and Regulations of the Company from time to time.

**FURTHER RESOLVED THAT** in case the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration by way of salary, perquisites and commission as

minimum remuneration to Mr. Mukesh B. Ambani, Managing Director, in any Financial Year during the currency of his tenure.”

**By Order of the Board of Directors**

**PLACE: Mumbai**  
**DATED: 30<sup>th</sup> June, 2005.**  
**REGISTERED OFFICE:**  
7TH FLOOR, DHIRAJ CHAMBERS,  
9, HAZARIMAL SOMANI MARG,  
MUMBAI - 400 001.

**Bhupendra J. Ambani**  
**(Non-Executive Chairman)**

**NOTES:**

- 1) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself and Proxy need not be a member.
- 2) A Proxy in order to be effective must be lodged with the Company at least 48 hours before the meeting.
- 3) The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special Business under item No.4 and 5 as set out above is annexed hereto.
- 4) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 16<sup>th</sup> day of September, 2005 to Tuesday, 27<sup>th</sup> day of September, 2005 (Both Days Inclusive).
- 5) In all correspondence with the Company, members are requested to quote their Folio.
- 6) Members should quote Folio Numbers and in case the shares are held in the dematerialised Form, they should quote their client ID Number and DP ID Number.
- 7) Members, who hold shares in Dematerialised Form, are requested to bring their client ID and DP numbers for Easier Identification of Attendance at the meeting.

## EXPLANATORY STATEMENTS

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE NOTICE DATED 30<sup>TH</sup> JUNE 2005.

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The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in accompanying Notice dated 30<sup>th</sup> June, 2005 and shall be taken as forming part of the Notice.

### **ITEM NO.4:**

Mr. Sailesh R. Sheth, who has been appointed as an additional director under Section 260 of the Companies Act, 1956 effective March 31, 2005 holds office upto the date of the Sixteenth Annual General Meeting of the Company as provided under Article 123 of the Articles of Association of the Company and is eligible for appointment. In terms of Section 257 of the Companies Act, 1956, the Company has received notice in writing along with a deposit of Rs.500/- each from a member signifying his intention to propose the candidature of Mr. Saiesh R. Sheth for the office of director.

Your Board recommends the resolution for your approval.

Except Mr. Sailesh R. Sheth, no Director of the Company is concerned or interested in the resolution at item No. 4.

### **ITEM NO.5:**

The Board of Directors at their Meeting held on March 31, 2005 decided to appoint Mr. Mukesh B. Ambani as the Managing Director for a period of 5 years with effect from April 1, 2005 at the remuneration and terms & conditions mentioned in the resolution at item no.5.

Mr. Mukesh B. Ambani has wide and rich experience in the field of Plastic, particularly in the Moulded Plastic and Rotomoulded Plastic products. Under stewardship of Mr. Mukesh B. Ambani, the Company will revive its past glory and reach new heights.

Your Board recommends the resolution for your approval.

Except Mr. Mr. Mukesh B. Ambani and his father Mr. Bhupendra J. Ambani is deemed to be concerned or interested in the resolution.

Your Board recommends the resolution for your approval.

The Explanatory Statement together with the accompanying Notice should be treated as an abstract under section 302 of the Companies Act, 1956.

**By Order of the Board of Directors**

**PLACE: Mumbai**

**DATED: 30<sup>th</sup> June, 2005.**

**REGISTERED OFFICE:**

7TH FLOOR, DHIRAJ CHAMBERS,  
9, HAZARIMAL SOMANI MARG,  
MUMBAI - 400 001.

**Bhupendra J. Ambani**  
**(Non-Executive Chairman)**

## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting their Sixteenth Annual Report, and the Audited Statement of Accounts of the Company for the period ended 31st March, 2005.

### FINANCIAL PERFORMANCE:

	(Rs.)	
	Period Ended 31.03.2005	Period Ended 30.09.2004
Profit/(Loss) before Interest, Depreciation and Tax	848752	(54225)
Less: Interest	539938	547896
Gross Profit/(Loss)	308814	(602121)
Less: Depreciation	2162059	6406255
Profit/(Loss) before Tax	(1853245)	(7008376)
Add: Deferred Tax Credit	916318	1187365
Profit/(Loss) after Tax	(936927)	(5821011)
Add: Balance Brought from Pervious year	(1894131)	(91555203)
Transferred from General Reserve	0	21500000
Transferred from Capital Reserve	0	88000
Transferred from Shares Premium Accounts	0	73742000
Excess Provision for Taxation Written Back	0	152083
Balance available for Appropriation	(2831058)	(1894131)
<b><u>APPROPRIATION</u></b>		
General Reserve	0	0
Balance Carried forward to next year	(2831058)	(1894131)

### DIVIDEND:

In the absence of profit for the period under review, your Directors are unable to recommend any dividend on the Equity Capital.

### OPERATIONS:

During the period under review the sales has reduced by 5.52% over the previous year. But due to reduction in cost of raw material & other inputs the Company incurred Loss of Rs.936,927/- compared to Loss of Rs.58,21,011/- in the previous year. Net worth of the Company includes the unamortised portion of Deferred Tax Liability. And the accounts are prepared on a going concern basis.



The Management has been putting all its efforts to improve the workings of the Company and expects to have better performance in the current year and a bright future.

#### **FINANCE:**

During the period under review the Company has not made any new major financial commitment. However, the new plant at Hubli which being put by the Company would require investments for which arrangements has been done by the Management.

#### **FUTURE OUTLOOK:**

The Company has been able to reduce its selling and administrative expenses during the period under review and was brought down under control. The Company during the year has decided to put up a new plant at Hubli in the state of Karnataka and the same will be operational during the current year and also now look at adding new business lines thereby increasing its business in the market and en-cashing on its strong brand value.

#### **CHANGE IN ACCOUNTING PERIOD :**

The Board of Directors decided to change the Accounting period from 1<sup>st</sup> October to 30<sup>th</sup> September, to "1<sup>st</sup> April to 31<sup>st</sup> March" and the Current Accounting period was kept of 6 (Six) Months i.e. from 1<sup>st</sup> October, 2004 to 31<sup>st</sup> March, 2005.

#### **FIXED DEPOSITS:**

During the year the Company has not accepted any fixed deposits from the Public.

#### **PARTICULARS OF EMPLOYEES:**

The information as required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not given, as no employee of the Company was in receipt of remuneration exceeding the limits as laid down in this respect.

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

A statement giving information regarding Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo required under Section 217(1)(e) of the Companies Act, 1956 are annexed and form part of the report.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial period ended 31<sup>st</sup> March, 2005; the applicable accounting standards have been followed along with explanation relating to material departures;
- (ii) That the Directors have selected such 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 period and of the loss of the Company for the period under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the accounts for the financial period ended 31<sup>st</sup> March, 2005 on a 'going concern' basis.

## **DIRECTORS:**

Mr. R. K. Sundaram, who retires by rotation and being eligible offers himself for re-appointment in accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association.

Mr. Sailesh R. Sheth has been appointed as an Additional Director on 31<sup>st</sup> March, 2005 and holds the office till the day of the 16<sup>th</sup> Annual General Meeting. Notice from members pursuant to Section 257 has been received recommending his appointment as a Director. The Board recommends his appointment as a Director.

Mr. Mukesh B. Ambani has been appointed as the Managing Director with effect from 1<sup>st</sup> April, 2005 for a period of 5 (five) years on the terms and conditions, as mentioned in the notice of the meeting. Your Directors recommend his appointment and payment of remuneration.

Mr. Chandresh B. Ambani, who was retiring by rotation at the 15<sup>th</sup> Annual General Meeting was not re-appointed and ceased to be Director.

Mr. Sharadkumar K. Parekh resigned as Director due to ill health during the year under review.

The Board has placed on record appreciation of services rendered by him.

### **AUDIT COMMITTEE:**

The Audit Committee was re-constituted during the period under review due to resignation of Mr. Sharadkumar K. Parekh and induction of Mr. Sailesh R. Sheth as a Director on the Board.

The Audit Committee now represents:

1. Mr. Sailesh R. Sheth
2. Mr. R. K. Sundaram
3. Mr. Bhupendra J. Ambani

### **AUDITORS AND AUDITORS' REPORT:**

M/s. Chaturvedi & Shah, Chartered Accountants, retire as auditor of the Company and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment as Auditor of the Company.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

### **ACKNOWLEDGEMENTS:**

The Board of Directors wishes to place on record their appreciation of dedicated efforts by the staff of the Company at all levels in their drive to enhance the Company's operation.

We would also like to express our gratitude to all Shareholders for their wholehearted support.

**For and on behalf of the Board Directors**

**PLACE: Mumbai**  
**DATED: 30<sup>th</sup> June, 2005.**

**Bhupendra J. Ambani**  
**(Non-Executive Chairman)**

## ANNEXURE – I

Statement appended to Directors' report pursuant to the Companies (disclosure of particulars in the report of Board of Directors) rules 1998 under section 217 (1) (e) of the Companies Act 1956 and forming part of Directors' report for the period ended 31<sup>st</sup> March 2005.

### 1. FORM A – ENERGY CONSUMPTION

<b>a) POWER &amp; FUEL CONSUMPTION</b>	<b>Period Ended 31.03.2005</b>	<b>Period Ended 30.09.2004</b>
<b>1. Electricity:</b>		
(a) Purchased Units (KWH)	291149	1296435
Total Amount (Rs.)	1765486	6812160
Rate / Unit (Rs.)	6.06	5.25
(b) Own Generation		
i) Through Diesel Generator Units	2662	12144
Units per Ltr. of diesel oil	0.97	1.08
Cost / Unit (Rs.)	30.57	22.85
ii) Through Steam Turbine/Generator	Not applicable	Not applicable
<b>2. Coal:</b> (Specify quality and where used)	Not applicable	Not applicable
<b>3. Fuel Oil:</b>		
Quantity (Litres)	110486	399251
Total Amount (Rs.)	2462848	7620148
Average Rate (Rs.)	22.29	19.09
<b>4. Others/Internal Generations:</b>	NIL	NIL
<b>b) CONSUMPTION PER UNIT OF PRODUCTION</b>		
<b>Products (with details)</b>		
Production (MT)	340	1347
Electricity (KwH/MT)	856	962
Diesel oil for Oven (Ltrs./MT)	325	296
Coal (Special Quality)	N.A	N.A
Others (Specify)	N.A	N.A

## FORM B – TECHNOLOGY ABSORPTION

1. **Specific areas in which R&D was carried out:** R & D efforts were made in development of value added products. This break through has been achieved due to efforts put by the management and technicians of the Company.
2. **Benefits Derived:** This will help the Company to develop an extended product range and moving away from its traditional single product facility to start manufacturing and establishing itself as marketed product facility.
3. **Future plan fixed:** The Company intends to market it's newly develop products and capture the market share as early as it can.
4. **Expenditure on R & D:** The Company has incurred expenditure of Rs.- NIL-- to carry out developmental activities.

## TECHNICAL ABSORPTION, TECHNOLOGY ADAPTION & INNOVATION

1. **Efforts in brief:** The Company has made efforts in developing Customised Moulded Product for Rotomoulding division.
2. **Benefits Derived:** Better quality products are been made with cost effectiveness.
3. **Imported Technology:** N.A.

## FOREIGN EXCHANGE EARNINGS & OUTGO,

### OUTFLOW

1. Towards import of Raw materials	:	Rs. NIL
2. On account of Foreign Travel	:	Rs.1,23,070
3. On account of Technical Know-how fees	:	Rs. NIL
4. Towards Import of Capital Equipment	:	Rs. NIL

**For and on behalf of the Board of Directors**

**Place: Mumbai**  
**Dated: 30<sup>th</sup> June, 2005**

**Bhupendra J. Ambani**  
**(Non-Executive Chairman)**

## REPORT ON CORPORATE GOVERNANCE

Your Directors submit their report on the Corporate Governance of the Company for the Financial Period 2004-2005.

### COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE:

Infra Industries marks its Corporate Governance with the prevalent practices and it conforms the mandatory requirements.

### MANAGEMENT DISCUSSION:

The Plastic products have been facing the stiff competition, but the Company due to better utilisation of the resources at the Company's disposal and curtailing the Selling & Administrative Expenses and Interest expenses enabled the Company to reflect the better results. The Company has been putting the new plant at Hubli in the State of Karnataka and the same will be operative in the current year. The Company has only one division, manufacturing of Plastic products.

The Company has in built internal control system and the management considers it sufficient; and is certified by the Internal Auditors and the Statutory Auditors of the Company.

There are no financial or commercial transactions having a potential conflict of interest between personnel in the management and the Company.

### BOARD OF DIRECTORS:

The Board of Directors comprises of 1 Executive Directors and 3 Non-executive / Independent Directors.

During the financial period 1<sup>st</sup> October, 2004 to 31<sup>st</sup> March, 2005, 5 Board Meetings were held on 8<sup>th</sup> November, 2004, 29<sup>th</sup> November, 2004, 28<sup>th</sup> December, 2004, 31<sup>st</sup> January, 2005 and 31<sup>st</sup> March, 2005.

The Composition of the Board of Directors and their attendance at the meetings during the year and at the last Annual General Meeting as also number of the other Directorship / Membership of Committees are as follows:

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance of last AGM	No. of Other Directorship	Committee Membership	
					Member	Chairman
Mr. Bhupendra J. Ambani	NED	5	YES	NIL	NIL	NIL
Mr. Mukesh B. Ambani	ED	5	YES	NIL	NIL	NIL
Mr. Chandresh B. Ambani	ED	NIL	NO	NIL	NIL	NIL
Mr. R.K.Sundaram	NED	5	YES	NIL	NIL	NIL
Mr. Sharadkumar K. Parekh	NED	NIL	NO	NIL	NIL	NIL
Mr. Sailesh R. Sheth	NED	1	NO	NIL	NIL	NIL

NED – Non-executive Director  
ED – Executive Director

Mr. Chandresh B. Ambani ceased to be Director at the Annual General Meeting held on 28<sup>th</sup> December, 2004.

Mr. Sharadkumar K. Parekh resigned as Director with effect from 31<sup>st</sup> January, 2005 due to ill health.

Mr. Sailesh R. Sheth was appointed as an Additional Director with effect from 31<sup>st</sup> March, 2005.

**Brief profile of Director seeking re-election/election:**

Mr. R. K. Sundaram is B. E. Mechanical and having the business experience of 49 years in the Petro-product industry.

Mr. Sailesh R. Sheth being B. E. Mechanical with 1<sup>st</sup> Class distinction and Management Certifications from SAIL. He is having the wide ranging Techno Commercial experience in many fields and have 15 years in the Plastic industry.

They are not the Director(s) on the Board of other Public Companies nor the trustee of any charitable trust.

Mr. Mukesh B. Ambani, who has been appointed as the Managing Director with effect from 1<sup>st</sup> April, 2005 is B. Com. from Mumbai and having the business express of 13 years in the Plastic Industry.

**Details of Directorship in other public limited Companies:**

Name of Director	No. of Directorship	No. of Committee Memberships
Mr. Bhupendra J. Ambani	NIL	NIL
Mr. Mukesh B. Ambani	NIL	NIL
Mr. R. K. Sundaram	NIL	NIL
Mr. Sailesh R. Sheth	NIL	NIL

**Promoter Directors:**

Mr. Bhupendra J. Ambani	Member- Audit Committee and Non – Executive chairman Shareholder/Investor Grievance Committee.
Mr. Mukesh B. Ambani	Member - Shareholder/Investor Grievance Committee.

**Independent Directors:**

Mr. R. K. Sundaram	Chairman - Audit Committee and Non – Executive chairman Shareholder/Investor Grievance Committee.
Mr. Sailesh R. Sheth	– Audit Committee

**Audit Committee:**

The Audit Committee met 2 times in the financial period on 29<sup>th</sup> November, 2004 and 31<sup>st</sup> January, 2005 where all the members of the Committee, Executive Director, the Statutory Auditors and the Internal Auditors were present except Mr. Sharadkumar K. Parekh could not attend meetings due to ill health and resigned at the Board Meeting held on 31<sup>st</sup> January, 2005. Meetings reviewed the Annual Accounts and half-yearly results and approved the same. The Audit Committee oversees the general accounting practices and other management policies.

**Details of Remuneration to the Directors during the period :**

(Amount in Rs.)

Name of the Director	Salary	Commission	Perquisite	Sitting Fees
Mr. Bhupendra J. Ambani	NIL	NIL	NIL	NIL
Mr. Mukesh B. Ambani	60,000	NIL	31,925	NIL
Mr. Chandresh B. Ambani	30,000	NIL	15,875	NIL
Mr. R. K. Sundaram	NIL	NIL	NIL	NIL
Mr. Sharadkumar K. Parekh	NIL	NIL	NIL	NIL
Mr. Sailesh R. Sheth	NIL	NIL	NIL	NIL

**Share Transfer Committee/Investor Grievance Committee:**

The Board has constituted the Share Transfer Committee, with the one Executive Directors as members to consider and approve Transfers of shares in the physical form and allied matters. The Shareholder/Investor Grievance Committee has been constituted under the Chairmanship of Mr. Bhupendra J. Ambani with Mr. R. K. Sundaram and Mr. Mukesh B. Ambani as members.

**Shareholder/Investor Service:**

Is handled by Mr. Mukesh B. Ambani who provides timely services. There is no case/complaint pending.

**Name and Designation of Compliance Officer:**

Mr. Mukesh B. Ambani, Executive Director



## **GENERAL BODY MEETINGS:**

<b>Financial Year</b>	<b>Date</b>	<b>Venue</b>
1 <sup>st</sup> April, 2001 to 31 <sup>st</sup> March, 2002	28-09-2002	WIAA Club, Ridge Road, Malbhar Hill, Mumbai – 400 006
1 <sup>st</sup> April, 2002 to 31 <sup>st</sup> March, 2003	27-09-2003	WIAA Club, Ridge Road, Malbhar Hill, Mumbai – 400 006
1 <sup>st</sup> April, 2003 to 30 <sup>th</sup> September, 2004	28-12-2004	WIAA Club, Ridge Road, Malbhar Hill, Mumbai – 400 006

## **DISCLOSURES:**

There are no materially significant related party transactions. There are other related party commercial transactions, which are reported in the accounting part of this report.

## **MEANS OF COMMUNICATION:**

Quarterly, half – yearly and annual results have been communicated to Stock Exchanges Mumbai where the shares of the Company's is listed and Published in the Free Press Journal (English) & Navshakti (Marathi). Annual Reports are dispatched to all the shareholders. No presentation to institutional investors or analysts was made during the year. Management discussion and Analysis is part of the Annual Report.

## **SHAREHOLDER INFORMATION :**

- 1 Annual General Meeting to be held on Tuesday, 27th September, 2005
- 2 Financial Year 1<sup>st</sup> October, 2004 to 31<sup>st</sup> March, 2005.
- 3 Book Closure Date 16<sup>th</sup> September 2005 to 27<sup>th</sup> September 2005.
- 4 Dividend Payment Date NIL
- 5 Listing in Stock Exchanges Mumbai Stock Exchange
- 6 Stock Code 530777
- 7 Stock Market Price Data for the period

	<b>BSE</b>			<b>BSE</b>	
	<b>HIGH (Rs.)</b>	<b>LOW (Rs.)</b>		<b>HIGH (Rs.)</b>	<b>LOW (Rs.)</b>
October, 2004	5.40	3.75	January, 2005	7.16	3.90
November, 2004	6.00	3.41	February, 2005	6.85	4.72
December, 2004	6.70	3.60	March, 2005	11.78	6.05

8. Share Transfer Systems: Transfers of physical shares are effected by the Share Transfer Agents after approval by the Share Transfer Committee.

9. Distributions of Share Holdings as on 31-03-2005

Category	No. of Shares held	% of Shareholding
Promoters	5204990	86.87
Banks, Financial Institutions	174500	02.91
Others	612410	10.22

10. The shares are compulsorily dematerialized and connectivity as been established with both the Depositories. The total number of shares dematted at the end of the financial period under report was 29,48,760 representing 49.21%. The ISIN issued to the shares of the Company is INE287D01019.

11. The Company has not issued GDR/ADR/Warrants or any convertible instruments.

12. The Company's Plants are located at : Village Arav in Maharashtra, Pukkathurai in Tamil Nadu, Dadra union Territory of Dadra & Nagar Haveli, and Hubli in Karnataka.

13. Address of Correspondence: The Company's Registered Office at Dhiraj Chambers, 7<sup>th</sup> Floor, 9, Hazarimal Somani Marg, Mumbai – 400 001.

Shareholder Correspondence in relation to Transfer of Shares queries should be addressed to:

Purva Sharegistry (India) Private Limited,  
33, Printing House,  
28-D, Police Court Lane, Fort,  
Mumbai 400 001.

**AUDITOR'S REPORT ON CORPORATE GOVERNANCE**

To,  
The Members of  
**Infra Industries Limited**

We have examined the compliance of conditions of corporate governance by **Infra Industries Limited**, for the financial period ended on 31<sup>st</sup> March 2005, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that as per the information and explanations given to us, no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For CHATURVEDI & SHAH**  
**Chartered Accountants**

**Amit Chaturvedi**  
**Partner**  
**Place : Mumbai**  
**Date : 30<sup>th</sup> June 2005**

## **Auditors' Report**

**To  
The Members,  
Infra Industries Limited**

We have audited the attached Balance Sheet of **Infra Industries Limited** as at 31st March 2005 and the Profit and Loss Account for the period ended on that date annexed thereto and Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the

mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;

- e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31<sup>st</sup> March, 2005 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
  - (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2005;
  - (ii) In so far as it relates to the Profit and Loss Account, of the Loss of the Company for the period ended on that date.  
And
  - (iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

**For Chaturvedi & Shah.**  
**Chartered Accountants**

**Amit Chaturvedi**  
**Partner**  
**Membership No.103141**  
**Place: Mumbai**  
**Date: 30<sup>th</sup> June 2005.**

**ANNEXURE TO AUDITOR'S REPORT**

*Referred to in Paragraph 2 of our report of even date*

1. In respect of its fixed assets:
  - a. The Company has maintained records showing full particulars including quantitative details and situation of fixed assets on the basis of the available information but the same are not regularly updated.

- b. As explained to us, the fixed assets have been physically verified by the management during the period at reasonable intervals and no material discrepancies were noticed on such physical verification.
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the period and the going concern status of the Company is not affected.

2. In respect of its inventories:

- a. As explained to us, inventories have been physically verified by the management at reasonable intervals.
- b. In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of Inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

3. The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, clause 4(iii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of Goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.

5. In respect of transactions covered under Section 301 of the Companies Act, 1956:

- a. In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements that are needed to be entered into the register maintained under Section 301 of the Companies Act, 1956.

6. The Company has not accepted any deposits from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA and any other relevant provision of the Act and rule made there under are not applicable.
7. In our opinion, and according to the information and explanations given to us, the internal audit is required statutorily however as the management is of the opinion that the internal audit system of the company is adequate considering the size of the company and therefore no outside internal auditor was appointed during the period under review.
8. The Company is not required to maintain the Cost Records as prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
9. In respect of statutory dues:
  - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Service tax, custom duty, Excise duty, Cess and other statutory dues wherever applicable have been generally regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2005 for a period of more than six months from the date of becoming payable.
  - b. There are no disputed statutory dues, which are not deposited on account of matters pending before appropriate authorities.
10. The Company has an accumulated loss of Rs.28,31,058/- at the end of the Period, which is not more than 50% of the net worth of the company. Further the company has not incurred a cash loss during the financial year covered by our audit.
11. The Company has neither taken any loans from a financial institution and a bank nor issued any debentures. Accordingly, clause 4 (xi) of the order is not applicable.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. In our opinion and according to the information and explanation given to us company has not dealt or invested in any shares, securities, debentures or any other investments.
15. According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the order is not applicable.
16. The Company has not obtained any term loans during the period. Accordingly, clause 4 (xvi) of the order is not applicable.
17. According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we are of the opinion that the short term funds raised by the company are not applied for long term investments.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures. Accordingly clause 4(xix) of the order is not applicable.
20. No new public issue was made by the Company during the period.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period that can have a material bearing on the financial position of the Company.

**For Chaturvedi & Shah.**  
**Chartered Accountants**

**Amit Chaturvedi**  
**Partner**  
Membership No.103141  
**Place: Mumbai**  
**Date: 30<sup>th</sup> June 2005.**



**INFRA INDUSTRIES LIMITED****BALANCE SHEET AS AT 31 MARCH, 2005**

<b>PARTICULARS</b>	<b>SCHEDULE</b>	<b>As at 31.03.2005 Rs.</b>	<b>As at 30.09.2004 Rs.</b>
<b>SOURCES OF FUND:</b>			
<b>SHAREHOLDERS FUND</b>			
Share Capital	"A"	59,875,000	59,875,000
<b>sub total</b>		<b>59,875,000</b>	<b>59,875,000</b>
<b>LOAN FUND</b>			
Secured Loan	"B"	121,035	234,631
Unsecured Loan	"C"	31,465,061	31,465,061
<b>sub total</b>		<b>31,586,096</b>	<b>31,699,692</b>
DEFERED TAX LIABILITY (Net)		7,367,331	8,283,651
<b>TOTAL</b>		<b>98,828,427</b>	<b>98,658,343</b>
<b>FIXED ASSETS</b>			
Gross Block	"D"	108,882,737	108,635,596
Less : Depreciation		50,905,672	48,743,613
Net Block		57,977,065	59,891,984
Capital Work In Progress		2,832,616	0
INVESTMENTS (Trade, Unquoted)	"E"	0	100,000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	"F"	5,728,325	7,251,088
Sundry Debtors	"G"	17,229,054	15,756,022
Cash and Bank Balances	"H"	2,092,666	1,716,237
Loans and Advances	"I"	24,600,292	23,822,479
		<b>48,650,337</b>	<b>48,545,826</b>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	"J"	14,395,093	10,457,886
Provisions		67,555	115,711
		<b>14,462,648</b>	<b>10,573,597</b>
<b>NET CURRENT ASSETS</b>		<b>35,187,688</b>	<b>37,972,229</b>
Debit Balance of Profit & Loss Account	"K"	2,831,058	1,894,131
<b>TOTAL</b>		<b>98,828,427</b>	<b>98,658,343</b>

**NOTES TO ACCOUNTS**

"S"

As per our Report of even date

For Chaturvedi &amp; Shah

Chartered Accountants.

**For and on behalf of the Board**

Amit Chaturvedi

Partner

Bhupendra J. Ambani Mukesh B. Ambani

Non-Executive Chairman Managing Director

Place : Mumbai

Date : 30th June 2005.

**INFRA INDUSTRIES LIMITED**
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005**

PARTICULARS	SCHEDULE	6 Months Ended 31.03.2005 Rs.	18 Months Ended 30.09.2004 Rs.
<b>INCOME</b>			
Sales and Services		36,155,997	114,880,684
Less: Excise Duty Recovered on Sales		4,691,347	15,251,691
		<b>31,464,650</b>	<b>99,628,993</b>
Other Income	"L"	1,637,588	6,236,646
Increase / (Decrease) in Stock	"M"	(1,459,854)	1,468,480
		<b>31,642,364</b>	<b>106,854,109</b>
<b>EXPENDITURE</b>			
Cost of Goods consumed	"N"	18,723,526	60,333,758
Manufacturing Expenses	"O"	5,155,276	19,051,173
Payments & Provisions for Employees	"P"	2,369,274	7,023,701
Selling & Administrative Expenses	"Q"	4,545,536	20,299,703
Interest & Finance Expenses	"R"	539,938	547,895
		<b>31,333,550</b>	<b>107,256,230</b>
Profit/(Loss) before Depreciation		308,814	(602,121)
Depreciation		2,162,059	6,406,255
Net Profit/(Loss) after Depreciation & before Tax		(1,853,245)	(7,008,376)
Less: Deferred Tax Credit		(916,318)	(1,187,365)
Net Profit/(Loss) after Tax		(936,927)	(5,821,011)
Transferred from General Reserve		0	21,500,000
Transferred from Capital Reserve		0	88,000
Transferred from Shares Premium Accounts		0	73,742,000
Balance Brought Forward (Profit)		(1,894,131)	(91,595,203)
Excess Provision for Taxation Written Back		0	152,083
AMOUNT AVAILABLE FOR APPROPRIATION		(2,831,058)	(1,894,131)
<b>APPROPRIATION</b>			
Balance Carried to Balance Sheet (Schedule "L")		(2,831,058)	(1,894,131)
		<b>(2,831,058)</b>	<b>(1,894,131)</b>
Earnings per Equity Share (Basic & Diluted)		(0.16)	(0.97)

**NOTES TO ACCOUNTS**
**"S"**

As per our Report of even date  
For Chaturvedi & Shah  
Chartered Accountants.

**For and on behalf of the Board**

Amit Chaturvedi  
Partner

Bhupendra J. Ambani      Mukesh B. Ambani  
Non-Executive Chairman      Managing Director

Place : Mumbai  
Date : 30th June 2005.

**INFRA INDUSTRIES LIMITED****SCHEDULES FORMING PART OF BALANCE SHEET**

<b>PARTICULARS</b>	<b>As at 31.03.2005 Rs.</b>	<b>As at 30.09.2004 Rs.</b>
<b><u>SCHEDULE "A" : SHARE CAPITAL</u></b>		
<b>Authorised Share Capital</b>		
7,000,000 Equity Shares of Rs.10/- each	70,000,000	70,000,000
300,000 Cumulative Redeemable Preference Shares of Rs. 100/- each	30,000,000	30,000,000
	<b>100,000,000</b>	<b>100,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
5,983,100 Equity Shares of Rs.10/- each fully paid up ( out of which 1,476,000 Equity Shares are issued as Bonus Shares by Capitalising General Reserve & Revaluation Reserve)	59,831,000	59,831,000
Add : Amount originally Paid up on Forfeited Shares	44,000	44,000
	<b>59,875,000</b>	<b>59,875,000</b>
<b><u>SCHEDULE "B" SECURED LOAN</u></b>		
Hire Purchase Car Loans (Secured against hypothecation of cars)	121,035	234,631
	<b>121,035</b>	<b>234,631</b>
<b><u>SCHEDULE "C" UNSECURED LOANS</u></b>		
Sales Tax Deferred	31,465,061	31,465,061
	<b>31,465,061</b>	<b>31,465,061</b>
<b><u>SCHEDULE "E" : INVESTMENTS</u></b>		
Fixed Deposit	0	100,000
	<b>0</b>	<b>100,000</b>

**INFRA INDUSTRIES LIMITED .**

**SCHEDULES FORMING PART OF BALANCE SHEET**

**SCHEDULE "D" FIXED ASSETS**

	GROSS BLOCK				DEPRECIATION			NETBLOCK		
	As at 01-10-2004	Addition / Adjustments	Deduction/ Adjustments	As at 31-03-2005	Up to 30-09-2004	For the year	Deduction/ Adjustments	As at 31-03-2005	As at 31-03-2005	As at 30.09.2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	4,213,841	0	0	4,213,841	0	0	0	0	4,213,841	4,213,841
Factory Building	39,358,866	0	0	39,358,866	12,109,854	657,068	0	12,766,922	26,591,944	27,249,012
Plant and Machinery	56,053,765	210,307	0	56,264,072	31,981,783	1,152,365	0	33,134,148	23,129,924	24,071,982
Furniture and Fixtures	3,386,777	5,680	0	3,392,457	1,917,410	111,968	0	2,029,378	1,363,079	1,469,368
Office Equipments	2,352,503	16,554	0	2,369,057	1,025,158	57,762	0	1,082,920	1,286,137	1,327,345
Computers	1,536,333	14,600	0	1,550,933	1,110,354	101,616	0	1,211,970	338,963	425,979
Vehicles	1,733,511	0	0	1,733,511	599,054	81,280	0	680,334	1,053,177	1,134,457
	<b>108,635,596</b>	<b>247,141</b>	<b>0</b>	<b>108,882,737</b>	<b>48,743,613</b>	<b>2,162,059</b>	<b>0</b>	<b>50,905,672</b>	<b>57,977,065</b>	<b>59,891,984</b>
Capital Work in Progress	0	2,832,616	0	2,832,616	0	0	0	0	2,832,616	
Previous Year	105,876,212	3,065,930	306,546	108,635,596	42,493,896	6,406,255	156,538	48,743,613	59,891,984	

Note: CWIP Includes Purchase of Fixed Assets of Rs.14,66,662/-, Advance to Supplier of Rs.632575/- & Pre-Operative Expenses Rs.7,33,379/-

**INFRA INDUSTRIES LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET**

PARTICULARS	As at 31.03.2005 Rs.	As at 30.09.2004 Rs.
<b>SCHEDULE "F" : INVENTORIES</b>		
(As taken, valued and certified by the management)		
Raw Materials	511,115	679,701
Stores & spares	325,026	292,087
Fuel	542,117	469,379
Work in Progress	1,695,852	2,520,567
Finished Goods	2,654,215	3,289,354
	5,728,325	7,251,088

<b>SCHEDULE "G" : SUNDRY DEBTORS</b>		
(Unsecured, considered good subject to confirmation)		
(a) Outstanding for more than Six months		
Considered Good	2,849,754	2,655,533
Considered Doubtful	5,707,380	5,959,655
	8,557,134	8,615,188
Less : Provision for Doubtful Debts	1,502,994	1,502,994
	7,054,140	7,112,194
(b) Other Debts	10,174,914	8,643,827
	17,229,054	15,756,022

<b>SCHEDULE "H" : CASH AND BANK BALANCES</b>		
Cash on hand	755,867	838,960
With Schedule Banks		
In Current Account	1,336,799	877,277
	2,092,666	1,716,237

<b>SCHEDULE "I" : LOANS AND ADVANCES</b>		
(Unsecured, considered good subject to confirmation)		
Advances recoverable in cash or in kind or for value to be received	1,325,001	1,138,759
Balance with central excise authorities	406,156	60,130
Tax Deducted at Source	323,182	118,202
Deposits	22,545,953	22,505,387
	24,600,292	23,822,479

<b>SCHEDULE "J" : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>I. Current Liabilities</b>		
	As at 31.03.2005	
Sundry Creditors for goods and services		
Due to small scale industries (Rs.)	0	
Others (Rs.)	8,946,881	
	8,946,881	5,078,915
Sundry Creditors for Capital goods	757,015	0
Others Liabilities	4,675,697	5,042,410
Advance from Customer	15,500	336,562
	14,395,093	10,457,886
<b>II. PROVISIONS</b>		
Provision for Leave Encashment	67,555	115,711
	67,555	115,711

**INFRA INDUSTRIES LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET**

<b>PARTICULARS</b>	<b>As at 31.03.2005 Rs.</b>	<b>As at 30.09.2004 Rs.</b>
<b>SCHEDULE "K" : DEBIT BALANCE IN PROFIT &amp; LOSS ACCOUNT</b>		
Balance of Loss as per Profit & Loss Account	2,831,058	1,894,131
	<b>2,831,058</b>	<b>1,894,131</b>

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

<b>PARTICULARS</b>	<b>6 Months Ended 31.03.2005 Rs.</b>	<b>18 Months Ended 30.09.2004 Rs.</b>
<b>SCHEDULE "L" : OTHER INCOME</b>		
Sundry Balance Written Off	18,863	234,813
Miscellaneous income	701,151	4,173,504
Premature Deferral Sales Tax Repayment Benefit	0	764,488
Speculation Profit on Shares	0	501,656
Agency Commission	914,705	429,000
Bad Debts Recovered	0	49,755
Interest	2,849	83,430
	<b>1,637,568</b>	<b>6,236,646</b>

<b>SCHEDULE "M" : ( INCREASE ) / DECREASE IN STOCKS</b>		
Opening Stock of Finished Goods & Work in Progress	5,809,921	4,341,461
Less : Closing Stock of Finished Goods & Work in Progress	4,350,067	5,809,921
	<b>1,459,854</b>	<b>(1,468,460)</b>

<b>SCHEDULE "N" : COST OF GOODS CONSUMED</b>		
Opening Stock	679,701	1,192,550
Add: Purchases	18,554,940	59,820,909
	<b>19,234,641</b>	<b>61,013,459</b>
Less : Closing Stock	511,115	679,701
	<b>18,723,526</b>	<b>60,333,758</b>

<b>SCHEDULE "O" : MANUFACTURING EXPENSES</b>		
Stores Consumed	438,698	1,618,198
Packing Material	33,351	73,457
Power and Fuel	4,228,334	14,475,018
Repairs and Maintenance		
a) Building	0	67,030
b) Machinery	95,130	293,920
c) Others	2,925	50,526
Labour Charges	146,387	787,307
Factory Expenses	307,646	1,049,136
Excise Duty	(97,195)	636,581
	<b>5,155,276</b>	<b>19,051,173</b>

<b>SCHEDULE "P" : PAYMENTS &amp; PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages and Bonus	1,988,348	6,126,835
Contribution to Provident Fund, Gratuity Etc.	146,391	464,380
Staff Welfare Expenses	234,535	432,486
	<b>2,369,274</b>	<b>7,023,701</b>

**INFRA INDUSTRIES LIMITED****SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

<b>PARTICULARS</b>	<b>6 Months Ended 31.03.2005 Rs.</b>	<b>18 Months Ended 30.09.2004 Rs.</b>
<b>SCHEDULE "Q" : SELLING &amp; ADMINISTRATION EXPENSES</b>		
Rent, Rates and Taxes	300,396	1,174,169
Electricity Expenses	164,368	541,126
Freight, Transport and Octroi	684,263	3,851,147
Inspection charges	86,434	160,951
Insurance	99,026	315,567
Travelling & Conveyance expenses	1,126,924	4,029,875
Printing, Postage & Subscription	635,318	2,215,399
Miscellaneous Expenses	432,907	798,068
Auditors Remuneration		
Audit Fees	138,000	378,000
Tax Audit Fees	46,000	54,000
Loss on sales of assets	-	2,761,430
Provision of Doubtful Debts	-	1,502,994
Advertisement & Sales Promotion	660,899	1,905,457
Legal & Professional Fees	171,000	611,520
	<b>4,545,536</b>	<b>20,299,703</b>

<b>SCHEDULE "R" : INTEREST AND FINANCIAL EXPENSES</b>		
Interest on Others	501,572	440,606
Finance Cost	38,366	107,289
	<b>539,938</b>	<b>547,895</b>

**SCHEDULE "S"  
NOTES ON ACCOUNTS****1. Significant Accounting Policy:****a. Basis of preparation of Financial Statements**

The financial statements have been prepared on the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

**b. Use of Estimates**

Certain estimates and assumptions have been made in preparation of financial statement. The difference between the actual results and estimates are recognised in the year in which the results are known / materialised.

**c. Fixed Assets**

Fixed Assets are valued at cost/revalued amount (net of cenvat) less accumulated depreciation. All costs including financial costs till commencement of commercial production attributable to fixed assets are capitalised.

**d. Depreciation**

Depreciation on Fixed Assets is provided on straight-line method at the rates and in the manner prescribed in the schedule XIV to the Companies Act, 1956.

**e. Inventory Valuation**

Inventories are valued at lower of cost or Net Realisable Value except for scrap/damaged stock, which are valued at Net Realisable Value

Cost of Inventories of Finished Goods and Work in Progress includes material cost, cost of conversion and other cost.

Cost of inventories is determined on FIFO basis.

**f. Foreign Currency Transactions -**

- i Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.
- ii Monetary items denominated in foreign currency at the year end are translated at year end rates.
- iii Any income or expense on account of exchange differences either on settlement or on translation is recognised in the profit or loss account except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

**g. Retirement Benefits**

Contributions to Provident Fund and Leave Encashment are charged to Profit & Loss account on actuarial valuation; Provision for gratuity is made on the basis of actuarial valuation.



**h. Borrowing Cost**

Borrowing cost attributable to the construction of qualifying assets are capitalised as part of such assets up to the date when such assets are ready for intended use. Other Borrowing Cost are charged as expense in the year in which they are incurred.

**i. Sales**

Sales include excise duty and is recognised on accrual basis, net of sales returns.

**j. Taxes on income**

Tax on income for the current period is determined on the basis of taxable income and tax credit computed in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**k. Impairment of Assets**

An assets is treated as Impaired when the carrying cost of assets exceeds its recoverable Value. An impairment loss is charged to Profit and Loss Account in the year in which an Assets is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**l. Provision, Contingent Liabilities and Contingent Assets**

Provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2. The figures relating to current period is of six months and hence not comparable with the previous year's figures. The Previous year's figures have been reworked, regrouped, re-arranged and re-classified wherever necessary.

3. Debtors, Creditors, Loans and Advances balances are subject to confirmation from the respective parties.
4. The Company is taking necessary steps to recover certain old debts amounting to Rs.57,07,380/- and in the opinion of Management, they are confident to recover the said outstanding. Hence no further Provision other than the existing provision is required to be made in accounts at this stage.
5. Deposits include Rs.2, 00,00,000/- (Prev. Year. Rs. 2,00,00,000/-) paid to a firm in which some of the Directors are partner against use of Office Premises.
6. **Managerial Remuneration**  
Remuneration to directors in accordance with the conditions specified in Schedule XIII of the Companies Act, 1956 and subject to approved of the Shareholders in General Meeting

Particulars	Current	Previous
	Period Ended 31.03.2005	Period Ended 30.09.2004
	Rs.	Rs.
Remuneration	90,000	3,60,000
Provision for Gratuity	53,065	98,979
Perquisites	47,800	2,37,491
<b>Total</b>	<b>1,90,865</b>	<b>6,96,470</b>

7. **Related Party Disclosures**

List of related parties with whom transactions have taken place during the year.

i) Associates:

- a) Ambani Sales Organisation - Enterprises in which Directors are interested

ii) Key Managerial Personnel:

- a) Bhupendra J. Ambani - Chairman  
 b) Mukesh B. Ambani - Executive Director  
 c) Chandresh B. Ambani - Executive Director

iii) Transactions during the year with the related parties.

	(Rs.)		
	Enterprises In which directors are interested	Key Management Personal	Total
<b><u>Fixed Assets</u></b>			
(a) Fixed Assets Sold During the Year	-	-	-
Previous Year	(87,000)	-	(87,000)
<b><u>Advance</u></b>			
(a) Amount Paid/Received During the Year	-	-	-
Previous Year	(1,39,550)	-	(1,39,550)
<b><u>Deposit</u></b>			
(a) Received / Adjustment during the year	-	-	-
Previous Year	-	-	-
(b) Balance as at 31 <sup>st</sup> March 2005	2,00,00,000	-	2,00,00,000
Previous Year	(2,00,00,000)	-	(2,00,00,000)
<b><u>Expenditure</u></b>			
(a) Perquisite Including Provision for Gratuity	-	1,90,865	1,90,865
Previous Year	-	(6,96,477)	(6,96,477)
(b) Reimbursement of Office Expenses	1,87,008	-	1,87,008
Previous Year	(8,16,912)	-	(8,16,912)

#### 8. Earnings per share ["EPS"]:

##### Basic & Diluted:

Particulars	31.03.2005	30.09.2004
Profit/(Loss) after tax (Rs.)	(9,36,927)	(58,21,011)
Number of shares (Nos.)	5983100	5983100
<b>EPS Basic &amp; Diluted (Rs.)</b>	<b>(0.16)</b>	<b>(0.97)</b>
Equity Share of Face Value of (Rs.)	10	10

9. In the opinion of the management the company is mainly engaged in the business of plastic processing in India. All other activities of the Company revolve around the main business, and as such, there are no separate reportable segments.

#### 10. Deferred Tax

(a) Net deferred tax credit for the year of Rs. 9,16,318/- has been credited to the Profit & Loss Account.

(b) Major Components of Deferred Tax Assets and Deferred Tax Liabilities:

	As at 31.03.2005		As at 30.09.2004	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation		1,18,88,295		1,32,40,470
Provision for Gratuity	1,67,001		1,79,842	
Amounts disallowed U/s. 43 B	37,924		67,365	
Preliminary Expenses	2,74,459		2,98,366	
Provision for Leave Encashment	22,739		42,341	
Provision for Doubtfull Debts	5,05,908		5,49,976	
Carried forward losses	35,12,933		38,18,931	
	45,20,964	1,18,88,295	49,56,821	1,32,40,470
Net Deferred Tax Liability		73,67,331		82,83,649
Net credit liability charged to Profit & Loss Account		9,16,318		11,87,367

11. Additional information pursuant to Paragraphs 3, 4C, 4D of Part II of Schedule VI of Companies Act, 1956:

**A. Capacity, Production and Sales**

	Current Period Ended 31.03.2005	Previous Period Ended 30.09.2004
I INSTALLED CAPACITY (M/T)		
Rotmoulded Plastic Products	1,455	1,455
SWR Pipes & Fittings	970	970
Co-extruded Thermoplastic Sheets	4,030	4,030
II ACTUAL PRODUCTION (M/T)		
Plastic Products	340	1347
III QUANTITY OF SALES (M/T)		
Plastic Products	345	1348
IV VALUE OF SALES (Rs.)		
Plastic Products	3,56,79,172	11,38,75,832
Other Items	4,76,825	9,24,852

**B. Opening and Closing Stock of Finished Goods Stock**

	Current Period Ended 31.03.2005		Previous Period Ended 30.09.2004	
	Qty. (M/T)	Value (Rs.)	Qty. (M/T)	Value (Rs.)
Opening Stock	35	32,89,354	36	29,75,634
Closing Stock	30	26,54,215	35	32,89,354

**C. Details of Raw Materials Consumed**

Item	Current Period Ended 31.03.2005		Previous Period Ended 30.09.2004	
	Qty (M/T)	Value (Rs.)	Qty (M/T)	Value (Rs.)
Polymers	348	1,87,23,526	1382	6,03,33,758

**D. Expenditure in Foreign Currency**

	Current Period Ended 31.03.2005	Previous Period Ended 30.09.2004
	Rs.	Rs.
Travelling	1,23,070	5,09,282

**E. Value of raw materials consumed**

	Current Period Ended 31.03.2005		Previous Period Ended 30.09.2004	
	Rs.	%	Rs.	%
Indigenous	1,87,23,526	100.00	6,03,33,758	100.00
<b>Total</b>	<b>1,87,23,526</b>	<b>100.00</b>	<b>6,03,33,758</b>	<b>100.00</b>

**F. Value of stores & spares consumed**

	Current Period Ended 31.03.2005		Previous Period Ended 30.09.2004	
	Rs.	%	Rs.	%
Indigenous	4,38,698	100.00	16,18,198	100.00
<b>Total</b>	<b>4,38,698</b>	<b>100.00</b>	<b>16,18,198</b>	<b>100.00</b>

As per our Report of even date  
For Chaturvedi & Shah.  
Chartered Accountants

For and on behalf of the Board

**Amit Chaturvedi**  
Partner

Place: Mumbai  
Date: 30th June, 2005

**Bhupendra J. Ambani**  
Non-Executive Chairman

**Mukesh B. Ambani**  
Managing Director

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March 2005**

	Rs.	Current Period	Current Period
		Ended 31.03.2005	Ended 30.09.2004
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>Rs.</b>	<b>Rs.</b>
NET PROFIT/(LOSS) AFTER TAX		(936,927)	(5,821,011)
ADJUSTMENTS FOR			
-Depreciation	2,162,059		6,406,255
-Provision for Deferred Tax Written Back	(916,318)		(1,187,365)
-Interest Expenses	539,938		547,895
-Loss on sale of asset	0		2,761,430
-Interest Income	(2,849)		(83,430)
-Excess Provision of Tax Written Back	0		152,083
-Premature Deferral Sales Tax Repayment Benefit	0		(764,488)
-Interest Accrued on Fixed Deposit	0		384
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>1,782,830</b>	<b>7,832,763</b>
ADJUSTMENTS FOR		845,903	2,011,751
-Receivables	(1,473,032)		(2,926,531)
-Inventories	1,522,783		(1,146,756)
-Other Assets (Loans & Advances)	(777,813)		(434,633)
-Trade Payables	3,889,051		2,390,630
<b>CASH GENERATED FROM OPERATIONS</b>		<b>3,160,969</b>	<b>(2,117,290)</b>
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>		<b>4,006,872</b>	<b>(105,538)</b>
<b>B CASH OUTFLOW FROM INVESTING ACTIVITIES</b>			
Additions to Fixed Assets		(3,079,757)	(3,065,930)
Reduction in Fixed Assets		0	308,500
Investments		100,000	(100,000)
Interest Income Received		2,849	83,046
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(2,976,908)</b>	<b>(2,774,384)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Short Term & Long Term Borrowings		(113,596)	(300,599)
Proceeds from Unsecured Loans		0	3,637,158
Repayment of Unsecured Loans (Deferral Sales Tax )		(0)	(1,190,097)
Interest Paid		(539,938)	(547,895)
<b>NET CASH FROM/(USED IN) FOR FINANCING ACTIVITIES</b>		<b>(653,534)</b>	<b>1,598,568</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>376,429</b>	<b>(1,281,354)</b>
<b>CASH AND CASH EQUIVALENTS AS AT 30.09.2004</b>		<b>1,716,237</b>	<b>2,997,591</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2005</b>		<b>2,092,666</b>	<b>1,716,237</b>

**Notes:**

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountant of India
- Figures in brackets represent outflows.

For and on behalf of the Board

Place : Mumbai  
Date : 30<sup>th</sup> June, 2004

**Bhupendra J. Ambani**  
Non-Executive Chairman

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of Infra Industries Limited, for the period ended 31st March 2005. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the Stock Exchange of Mumbai, and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of 30th June, 2005 to the members of the Company.

**For Chaturvedi & Shah**  
Chartered Accountants.

**Amit Chaturvedi**  
Partner

Place : Mumbai  
Date : 30<sup>th</sup> June, 2004

**ATTENDANCE SLIP**

**INFRA INDUSTRIES LIMITED**

**Regd. Office: Dhiraj Chambers, 7<sup>th</sup> Floor, 9 Hazarimal Somani Marg, Mumbai 400 001**

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company. The admission will, however, be subject to verification of signatures and such other checks, as may be necessary.

**NAME & ADDRESS OF THE SHAREHOLDER**

**L.F. NO.**

_____	_____
_____	_____
_____	_____

I hereby record my presence on 27<sup>th</sup> September 2005 at the Sixteenth ANNUAL GENERAL MEETING of the Company at WIAA Club Ltd. B.G. Kher Marg, Malabar Hill, Mumbai -400 006

\_\_\_\_\_  
SIGNATURE OF THE SHAREHOLDER OR PROXY

**PROXY FORM**

**INFRA INDUSTRIES LIMITED**

**Regd. Office: Dhiraj Chambers, 7<sup>th</sup> Floor, 9 Hazarimal Somani Marg, Mumbai 400 001**

L. F. NO. \_\_\_\_\_

I/ We \_\_\_\_\_ of \_\_\_\_\_  
Being a member / members of INFRA INDUSTRIES LIMITED hereby appoint \_\_\_\_\_ or \_\_\_\_\_  
failing him \_\_\_\_\_ of \_\_\_\_\_ as  
my / our proxy to vote for me / us and on my / our behalf at the SIXTEENTH ANNUAL GENERAL MEETING of the Company to be held at 9.30 a. m. on 27<sup>th</sup> September, 2005 and at any adjournment thereof.

As witness my / our hand (s) this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

Affix a Re. 1  
Revenue Stamp

\_\_\_\_\_  
Signature(s) of the Shareholder(s)

Note: The proxy must be returned so as to reach the Company not less than 48 hours before the time for holding the aforesaid meeting.

**BALANCE SHEET AND COMPANY'S GENERAL BUSINESS PROFILE**

1	<b>Registration Details</b>	
	<b>Registration No.</b>	54503 of 1989
	<b>Balance Sheet Date</b>	31.03.2005
	<b>State Code</b>	11
2	<b>Capital Raised during the year (Amt. in Rs.thousnads)</b>	
	<b>Arrears of allotment money</b>	NIL
	<b>Bonus Issue</b>	NIL
	<b>Rights Issue</b>	NIL
	<b>Private Placement</b>	NIL
3	<b>Position of Mobilisation &amp; Deployment of Funds(Amt. in Rs.thousnads)</b>	
	<b>Total Liabilities</b>	98,828
	<b>Total Assets</b>	98,828
	<b>Sources of Funds</b>	
	<b>Paid Up Capital</b>	59,831
	<b>Secured Loans</b>	121
	<b>Reserves &amp; Surplus</b>	0
	<b>Unsecured Loans</b>	31,465
	<b>Application of Funds</b>	
	<b>Net Fixed Assets</b>	57,977
	<b>Net Current Assets</b>	35,188
	<b>Investments</b>	0
	<b>Misc. Expenditure</b>	0
	<b>Accumulated Losses</b>	2,831
4	<b>Performance of Company(Amt. in Rs.thousnads)</b>	
	<b>Turnover</b>	36,155
	<b>Profit/Loss before Tax</b>	(1,853)
	<b>Total Expenditure</b>	31,333
	<b>Profit/Loss after Tax</b>	(936)
	<b>Earning per Share (Weighted Avg.) in Rs.</b>	(0.16)
	<b>Dividend Rate %</b>	-
5	<b>Generic Names of Three Principal Products/Services of Company (as per monetary terms)</b>	
	<b>Product Description :</b>	<b>Item Code No.</b>
	i Rotomoulded Plastic Products	39,251,000
	ii Polystyrene	39,203,000
	iii SWR Systems	39,174,000

**Bhupendra J. Ambani**  
Non-Executive Chairman

**Mukesh B. Ambani**  
Managing Director



**BOOK - POST**

*If undelivered please return to :*

**INFRA INDUSTRIES LIMITED  
Dhiraj Chambers, 7<sup>th</sup> Floor,  
9, Hazarimal Somani Marg,  
Mumbai 400 001.**