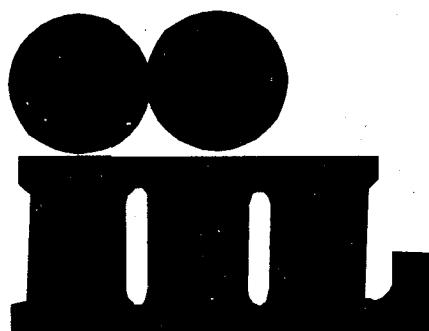


# **INFRA INDUSTRIES LIMITED**



**ANNUAL REPORT 2005-2006**

## **INFRA INDUSTRIES LIMITED**

### **BOARD OF DIRECTORS**

Bhupendra J. Ambani	Non- Executive Chairman
Mukesh B. Ambani	Managing Director
Sailesh R. Sheth	Director
Haresh P. Sanghvi	Director
A P. Abraham	Director

### **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  
Chartered Accountants

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### **REGISTRARS & TRANSFER AGENTS**

Purva Sharegistry (India) Private Limited,  
9, Shiv Shakti Industrial Estate,  
Ground Floor, Sitaram Mill Compound,  
J. R. Boricha Marg, Lower Parel,  
Mumbai – 400 011.  
Phone No. (022) 23016761 / 23018261  
Email.busicomp@mtnl.net.in

## NOTICE

**NOTICE** is hereby given that the Seventeenth Annual General Meeting of the members of **INFRA INDUSTRIES LIMITED** will be on Friday, 29<sup>th</sup> September, 2006 at 4.30 p.m. at Malabar Hill Club Ltd, B. G. Kher Marg, Malabar Hill, Mumbai - 400 006. to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider and adopt the Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year on that date and the Directors' Report thereon and Auditors' Report thereto.
2. To appoint Director in place of Mr. Bhupendra J. Ambani 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. Haresh P. Sanghvi, 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."

**By Order of the Board of Directors**

**PLACE: Mumbai**  
**DATED: 30<sup>th</sup> June, 2006.**

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

**REGISTERED OFFICE**  
Dhiraj Chambers, 7<sup>th</sup> Floor,  
9, Hazarimal Somani Marg,  
Mumbai - 400 001.

### **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 as set out above is annexed hereto.

- 4) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 22nd day of September, 2006 to Friday, 29th day of September, 2006 (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 2006.**

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in accompanying Notice dated 30<sup>th</sup> June, 2006 and shall be taken as forming part of the Notice.

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

Mr. Haresh P. Sanghvi, who has been appointed as an additional director under Section 260 of the Companies Act, 1956 effective December 27, 2005 holds office upto the date of the Seventeenth 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. Haresh P. Sanghvi for the office of director.

Your Board recommends the resolution for your approval.

Except Mr. Haresh P. Sanghvi, no Director of the Company is concerned or interested in the resolution at item No. 4.

Your Board recommends the resolution for your approval.

**By Order of the Board of Directors**

**PLACE: Mumbai**  
**DATED: 30<sup>th</sup> June, 2006.**

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

**REGISTERED OFFICE**  
Dhiraj Chambers, 7<sup>th</sup> Floor,  
9, Hazarimal Somani Marg,  
Mumbai - 400 001.

## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting their Seventeenth Annual Report, and the Audited Statement of Accounts of the Company for the year ended 31st March, 2006.

	Year Ended 31.03.2006 (Rs.)	Period Ended 31.03.2005 (Rs.)
Profit/(Loss) before Interest, Depreciation and Tax	8,50,611	8,48,752
Less: Interest	6,84,731	5,39,938
Gross Profit/(Loss)	1,65,880	3,08,814
Less: Depreciation	25,53,743	21,62,059
Profit/(Loss) before Tax	(23,87,863)	(18,53,245)
Add: Deferred Tax Credit	(26,037)	9,16,318
Add: Provision for Fringe Benefit Tax	2,00,000	0
Profit/(Loss) after Tax	(26,13,900)	(9,36,927)
Add: Balance Brought from Previous year	(28,31,058)	(18,94,131)
Balance Carried to Balance Sheet	(54,44,958)	(28,31,058)

### DIVIDEND

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

### OPERATIONS

The Sales during the year under review was Rs. 5,55,83,783/- as against Rs.3,61,55,997/- in the previous period of six months.

Due to severe increase in the Raw Material input cost the Company's margins were under pressure.

### FINANCE

During the year under review the Company has availed working capital facility.

### FUTURE OUTLOOK

The new facility at Hubli is in the final stage of commissioning and the Company expects to achieve higher turnover in the State of Karnataka.

There is a tremendous response from the customers, dealers and distributors as Infra has its presence in the State of Karnataka since 1992.

The advantage of Hubli Plant as it is highly cost effective due to low capital investment and added advantage of cost saving on transportation.

With the above advantages the upcoming Hubli Plant will be able to service the market and will contribute positively.

### FIXED DEPOSITS

During the year the Company has not accepted any fixed deposits from the Public under Section 58A.

### 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 year ended 31<sup>st</sup> March, 2006; 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 year and of the loss of the Company for the year 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 year ended 31<sup>st</sup> March, 2006 on a 'going concern' basis.

### DIRECTORS

Mr. Bhupendra J. Ambani, 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. Haresh P. Sanghvi has been appointed as an Additional



# INFRA INDUSTRIES LIMITED

Director on 27<sup>th</sup> December, 2005 and holds the office till the day of the 17<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. R. K. Sundram resigned as Director on 10<sup>th</sup> June, 2006.

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

Mr. A. P. Abraham has been appointed as a Director in the casual vacancy caused due to resignation of Mr. R. K. Sundaram.

## AUDIT COMMITTEE

The Audit Committee was re-constituted on 27<sup>th</sup> December, 2005 on appointment of Mr. Haresh P. Sanghvi as Director and again re-constituted on 10<sup>th</sup> June, 2006 on the resignation of Mr. R. K. Sundaram as Director and induction of Mr. A. P. Abraham as Director on the Board.

## The Audit Committee now represents

1. Mr. Haresh P. Sanghvi
2. Mr. Bhupendra J. Ambani
3. Mr. A.P. Abraham

## 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.

By Order of the Board of Directors

PLACE: Mumbai

Bhupendra J. Ambani

DATED: 30<sup>th</sup> June, 2006.

(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 year ended 31<sup>st</sup> March 2006.

### 1. FORM A - ENERGY CONSUMPTION A) POWER & FUEL CONSUMPTION

	Year Ended 31.03.2006	Period Ended 31.03.2005
<b>1. Electricity:</b>		
(a) Purchased Units (KWH)	468068	291149
Total Amount (Rs.)	2874742	1765486
Rate / Unit (Rs.)	6.14	6.06
(b) Own Generation		
i) Through Diesel Generator Units	3542	2662
Units per Ltr. of diesel oil	1.19	0.97
Cost / Unit (Rs.)	32.88	30.57
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)	168218	110486
Total Amount (Rs.)	4315271	2462848
Average Rate (Rs.)	25.65	22.29
<b>4. Others/Internal Generations:</b>	NIL	NIL
<b>B) CONSUMPTION PER UNIT OF PRODUCTION</b>		
<b>Products (with details)</b>		
Production (MT)	497	340
Electricity (Kwh/MT)	942	856
Diesel oil for Oven (Litrs./MT)	338	325
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 its 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. 7,681
3. On account of Technical Know-how fees: Rs. NIL
4. Towards Import of Capital Equipment: Rs. NIL

By Order of the Board of Directors

PLACE: Mumbai

Bhupendra J. Ambani

DATED: 30<sup>th</sup> June, 2006.

(Non-Executive Chairman)

**MANAGEMENT DISCUSSION AND ANALYSIS**

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 put the new plant at Hubli in the State of Karnataka and the same has commenced operation in the year. The Company has only one division, manufacturing of Plastic products.

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

**OVERVIEW**

Our country is on a progressive road map and the business environment is positive especially in the area of building construction activities.

With the completion of golden quadruple express way connecting all the major cities of our country giving a tremendous boost in all the sectors as transportation of people and goods have become easier, affordable and in time. Due to this there is an opportunity in the smaller cities which has given potential for townships to come up.

All the above factors will see tremendous business growth opportunities in other sectors of industry and developments.

**INFRA's** main business of Water Tanks will have an opportunity to cater to the vast expanding housing sector and various industries.

**INDUSTRIAL OUTLOOK**

The "Plastics Age" is firmly with us. Today plastics have replaced traditional materials such as wood, metal, glass, leather, paper and rubber in many applications.

Polyethylene Rotomoulded tanks have replaced traditional concrete / metallic storage tanks thereby helping in conservation of water.

The boon in construction industry is growing with middle class housing colonies, slum rehabilitation & Road developments which are the key drivers for applications of various plastic products.

The Indian market is over 180 rotomoulders with the annual consumption of about 45000 Metric Tons Per Annum. Out of 85% of the market is Water Storage Tanks and now the rotomoulding industry has approached other applications such as automotive, dairy, material handling & replacement of conventional materials.

**INFRA** plans to benefit from this great opportunity.

**OPPORTUNITES & THREATS**

In view of the opportunities available there is a need for replacement of conventional materials by Plastics and especially in the field of rotational moulding where in past few years we have replaced very critical components in automotive industry, fisheries & applications in non-conventional energy.

The unorganised in this field has made its presence felt by under mining the quality of the products, under sizing the products and such other measures which has not made much impact as there is a demand for quality products.

**BUSINESS OUTLOOK**

**INFRA** brand has maintained its position in Western & Southern India which envisaged us to startup a Plant in the State of Karnataka as there is a demand for quality products. The Company is innovating the design of Water Tanks which is acceptable in the market as there is constant pursuance to provide quality product with added advantage.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward- looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply, price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes.

**INTERNAL CONTROL SYSTEM**

The Company has adequate internal control system to safeguard its assets and prevention of misappropriation and detection of fraud and or unauthorised use of assets and it has been designed to ensure preparation of reliable financial statement and maintaining all the assets.

The Audit Committee of the Board deals with the significant issues relating to control raised by the Statutory Auditors.



## REPORT ON CORPORATE GOVERNANCE

Your Directors submit their report on the Corporate Governance of the Company for the Financial Year 2005-2006.

### COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

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

The Company's vision is to maximize shareholders value and compliance & adherence to regulatory procedures, implicit rules & voluntary practices.

The Company's philosophy on Corporate Governance is founded on transparent governance practices to safeguard the interest of investors, stake holders and society at large.

During the year the company adopted the code of conduct for prevention of insider trading and code of corporate disclosure practices in pursuance to the SEBI regulation in this regard.

### BOARD OF DIRECTORS

The Board of Directors comprises of 1 Executive Promoter Director, 1 Non-Executive Promoter Director and 3 Non-Executive / Independent Directors.

During the financial period 1<sup>st</sup> April, 2005 to 31<sup>st</sup> March, 2006, 6 Board Meetings were held on 30<sup>th</sup> June, 2005; 9<sup>th</sup> August, 2005, 31<sup>st</sup> October, 2005, 27<sup>th</sup> December, 2005, 31<sup>st</sup> January, 2006 and 21<sup>st</sup> March, 2006.

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:

Category of Directorship	Name of the Director	Designation
Promotor	Mr. Bhupendra J. Ambani	Non-Executive Chairman
Promotor	Mr. Mukesh B. Ambani	Managing Director
Independent	Mr. R.K.Sundaram	Director
Independent	Mr. Sailesh R. Sheth	Director
Independent	Mr. Haresh P.Sanghavi	Director

### Attendance at Board Meeting and Last Annual General Meeting.

Name of the Director	No. of Board Meetings attended	Attendance of last AGM
Mr. Bhupendra J. Ambani	6	YES
Mr. Mukesh B. Ambani	6	YES
Mr. R.K.Sundaram	6	NO
Mr. Sailesh R. Sheth	6	YES
Mr. Haresh P.Sanghavi	3	N/A

### Other Board or Committee in which each Director is a Member or Chairman

Name of the Director	No. of Other Directorship	Committee Membership Member	Chairman
Mr. Bhupendra J. Ambani	NIL	NIL	NIL
Mr. Mukesh B. Ambani	NIL	NIL	NIL
Mr. R.K.Sundaram	NIL	NIL	NIL
Mr. Sailesh R. Sheth	NIL	NIL	NIL
Mr. Haresh P.Sanghavi	NIL	NIL	NIL

Mr. Haresh P.Sanghavi was appointed as an Additional Director with effect from 27<sup>th</sup> December, 2005.

### Brief Profile Of Director Seeking Re-election/Election :

Mr. Bhupendra J. Ambani, Non-Executive Chairman, aged 68 years, an Inter B.A. started his career in 1960 as a Broker in field of Iron & Steel Trading. Activity of business was supplying Iron and Steel in bulk quantities to large business and industrial houses. With his vision the group envisaged into manufacturing activities and embarked upon the ambitious rotomoulding project at Khopoli and thereafter the Company went on expanding under his leadership and guidance.

Mr. Haresh P. Sanghavi is a practicing Company Secretary with a management background. He has a total experience in management about 20 years.

Mr. A. P. Abraham an MBA having 14 years of experience in marketing of building materials, has launched products in the respective area of operation and introduced unique promotional techniques.

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

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

#### Name of Director

Mr. Bhupendra J. Ambani  
Mr. Mukesh B. Ambani  
Mr. R. K. Sundaram  
Mr. Sailesh R. Sheth  
Mr. Haresh P.Sanghavi  
Mr. A.P.Abraham

None of the above Directors holds any Directorship or Membership in committee of any other public limited Companies.

### 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. Haresh P. Sanghvi	Chairman - Audit Committee
Mr. Sailesh R. Sheth	Member- Audit Committee ceased with effect from 10 <sup>th</sup> June, 2006.
Mr. R. K. Sundaram	Member- Audit Committee ceased with effect from 27 <sup>th</sup> December, 2005.
Mr. A.P. Abraham	Member- Audit Committee with effect from 10 <sup>th</sup> June, 2006.



**Responsibilities:**

**The Board of Directors responsibilities include review of:**

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Business risk analysis
- Appointment of senior executives
- Compliance with statutory / regulatory requirements and review of major legal issues, if any
- Adoption of quarterly /half-yearly / annual results
- Transactions pertaining to purchase / disposal of property, major provisions and write offs.

**Code of Conduct for Board Of Directors :**

The Company has in place a Code of Conduct for the Board Of Directors of the Company .The same shall be posted on the Company’s website shortly. A declaration by Mr. Mukesh B. Ambani, Managing Director regarding compliance by the Board Members with the Code of Conduct is given as under:-

The Board of Directors have approved the Code of Conduct for the Directors. As stipulated required under Clause 49(I) (D) of the Listing Agreement with the Stock Exchanges, all the Directors of the Company have affirmed compliance with the Code for the financial year ended 31<sup>st</sup> March 2006.

**BOARD COMMITTEES**

**a) Audit Committee**

**Terms of Reference**

The Terms of Reference of this committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956, and are as follows :

- (a) Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- (c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern consumption.
  - Compliance with accounting standards.
  - Compliance with Stock Exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of Company at large.

- (d) Reviewing with the management, External and Internal auditors the adequacy of Internal Control System;
- (e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- (f) Discussion with internal auditors any significant findings and follow up thereon.
- (g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (h) Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- (i) Reviewing the Company’s financial and risk management policies.
- (j) To look into the reasons for substantial defaults in the payment to the depositors, debentures holders, shareholders (in case of nonpayment of declared dividends) and creditors.

**Composition and Meeting during the year**

The Audit Committee met 4 times in the financial year on 30<sup>th</sup> June, 2005, 9<sup>th</sup> August, 2005, 31<sup>st</sup> October, 2005 and 31<sup>st</sup> January, 2006. where all the members of the Committee, Executive Director, the Statutory Auditors and the Internal Auditors were present. Meetings reviewed the Annual Accounts; and Quarterly results and approved the same. The Audit Committee oversees the general accounting practices and other management policies.

**b) Details of Remuneration to the Directors during the year (Amount in Rs.)**

Name of the Director	Salary	Commission	Perquisite	Sitting Fees
Mr. Bhupendra J. Ambani	NIL	NIL	NIL	NIL
Mr. Mukesh B. Ambani	1,20,000	NIL	66,675	NIL
Mr. R. K. Sundaram	NIL	NIL	NIL	NIL
Mr. Sailesh R. Sheth	NIL	NIL	NIL	NIL
Mr. Haresh P. Sanghavi	NIL	NIL	NIL	NIL

**c) Share Transfer / Investor Grievance Committee**

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





The Board of Director has delegated the power to the executives of the Company/Share transfer agent to process share transfer and other investor allied matters.

**Composition and Meeting during the year**

The committee comprises of One Independent Non-Executive Chairman and one Managing Director. During the year ended 31<sup>st</sup> March 2005 the Committee met twelve times on 1<sup>st</sup> April 2005, 1<sup>st</sup> June 2005, 15<sup>th</sup> day of July 2005, 1<sup>st</sup> day of August 2005, 1<sup>st</sup> day of September 2005, 15<sup>th</sup> day of September 2005, 1<sup>st</sup> day of October 2005, 30<sup>th</sup> day of November 2005, 15<sup>th</sup> day of December 2005, 31<sup>st</sup> day of December 2005 and 28<sup>th</sup> day of February 2006.

**Shareholder/Investor Service**

Mr. Mukesh B. Ambani handles Shareholders/Investor Services, who provides timely services. There is no case/complaint pending.

**Name and Designation of Compliance Officer**

Mr. Mukesh B. Ambani, Managing Director

**General Body Meetings**

Financial Year	Date
1 <sup>st</sup> April, 2002 to 31 <sup>st</sup> March, 2003	27-09-2003
1 <sup>st</sup> April, 2003 to 30 <sup>th</sup> September, 2004	28-12-2004
1 <sup>st</sup> October, 2004 to 31 <sup>st</sup> March, 2005	27-09-2005

**Venue:**

All the above Annual General Meeting of the Company were held at WIAA Club, Ridge Road, Malbhar Hill, Mumbai – 400 006

**Disclosures**

There are no materially significant related party transactions made by the Company with its promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. The Register of the Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Commercial transactions with the related parties are disclosed in the accounting part of this report.

During the last three years, there were no strictures or penalties by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

**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.

The CEO Certification under Clause 49V of the Companies Act,1956 is as under:

I, Mukesh B. Ambani Managing Director, to the best of our knowledge and belief certify that:

- (a) I have reviewed the financial statements and cash flow statement for the year and that to the best of our knowledge and belief:
  - (1) These statements do not contain any materially untrue statement or omit any materials fact or contain statements that might be misleading;
  - (2) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company’s Code of Conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that i have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any of which they we are aware and the steps i have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee that there is
  - i. No significant change in internal control over financial reporting during the year.
  - ii. No significant change in accounting policies during the year under review and
  - iii. No instance of any fraud in the company in which the management has any role.

**For INFRA INDUSTRIES LIMITED**

**Mumbai, 30th June 2006**

**Managing Director**

**GENERAL SHAREHOLDING INFORMATION**

1 Annual General Meeting to be held on	Friday, 29th September, 2006
2 Financial Year	1 <sup>st</sup> April, 2005 to 31 <sup>st</sup> March, 2006
3 Book Closure Date	22 <sup>nd</sup> September 2006 to 29 <sup>th</sup> September 2006
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

Month & Year	Bombay Stock Exchange	
	HIGH (Rs.)	LOW (Rs.)
April, 2005	12.60	6.75
May, 2005	14.70	9.13
June, 2005	13.75	8.00
July, 2005	10.09	7.17
August, 2005	18.78	7.02
September, 2005	20.65	14.05
October, 2005	13.35	12.69
November, 2005	12.06	6.55
December, 2005	6.82	5.92
January, 2006	12.20	7.16
February, 2006	19.28	12.00
March, 2006	20.35	16.70

## 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 31-03-2006

Category	No. of Shares held	% of Share holding
Promoters	4138900	69.08
Banks, Financial Institutions	174500	2.91
Others	1678500	28.01

## 10. Dematerialization of equity shares

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 year under report was 30,57,090 representing 51.02%. 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,  
9, Shiv Shakti Industrial Estate,  
Ground Floor, Sitaram Mill Compound,  
J. R. Boricha Marg, Lower Parel,  
Mumbai - 400 011.

**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 year ended on 31<sup>st</sup> March 2006, 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 2006**

**AUDITORS' REPORT**

To  
The Members,  
Infra Industries Limited

We have audited the attached Balance Sheet of **Infra Industries Limited** as at 31st March 2006 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, 2006 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, 2006.
- (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 2006**

**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 off 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. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - a) According to the information and explanations given to us, the Company has not granted any loan, secured



## INFRA INDUSTRIES LIMITED

- or unsecured to companies, firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, sub-clause (b), (c) and (d) are not applicable.
- e) The Company has taken loans during the year from three parties covered in the register maintained under section 301 of the Companies Act 1956 during the year. In respect of the said loan, the maximum amount outstanding at any time during the year was Rs.23,63,793/- and year-end balance is also Rs. 3,10,158/-.
- f) In our opinion and according to the information and explanation given to us, the aforesaid loans are interest free and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- g) In respect of loans given by the Company, these are repayable on demand and therefore the question of overdue amount does not arise.
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 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. The Company does not have a formal internal audit system, commensurate with size of the Company and nature of its business, management does not think necessary, establishing an internal audit system, however according to information and explanation given to us, its internal control systems provides reasonable internal checking of its financial transaction.
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, 2006 for a period of more than six months from the date of becoming payable except in respect of repayment of sales tax deferral loan aggregating to Rs.3,73,605/-(since paid).
- 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.54,44,958/- 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 and in the immediately preceding financial year.
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 explanations given to us and based on the information available, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of the Order are not applicable to the Company.
15. According to the information and explanation given to us, the Company has not given any 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 amounting to Rs. 47,82,251/- raised by the company are 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 2006**

**BALANCE SHEET AS AT MARCH 31, 2006**

PARTICULARS	Schedule	As at	As at
		31.03.2006	31.03.2005
		Rs.	Rs.
<b>SOURCES OF FUND</b>			
<b>SHAREHOLDERS FUND</b>			
Share Capital	"A"	59,875,000	59,875,000
Revaluation Reserves (Refer Note No. 4 of Schedule "R")		2,512,536	0
<b>sub total</b>		<u>62,387,536</u>	<u>59,875,000</u>
<b>LOAN FUND</b>			
Secured Loan	"B"	11,713,711	121,035
Unsecured Loan	"C"	30,522,671	31,465,061
<b>sub total</b>		<u>42,236,382</u>	<u>31,586,096</u>
DEFERED TAX LIABILITY (Net)		7,393,368	7,367,331
<b>TOTAL</b>		<u><u>112,017,286</u></u>	<u><u>98,828,427</u></u>
<b>FIXED ASSETS</b>			
Gross Block	"D"	72,887,979	108,882,737
Less : Depreciation		<u>12,675,115</u>	<u>50,905,672</u>
Net Block		60,212,864	57,977,066
Capitall Work In Progress		5,337,862	2,832,616
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	"E"	4,479,401	5,728,325
Sundry Debtors	"F"	11,259,032	17,229,054
Cash and Bank Balances	"G"	2,607,375	2,092,666
Loans and Advances	"H"	30,702,990	24,600,292
		<u>49,048,798</u>	<u>49,650,337</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	"I"	7,753,174	14,395,093
Provisions		274,022	67,555
		<u>8,027,196</u>	<u>14,462,648</u>
<b>NET CURRENT ASSETS</b>		41,021,602	35,187,688
Debit Balance of Profit & Loss Account	"J"	5,444,958	2,831,058
<b>TOTAL</b>		<u><u>112,017,286</u></u>	<u><u>98,828,427</u></u>
<b>NOTES TO ACCOUNTS</b>	"R"		

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 2006

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2006**

PARTICULARS	Schedule	For the Year	6 Months
		Ended 31.03.2006 Rs.	Ended 31.03.2005 Rs.
<b>INCOME</b>			
Sales and Services		55,583,783	36,155,997
Less: Excise Duty Recovered on Sales		<u>7,179,822</u>	<u>4,691,347</u>
		48,403,961	31,464,650
Other Income	"K"	2,593,657	1,637,568
Increase / (Decrease) in Stock	"L"	<u>(1,228,825)</u>	<u>(1,459,854)</u>
		<u>49,768,793</u>	<u>31,642,364</u>
<b>EXPENDITURE</b>			
Cost of Goods consumed	"M"	28,247,282	18,723,526
Manufacturing Expenses	"N"	9,190,876	5,155,276
Payments & Provisions for Employees	"O"	5,504,834	2,369,274
Selling & Administrative Expenses	"P"	5,975,190	4,545,536
Interest & Finance Expenses	"Q"	684,731	539,938
		<u>49,602,913</u>	<u>31,333,550</u>
Profit/(Loss) before Depreciation		165,880	308,814
Depreciation (Refer Note No. 4 of Schedule "R")		<u>2,553,743</u>	<u>2,162,059</u>
Net Profit/(Loss) after Depreciation & before Tax		(2,387,863)	(1,853,245)
Provision for Fringe Benefit Tax		200,000	0
Provision for Deferred Tax		<u>26,037</u>	<u>(916,318)</u>
Net Profit/(Loss) after Tax		(2,613,900)	(936,927)
Balance Brought Forward (Profit)		<u>(2,831,058)</u>	<u>(1,894,131)</u>
Balance Carried to Balance Sheet		<u>(5,444,958)</u>	<u>(2,831,058)</u>
Earnings per Equity Share (Basic & Diluted) (Rs.10/-)		<u>(0.44)</u>	<u>(0.16)</u>

**NOTES TO ACCOUNTS**
**"R"**

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 2006

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

<b>PARTICULARS</b>	<b>As at 31.03.2006 Rs.</b>	<b>As at 31.03.2005 Rs.</b>
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</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
	<u>100,000,000</u>	<u>100,000,000</u>
<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
	<u>59,875,000</u>	<u>59,875,000</u>
<b>SCHEDULE B</b>		
<b>SECURED LOAN</b>		
Working Capital Loan From Bank	11,713,711	0
(Working Capital Loan from bank are secured against hypothecation of raw material, finished goods,WIP, consumables stores at factories of the Company at Arav, Pukkathurai, Hubli & godowns and receivable books debts and further secured by collateral security by registered mortgage of the factory land & building at Arav,Pukkathurai & Dadra, and hypothecation of fixed assets of the Company including machinery installation in the Company factories at Arav, Pukkathurai & Hubli and furnitures & fixtures.)		
Hire Purchase Car Loans (Secured against hypothecation of cars)	0	121,035
	<u>11,713,711</u>	<u>121,035</u>
<b>SCHEDULE C</b>		
<b>UNSECURED LOANS</b>		
Sales Tax Deferred	30,212,513	31,465,061
Loan From Directors	310,158	0
	<u>30,522,671</u>	<u>31,465,061</u>
<b>SCHEDULE E</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by the management)		
Raw Materials	539,915	511,115
Stores & spares	278,802	325,026
Fuel	539,442	542,117
Work in Progress	2,005,555	1,695,852
Finished Goods	1,115,687	2,654,215
	<u>4,479,401</u>	<u>5,728,325</u>



# INFRA INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET

### SCHEDULE D FIXED ASSETS

	GROSS BLOCK					DEPRECIATION				NETBLOCK	
	As at 01-04-2005	Revaluation	Addition / Adjustments	Deduction/ Adjustments	As at 31-03-2006	Up to 31-03-2005	For the year	Deduction/ Adjustments	As at 31-03-2006	As at 31-03-2006	As at 31.03.2005
	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	4,213,841	13,233,159	-	-	17,447,000	-	-	-	-	17,447,000	4,213,841
Factory Building	39,358,866	(9,630,244)	1,419,078	-	31,147,700	12,766,922	998,594	(13,085,757)	679,759	30,467,941	26,591,944
Office Building	-	2,997,200	-	-	2,997,200	-	-	32,570	32,570	2,964,630	-
Plant and Machinery	56,264,072	(39,046,179)	767,206	-	17,985,099	33,134,148	1,175,198	(23,982,216)	10,327,130	7,657,969	23,129,924
Furniture and Fixtures	3,392,457	(2,497,293)	38,115	-	933,279	2,029,378	113,582	(1,934,584)	208,376	724,903	1,363,079
Office Equipments	2,369,057	(2,005,054)	24,219	-	388,222	1,082,920	66,954	(1,049,295)	100,578	287,643	1,286,137
Computers	1,550,933	(62,190)	28,387	-	1,517,130	1,211,970	116,729	(51,814)	1,276,885	240,245	338,963
Vehicles	1,733,511	(1,261,162)	-	-	472,349	680,334	82,686	(713,203)	49,817	422,532	1,053,177
	108,882,737	(38,271,763)	2,277,005	-	72,887,979	50,905,672	2,553,743	(40,784,299)	12,675,115	60,212,863	57,977,065
Capital Work in Progress	2,832,616		2,505,246		5,337,862	-	-	-	-	5,337,862	2,832,616
Previous Year	108,635,596		247,141	-	108,882,737	48,743,613	2,162,059	0	50,905,672	57,977,065	59,891,984

Note: CWIP Includes Purchase of Fixed Assets of Rs.17,53,399/-, Advance to Supplier of Rs.2,62,919/- & Pre-Operative Expenses Rs.33,21,544/-



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

PARTICULARS	As at	As at
	31.03.2006	31.03.2005
	Rs.	Rs.
<b>SCHEDULE F</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good subject to confirmation)		
(a) Outstanding for more than Six months		
Considered Good	3,730,790	2,849,754
Considered Doubtful	<u>4,728,592</u>	<u>5,707,380</u>
	8,459,382	8,557,134
Less : Provision for Doubtful Debts	<u>2,367,395</u>	<u>1,502,994</u>
	6,091,987	7,054,140
(b) Other Debts	<u>5,167,045</u>	<u>10,174,914</u>
	<u><u>11,259,032</u></u>	<u><u>17,229,054</u></u>
<b>SCHEDULE G</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	1,715,534	755,867
With Schedule Banks In Current Account	<u>891,841</u>	<u>1,336,799</u>
	<u><u>2,607,375</u></u>	<u><u>2,092,666</u></u>
<b>SCHEDULE H</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good subject to confirmation)		
Advances recoverable in cash or in kind or for value to be received	5,505,485	1,325,001
Balance with central excise authorities	726,941	406,156
Tax Deducted at Source	699,533	323,182
Deposits	<u>23,771,030</u>	<u>22,545,953</u>
	<u><u>30,702,990</u></u>	<u><u>24,600,291</u></u>
<b>SCHEDULE I</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>I. Current Liabilities</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2006</b>	<b>31.03.2005</b>
Sundry Creditors for goods and services		
Due to small scales industrial (Rs.)	0	0
Others (Rs.)	3,046,382	8,946,881
		3,046,382
Sundry Creditors for Capital goods		0
Others Liabilities		757,015
Advance from Customer		4,675,697
		<u>246,138</u>
		<u><u>7,753,174</u></u>
<b>II. PROVISIONS</b>		
Provision for Leave Encashment		74,022
Provision for Fringe Benefit Tax		67,555
		<u>200,000</u>
		<u><u>274,022</u></u>
		<u><u>67,555</u></u>
<b>SCHEDULE J</b>		
<b>DEBIT BALANCE IN PROFIT &amp; LOSS ACCOUNT</b>		
Balance of Loss as per Profit & Loss Account		5,444,958
		<u>5,444,958</u>
		<u><u>2,831,058</u></u>

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

PARTICULARS	For the Year Ended 31.03.2006 Rs.	6 Months Ended 31.03.2005 Rs.
<b>SCHEDULE K</b>		
<b>OTHER INCOME</b>		
Sundry Balance Written Off	0	18,863
Miscellaneous income	1,741,817	701,151
Agency Commission	0	914,705
Bad Debts Recovered	8,675	0
Interest	843,165	2,849
	<u>2,593,657</u>	<u>1,637,568</u>
<b>SCHEDULE L</b>		
<b>( INCREASE ) / DECREASE IN STOCKS</b>		
Opening Stock of Finished Goods & Work in Progress	4,350,067	5,809,921
Less : Closing Stock of Finished Goods & Work in Progress	3,121,242	4,350,067
	<u>1,228,825</u>	<u>1,459,854</u>
<b>SCHEDULE M</b>		
<b>COST OF GOODS CONSUMED</b>		
Opening Stock	511,115	679,701
Add : Purchases	28,276,082	18,554,940
	<u>28,787,197</u>	<u>19,234,641</u>
Less : Closing Stock	539,915	511,115
	<u>28,247,282</u>	<u>18,723,526</u>
<b>SCHEDULE N</b>		
<b>MANUFACTURING EXPENSES</b>		
Stores Consumed	930,779	438,698
Packing Material	47,834	33,351
Power and Fuel	7,190,013	4,228,334
Repairs and Maintenance		
a) Building	1,754	0
b) Machinery	180,000	95,130
c) Others	25,900	2,925
Labour Charges	193,691	146,387
Factory Expenses	718,652	307,646
Excise Duty	(97,748)	(97,195)
	<u>9,190,876</u>	<u>5,155,276</u>
<b>SCHEDULE O</b>		
<b>PAYMENTS &amp; PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages and Bonus	4,871,957	1,988,348
Contribution to Provident Fund, Gratuity Etc.	291,767	146,391
Staff Welfare Expenses	341,110	234,535
	<u>5,504,834</u>	<u>2,369,274</u>

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

PARTICULARS	For the Year Ended 31.03.2006 Rs.	6 Months Ended 31.03.2005 Rs.
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**SCHEDULE P**
**SELLING & ADMINISTRATION EXPENSES**

Rent, Rates and Taxes	629,838	300,396
Electricity Expenses	218,624	164,368
Freight, Transport and Octroi	1,470,286	684,263
Inspection charges	115,050	86,434
insurance	167,894	99,026
Travelling & Conveyance expenses	765,326	1,126,924
Printing, Postage & Subscription	935,236	635,318
Miscellaneous Expenses	314,847	432,908
Auditors Remuneration		
Audit Fees	300,000	138,000
Tax Audit Fees	100,000	46,000
Provision of Doubtful Debts	132,726	0
Advertisement & Sales Promotion	675,836	660,899
Legal & Professional Fees	149,527	171,000
	<u>5,975,190</u>	<u>4,545,536</u>

**SCHEDULE Q**
**INTEREST AND FINANCIAL EXPENSES**

Interest on Others	393,584	501,572
Interest on Working Capital	15,716	0
Finance Cost	275,431	38,366
	<u>684,731</u>	<u>539,938</u>

**SCHEDULE R**
**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**

Provisions 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 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. During the current year under review, the Management of the Company, with the help of appointed independent valuer carried out independent assessment of the real value of the existing Fixed Asset Block. Based on the working of the independent valuer's report, certain assets of Fixed Assets Block were revalued/ devalued and accordingly the net impact aggregating to Rs. 26,66,149/- on account of the same has been reflected as Revaluation Reserves.

Consequent to the said revaluation there is an additional charge of depreciation of Rs. 1,53,613/- for the year and the equivalent amount has been withdrawn from the Revaluation Reserves.

5. Sundry Debtors consist of Doubtful Debts amounting to Rs. 47,28,592/-, However Management of the Company is confident that they will be able to recover the amount outstanding as Doubtful Debtors. As a matter of Prudence a provision has been made against the Doubtful Debtors amounting to Rs. 1,32,726/- other than the existing provision is required to be made in accounts at this stage.
6. Deposits include Rs. 2,13,47,875/- (Prev. Year. Rs. 2,00,00,000/-) paid to a firm in which some of the Directors are partner against use of Office Premises.

**7. 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 Period	Previous Period
	Ended 31.03.2006 Rs.	Ended 31.03.2005 Rs.
Remuneration	1,20,000	90,000
Provision for Gratuity	62,228	53,065
Perquisites	66,675	47,800
<b>Total</b>	<b>2,48,903</b>	<b>1,90,865</b>

8. 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.

**9. 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 |
| b) Spring Corporation        | - Enterprises in which Directors are interested |

ii) Key Managerial Personnel:

- |                        |                     |
|------------------------|---------------------|
| a) Bhupendra J. Ambani | - Chairman          |
| b) Mukesh B. Ambani    | - Managing Director |

iii) Transactions during the year with the related parties.

	(Rs.)		
	Enterprises In which directors are interested	Key Management Personal	Total
<b>Advance</b>			
(a) Amount Received During the Year	19,90,000	4,98,381	24,88,381
<b>Previous Year</b>	(-)	(-)	(-)
(b) Amount Paid During the Year	19,90,000	1,88,223	21,78,223
<b>Previous Year</b>	(-)	(-)	(-)
<b>Deposit</b>			
(a) Received / Adjustment during the year	13,47,875	-	13,47,875
<b>Previous Year</b>	-	-	-
(b) Balance as at 31 <sup>st</sup> March 2006	2,13,47,875	-	2,13,47,875
<b>Previous Year</b>	(2,00,00,000)	-	(2,00,00,000)
<b>Expenditure</b>			
(a) Perquisite Including Provision for Gratuity	-	2,48,903	2,48,903
<b>Previous Year</b>	-	(1,90,865)	(1,90,865)
(b) Reimbursement of Office Expenses	2,23,144	-	2,23,144
<b>Previous Year</b>	(1,87,008)	-	(1,87,008)

**10. Earnings per share ["EPS"]:**
**Basic & Diluted:**

Particulars	31.03.2006	31.03.2005
Profit/(Loss) after tax (Rs.)	(26,13,900)	(9,36,927)
Number of shares (Nos.)	5983100	5983100
<b>EPS Basic &amp; Diluted (Rs.)</b>	<b>(0.44)</b>	<b>(0.16)</b>
Equity Share of Face Value of (Rs.)	10	10

**11. Deferred Tax**

(a) Net deferred tax Liabilities for the year of Rs. 26,037/- has been debited to the Profit & Loss Account.

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

(Rs.)

	As at 31.03.2006		As at 31.03.2005	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation		1,30,29,117		1,18,88,295
Disallowance under the Income Tax Act 1961	7,87,086		10,08,031	
Carried forward losses	48,48,663		35,12,933	
	56,35,749	1,30,29,117	45,20,964	1,18,88,295
Net Deferred Tax Liability		73,93,368		73,67,331
Net credit liability charged to Profit & Loss Account		(26,037)		9,16,318

**12. 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 31.03.2006	Previous Period Ended 31.03.2005
I INSTALLED CAPACITY (M/T) Rotmoulded Plastic Products	1,455	1,455
II ACTUAL PRODUCTION (M/T) Plastic Products	497	340
III QUANTITY OF SALES (M/T) Plastic Products	514	345
IV VALUE OF SALES (Rs.) Plastic Products	5,53,84,636	3,56,79,172
Other Items	1,99,146	4,76,825

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

	Current Period Ended 31.03.2006		Previous Period Ended 31.03.2005	
	Qty. (M/T)	Value (Rs.)	Qty. (M/T)	Value (Rs.)
Opening Stock	30	26,54,215	35	32,89,354
Closing Stock	13	11,15,687	30	26,54,215

**C. Details of Raw Materials Consumed**

Item	Current Period Ended 31.03.2006		Previous Period Ended 31.03.2005	
	Qty. (M/T)	Value (Rs.)	Qty. (M/T)	Value (Rs.)
Polymers	508	2,82,47,282	348	1,87,23,526

**D. Expenditure in Foreign Currency**

	Current Period Ended 31.03.2006	Previous Period Ended 31.03.2005
	Rs.	Rs.
Travelling	7,681	1,23,070

**E. Value of raw materials consumed**

	Current Period Ended 31.03.2006		Previous Period Ended 31.03.2005	
	Rs.	%	Rs.	%
Indigenous	2,82,47,282	100	1,87,23,526	100
<b>Total</b>	<b>2,82,47,282</b>	<b>100</b>	<b>1,87,23,526</b>	<b>100</b>

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

	Current Period Ended 31.03.2006		Previous Period Ended 31.03.2005	
	Rs.	%	Rs.	%
Indigenous	9,30,779	100	4,38,698	100
<b>Total</b>	<b>9,30,779</b>	<b>100</b>	<b>4,38,698</b>	<b>100</b>

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 2006

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March 2006**

	Rs.	Current Year Ended 31.03.2006 Rs.	Previous Period Ended 31.03.2006 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
NET PROFIT/(LOSS) AFTER TAX		(2,613,900)	(936,927)
ADJUSTMENTS FOR			
-Depreciation	2,553,743		2,162,059
-Provision for Deferred Tax Written Back	26,037		(916,318)
		2,579,780	
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		(34,120)	308,814
ADJUSTMENTS FOR			
-Receivables	5,970,022		(1,473,032)
-Inventories	1,248,924		1,522,763
-Other Assets (Loans & Advances)	(6,102,698)		(777,813)
-Trade Payables	(6,435,452)		3,889,051
		(5,319,205)	3,160,969
<b>CASH GENERATED FROM OPERATIONS</b>		(5,353,326)	3,469,783
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>		(5,353,326)	3,469,783
<b>B. CASH OUTFLOW FROM INVESTING ACTIVITIES</b>			
Additions to Fixed Assets		(4,782,251)	(3,079,757)
Investments		0	100,000
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>		(4,782,251)	(2,979,757)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Short Term Borrowings		11,713,711	0
Repayment of Hire purchase Car Loan		(121,035)	(113,596)
Repayment of Unsecured Loans (Deferral Sales Tax)		(1,252,549)	0
Loan Received from Directors		2,488,381	0
Loan Repayment to Directors		(2,178,223)	0
<b>NET CASH FROM/(USED IN) FOR FINANCING ACTIVITIES</b>		10,650,286	(113,596)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		514,709	376,429
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2005</b>		2,092,666	1,716,237
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2006</b>		2,607,375	2,092,666

**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, 2006

**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 2006. 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, 2006 to the members of the Company.

**For Chaturvedi & Shah**  
Chartered Accountants.

Place : Mumbai  
Date : 30<sup>th</sup> June, 2006

**Amit Chaturvedi**  
Partner



## INFRA INDUSTRIES LIMITED

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

### ATTENDANCE SLIP

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 29<sup>th</sup> September 2006 at the Seventeenth ANNUAL GENERAL MEETING of the Company at Malabar Hill Club Ltd. . B.G. Kher Marg, Malabar Hill, Mumbai -400 006

-----  
SIGNATURE OF THE SHAREHOLDER OR PROXY

## INFRA INDUSTRIES LIMITED

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

### PROXY FORM

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

I/We \_\_\_\_\_ of \_\_\_\_\_  
Being a member / members of **INFRA INDUSTRIES LIMITED** hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ or failing him  
\_\_\_\_\_ as my / our proxy to vote for me / us and on my / our behalf at the  
SEVENTEENTH ANNUAL GENERAL MEETING of the Company to be held at 4.30 p. m. on 29<sup>th</sup> September, 2006 and at  
any adjournment thereof.

As witness my / our hand (s) this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

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.

**BOOK – POST**

*If undelivered please return to :*

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