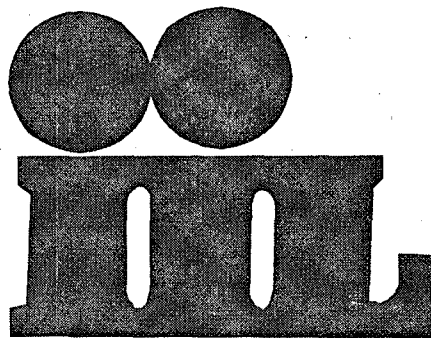


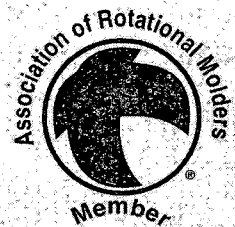
# **INFRA INDUSTRIES LIMITED**



**ANNUAL REPORT 2006-2007**

**INFRA**

*What You Need It.*



**INFRA**

SEASIDE, CALIF.

ALSO WITH  MARK

## **BOARD OF DIRECTORS**

Bhupendra J. Ambani	Non- Executive Chairman
Mukesh B. Ambani	Managing 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, Chennai, Kochi, Renigunta

## **AUDITORS**

M/s. Chaturvedi & Shah  
Chartered Accountants

## **BANKER**

Indian Overseas Bank

## **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

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**NOTICE**

**NOTICE** is hereby given that the Eighteenth Annual General Meeting of the members of **INFRA INDUSTRIES LIMITED** will be on Thursday, 23<sup>rd</sup> August, 2007 at 10.00 a.m. at Malabar Hill Club Ltd, B. G. Kher Marg, Malabar Hill, Mumbai - 400 006 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date and the Directors' Report thereon and Auditors' Report thereto.
2. To appoint Director in place of Mr. A. P. Abraham 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 and to fix their remuneration.

**By Order of the Board of Directors**

**PLACE : Mumbai**

**Bhupendra J. Ambani**

**DATED : 28<sup>th</sup> June, 2007**

**(Non-Executive Chairman)**

**REGISTERED OFFICE**

7TH FLOOR, DHIRAJ CHAMBERS,  
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 Register of Members and Share Transfer Books of the Company will remain closed from Friday, 17th day of August, 2007 to Thursday, 23<sup>rd</sup> day of August, 2007 (Both Days Inclusive).
- 4) In all correspondence with the Company, members are requested to quote their Folio.
- 5) 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.
- 6) 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.

**DIRECTORS' REPORT**

To  
The Members.

Your Directors have pleasure in presenting their Eighteenth Annual Report, and the Audited Statement of Accounts of the Company for the year ended 31st March, 2007.

**Financial Performance**

	Year Ended 31.03.2007 (Rs.)	Year Ended 31.03.2006 (Rs.)
Profit/(Loss) before Interest, Depreciation and Tax	(2,57,778)	8,50,611
Less: Interest	27,79,210	6,84,731
Profit/(Loss) before Depreciation	(3,036,988)	1,65,880
Less: Depreciation	19,77,076	25,53,743
Profit/(Loss) before Tax	(50,14,064)	(23,87,863)
Add: Provision for Fringe Benefit Tax	2,25,000	2,00,000
Add: Deferred Tax	4,84,572	26,037
Profit/(Loss) after Tax	(57,23,635)	(26,13,900)
Add: Balance Brought from Previous year	(54,44,958)	(28,31,058)
Balance Carried forward to next year	(1,11,68,594)	(54,44,958)

**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.6,56,34,070/- as against Rs.5,55,83,783/- in the previous year. Company has incurred Loss before Interest, Depreciation and Tax Rs.2,57,778/- during the current year as against the Profit before Interest, Depreciation and Tax of Rs.8,50,611/- in the previous year. The margins were reduced due to severe increase in the raw material cost during the first quarter which being the prime season of water tank business and followed by heavy rains in the coastal parts of western and southern India which is our area of operations in the market.

During the year, the Company has embarked upon to diversify the product portfolio and develop products with advance technology for industrial and automobile applications.

The company has also commenced full commercial production of the plant at Hubli in Karnataka from second half of the year.

**FINANCE**

During the year under review the Company has availed of Working Capital facility and Term Loan from the Bank.

**FUTURE OUTLOOK**

The new facility at Hubli is commissioned during the year under review 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 have its presence in the State of Karnataka since 1992.

The Company has ventured into the manufacturing of Industrial Products for OEMs with advance processing technology. These will be the value added product having higher margins which will improve the performance in future.

**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, 2007, 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, 2007 on a 'going concern' basis.

**DIRECTORS**

Mr. A. P. Abraham, 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 resigned as Director on 21<sup>st</sup> July, 2006.



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

**CORPORATE GOVERNANCE**

As per the amended Listing Agreement with the stock exchange, the Company has complied with the requirements of Corporate Governance. A report on Corporate Governance is attached.

**AUDITORS AND AUDITORS' REPORT**

M/s. Chaturvedi & Shahi, Chartered Accountants, retire as auditors of the Company and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment as the Auditors 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 for the dedicated efforts by the staff of the Company and also our bankers, dealers, distributors, OEM Customers and technical team of Raw material suppliers 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 of Directors**

PLACE: Mumbai  
DATED: 28<sup>th</sup> June, 2007

**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 year ended 31<sup>st</sup> March 2007

**FORM A – ENERGY CONSUMPTION**

**A) POWER & FUEL CONSUMPTION**

	Year Ended 31.03.2007	Year Ended 31.03.2006
<b>1. Electricity:</b>		
(a) Purchased Units (KWH)	526501	468068
Total Amount (Rs.)	3342521	2874742
Rate / Unit (Rs.)	6.35	6.14
(b) Own Generation		
i) Through Diesel Generator Units	3261	3542
Units per Ltr. of diesel oil	1.15	1.19
Cost / Unit (Rs.)	41.74	32.88
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)	195161	168218
Total Amount (Rs.)	6158688	4315271
Average Rate (Rs.)	31.56	25.65
<b>4. Others/Internal Generations:</b>	NIL	NIL
<b>B) CONSUMPTION PER UNIT OF PRODUCTION</b>		
<b>Products (with details)</b>		
Production (MT)	585	497
Electricity (KWH/MT)	898	942
Diesel oil for Oven (Ltrs./MT)	333	338
Coal (Special Quality)	N.A	N.A
Others (Specify)	N.A	N.A

**FORM B – TECHNOLOGY ABSORPTION**

- 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 technical team of the Company.
- Benefits Derived:** This will help the Company to develop an extended product range and also manufacture existing products at economical cost and better products.
- Future plan fixed:** The Company intends to cater to the growing non conventional products marketed specifically for the OEM of various industries.
- Expenditure on R & D :** The technical team of the Company has been able to achieve the required innovations and introduce new product without affecting any expenses due to experience in the production system.

**TECHNICAL ABSORPTION, TECHNOLOGY ADAPTION & INNOVATION**

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

**FOREIGN EXCHANGE EARNINGS & OUTGO OUTFLOW**

1. Towards import of Raw materials :	Rs. NIL
2. On account of Foreign Travel :	Rs. 49,523
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  
DATED: 28<sup>th</sup> June, 2007.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The plastic products have been well accepted by the Indian Consumers and application has been multiplied in various sectors for Industrial and consumer use. GDP growth during the year 2006-07 was 9.2% and is expected to grow at healthy rate in future. Plastics has been widely accepted for domestic and industrial use.

Infra is recognized brand in the western and southern parts of India mainly due to its quality consciousness and services rendered. The Company has expanded product portfolio and ventured in manufacturing products for Industrial applications which have been well accepted by the customers.

The growth in industry and economy will provide opportunity to excel its performance in future. The boom in the housing sector will also contribute as the main business of Infra being in water storage tanks.

### INDUSTRIAL OUTLOOK

Infra with experience of more than 16 years in the field of rotational moulding, by this process western countries service many industrial and various other applications including OEMs. Being a versatile process, Infra has ventured in catering the new application markets.

The advantage of Infra having multi location production facilities which gives the benefit of availability of products to its customers and assurance to OEMs to serve their requirements in time.

### OPPORTUNITIES & THREATS

With the new materials and compounds being available in the market place, various conventional materials can be replaced by plastic processing which has advantages of standardization, accuracy and availability at multiple location and the awareness and recognition by the buyers has been a positive sign for the plastic process.

The Plastic water storage tank manufacturing industries are under pressure due to the competition from unorganized sectors and also the raw material prices which can increase due to uncertainty of oil and petroleum industries.

### CAUTIONARY STATEMENT

Statements in the Management Discussions 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 unauthorized 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 2006-2007.

**COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE**

Infra Industries Limited marks its Corporate Governance with the prevalent practices and it confirms 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, stakeholders 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 2 Non-Executive - Independent Directors.

During the financial year 1<sup>st</sup> April, 2006 to 31<sup>st</sup> March, 2007, Seven Board Meetings were held on 10<sup>th</sup> June, 2006; 30<sup>th</sup> June, 2006; 21<sup>st</sup> July, 2006; 31<sup>st</sup> July, 2006; 31<sup>st</sup> October, 2006; 31<sup>st</sup> January, 2007 and 16<sup>th</sup> March, 2007.

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
NED-Promotor	Mr. Bhupendra J. Ambani	Non-Executive Chairman
MD-Promotor	Mr. Mukesh B. Ambani	Managing Director
NED-IND	Mr. R.K.Sundaram	Director
NED-IND	Mr. Sailesh R. Sheth	Director
NED-IND	Mr. Haresh P.Sanghvi	Director
NED-IND	Mr. A. P. Abraham	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	7	YES
Mr. Mukesh B. Ambani	7	YES
Mr. R.K.Sundaram	1	N.A.
Mr. Sailesh R. Sheth	2	N.A.
Mr. Haresh P.Sanghvi	7	YES
Mr. A. P. Abraham	7	NO

**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.Sanghvi	NIL	NIL	NIL

Mr. R. K. Sundaram and Mr. Sailesh R. Sheth resigned as Directors with effect from 10<sup>th</sup> June, 2006 & 21<sup>st</sup> July, 2006 respectively due to their personal reasons.

Mr. A. P. Abraham has been appointed as Director on 10<sup>th</sup> June, 2006 in the casual vacancy caused due to resignation of Mr. R. K. Sundaram.

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

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.

Mr. A.P. Abraham is neither on the Board of Directors of other Public Companies nor the trustee of any charitable trust.

**Details of Directorship in other Public Limited Companies****Name of Directors**

Mr. Bhupendra J. Ambani  
Mr. Mukesh B. Ambani  
Mr. R. K. Sundaram  
Mr. Sailesh R. Sheth  
Mr. Haresh P. Sanghvi  
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. 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 2007.

## 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:
  - a) Any changes in accounting policies and practices.
  - b) Major accounting entries based on exercise of judgment by management.
  - c) Qualifications in draft audit report, if any
  - d) The going concern assumption.
  - e) Compliance with accounting standards.
  - f) Compliance with Stock Exchange and legal requirements concerning financial statements.
  - g) 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.
  - h) Reviewing with the management, External and Internal auditors the adequacy of Internal Control System.

- i) The Company has in place its own in house internal audit department to review the adequacy of internal audit function, including the structure of the internal audit department, staff and seniority of the official's heading the department, reporting structure, coverage and frequency of internal audit.
- jj) Reviewing the findings of any internal investigations in the 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.
- k) Discussions with external auditors before the audit commence nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- l) Reviewing the Company's financial and risk management policies.
- m) 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 represents:

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

The Audit Committee met Four times in the financial year on 30<sup>th</sup> June, 2006, 31<sup>st</sup> July, 2006, 31<sup>st</sup> October, 2006 and 31<sup>st</sup> January, 2007 where all the members of the Committee, Executive Director, the Statutory Auditor's 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	1,60,000	NIL	75,860	NIL
Mr. R. K. Sundaram	NIL	NIL	NIL	NIL
Mr. Sailesh R. Sheth	NIL	NIL	NIL	NIL
Mr. Haresh P. Sanghvi	NIL	NIL	NIL	NIL
Mr. A. P. Abraham	NIL	NIL	NIL	NIL

### c) Share Transfer / Investor Grievance Committee

The Board has constituted the Share Transfer Committee, with the one Executive Director as member 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 members.

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 2007 the Committee met six times on 15<sup>th</sup> April, 2006; 29<sup>th</sup> April, 2006; 31<sup>st</sup> May, 2006; 30<sup>th</sup> September, 2006; 16<sup>th</sup> October, 2006; and 31<sup>st</sup> January, 2007.

**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, 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
1 <sup>st</sup> April, 2005 to 31 <sup>st</sup> March, 2006	29-09-2006

**Venue**

All the above Annual General Meetings of the Company were held at WIAA Club, (Now Malabar Hill Club Ltd) Ridge Road, Malabar 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, except payment of Rs. 1,00,000/- made to Mr. Sailesh R. Sheth, Chartered Engineers; Rs. 1,20,000/- made to M/s. Fenita Corporate Service a firm in which Relative of Mr. Haresh P. Sanghvi for Professional Advices from time to time and Rs.5,87,500/- made to Mr. A. P. Abraham, MBA for Professional Advices from time to time. 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.

The Company has Complied with requirement of the Stock Exchanges and SEBI on all Capital Markets related activities as applicable from time to time.

**Means of Communication**

Quarterly, half – yearly and annual results have been communicated to Stock Exchanges Mumbai where the shares of the Company are 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 discussions 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) They 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 we are aware and the steps that I have to be taken to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee that there are:
  - 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  
28th June, 2007**

**Managing Director**

**GENERAL SHAREHOLDING INFORMATION**

- |  |  |
|--|--|
| 1 Annual General Meeting to be held on   | Thursday, 23 <sup>rd</sup> August, 2007                      |
| 2 Financial Year                         | 1 <sup>st</sup> April, 2006 to 31 <sup>st</sup> March, 2007. |
| 3 Book Closure Date                      | 17th August, 2007 to 23rd August, 2007.                      |
| 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, 2006	18.90	13.65
May, 2006	12.97	10.30
June, 2006	9.79	8.85
July, 2006	7.97	4.55
August, 2006	10.20	4.02
September, 2006	7.72	5.42
October, 2006	N.A	N.A
November, 2006	9.93	4.31
December, 2006	9.75	5.89
January, 2007	21.09	10.20
February, 2007	16.00	11.25
March, 2007	12.22	8.18

**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 31-03-2007**

Category	No. of Shares held	% of Share holding
Promoters	4,132,772	68.97
Banks, Financial Institutions	74,500	1.24
Others	1,784,628	29.79

10. The shares are compulsorily dematerialized and connectivity has been established with both the Depositories. The total number of shares de-matted at the end of the financial year under report was 3,108,190 representing 51.87%. 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 2007, 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 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**  
**Membership No.103141**  
**Place : Mumbai**  
**Date : 28<sup>th</sup> June, 2007**



**AUDITORS' REPORT**

To  
**The Members,  
Infra Industries Limited**

We have audited the attached Balance Sheet of **Infra Industries Limited** as at 31st March 2007 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year 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, 2007 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, 2007.
- (ii) In so far as it relates to the Profit and Loss Account, of the Loss of the Company for the year 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 year ended on that date.

**For Chaturvedi & Shah,**  
Chartered Accountants

**Amit Chaturvedi**  
Partner  
Membership No.103141  
Place: Mumbai  
Date : 28th June, 2007

**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 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.



## INFRA INDUSTRIES LIMITED

- b) The Company has taken loans during the year from two 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.3,10,158/- and year-end balance is also Rs. 48,226/-.
- c) 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.
- d) 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, the 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 have been entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements are unique and of specialized nature and in absence of any comparable prices, we are unable to comment if same have been made at prices which are reasonable having regard to the prevailing markets prices at the relevant time.
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, 2007 for a period of more than six months.
- 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. 1,11,68,594 - at the end of the year, which is not more than 50% of the net worth of the company. Further the company has incurred a cash loss of Rs 30,36,988/- during the financial year covered by our audit. However, The Company has not incurred cash loss 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. According to the information and explanation given to us, by the management, the Term Loan have been applied for the purpose for which the same was availed.
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. 41,42,600/- 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: 28<sup>th</sup> June, 2007

**BALANCE SHEET AS AT MARCH 31, 2007**

PARTICULARS	Schedule	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
<b>SOURCES OF FUND</b>			
<b>SHAREHOLDERS FUND</b>			
Share Capital	"A"	59,875,000	59,875,000
Reserves & Surplus	"B"	1,969,564	2,512,536
<b>sub-total</b>		<u>61,844,564</u>	<u>62,387,536</u>
<b>LOAN FUND</b>			
Secured Loan	"C"	19,094,526	11,713,711
Unsecured Loan	"D"	26,305,547	30,522,671
<b>sub total</b>		<u>45,400,072</u>	<u>42,236,382</u>
DEFERRED TAX LIABILITY (Net)		7,877,940	7,393,368
<b>TOTAL</b>		<u><u>115,122,576</u></u>	<u><u>112,017,286</u></u>
<b>FIXED ASSETS</b>			
Gross Block	"E"	83,548,486	72,887,979
Less : Depreciation		14,875,366	12,675,115
Net Block		68,673,121	60,212,864
Capital Work In Progress		0	5,337,862
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	"F"	6,490,692	4,479,401
Sundry Debtors	"G"	14,167,596	11,259,032
Cash and Bank Balances	"H"	2,020,078	2,607,375
Loans and Advances	"I"	29,146,841	30,702,990
		<u>51,825,207</u>	<u>49,048,798</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	"J"		
Current Liabilities		15,314,367	7,157,131
Provisions		1,229,979	870,065
		<u>16,544,346</u>	<u>8,027,196</u>
<b>NET CURRENT ASSETS</b>		35,280,861	41,021,602
Debit Balance of Profit & Loss Account		11,168,594	5,444,958
<b>TOTAL</b>		<u><u>115,122,576</u></u>	<u><u>112,017,286</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**  
Non-Executive Chairman

**Mukesh B. Ambani**  
Managing Director

Place : Mumbai  
Date : 28th June, 2007

**INFRA INDUSTRIES LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007**

PARTICULARS	Schedule	For the Year	Previous Year
		Ended 31.03.2007 Rs.	Ended 31.03.2006 Rs.
<b>INCOME</b>			
Sales and Services		65,634,070	55,583,783
Less: Excise Duty Recovered on Sales		9,577,189	7,179,822
		<u>56,056,881</u>	<u>48,403,961</u>
Other Income	"K"	6,181,895	2,593,657
Increase / (Decrease) in Stock	"L"	1,304,316	(1,228,825)
		<u>63,543,092</u>	<u>49,768,793</u>
<b>EXPENDITURE</b>			
Cost of Goods consumed	"M"	34,606,236	28,247,282
Manufacturing Expenses	"N"	13,339,313	9,190,876
Payments & Provisions for Employees	"O"	7,337,914	5,504,834
Selling & Administrative Expenses	"P"	8,517,406	5,975,190
Interest & Finance Expenses	"Q"	2,779,210	684,731
		<u>66,580,079</u>	<u>49,602,913</u>
Profit/(Loss) before Depreciation		(3,036,988)	165,880
Depreciation		1,977,076	2,553,743
Net Profit/(Loss) after Depreciation & before Tax		(5,014,064)	(2,387,863)
Provision for Fringe Benefit Tax		225,000	200,000
Provision for Deferred Tax		484,572	26,037
Net Profit/(Loss) after Tax		(5,723,635)	(2,613,900)
Balance Brought Forward (Profit)		(5,444,958)	(2,831,058)
Balance Carried to Balance Sheet		<u>(11,168,594)</u>	<u>(5,444,958)</u>
Earnings per Equity Share (Basic & Diluted) (Rs. 10/-)		<u>(0.96)</u>	<u>(0.44)</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**  
Non-Executive Chairman

**Mukesh B. Ambani**  
Managing Director

Place : Mumbai  
Date : 28th June, 2007

**SCHEDULES FORMING PART OF BALANCE SHEET**

PARTICULARS	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
Authorised Share Capital		
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>
Issued, Subscribed and Paid up		
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>RESERVES &amp; SURPLUS</b>		
Revaluation Reserves		
As Per Last Balance Sheet	2,512,536	2,666,149
Less: Depreciation on Revalued Assets (Refer Note No.4 of Schedule "R")	230,417	153,613
	312,555	0
Less: Reversal on Sale of Assets	<u>1,969,564</u>	<u>2,512,536</u>
<b>SCHEDULE C</b>		
<b>SECURED LOAN</b>		
Working Capital Loan From Bank	15,719,466	11,713,711
Term Loan From Bank	3,375,060	0
(Working Capital Loan & Term 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) (Repayment due of Rs.12,02,660/- within year)	<u>19,094,526</u>	<u>11,713,711</u>
<b>SCHEDULE D</b>		
<b>UNSECURED LOANS</b>		
Sales Tax Deferred	26,257,320	30,212,513
Loan From Directors	48,226	310,158
	<u>26,305,547</u>	<u>30,522,671</u>





**SCHEDULES FORMING PART OF BALANCE SHEET**

**SCHEDULE E**

**FIXED ASSETS**

	GROSS BLOCK				Up to 31-03-2006	DEPRECIATION			NETBLOCK	
	As at 01-04-2006	Addition / Adjustments	Deduction/ Adjustments	As at 31-03-2007		For the year	Deduction/ Adjustments	As at 31-03-2007	As at 31-03-2007	As at 31.03.2006
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	17,447,000	0	476,000	16,971,000	0	0	0	0	16,971,000	17,447,000
Factory Building	31,147,700	1,029,100	0	32,176,800	679,759	884,549	181,564	1,745,872	30,430,928	30,467,941
Office Building	2,997,200	0	0	2,997,200	32,570	0	48,853	81,423	2,915,777	2,964,630
Plant and Machinery	17,985,099	9,906,975	0	27,892,075	10,327,130	846,767	0	11,173,896	16,718,178	7,657,969
Furniture and Fixtures	933,279	22,073	0	955,352	208,376	73,527	0	281,904	673,448	724,903
Office Equipments	388,222	89,370	2,000	475,592	100,578	30,951	(118)	131,411	344,180	287,643
Computers	1,517,130	140,989	0	1,658,119	1,276,885	99,324	0	1,376,209	281,910	240,245
Vehicles	472,349	0	50,000	422,349	49,817	41,958	(7,125)	84,650	337,699	422,532
	72,887,979	11,188,507	528,000	83,548,486	12,675,115	1,977,076	223,174	14,875,366	68,673,121	60,212,863
Previous Year	108,882,737	2,277,005	(38,271,763)	72,887,979	50,905,672	2,553,743	(40,784,299)	12,675,115	60,212,863	57,977,065

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

PARTICULARS	As at	As at
	31.03.2007	31.03.2006
	Rs.	Rs.
<b>SCHEDULE F</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by the management)		
Raw Materials	1,535,909	539,915
Stores & spares	193,878	278,802
Fuel	335,347	539,442
Work in Progress	3,162,557	2,005,555
Finished Goods	1,263,001	1,115,687
	<u>6,490,692</u>	<u>4,479,401</u>
<b>SCHEDULE G</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good subject to confirmation)		
(a) Outstanding for more than Six months		
Considered Good	3,260,813	3,730,790
Considered Doubtful	3,268,592	4,728,592
	<u>6,529,405</u>	<u>8,459,382</u>
Less : Provision for Doubtful Debts	1,637,395	2,367,395
	<u>4,892,010</u>	<u>6,091,987</u>
(b) Other Debts	9,275,586	5,167,045
	<u>14,167,596</u>	<u>11,259,032</u>
<b>SCHEDULE H</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	1,026,641	1,715,534
With Schedule Banks In Current Account	993,438	891,841
	<u>2,020,078</u>	<u>2,607,375</u>
<b>SCHEDULE I</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	4,142,441	5,505,485
Balance with Central Excise Authorities	653,897	726,941
Tax Deducted at Source	646,508	699,533
Deposits	23,703,995	23,771,030
	<u>29,146,841</u>	<u>30,702,990</u>
<b>SCHEDULE J</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>I. Current Liabilities</b>		
Acceptances	4,333,529	0
Sundry Creditors for goods and services		
Due to small scale industries	0	0
Others	6,831,551	3,046,382
(Dues to Small Scale industries have been identified based on records available with Company on the status of creditors)		
Others Liabilities	3,605,808	3,864,612
Advance from Customer	543,479	246,138
	<u>15,314,367</u>	<u>7,157,131</u>
<b>II. PROVISIONS</b>		
Provision for Leave Encashment	74,986	74,022
Provision for Gratuity	729,993	596,043
Provision for Fringe Benefit Tax	425,000	200,000
	<u>1,229,979</u>	<u>870,065</u>

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

PARTICULARS	For the Year Ended 31.03.2007 Rs.	Previous Year Ended 31.03.2006 Rs.
<b>SCHEDULE K</b>		
<b>OTHER INCOME</b>		
Sundry Balance Written Off	292,935	0
Profit on Sale of assets	1,349,548	0
Miscellaneous income	3,661,210	1,741,817
Provision of Doubtful Debts Written Back	780,502	8,675
Interest	97,700	843,165
	<u>6,181,895</u>	<u>2,593,657</u>
<b>SCHEDULE L</b>		
<b>( INCREASE ) / DECREASE IN STOCKS</b>		
Opening Stock of Finished Goods & Work in Progress	3,121,242	4,350,067
Less : Closing Stock of Finished Goods & Work in Progress	4,425,558	3,121,242
	<u>(1,304,316)</u>	<u>1,228,825</u>
<b>SCHEDULE M</b>		
<b>COST OF GOODS CONSUMED</b>		
Opening Stock	539,915	511,115
Add: Purchases	35,602,230	28,276,082
	<u>36,142,145</u>	<u>28,787,197</u>
Less : Closing Stock	1,535,909	539,915
	<u>34,606,236</u>	<u>28,247,282</u>
<b>SCHEDULE N</b>		
<b>MANUFACTURING EXPENSES</b>		
Stores Consumed	1,030,244	930,779
Packing Material	0	47,834
Power and Fuel	9,501,209	7,190,013
Repairs and Maintenance		
-Building	53,865	1,754
-Machinery	167,248	180,000
-Others	12,382	25,900
Labour Charges	391,671	193,691
Factory Expenses	826,185	718,652
Excise Duty	1,356,508	(97,748)
	<u>13,339,313</u>	<u>9,190,876</u>
<b>SCHEDULE O</b>		
<b>PAYMENTS &amp; PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages and Bonus	6,669,714	4,871,957
Contribution to Provident Fund, Gratuity Etc.	313,387	291,767
Staff Welfare Expenses	354,813	341,110
	<u>7,337,914</u>	<u>5,504,834</u>



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

PARTICULARS	For the Year Ended 31.03.2007 Rs.	Previous Year Ended 31.03.2006 Rs.
<b>SCHEDULE P</b>		
<b>SELLING &amp; ADMINISTRATION EXPENSES</b>		
Rent, Rates and Taxes	567,096	629,838
Electricity Expenses	282,325	218,624
Freight, Transport and Octroi	1,381,071	1,470,286
Inspection Charges	121,268	115,050
Insurance	369,546	167,894
Travelling & Conveyance Expenses	2,192,771	765,326
Printing, Postage & Subscription	1,146,195	935,236
Miscellaneous Expenses	373,073	314,847
Auditors Remuneration		
Audit Fees	300,000	300,000
Tax Audit Fees	100,000	100,000
Provision of Doubtful Debts	0	132,726
Advertisement & Sales Promotion	773,807	675,836
Legal & Professional Fees	910,254	149,527
	<u>8,517,406</u>	<u>5,975,190</u>
<b>SCHEDULE Q</b>		
<b>INTEREST AND FINANCIAL EXPENSES</b>		
Interest on Working Capital	1,620,338	15,716
Interest on Term Loan	11,060	0
Interest on Others	728,045	393,584
Finance Cost	419,767	275,431
	<u>2,779,210</u>	<u>684,731</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 except certain fixed assets which are stated at revalued amounts, 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. Gross Block of Fixed Assets of Rs.26,66,149/- Consequent of revaluation of fixed assets carried out in past. Consequent to the said revaluation there is an additional charge of depreciation of Rs.2,30,417/- (Previous Year 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.32,68,592/- As against the same Provision for doubtful Debts amounting to Rs.16,37,395 /- provided in earlier year, However Management of the Company is confident that they will be able to recover the amount outstanding as Doubtful Debtors.

**INFRA INDUSTRIES LIMITED**

6. Deposits include Rs.2,13,47,875/- 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 Year 2006-2007 Rs.	Previous Year 2005-2006 Rs.
Remuneration	1,60,000	1,20,000
Provision for Gratuity	97,485	62,228
Perquisites	75,860	66,675
<b>Total</b>	<b>3,33,345</b>	<b>2,48,903</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. Addition to Fixed Assets during the year includes Rs. 30,87,917/- on account of pre-operative expenses as under.

Particulars	Amount (Rs.)
Cost of Raw Material Consumed	22,46,659
Manufacturing Expenses	13,57,425
Payments & Provisions for Employees	8,07,297
Selling & Administrative Expenses	7,46,539
Interest & Finance Expenses	4,24,559
Less : Sales	24,94,562
<b>Total</b>	<b>30,87,917</b>

**10. 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) Relative of Key Managerial Personnel:

- a) Pratik M. Ambani - Accounts Executive

## iv) Transactions during the year with the related parties.

	Enterprises In which directors are interested (Rs.)	Key Management Personal (Rs.)	Relative of Key Management Personal (Rs.)
<b>Advance</b>			
(a) Amount Received During the Year	-	1,39,902	-
<b>Previous Year</b>	19,90,000	4,98,381	-
(b) Amount Paid During the Year	-	4,01,833	-
<b>Previous Year</b>	19,90,000	1,88,223	-
(c) Balance as at 31 <sup>st</sup> March 2007	-	48,226	-
<b>Previous Year</b>	-	3,10,158	-
<b>Deposit</b>			
(a) Received / Adjustment during the year	-	-	-
<b>Previous Year</b>	13,47,875	-	-
(b) Balance as at 31 <sup>st</sup> March 2007	2,13,47,875	-	-
<b>Previous Year</b>	2,13,47,875	-	-
<b>Expenditure</b>			
(a) Perquisite Including Provision for Gratuity	-	3,33,345	19,450
<b>Previous Year</b>	-	2,48,903	-
(b) Reimbursement of Office Expenses	-	-	-
<b>Previous Year</b>	2,23,144	-	-

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

Particulars	Current Year	Previous Year
	2006-2007	2005-2006
Profit/(Loss) after tax (Rs.)	(57,23,636)	(26,13,900)
Number of shares (Nos.)	5983100	5983100
EPS Basic & Diluted (Rs.)	(0.96)	(0.44)
Equity Share of Face Value of (Rs.)	10	10

**12. Deferred Tax**

(a) Net deferred tax Liabilities for the year of Rs. 4,84,572/- has been debited to the Profit & Loss Account:

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

Particulars	As at 31.03.2007		As at 31.03.2006	
	Deferred Tax Assets (Rs.)	Deferred Tax Liabilities (Rs.)	Deferred Tax Assets (Rs.)	Deferred Tax Liabilities (Rs.)
Depreciation		1,36,35,015		1,30,29,117
Disallowance under the Income Tax Act 1961	12,53,195		7,87,086	
Carried forward losses	45,03,880		48,48,663	
	57,57,075	1,36,35,015	56,35,749	1,30,29,117
Net Deferred Tax Liability		<b>78,77,940</b>		<b>73,93,368</b>
Net credit liability charged to Profit & Loss Account		<b>4,84,572</b>		

**13. Additional information pursuant to Paragraphs 3-4C, 4D of Part II of Schedule VI of Companies Act, 1956:**
**A. Capacity, Production and Sales**

	Current Year 2006-2007	Previous Year 2005-2006
I INSTALLED CAPACITY (M/T)		
Rotomoulded Plastic Products	1,455	1,455
II ACTUAL PRODUCTION (M/T)		
Plastic Products	585	497
III QUANTITY OF SALES (M/T)		
Plastic Products	584	514
IV VALUE OF SALES (Rs.)		
Plastic Products	6,50,70,281	5,53,84,636
Other Items	5,63,789	1,99,146

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

	Current Year 2006-2007		Previous Year 2005-2006	
	Qty. (M/T)	Value (Rs.)	Qty. (M/T)	Value (Rs.)
Opening Stock	13	11,15,687	30	26,54,215
Closing Stock	14	12,63,001	13	11,15,687

**C. Details of Raw Materials Consumed**

Item	Current Year 2006-2007		Previous Year 2005-2006	
	Qty. (M/T)	Value (Rs.)	Qty. (M/T)	Value (Rs.)
Polymers	631 *	3,46,06,235 *	508	2,82,47,282

\* (Including 46 M/T, Rs. 22,46,659/- Capitalised)

**D. Expenditure in Foreign Currency**

	Current Year 2006-2007 (Rs.)	Previous Year 2005-2006 (Rs.)
Travelling	49,523	7,681

**E. Value of raw materials consumed**

	Current Year 2006-2007		Previous Year 2005-2006	
	Rs.	%	Rs.	%
Indigenous	3,46,06,235	100	2,82,47,282	100
<b>Total</b>	<b>3,46,06,235</b>	<b>100</b>	<b>2,82,47,282</b>	<b>100</b>

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

	Current Year 2006-2007		Previous Year 2005-2006	
	Rs.	%	Rs.	%
Indigenous	10,30,244	100	9,30,779	100
<b>Total</b>	<b>10,30,244</b>	<b>100</b>	<b>9,30,779</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**

Non-Executive Chairman

**Mukesh B. Ambani**

Managing Director

Place : Mumbai

Date : 28th June, 2007



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2007**

	Rs.	Current Year Ended 31.03.2007 Rs.	Previous Year Ended 31.03.2006 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
NET PROFIT/(LOSS) AFTER TAX		(5,723,635)	(2,613,900)
ADJUSTMENTS FOR			
-Depreciation	1,977,076		2,553,743
-Provision for Deferred Tax	484,572		26,037
-Loss on sale of asset	(1,036,993)		0
-Revaluation Reserves Written Back	(312,555)	1,112,100	0
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		(4,611,536)	(34,120)
ADJUSTMENTS FOR			
-Receivables	(2,908,563)		5,970,022
-Inventories	(2,011,291)		1,248,924
-Other Assets (Loans & Advances)	1,556,149		(6,102,698)
-Trade Payables	8,517,150		(6,435,452)
	5,153,444	(5,319,205)	
<b>CASH GENERATED FROM OPERATIONS</b>		541,908	(5,353,326)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>		<b>541,908</b>	<b>(5,353,326)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to Fixed Assets		(5,850,645)	(4,782,251)
Sales of Fixed Assets		1,557,750	0
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(4,292,895)</b>	<b>(4,782,251)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Short Term Borrowings		4,005,754	11,713,711
Proceeds from Long Term Borrowings		3,375,060	0
Repayment of Hire Purchase Car Loan		0	(121,035)
Repayment of Unsecured Loans (Deferral Sales Tax)		(3,955,193)	(1,252,549)
Loan Received from Directors		0	2,488,381
Loan Repayment to Directors		(261,932)	(2,178,223)
<b>NET CASH FROM/(USED IN) FOR FINANCING ACTIVITIES</b>		<b>3,163,690</b>	<b>10,650,286</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(587,297)</b>	<b>514,709</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2006</b>		<b>2,607,375</b>	<b>2,092,666</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2007</b>		<b>2,020,078</b>	<b>2,607,375</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.

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**

Non-Executive Chairman

**Mukesh B. Ambani**

Managing Director

Place : Mumbai

Date : 28th June, 2007

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

## 1. Registration Details

Registration No.  State Code Balance Sheet Date 

Capital Raised during the year (Amt. in Rs. thousands)

**Arrears of  
allotment money****Bonus issue****Rights issue****Private Placement**

Position of Mobilisation &amp; Deployment of Funds (Amt. in Rs. thousands)

**Total Liabilities****Total Assets**

Sources of Funds

**Paid up Capital****Secured Loans****Reserves & Surplus****Unsecured Loans**

Application of Funds

**Net Fixed Assets****Net Current Assets****Accumulated Losses****Investments****Misc. Expenditure**

## 4. Performance of Company (Amt. in Rs. thousands)

**Turnover****Total Expenditure****Profit / Loss before Tax Profit / Loss after Tax****Earning per share****(Weighted Avg.) in Rs.****Dividend Rate. %**

Generic Names of Three Principal Products / Services of Company (as per monetary terms)

**Product Description :****Item Code No.**

i) Rotomoulded Plastic Products



**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 23<sup>rd</sup> August 2007 at the Eighteenth 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 in the state 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 Eighteenth ANNUAL GENERAL MEETING of the Company to be held at 10.00 a.m. on 23<sup>rd</sup> August, 2007 and at any adjournment thereof.

As witness my / our hand (s) this \_\_\_\_\_ day of \_\_\_\_\_ 2007.

Affix a Re. 1 Revenue Stamp

Signature(s) of the Shareholder(s)

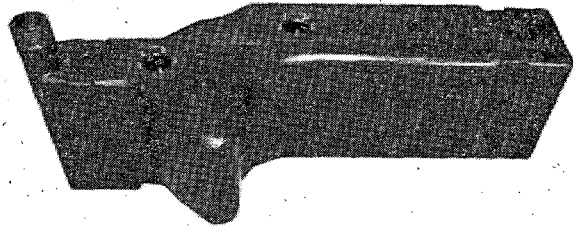
**Note:** The proxy must be returned so as to reach the Company not less than 48 hours before the time for holding the aforesaid meeting.



## CUSTOM MOLDED PRODUCTS

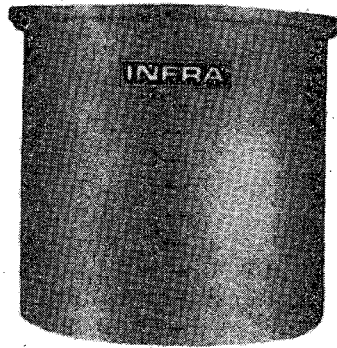
### Fuel Tank

(For Automobile Industries)



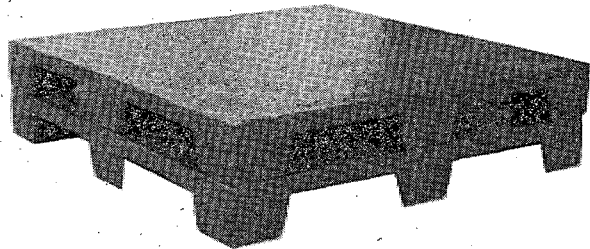
### Chemical Tank

(For Chemical Industries)



### Pallets

(For Material Handling)



### Pressure Vessel

(For Filtration Industries)



**BOOK - POST**

*If undelivered please return to :*

**INFRA INDUSTRIES LIMITED**

Dhiraj Chambers, 7<sup>th</sup> Floor,

9, Hazarimal Somani Marg,

Mumbai 400 001.