



**Twenty First Annual Report  
2007-08**



■ **Board of Directors**

Mr. Kailash Chandra Shahra  
Mr. Santosh Kumar Shahra  
Mr. Umesh Shahra  
Mr. P. S. Santhanakrishnan  
Mr. Ashok Khasgiwala  
Mr. Veer Kumar Jain  
Mr. Gopal Singh  
Mr. R. P. Singh  
Mr. Arvind Mishra  
Mr. Suneet Shukla  
Mr. Navin Khandelwal  
Mr. Manish Jain

- Chairman  
- Vice - Chairman  
- Managing Director  
- Director (upto 01/10/2007)  
- Director  
- Director  
- Director (Nominee : IFCI Ltd.) (upto 31/01/2008)  
- Director (Nominee : IFCI Ltd.) (31/01/2008 to 10/05/2008)  
- Executive Director (w.e.f. 25/03/2008)  
- Director (Nominee : IFCI Ltd.) (w.e.f. 10/05/2008)  
- Director (w.e.f. 10/05/2008)  
- Director (w.e.f. 10/05/2008)

■ **Company Secretary**

CS Vinay Gupta

■ **Auditors**

Arun Maheshwari & Company  
8/9, Mahesh Nagar, Indore (M.P.)

■ **Registered Office**

611, Tulsiani Chambers,  
Nariman Point,  
Mumbai - 400 021

■ **Registrar & Share Transfer Agent**

Sarthak Global Limited  
Avanti House, 170/10, Film Colony,  
R.N.T. Marg, Indore (M.P.) 452 001

■ **Factory**

Village : Sejwaya  
District : Dhar (M.P.)

■ **Bankers**

State Bank of India  
State Bank of Indore  
State Bank of Saurashtra  
Dena Bank  
The Jammu & Kashmir Bank Ltd.  
United Bank of India

Members are requested to bring their copy of Annual Report alongwith them at the Annual General Meeting.

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Annual General Meeting will be held on  
30<sup>th</sup> September, 2008 at 4.00 P.M. at  
Sunvile Delux Pavillion, Sunvile Building,  
9, Dr. Annie Besant Road, Worli, Mumbai - 18

**NOTICE**

NOTICE is hereby given that the 21<sup>st</sup> Annual General Meeting of the Members of the Company will be held on 30<sup>th</sup> September 2008 at 4.00 P.M. at Sunvile Deluxe Pavillion, Sunvile Building, 9, Dr. Annie Besant Road, Worli Mumbai 400018 to transact the following business;

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008 and the Profit and Loss Account for the year ended as on 31<sup>st</sup> March, 2008 together with the Report of Directors & Auditors thereon.
2. To appoint a Director in place of Mr. Santosh Kumar Shahra who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Ashok Khasgiwala who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of Next Annual General Meeting of the Company and to fix their remuneration.

**SPECIAL BUSINESS:**

5. To Consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 316 Schedule XIII and other applicable provisions of the Companies Act, 1956 and such other approvals as may be required and such modifications and conditions, if any, as any authority may impose while according approval, which the Board of Directors is hereby authorized to accept, consent of the members, be and is hereby accorded for the reappointment of Mr. Umesh Shahra as Managing Director for a further period of three years with effect from 1<sup>st</sup> October, 2008, who is not liable to retire by rotation, and subject to the terms and conditions including the remuneration to be paid and provided to him as contained in the agreement entered into between Company and Mr. Umesh Shahra subject to approval of members in General Meeting.

**RESOLVED FURTHER THAT** the approval of the members of the Company be and is hereby accorded to the Board of Directors to alter and vary the terms and conditions of reappointment and/ or the agreement including remuneration payable in such manner as from time to time be stipulated by provisions of the Companies Act, 1956 read with Schedule XIII or any notification thereto as any agreed and between the Board and Mr. Umesh Shahra.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/ or any other persons authorized by the Board in this regard be and are hereby severally authorized to do all such acts and things as may be considered necessary as expedient in this regard."

6. To Consider and if thought fit, to pass with or without modification, the following resolution as a Ordinary Resolution:

**"RESOLVED THAT** Mr. Arvind Mishra, who was appointed as an Additional Director of the Company in terms of provisions of section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in terms of provisions of section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To Consider and if thought fit, to pass with or without modification, the following resolution as a Ordinary Resolution:

**"RESOLVED FURTHER THAT** pursuant to the provisions of section 198, 269, 309 & 310 of the Companies Act, 1956, schedule XIII thereto and other applicable provisions if any, Mr. Arvind Mishra be and is hereby appointed as Whole Time Director of the Company for a period of three years with effect from 25<sup>th</sup> March 2008 on the terms and conditions including those of remuneration as approved by the Board of Directors.

**RESOLVED FURTHER THAT** the approval of the members of the Company be and is hereby accorded to the Board of Directors to alter and vary the terms and conditions of appointment and/or the agreement including remuneration payable in such manner as may from time to time be stipulated by the Central Government or by the provisions of the Companies Act, 1956 read with schedule XIII or any notification thereto, as may be agreed to by and between the Board and Mr. Arvind Mishra.

**RESOLVED FURTHER THAT** the Board of directors of the Company and/or any other persons authorised by the Board in this regard be and are hereby severally authorized to do all such acts and things as may be considered necessary and expedient in this regard."

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

**"RESOLVED THAT** Mr. Navin Khandelwal, who was appointed as an additional director of the Company in terms of provisions of section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in terms of provisions of section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

**"RESOLVED THAT** Mr. Manish Jain, who was appointed as an additional director of the Company in terms of provisions of section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in terms of provisions of section 257 of the Companies act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board

Date: July 31, 2008

Registered office:  
611, Tulsiani Chambers  
Nariman Point, Mumbai

**CS Vinay Gupta**  
Company Secretary

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The proxy form duly completed and signed should be deposited at the registered office of the company not less than 48 hours before the time fixed for the meeting.
3. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, setting out the material facts in respect to the business under Item No. 5 to 9 are annexed hereto. The relevant details as required by Clause 49 of the Listing Agreement, of persons seeking appointment / re-appointment as Directors are also annexed.
4. Register of Members and Share Transfer Books of the Company will remain closed from 26<sup>th</sup> September 2008 to 30<sup>th</sup> September 2008.
5. Members who attend the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.

**EXPLANATORY STATEMENT**  
**Explanatory Statement under Section 173 of the Companies Act, 1956**

**ITEM NO. 5**

Mr. Umesh Shahra was reappointed as Managing Director w.e.f 1<sup>st</sup> October 2003 for a period of five years and his term as Managing Director comes to end on 30<sup>th</sup> September 2008. Mr. Umesh Shahra has done PGDBM from IIM, Ahmedabad and B.Pharm from BITS, Pilani. Mr. Umesh Shahra has lead the Company successfully over a period. For sustaining growth and establishing the Company in leading position. The Board of Directors at their meeting held on 31<sup>st</sup> July, 2008 have reappointed Mr. Umesh Shahra as Managing Director of the Company for a period of 3 years w.e.f. 1<sup>st</sup> October, 2008 subject to the approval of the members of the Company as per following terms and conditions :

1. Basic Salary : Rs.1,20,000/- per month
2. HRA : Rs.30,000/- per month

Perquisites etc: Following will be the perquisites for the Managing Director :

- i) Medical reimbursement Equal to one month's salary.
- ii) Leave Travel Concession For self, wife and dependent children, once in a year to and from any place on actual basis subject to a ceiling of one month's salary in a year.
- iii) Club fees Fees of clubs on actual basis excluding admission and life membership fees.
- iv) Personal Accident Insurance Actual premium on Personal Accidental Insurance.
- v) Provision of car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.
- vi) Contribution to Provident Fund, Superannuation or Annuity fund, gratuity payable at the rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of limits of the remuneration or perquisites aforesaid.

Other terms and conditions of Mr. Umesh Shahra, as Managing Director of the Company will be as per the agreement entered into between the Company and the Managing Director. This Agreement is available for inspection at the registered office of the Company during the office hours on all working days between 01.00 PM to 04.00 P.M. upto the date of Annual general meeting of the Company.

Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of tenure of Mr. Umesh Shahra, Managing Director of the Company, if the Company has no profits or its profits are inadequate , the Company shall pay remuneration by way of salary, allowances , perquisites etc. as specified above subject to restrictions set out in Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

Mr. Umesh Shahra is also Managing Director of Indian Steel Corporation Limited engaged in same line of business. He has given a major contribution in the growth of Indian Steel Corporation Limited. He was appointed as Managing Director of the Company with unanimous consent of Board of director and with the approval of members of the Company. His remuneration from both the Companies will be within maximum ceiling of the one of these Companies as permissible in accordance with the provisions of Section II & III of Part II of Schedule XIII of the Companies Act, 1956 and will continue to get the remuneration from both the Companies i.e. Ruchi Strips and Alloys Limited & Indian Steel Corporation Limited.

The reappointment of Mr. Umesh Shahra, Managing Director of the Company and remuneration payable to him is subject to approval of the members of the Company.

The reappointment of Mr. Umesh Shahra, if made, will be in accordance with the provisions of Schedule XIII of the Companies Act, 1956. Schedule XIII of the Companies Act, 1956 requires approval of members by way of Special Resolution for reappointment. The explanatory statement together with the accompanying notice should be treated as an abstract of terms of contract of appointment of the Managing Director in accordance with the provision of sub-section (2) of Section 302 of the Companies Act, 1956.

The Board of Directors recommends the approval by the members by way of Special Resolution.

None of the Directors of the Company are interested except Mr. Umesh Shahra and Mr. Kailash Shahra (being father of Mr. Umesh Shahra).

**ITEM NO. 6 & 7**

Mr. Arvind Mishra was appointed as an additional director of the Company on 25<sup>th</sup> March 2008 in terms of provisions of section 260 of the Companies Act, 1956 and he holds office up to the date of this Annual General Meeting and Company has received a notice in terms of provisions of section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director.

Mr. Arvind Mishra was appointed as Whole-time Director w.e.f 25<sup>th</sup> March 2008 for a period of three years, subject to approval of the members of the Company on remuneration mentioned below. Mr. Arvind Mishra has done B.E. (Mech.) and has rich experience of over 27 years in the industry.

- |       |   |                    |
|-------|---|--------------------|
| i.    | Basic Salary  | 20,775/- per month |
| ii.   | House Rent allowances   | 8,310/- per month  |
| iii.  | Conveyance  | 800/- per month    |
| iv.   | Special Allowance   | 11,056/- per month |
| v.    | Children Education Allowance  | 2,600/- per month  |
| vi.   | Reimbursement of Magazine expenses subject to maximum of Rs.500/- per month.  |                    |
| vii.  | Reimbursement of Medical expenses subject to one basic salary per year.   |                    |
| viii. | Leave Travel Allowance subject to maximum of one basic salary per year.   |                    |
| ix.   | In addition contribution to provident fund, bonus and gratuity as per rules of the Company.                           |                    |
| x.    | In addition he will be entitled of annual increment as per rules of the Company subject to the approval of the board. |                    |

The appointment of Mr. Arvind Mishra, if made, will be in accordance with the provisions of Schedule XIII of the Companies Act, 1956. Schedule XIII of the Companies Act, 1956 requires approval of members by way of Ordinary Resolution for reappointment.

The Board of Directors recommend the approval by the members of both the resolutions by way of Ordinary Resolution.

None of the Directors of the Company are interested except Mr. Arvind Mishra.

**ITEM NO. 8**

Mr. Navin Khandelwal, who is a Practicing Chartered Accountant, was appointed as an additional director of the Company on 10<sup>th</sup> May 2008 in terms of provisions of section 260 of the Companies Act, 1956 and he holds office up to the date of this Annual General Meeting and Company has received a notice in terms of provisions of section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director.

This resolution requires approval of members by way of Ordinary Resolution. The Board of Directors recommends the approval by the members by way of Ordinary Resolution.

None of the Directors of the Company are interested except Mr. Navin Khandelwal.

**ITEM NO. 9**

Mr. Manish Jain, who is a Practicing Company Secretary, was appointed as an additional director of the Company on 10<sup>th</sup> May 2008 in terms of provisions of section 260 of the Companies Act, 1956 and he holds office up to the date of this Annual General Meeting and Company has received a notice in terms of provisions of section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director.

This resolution requires approval of members by way of Ordinary Resolution. The Board of Directors recommends the approval by the members by way of Ordinary Resolution.

None of the Directors of the Company are interested except Mr. Manish Jain.

**Details of Directors seeking Appointment/Re-appointment at the Annual General Meeting**

Particulars	Mr. Santosh Kumar Shahra	Mr. Umesh Shahra	Mr. Arvind Mishra	Mr. Ashok Khasgiwala	Mr. Navin Khandelwala	Mr. Manish Jain
Date of Birth	17/12/1946	17/06/1963	01/07/1960	11/11/1955	22/04/1973	29/12/1967
Qualifications	B.E. (Mech.), M.S. (USA)	B.Pharm. (Hons.), PGDBM (IIMA)	B.E. (Mech.)	B.Sc., M.A. DCMA, FCA,	FCA, ISA (ICAI)	LLB, FCS, ACIS(U.K.)
Expertise in specific functional area	Wide experience in Steel Manufacturing/ Marketing, Exports, Finance and Banking.	Wide experience in Steel Manufacturing/ Marketing, Exports, Finance and Banking.	Wide experience in Steel Industry	Taxation, Finance, Accounts and Legal Matters.	Management Assurance Services, Bank Audit System Development and development of MIS.	Secretarial, Legal, Administration & Finance
Directorships held in other Public Companies (excluding foreign Companies and Section 25 Companies)	-National Steel & Agro Industries Limited -NSIL Exports Limited -Ruchi Integrated Steel (I) Limited -Ruchi Power Corporation Limited -NSIL Infotech Limited -NSIL Finance Limited -NSIL Power Limited -Mid India Power and Steel Limited	-Indian Steel Corporation Limited -Ruchi Corporation Limited -Ruchi Global Limited -Ruchi Acroni Industries Limited -Ruchi Infotech Limited -Param Alkalies Limited -Rehwa Corporation Limited -Param Holding Limited -Indian Steel SEZ Limited	NIL	-MPSE Securities Limited	-Indian Steel Corporation Limited -National Steel & Agro Industries Limited -Indian Steel SEZ Limited	NIL
Memberships/ Chairmanships of Committees of Other Public Companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	NIL	<b>Audit Committee</b> -Indian Steel Corporation Limited	NIL	NIL	<b>Audit Committee</b> -National Steel & Agro Industries Limited -Indian Steel Corporation Limited <b>Investors Grievance Committee</b> -National Steel & Agro Industries Limited	NIL
Number of Shares held in Company	NIL	NIL	NIL	NIL	NIL	

## DIRECTOR'S REPORT

To,  
The Members

Your Directors have pleasure in presenting 21<sup>st</sup> Annual Report together with Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

### OPERATIONAL PERFORMANCE

		(Rs. in lacs)
<b>1. Financial Results</b>	<b>31.03.2008</b>	<b>31.03.2007</b>
Sales & Other Income	<b>45160.61</b>	47572.68
Gross Profit	<b>1555.12</b>	1259.78
Depreciation and Interest	<b>1348.48</b>	1183.44
Profit before Tax	<b>206.64</b>	76.34
Provision for Tax	<b>143.20</b>	71.48
Deferred Tax Assets/(Liabilities)	<b>11.80</b>	(21.47)
Profit after Tax	<b>51.64</b>	26.33

### 2. DIVIDEND

Due to long term requirement of funds, your Directors express their inability to recommend any dividend for the year under review.

### 3. DIRECTORS

During the year Mr. P. S. Santhanakrishnan resigned from the Board after serving for more than 18 years. We appreciate and acknowledge the valued contribution made by Mr. P. S. Santhanakrishnan in the growth of the Company.

During the year IFCI changed their nominee by replacing Mr. Gopal Singh with Mr. R.P. Singh as Nominee Director on the Board. Mr. R.P. Singh was replaced by Mr. Suneet Shukla as Nominee Director on the Board by IFCI on 10th May 2008. Mr. Arvind Mishra was appointed as an Additional and Whole-time Director during the year.

Mr. Navin Khandelwal and Mr. Manish Jain were appointed as Additional Directors at the Board Meeting held on 10th May 2008 and it is proposed to appoint them as Directors at the ensuing Annual General Meeting.

Mr. Santosh Kumar Shahra and Mr. Ashok Khasgiwala retire by rotation in accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company and being eligible, offer themselves for re-appointment.

Mr. Umesh Shahra's term as Managing Director ends on 30<sup>th</sup> September 2008 and in accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company and being eligible, offers himself to be re-appointed as Managing Director for a period of three years.

Mr. Arvind Mishra in accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company and being eligible, offers himself to be appointed as Executive Director for a period of three years.

### 4. CORPORATE GOVERNANCE

Schedule on Corporate Governance is enclosed as a part of Director's Report.

### 5. FIXED DEPOSITS

Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.



**6. DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956, the Board confirms:

- (i) that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the Annual Accounts on a going concern basis.

**7. CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNING AND OUTGO**

Details of Energy conservation and Research and Development activities undertaken by the Company alongwith the information in accordance with the provisions of section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are given as Annexure to the this Report.

**8. AUDITORS**

M/s Arun Maheshwari & Company, Chartered Accountants, Auditors of the Company hold office upto the conclusion of forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Your board recommends their reappointment.

**9. AUDITOR'S REPORT**

Report of the Auditors and their observations on the Accounts of the company for the year under review which are self explanatory are attached herewith.

**10. LISTING AT STOCK EXCHANGES**

Company's Equity Shares continue to be listed on Bombay Stock Exchange Limited (BSE).

**11. CEO & CFO CERTIFICATION**

The Board of Directors have received certificate from Managing Director and CFO under Clause 49(v) of listing agreement.

**12. PARTICULARS OF EMPLOYEE'S**

None of the employee of the company was paid remuneration in excess of the limit. Therefore, the particulars of employees, as required by the Provision of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975, as amended by the Companies (Amended) Act, 1988 are nil.

**13. INDUSTRIAL RELATIONS**

Relations with the employees continued to remain cordial throughout the year. Your Directors wish to place on record their appreciation for sincere and dedicated services rendered by the executives, staff and workers at all levels.

**14. ACKNOWLEDGMENT**

The Directors wish to place on record their appreciation for the sincere cooperation extended by the shareholders, Bankers and all other Government Agencies in carrying out the business of the Company.

By Order of the Board of Directors

Place: Indore  
Date : July 31, 2008

**Kailash Chandra Shahra**  
Chairman

## ANNEXURE TO THE DIRECTOR'S REPORT

### ANNEXURE A

Information as per Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2008.

#### FORM - A

Form for disclosure of particulars with respect to conservation of energy.

#### A. POWER AND FUEL CONSUMPTION

	2007-2008	2006-2007
Production (MT)	61161.663	59570.019
1. Electricity		
a. Purchased Unit (KWH)	9776593	10036041
Amount (Rs. in lacs)	499.31	490.35
Rate/Unit (Rs.)	5.11	4.89
b. Own Generation		
1. (i) Through Diesel Generator	Nil	Nil
(ii) Through Steam Generator	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Other		
(a) HSD		
Quantity (Ltrs.)	74600	42200
Total Amount (Rs. in lacs)	27.86	14.34
Avg. Rate (Per Ltr.)	37.36	33.98
(b) Kerosene		
Quantity (Ltrs.)	706014	1759279
Total Amount (Rs. in lacs)	210.38	528.92
Avg. Rate (Per Ltr.)	29.81	30.06
(c) L.P.G.		
Quantity (MMBTU Per.)	39630.779	Nil
Amount (Rs. in lacs)	162.45	Nil
Avg. Rate (MMBTU Per.)	409.92	Nil

#### B. CONSUMPTION PER UNIT OF PRODUCTION (PMT)

Product : Cold Rolled Steel Strips/Sheet		
Electricity (KWH)	159.85	168.47
others		
a. HSD (Ltrs.)	1.22	0.71
b. LPG (MMBTU)	0.65	Nil
c. Kerosene (Ltrs.)	11.54	29.53

#### FORM - B

(Form for Disclosure of Particulars with respect to technology absorption)

#### RESEARCH & DEVELOPMENT (R & D)

The Company continues to work on its long range plans to improve and enlarge its product range. However, there was no expenditure on research and development.

#### TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Barring a few components which are not available indigenously at competitive prices and of desired quality, the Company has made every effort to indigenously develop the spares and components for imported as well as indigenous machinery to minimize the imports.

#### FOREIGN EXCHANGE EARNINGS & OUTGO

The Company has made exports during the year under review and has been taking keen interest for developing new export market. The foreign exchange earned on export was Rs.2607 lacs (Previous year Rs. 2150 lacs). The expenditure in foreign exchange during the year under review is Rs.9389.98 lacs (Previous year Rs.3161 lacs)

For and on behalf of the Board of Directors

Place : Indore  
Date : July 31, 2008

**Kailash Chandra Shahra**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Development

Your company is engaged in the business of servicing different industries with particular focus on Auto, White goods, electrical and general engineering segments. Company manufactures cold rolled steel coils and sheets of International Standards, in wide range; low carbon, mild steel CR products, in thickness ranging from 0.11 mm to 2.00 mm & up to a maximum width of 1000 mm. Your company is also one of the few Indian manufacturers of ultra thin 0.11mm, 0.14 mm CR Coil extensively used for galvanizing. Major grades manufactured are O, D, DD, & EDD of non aging, critical & super EDD CRCA, automobile structure grades, TMBP, Galvanizing Grades, Porcelain Enameling, Corrosion Resistance grade.

In Semi-processed electrical steel your company is market leader among organized CR manufacturers and its brand RUMAG is well known in the stamping industry. "RUFIL" is another brand, which is used by auto filter manufacturers, where our steel is used in large volumes.

During the year, your company developed Medium Carbon Steel i.e. MC11 & MC12, for applications in auto and industrial chains.

### Industry Outlook:

In spite of steep increases in prices of HR coils, your company has done well to manage to keep the production volumes intact. However, due to slowdown in the last quarter of this financial year production in automobile industry was adversely affected. If this trend continues, there will be a negative growth in the industry, specially in auto and white goods industry.

### Risk and Concerns:

Your companies profitability will be adversely affected on account of high volatility in steel prices, foreign exchange fluctuations and genereal slowdown in the economy. Frequent changes in duty structure also will affect the companies profitability. Entry of manufacturers with large capacities also may affect the profitability adversely.

### Internal Control Systems and Adequacy:

The company has good internal control systems, which is being recognized and company has been awarded ISO: 9001:2000 certification, the adequacy of which has also been reported by its auditors in their report as required under the companies (Auditor's Report) Order, 2003 issued by the Central Government of India, Adequate system of internal control is in place of which assures us of:

- proper recording and safeguarding of assets.
- maintaining proper accounting record and reliability of financial information.

### Environment Management System:

The company is committed to demonstrate continual improvement in environmental performance in line with corporate values and stake holder's expectations. Company has been awarded ISO 14001:2004 certification in July, 2007. Company has started using alternative fuels in order to reduce emissions.

### Development in Human Resources and Industrial Relation:

The Industrial relations climate of the company continues to remain harmonious and cordial with focus on improving productivity quality and safety.

### Financial and Operating performance:

Summarized Profit and Loss Account for the year ended 31<sup>st</sup> March, 2008 is as under:-

		(Rs. in lacs)
1. Financial Results	31.03.2008	31.03.2007
Sales & Other Income	45160.61	47572.68
Gross Profit	1555.12	1259.78
Depreciation and Interest	1348.48	1183.44
Profit before Tax	206.64	76.34
Provision for Tax	143.20	71.48
Deferred Tax Liability	11.80	(21.47)
Profit after Tax	51.64	26.33

During the year under review, the sales and other income was Rs.45160.61 lacs compared to the previous year figures of Rs. 47572.68 lacs. The production of finished goods was 61161.663 MT during the year 2007-08 as compared to 59570.019 MT during the previous year.

### Segment-wise Performance:

The segment-wise performance is available in Schedule R - Accounting Policies and Notes on Accounts to the Audited Accounts of the Company.

Statements in this "Management Discussion and Analysis" describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the company's operation include raw material availability and prices, changes in government regulations, tax regimes, economic developments in India and the countries in which the Company conduct business and other incidental factors.

## CORPORATE GOVERNANCE REPORT

### INTRODUCTION

Ruchi Strips and Alloys Limited (RSAL) has always believed in fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders and others. We have always aimed to build trust with shareholders, employees, customers, suppliers and diverse stakeholders and to meet expectations of various elements of corporate environment. We believe in transparent and fair corporate actions with adequate disclosure and total accountability.

RSAL has been discharging its statutory obligations and duties and has always complied with statutory and regulatory requirements. Given below are the company's corporate governance policies and practices in accordance with provisions of Clause 49 of the Listing Agreement.

A report on implementation of the Corporate Governance Code of the Listing Agreement by the Company is furnished below.

#### 1. Company's Philosophy on Corporate Governance

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization. Good Corporate Governance leads to long term shareholder value and enhances interest of other stake holders. It brings into focus fiduciary and trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and shareholders value.

2. RSAL Board presently consists of a majority of non-executive/independent directors, many of whom are acknowledged as leading professionals in their respective fields. The Board comprises of two (2) Executive Directors, two (2) Non-Executive Directors, four (4) Independent Directors and one (1) Professional Director.

Name of Director	Executive/Non-Executive/Independent*	No. of other Directorship <sup>#</sup> (Chairman)	Membership of other Board Committees (Chairman)
Mr. Kailash Chandra Shahra	Non-Executive	5(5)	4(1)
Mr. Santosh Kumar Shahra	Non-Executive	8	-
Mr. Umesh Shahra	Executive	9	2(1)
Mr. Ashok Khasgiwala	Professional	1	-
Mr. Veer Kumar Jain	Independent	1	-
Mr. Suneet Shukla (IFCI Nominee) (w.e.f. 10/05/2008)	Independent	-	-
Mr. Arvind Mishra (w.e.f. 25/03/2008)	Executive	-	-
Mr. Navin Khandelwal (w.e.f. 10/05/2008)	Independent	3	4(4)
Mr. Manish Jain (w.e.f. 10/05/2008)	Independent	-	-

# This includes directorship held in Public Limited Companies and subsidiaries of Public Limited Companies and excludes directorship held in Private Limited Companies and Overseas Companies.

### Attendance of Directors in Board Meetings and Annual General Meeting

The Board of the Company met five times during last financial year, on following dates;

- (1) 30.04.2007      (2) 31.07.2007      (3) 30.10.2007  
(4) 31.10.2007      (5) 31.01.2008

The attendance at the Board Meetings and Annual General Meeting were as under:

Name of Director	Attendance	
	Board Meeting	AGM
Mr. Kailash Chandra Shahra	5	✓
Mr. Santosh Kumar Shahra	1	X
Mr. Umesh Shahra	5	✓
Mr. P.S.Santhanakrishnan (upto 01/10/2007)	-	✓
Mr. Ashok Khasgiwala	5	✓
Mr. Veer Kumar Jain	5	X
Mr. Gopal Singh (IFCI Nominee) (upto 31/01/2008)	1	X
Mr. R. P. Singh (IFCI Nominee) (w.e.f. 31/01/2008)	1	X
Mr. Arvind Mishra (w.e.f. 25/03/2008)	-	X

### 3. Remuneration to Directors

#### (a) Remuneration of Managing Director

The terms of remuneration of Mr. Umesh Shahra, Managing Director has already been fixed by the Board of Directors and approved by the Shareholders in the 19<sup>th</sup> Annual General Meeting. During the financial year 2007- 2008 the particulars of remuneration paid to Mr. Umesh Shahra, Managing Director is as under: -

Particulars of remuneration:

- |   |                 |
|---|-----------------|
| 1. Salary                                 | Rs. 14,40,000/- |
| 2. Allowances                             | Rs. 3,60,000/-  |
| 3. Contribution to Provident & other Fund | Rs. 1,72,800/-  |

#### (b) Remuneration to Whole - Time Director

The appointment and terms of remuneration of Mr. Arvind Mishra, Whole-time Director were passed by the Directors of the Board through Circular Resolution dated 25<sup>th</sup> March, 2008. During the financial year 2007-08 the particulars of remuneration paid to Mr. Arvind Mishra, Whole-time Director is as under:-

**Particulars of remuneration :**

1.	Salary	Rs. 4,691/-
2.	Allowances	Rs. 8,180/-
3.	Contribution to Provident & other Fund	Rs. 563/-

**Remuneration of Non-Executive Directors:**

During the financial year 2007-08 sitting fees paid to Non-Executive Directors amounted to Rs.11,500/-.

As approved by the Board of Directors in accordance with the Articles of Association of the Company, the Independent and Professional Directors are paid a sitting fee of Rs.500/- for every meeting attended by them. No commission was paid or payable to the Non-executive Directors during the financial year 2007-08.

**4. Audit Committee**

Audit Committee met four times during the financial year 2007-08. The dates are as follows:-

- (1) 30/04/2007      (2) 31/07/2007      (3) 30/10/2007  
(4) 31/01/2008

The constitution of the Committee and the attendance of each member of the Committees during financial year 2007-08 is given below:-

Name	Designation	Non-executive/ Independent	Profession	Committee Meetings Attended
Mr. Veer Kumar Jain	Chairman	Independent Director	Advocate	4
Mr. P.S. Santhanakrishnan (upto 01/10/2007)	Member	Independent Director	Retd. Bank Professional	0
Mr. Ashok Khasgiwala	Member	Professional Director	Chartered Account	4
Mr. Gopal Singh (from 01/10/2007 to 31/01/2008)	Member	Nominee Director	Service	0
Mr. R.P. Singh (w.e.f. 31/01/2008)	Member	Nominee Director	Service	0

The terms of reference of Audit Committee includes the following;

- To hold periodic discussions with Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors.
- To review compliance with internal control systems;
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board ;

- d) To investigate into any matter in relation to items specified in section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice, if necessary ;
- e) To make recommendations to the Board on any matter relating to financial management of the Company, including the Audit Report.

## 5. Financial Review Committee

The Board has constituted a 'Financial Review Committee' for review and approval of. Quarterly Financial Results and 'Limited Review Report'. The following are the members of the Committee:

Name	Designation	Executive / Non-executive/Independent
Mr. Umesh Shahra	Chairman	Executive
Mr. Ashok Khasgiwala	Member	Non Executive & Professional
Mr. Veer Kumar Jain	Member	Non Executive & Independent

During the year under review two meetings of the Committee were held on 23/11/2007 and 14/03/2008.

## 6. Share Transfer & Investors Grievance Committee

The Board has constituted a 'Share Transfer & Investors Grievance Committee' which looks into shareholder's and investor's grievances. The following were the members of the Committee as on 31.03.2008 :

Name	Designation	Executive/Non-executive/Independent
Mr. Kailash Chandra Shahra	Chairman	Non-Executive
Mr. Umesh Shahra	Member	Executive
Mr. Veer Kumar Jain	Member	Non Executive & Independent

The committee specifically looks into the shareholders and investors complaints on the matters relating to transfer of shares, non-receipts of annual reports, non-receipt of dividend, demat of shares etc. In addition, the committee also looks into matters, which can facilitate better investor services and relations.

During the period under review the committee had reviewed the status of investor services rendered by the company. Committee discussed the various reports placed before it by Mr. Vinay Gupta, Compliance Officer of the Company regarding investor complaints and queries regarding transfer, change of address, annual reports, demat etc.

During the financial year the company had received total 28 complaints, out of which 2 complaints related to non receipt of Annual Report, 15 complaints related to non receipt of Share Certificate, 7 complaints for non receipt of Dividend Warrant, 3 complaints related to Dematerialization of Shares, 1 complaint related to debentures redemption / interest. All the complaints have been resolved to the satisfaction of the Shareholders and no complaint was pending as on 31<sup>st</sup> March, 2008.

## 7. Remuneration Committee

A remuneration committee has been constituted to recommend / review the remuneration package of Managing / Whole time Director(s), based on performance and other defined criteria. Following were the members of the committee as on 31.03.08 :



Name	Designation	Executive / Non- Executive / Independent
Mr. Veer Kumar Jain	Chairman	Non Executive & Independent
Mr. Ashok Khasgiwala	Member	Non Executive & Professional
Mr. R.P. Singh	Member	IFCI Nominee

The remuneration policy is directed towards rewarding performance based on review of achievement on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

During the year under review one meeting of the Committee was held on 25.03.2008

## 8. Information of General Body Meetings

Location and time of AGMs/EGMs held during the last three years are as follows :-

Year	AGM/EGM	Location	Date	Time
2006-07	AGM	Sunvile Deluxe Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai	29.09.2007	12.00 Noon
2006-07	EGM	Sunvile Deluxe Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai	23.02.2007	12.30 P.M.
2005-06	AGM	Sunvile Deluxe Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai	27.09.2006	11.30 A.M.
2004-05	AGM	Sunvile Deluxe Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai	29.09.2005	02.30 P.M.

For the year ended 31<sup>st</sup> March, 2008 there has been no ordinary or special resolution passed that required assent by the Company's shareholders through the means of postal ballot as provided under the provisions mentioned under Section 192A of the Companies (Amendment) Act, 2000.

## 9. Disclosures

- a. Transactions with Promoters, Directors and their relatives, Management or their subsidiaries, etc.  
The Company has not entered into any transaction of material nature with the Promoters or Directors and/or their relatives or Management and/or their subsidiaries etc., that may have any potential conflict with the interests of the Company. The transactions of purchase and sale of goods, materials and services made in respect of above parties have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services as available with the Company or the prices at which transactions for similar goods, materials or services have been made with other parties.
- b. Compliance by the Company  
The Company has complied with requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to Capital Markets during last three years.

## 10. Code of Conduct

The Company has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The Code of Conduct is available on the website of the company [www.ruchistrips.com](http://www.ruchistrips.com). The declaration of the Managing Director is given below :

To,  
The Shareholders,  
Ruchi Strips & Alloys Limited

Sub.: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed with Code of Conduct adopted by the Board of Directors.

Place : Indore  
Dated : 30th April, 2008

**Umesh Shahra**  
Managing Director

## 11. Communication to Shareholders

Quarterly financial results for the Financial Year 2007-08 were published in the newspapers namely Free Press Journal & Navshakti (both Mumbai Edition). RSAL has its own website, [www.ruchigroup.com/ruchistrips](http://www.ruchigroup.com/ruchistrips) on which important public domain information are posted. All financial and other vital official news releases are also properly communicated to the concerned Stock Exchange(s), besides being placed on the website.

## 12. General Shareholder Information

**Annual General Meeting :**

Date	: 30 <sup>th</sup> September, 2008
Time	: 4.00 P.M.
Venue	: Sunvile Delux Pavilion, Sunvile Building, 9, Dr. Annie Beseant Road, Worli, Mumbai

## Financial Calender 2008-09

Adoption of Quarterly Results of the Quarter ended	3 <sup>rd</sup> /4 <sup>th</sup> week of
June 30, 2008	July, 2008
September 30, 2008	October, 2008
December 31, 2008	January, 2009
March 31, 2009	April/May, 2009
<b>Annual General Meeting</b> for the year ending March 31, 2009 :	In August / September, 2009
<b>Book closure Dates</b> :	26 <sup>th</sup> September 2008 to 30 <sup>th</sup> September 2008 (both days inclusive)
<b>Dividend Payment Date</b> :	No dividend is declared for the year 2007-08

## 13. Listing on Stock Exchanges

The equity shares of the Company are listed on Bombay Stock Exchange, Mumbai (BSE).

### Stock Code

<b>Bombay Stock Exchange, Mumbai</b> :	513295 (Physical) INE611C01012 (Demat)
<b>Registrar &amp; Transfer Agent</b> :	M/s. Sarthak Global Limited Avanti House, 170/10, Film Colony, RNT Marg, Indore 452001 (M.P.)
<b>Plant Location</b> :	Village Sejwaya, Ghatabillod, Dist. Dhar 454773 (M.P.)
<b>Address of Correspondence</b> :	611, Tulsiani Chambers, Nariman Point, Mumbai 400021
<b>Dematerialization of shares</b> :	69.95% of the total equity capital is held in Dematerialized form with National Securities Depository Ltd. and Central Depository Services (India) Limited as on 31 <sup>st</sup> March, 2008.
<b>Outstanding ADRs/GDRs</b> :	The Company has not issued any ADRs/GDRs

#### 14. Market Price Data (Rs.)

High, low market price on Bombay Stock Exchange Ltd. (BSE) during each month in the last financial year.

Period	High (Rs.)	Low(Rs.)
April, 2007	10.00	8.51
May, 2007	19.65	9.10
June, 2007	16.60	12.50
July, 2007	13.75	10.82
August, 2007	13.00	10.53
September, 2007	15.50	11.62
October, 2007	14.50	10.00
November, 2007	27.02	12.16
December, 2007	26.15	20.00
January, 2008	28.95	14.85
February, 2008	18.80	13.15
March, 2008	15.00	10.55

#### 15. Distribution of Shareholding as on 31<sup>st</sup> March, 2008

Shares Holding of nominal Value of Rs. Rs.		Share Holders		Total	% of Shareholding
		Number	% of Total		
Upto	2500	20126	76.120	2564716	8.727
2501	5000	4163	15.745	1669443	5.682
5001	10000	1378	5.212	1185556	4.034
10001	20000	435	1.645	678872	2.310
20001	30000	112	0.424	291869	0.993
30001	40000	47	0.178	170748	0.581
40001	50000	57	0.216	273210	0.930
50001	100000	54	0.204	402708	1.370
100001	& above	68	0.257	22150003	75.373
<b>TOTAL</b>		<b>26440</b>	<b>100.000</b>	<b>29387125</b>	<b>100.000</b>

#### 16. Share Transfer System

The Registrar & Share Transfer Agent M/s Sarthak Global Limited deals with Share Transfer both in physical and dematerialized mode. The dematerialized shares are transferable through the depository system. Shares in physical form are processed by the R & TA and approved by Share Transfer and Investor's Grievance Committee of Directors of the Company. Physical Shares are transferred within stipulated time.

### 17. Shareholding Pattern and Distribution of Shareholding

Shareholding pattern as on 31.03.2008

Category	No.of Shares held	Percentage of Shareholding
1. Promoter's Holding including Foreign promoters	8181827	27.84
2. NRIs/OCBs/FIIs	119460	0.40
3. Banks, FIs, Mutual Funds	5653525	19.24
4. Indian Corporate Bodies	7951085	27.06
5. Indian Public	7481228	25.46
<b>TOTAL</b>	<b>29387125</b>	<b>100.00</b>

### 18. Dematerialisation of shares and liquidity

The shares of the Company are under compulsory demat segment and are listed on Bombay Stock Exchange, Mumbai. The Company's shares are available for trading in the depository systems, of both NSDL and CDSL.

## CERTIFICATE

**To**  
**The Members of**  
**Ruchi Strips and Alloys Ltd.,**

We have reviewed the compliance of the conditions of Corporate Governance by Ruchi Strips & Alloys Ltd. for the year ended March 31, 2008 as stipulated in Clause 49 of the listing agreement of the said Company with Stock Exchange in India.

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

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

We state that there are no investor grievances pending as on March 31, 2008 as per the records maintained by the Company and presented to the Investors/Shareholders 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 ARUN MAHESHWARI & CO,**  
**Chartered Accountants.**

**CA Arun Maheshwari**  
**Proprietor**  
**Membership No. 70354**

Place : Indore  
Date : July 31, 2008

**AUDITORS REPORT**

To,

**The Members of Ruchi Strips and Alloys Limited**

1. We have audited the attached Balance Sheet of Ruchi Strips and Alloys Limited as at 31<sup>st</sup> March, 2008 and the annexed Profit and Loss Account and the 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.
2. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 (as amended) 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 a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
  - c) The Balance Sheet, Profit & 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 & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2008 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a director 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, said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
    - ii. in the case of Profit & Loss Account, of the Profit for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **ARUN MAHESHWARI & CO,**  
Chartered Accountants.

**CA Arun Maheshwari**  
Proprietor  
Membership No.70354

Place : Indore  
Date : June 28, 2008

### **ANNEXURE TO AUDITOR'S REPORT**

Referred to in paragraph 3 of our report of even date.

- i. In respect of its Fixed Assets :
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The fixed assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. As informed, no material discrepancies were noticed on such verification.
  - c. During the year, the Company has not disposed off a substantial part of fixed assets and we are of the opinion that the going concern status of the company is not affected.
- ii. In respect of Inventories:
  - a. The management has conducted physical verification of inventory at reasonable intervals during the year.
  - b. The procedures of physical verification of inventory 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 is maintaining proper records of inventory. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii. According to the information and explanations given to us, the Company has neither granted nor taken any loan, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, the provisions of Clauses iii(b), iii(c), iii(d), iii(f) and iii(g) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal control system in respect of these areas.
- v.
  - a. According to the information and explanations given to us, we are of the opinion that the particulars of contract or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so 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 and exceeding the value of the Rupees Five lakhs have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public to which the provisions of section 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of accounts and records in respect of manufacturing of cold rolled strips/sheets maintained by the company pursuant to the rules made by the Central Government of India for the maintenance of cost records under section 209(1)(d) of the Companies Act. We are of the opinion that prima facie the prescribed accounts and records have been maintained. However, we have not, made a detailed examination of such accounts and records with a view to determine whether they are accurate or complete.
- ix.
  - a. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues as applicable to it. There were no arrears as at 31<sup>st</sup> March, 2008 for a period of more than six months from the date they became payable.
  - b. According to the records of the company and information and explanation given to us, particulars of dues of sales tax, income tax, custom duty, service tax, wealth tax, excise duty and cess which have not been deposited with appropriate authorities on account of any dispute, are as under :

**Details of disputed Statutory dues as on 31.03.08 on account of matters pending before the appropriate authorities**

Sl.No.	Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Period to which amount relates	Forum where disputes are pending
01	Entry Tax Act, 1976	Entry Tax Demand	1.42	1992-93	Case pending for hearing with Board of Revenue, Gwalior (M.P.)
02	Entry Tax Act, 1976	Entry Tax Demand	0.61	1995-96	Case pending for hearing with Board of Revenue, Gwalior (M.P.)
03	Central Excise Act	Modvat Credit Dispute	0.02	1995-96	Pending for Adjudication
04	Income Tax Act, 1961	Income Tax	6.76*	1989-90	Restored to CIT (A) by ITAT, Mumbai
05	Bombay Sales Tax Act, 1959	Sales Tax demand	237.81	2001-2002	The Maharashtra Sales Tax Tribunal, Mumbai
06	Uttar Pradesh Sales Tax Act	Sales Tax Demand	0.72	2007-2008	Case pending for hearing with Joint Commissioner (Appeals), Trade Tax, Ghaziabad Range (U.P.)

\* Demand adjusted against refund due to the Company.

- x. The Company has no accumulated losses as at 31<sup>st</sup> March, 2008 and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a Financial Institution, Bank or Debenture Holders.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution.
- xvi. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Act during the year.
- xix. According to the information and explanations given to us, the Company has already created security or charge in respect of debentures issued in earlier years. No debentures have been issued during the year.
- xx. The Company has not raised money by public issues during the year.
- xxi. During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have not come across any instance of material fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

For **ARUN MAHESHWARI & CO,**  
Chartered Accountants.

**CA Arun Maheshwari**  
Proprietor  
Membership No.70354

Place : Indore  
Date : June 28, 2008

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2008**

	Schedule	Rs. in Lacs	As at 31.03.2008 Rs. in Lacs	As at 31.03.2007 Rs. in Lacs
<b>I. SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>				
a) Share Capital	A	3586.97		2936.96
b) Reserves & Surplus	B	774.81		732.10
			4361.78	3669.06
<b>2. Loan Funds</b>				
a) Secured Loan	C	4461.36		3099.47
b) Unsecured Loan	D	260.38		315.34
			4721.74	3414.81
<b>3. Deferred Tax Liability-Net</b>				
			309.63	302.36
	<b>TOTAL</b>		<b>9393.15</b>	<b>7386.23</b>
<b>II. APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>				
a) Gross Block	E	7890.08		6158.93
b) Less: Depreciation		4405.63		4145.95
c) Net Block		3484.45		2012.98
d) Capital Work-in-Progress		376.07		509.76
			3860.52	2522.74
<b>2. Investments</b>				
	F		15.00	15.00
<b>3. Current Assets, Loans and Advances</b>				
a) Inventories	G	9236.73		5785.59
b) Sundry Debtors	H	9961.39		6087.42
c) Cash and Bank Balances	I	894.79		672.20
d) Other Current Assets	J	655.96		77.47
e) Loans and Advances	K	709.42		466.92
		21458.29		13089.60
<b>4. Less: Current Liabilities and Provisions</b>				
a) Current Liabilities		15752.56	8117.64	
b) Provisions		188.10	123.47	8241.11
Net Current Assets			5517.63	4848.49
<b>5. Miscellaneous Expenditure</b>				
(to the extent not written off or adjusted)				
	<b>TOTAL</b>		<b>9393.15</b>	<b>7386.23</b>
Significant Accounting Policies and Notes on Accounts	R			

Schedules referred to above form an integral part of accounts.  
As per our report of even date annexed

For and on behalf of the Board of Directors

For **ARUN MAHESHWARI & CO.**  
Chartered Accountants

**Kailash Chandra Shahra**  
Chairman

**CA Arun Maheshwari**  
Proprietor  
Membership No. 70354

**Santosh Kumar Shahra**  
Vice Chairman

**CS Vinay Gupta**  
Company Secretary

**Umesh Shahra**  
Managing Director  
Indore: 28<sup>th</sup> June, 2008

Indore: 28<sup>th</sup> June, 2008



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2008**

	Schedule	Rs. in Lacs	2007-08 Rs. in Lacs	2006-07 Rs. in Lacs
<b>1. INCOME</b>				
Sales and Services	M	48355.88	50535.27	
Less: Excise Duty		3331.33	45024.55	3039.78
Other Income	N		136.06	77.19
<b>TOTAL</b>			<b>45160.61</b>	<b>47572.68</b>
<b>2. EXPENDITURE</b>				
Materials	O	40037.91	42953.60	
Expenses	P	3567.58	3359.30	
Financial Charges	Q	1083.43	922.00	
Depreciation		265.05	261.44	
<b>TOTAL</b>			<b>44953.97</b>	<b>47496.34</b>
Profit / ( Loss) for the year before tax			206.64	76.34
Provision for taxation				
Current Tax			59.64	63.48
Deferred Tax Liability/(Assets)			11.80	(21.47)
Fringe Benefit Tax			7.91	8.00
Income Tax related to previous years			75.65	-
Profit/ (Loss) after tax			51.64	26.33
Add: Transfer from Debenture Redemption Reserve			0.00	380.51
Add: Balance Brought forward from previous year			658.15	260.24
Amount available for appropriation	<b>TOTAL</b>		709.79	667.08
Balance carried to Balance Sheet			709.79	667.08
Basic Earning Per Share (Note No. B-7 ) Rs.			0.18	0.11
Diluted Earning Per Share (Note No. B-7 ) Rs.			0.18	0.09

Significant Accounting Policies and Notes on Accounts. **R**

Schedules referred to above form an integral part of accounts.  
As per our report of even date annexed

For and on behalf of the Board of Directors

For **ARUN MAHESHWARI & CO.**  
Chartered Accountants

**Kailash Chandra Shahra**  
Chairman

**CA Arun Maheshwari**  
Proprietor  
Membership No. 70354

**Santosh Kumar Shahra**  
Vice Chairman

**CS Vinay Gupta**  
Company Secretary

**Umesh Shahra**  
Managing Director  
Indore: 28<sup>th</sup> June, 2008

Indore: 28<sup>th</sup> June, 2008

**SCHEDULE "A" TO "R" ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2008 AND  
THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2008.**

	Rs. in Lacs	As at 31.03.2008 Rs. in Lacs	As at 31.03.2007 Rs. in Lacs
<b>SCHEDULE :A - SHARE CAPITAL</b>			
<b>Authorised</b>			
3,30,00,000 Equity shares of Rs.10/- each.	3300.00		3300.00
(Previous year 3,30,00,000)			700.00
7,00,000 5% non cumulative redeemable preference share of Rs. 100 each. (Previous year 7,00,000)	<u>700.00</u>	<u>4000.00</u>	<u>4000.00</u>
<b>Issued, Subscribed and Paid-Up</b>			
2,93,87,125 Equity shares of Rs.10/-each (previous year 2,93,87,125 Equity shares of Rs.10/-each) fully paid (of the above 13,00,000 (Previous year 13,00,000) Equity shares of Rs.10/- each allotted for consideration otherwise than for cash)		2938.71	2938.71
Less: Allotment money unpaid (Other than Directors)		1.74	1.75
		<u>2936.97</u>	<u>2936.96</u>
6,50,000 5% non cumulative redeemable preference shares of Rs. 100 each. (previous year nil)*		650.00	
		<u>3586.97</u>	<u>2936.96</u>
*Note : Redeemable at par after ten years from the date of issue i.e. 31st July, 2007			
<b>SCHEDULE:B - RESERVES AND SURPLUS</b>			
(a) Capital Reserves as per last Balance Sheet		10.00	10.00
(b) Debenture Redemption Reserves Since Last year	46.67		427.18
Addition during the year	<u>0.00</u>		<u>0.00</u>
	46.67		427.18
Transfer to Profit & Loss Account	<u>0.00</u>	46.67	380.51
(c) Share premium account Since last year	8.35		
Actual received during the year	<u>-</u>	8.35	8.35
(d) Profit and Loss Account Balance Since last year	667.08		260.24
Add : Profit for the year	51.64		26.33
Add : Transferred from Debenture redemption reserve			380.51
Less : Adjustment for Employee benefits As per As 15 (Revised,2005) (Refer note no. 14 of Schedule R)	<u>8.93</u>	709.79	667.08
		<u>774.81</u>	<u>732.10</u>
<b>SCHEDULE: C - SECURED LOANS</b>			
<b>A. Debentures</b>			
Redeemable Non-Convertible Debentures		70.33	93.33
<b>B. Term loans</b>			
From Financial Institutions and Bank		1682.50	450.92
<b>C. Working Capital Loans</b>			
From Banks		2708.53	2555.22
		<u>4461.36</u>	<u>3099.47</u>

**NOTES:**

1. Redeemable Non Convertible Debentures and Term loans from Financial Institutions and Banks are secured by way of first mortgage on all immovable properties both present and future ranking pari passu and further secured by hypothecation of all movable assets (save and except book debts) both present and future, except prior charge created and/or to be created in favour of the Company's Bankers on stocks of raw-materials, semi-finished and finished goods, consumables stores and book debts for securing working capital borrowings; and personally guaranteed by two Directors.
2. Working capital loan facilities from Banks are secured by hypothecation of entire stocks of raw materials, stock in process, finished goods, stores and spares, stock in transit, book debts and second charge by way of mortgage on all immovable properties together with building and other structures thereon and all plant and machineries attached to the earth and personally guaranteed by two Directors.
3. Redeemable Non Convertible Debentures privately placed to IFCI Ltd. carry interest rate of 15% p.a.
4. Redeemable Non Convertible Debentures are redeemable at par in 28 quarterly ballooning instalments from April, 2004 to January 2011.
5. In case of default in the repayment of term loans, IFCI Ltd. shall have right to convert the defaulted amount into equity.
6. Instalments of Redeemable Non Convertible Debentures and Term loans due within one year are; Rs. 24.00 lacs (Previous year 23.00 lacs) and Rs.262.00 lacs (Previous year Rs. 100.00 lacs) respectively.

As at  
**31.03.2008**  
Rs. in Lacs

As at  
**31.03.2007**  
Rs. in Lacs

**SCHEDULE: D - UNSECURED LOANS**

Inter corporate Deposits

**260.38**

**315.34**

**SCHEDULE: E- FIXED ASSETS**

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2007	Additions	Deductions	As at 31.03.2008	Upto 31.03.2007	For the Year	on Deductions	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Freehold land	96.98	0.00	14.99	<b>81.99</b>	0.00	0.00	0.00	<b>0.00</b>	<b>81.99</b>	96.98
Buildings	959.79	271.07	4.25	<b>1226.61</b>	348.01	27.78	0.01	<b>375.78</b>	<b>850.83</b>	611.78
Plant & Machinery	4831.20	1433.39	0.00	<b>6264.59</b>	3628.82	209.72	0.00	<b>3838.54</b>	<b>2426.05</b>	1202.38
Furniture & Fixtures	79.18	20.97	0.00	<b>100.15</b>	58.62	5.60	0.00	<b>64.22</b>	<b>35.93</b>	20.56
Office Equipments	117.19	16.71	0.00	<b>133.90</b>	74.99	15.79	0.00	<b>90.78</b>	<b>43.12</b>	42.20
Vehicles	74.59	17.56	9.31	<b>82.84</b>	35.51	6.16	5.36	<b>36.31</b>	<b>46.53</b>	39.08
Total	6158.93	1759.70	28.55	<b>7890.08</b>	4145.95	265.05	5.37	<b>4405.63</b>	<b>3484.45</b>	2012.98
Previous Year	6146.14	56.39	43.60	<b>6158.93</b>	3912.51	261.44	28.00	<b>4145.95</b>		
Capital work in progress (including advances to suppliers) pending for allocation.									<b>376.07</b>	509.76
Grand Total									<b>3860.52</b>	2522.74

	As at 31.03.2008 Rs. in Lacs	As at 31.03.2007 Rs. in Lacs
<b>SCHEDULE: F - INVESTMENTS (at cost)</b>		
Long Term Investments (Other than trade, Unquoted)		
1,50,000 Equity Shares of Rs.10 each fully paid in Ruchi Global Limited.	15.00	15.00
<b>SCHEDULE: G - INVENTORIES</b>		
[As certified and valued by the management]		
(a) Stores, Spares & Packing material	294.93	319.37
(b) Raw materials	5475.58	3195.42
(c) Work in Progress	1760.12	944.28
(d) Finished Goods	1665.61	1293.66
(e) Scrap	40.49	32.86
(At lower of cost or net realisable value, except scrap valued at net realisable value)	9236.73	5785.59
<b>SCHEDULE: H - SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Over six months	305.47	84.27
Other Debts	9655.92	6003.15
	9961.39	6087.42
<b>SCHEDULE: I - CASH AND BANK BALANCES</b>		
Cash on hand	3.22	4.36
Balances with Scheduled Banks		
(a) In Current Accounts	25.80	18.32
(b) In Deposit Accounts	865.77	649.52
	891.57	672.20
	894.79	
<b>SCHEDULE: J - OTHER CURRENT ASSETS</b>		
(a) Interest Receivable	21.05	10.62
(b) Other Receivable	634.91	66.85
	655.96	77.47
<b>SCHEDULE: K - LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
(a) Advances recoverable in cash or in kind or for value to be received.	272.86	319.20
(b) Deposit with Govt. Department & Others	309.68	80.24
(c) Advance Income Tax (Including TDS)	126.88	67.48
	709.42	466.92
<b>SCHEDULE: L - CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
(a) Sundry creditors	13788.17	6730.39
(b) Customer's credit balances	1600.99	1263.34
(c) Other liabilities	350.08	106.91
(d) Interest accrued but not due on loans	13.32	17.00
	15752.56	8117.64
<b>PROVISIONS</b>		
(a) Provision for leave encashment	26.74	16.70
(b) Provision for gratuity	22.34	
(c) Provision for taxation	139.02	106.77
	15940.66	8241.11

	Rs. in Lacs	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
<b>SCHEDULE: M- SALES AND SERVICES</b>			
Sales		48351.16	50509.32
Job Processing Charges (Gross)		4.72	25.95
{Tax deducted at source Rs. 9730/- (Pre.year Rs. 20720/-)}		48355.88	50535.27
<b>SCHEDULE: N - OTHER INCOME</b>			
Insurance claims received		8.13	3.72
Foreign Exchange Fluctuation (Net)		76.90	0.00
Miscellaneous Income		51.03	73.02
Profit on sale of Fixed Assets		0.00	0.45
		136.06	77.19
<b>SCHEDULE: O - MATERIALS</b>			
(a) Raw materials consumed			
Stock at commencement	1873.59		1901.37
Purchases	23086.51		16662.77
	24960.10		18564.14
Less: Stock at close	5475.58		1873.59
		19484.52	16690.55
(b) Purchase of Finished or Traded goods		21748.81	25479.45
(c) Variation in Stocks			
Stock at close:			
Finished goods	1665.61		1293.66
Work-in-progress	1760.12		944.28
Scrap	40.49		32.86
		3466.22	2270.80
Less: Stock at commencement			
Finished goods	1293.66		1554.04
Work-in-progress	944.28		1480.86
Scrap	32.86		19.50
		2270.80	3054.40
		(1195.42)	783.60
		40037.91	42953.60

	Rs. in Lacs	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
<b>SCHEDULE: P - EXPENSES</b>			
Power and Fuel			
Power	499.31		490.35
Fuel	<u>400.78</u>	900.09	<u>543.26</u>
Consumption of Stores, Spares & Packing Materials		471.09	448.75
Processing Charges		157.08	137.29
Repairs:			
Building	14.85		19.23
Plant & Machineries	6.43		14.44
Others	<u>47.33</u>	68.61	40.01
Salaries, Wages and Bonus		597.14	470.98
Contribution to Provident & Other Funds		23.84	19.59
Workmen and Staff Welfare		35.75	20.22
Rent		12.85	6.89
Rates & Taxes		0.57	0.17
Insurance		15.12	19.23
Freight and forwarding charges		803.54	809.29
Export Expenses		186.38	87.14
Travelling & Conveyance		99.34	85.38
(Including Rs. 2.64 lacs to Directors (prev.year Rs.16.98 lacs))			
Loss on sale of fixed Assets		2.11	
Other Expenses		<u>194.07</u>	<u>147.08</u>
		<u>3567.58</u>	<u>3359.30</u>
<b>SCHEDULE: Q - FINANCIAL CHARGES</b>			
Interest:			
On Debentures and Other Fixed Loans	115.85		98.49
Others	<u>814.27</u>		<u>624.45</u>
	930.12		722.94
Loss:Interest received(Gross)	<u>71.09</u>		<u>33.91</u>
(Tax deducted at source Rs. 17.14 lacs (pre.year Rs. 7.53 lacs))		859.03	689.03
Bank Commission & Charges		224.40	232.97
		<u>1083.43</u>	<u>922.00</u>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2008 AND  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE: R- ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**A. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

**a) Accounting concept**

- i) The Company follows the mercantile system of the accounting and recognises income and expenditure on accrual basis.
- ii) Financial statement are based on historical cost convention.

**b) Sales**

Sales are inclusive of income from services, excise duty, export incentives and exchange fluctuation on export receivable and net of trade discount and rebates.

**c) Fixed Assets**

- i) Fixed Assets  
Fixed assets are stated at cost of acquisition or construction less accumulated depreciation(except free hold land)
- ii) Capital Expenditure  
Assets under erection/installation and advances given for capital expenditure are shown as "Capital work in progress". Expenditure during construction period is shown as "Pre-operative expenses" to be capitalised on erection/installation of the assets.

**d) Depreciation**

Depreciation on fixed assets is provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on assets added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal.

**e) Borrowing cost**

Borrowing costs attributable to the acquisition and construction of qualifying assets are capitalised as part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are charged to Profit and Loss Account.

**f) Inventories**

- i) Finished goods, Raw-materials and Work-in-progress are stated at lower of cost or net realisable value on FIFO basis. Goods in transit is stated at cost.  
Cost of inventories generally comprise all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Finished goods lying in the factory premises are valued inclusive of excise duty.
- ii) Scrap at net realisable value.
- iii) Custom Duty.  
The liability on account of Custom duty on imported materials in transit or in bonded warehouse is recognised on clearance of the goods from the Customs.

**g) Investments**

Long term investments are stated at cost with an appropriate provision for permanent diminution in value.

**h) Export incentives/Benefits**

Export incentives or benefits under the Export Import Policy are accounted in the year of exports on accrual basis.

**i) Foreign Currency Transactions**

Transaction in Foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Current assets and Current liabilities not covered by forward contract are translated at the year end exchange rate and any gain/loss on account of fluctuation in the rate of exchange is recognised in profit and loss account. Premium / Discount in respect of forward foreign exchange contract is recognised over the life of the contract.

**j) Contingent liabilities not provided for and are disclosed by way of notes.**

**k) Segment Accounting**

**(1) Segment Accounting Policies:-**

Accounting policies followed by the company for segment reporting are.

- (a) Segment revenue includes sales and other income directly identifiable with/allocable to segment.
- (b) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment results. The expenses, which relate to the company as a whole and not allocable to segment, are included under unallocable expenses.
- (c) Income which relates to the company as a whole and not allocable to segment is included under unallocable income.
- (d) (i) Segment Assets includes those assets directly identifiable with respective segments and employed by a segment in its operating activities, but does not include income tax assets.  
(ii) Segment liabilities includes those liabilities directly identifiable with respective segments and operating liabilities that results, from operating activities of a segment, but does not include income tax liabilities and financial liabilities.  
(iii) Unallocable corporate assets and liabilities represents the assets and liabilities that relate to company as a whole & not allocable to any segment.
- (2) The company has disclosed business segment as the primary segment. Segments have been identified taking into account the type of products, the differing risk and returns and the internal reporting system,. The various segments identified by the Company comprised as under.

Name of Segment	: Comprised of
Steel	: Steel Manufacturing and Trading
Oils	: Crude Oils, refined Oils
Others	: DOC , Soyameal Etc.

**l) Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognised on timing differences, being the difference between taxable income & accounting income that originate in one period and are capable of reversal in one or more subsequent period.

**m) Employee Benefits**

**(a) Post-employment benefit plans**

**i) Defined Contribution plan-**

Contributions to provident fund and Family Pension fund are accrued in accordance with applicable statute and deposited with appropriate authorities.

**ii) Defined Benefit plan**

(a) The liability in respect of leave encashment is determined using actuarial valuation carried out as at Balance Sheet date. Actuarial gains and losses are recognized in full in Profit and Loss Account for the year in which they occur.

(b) The Company has opted for scheme with Life Insurance Corporation of India to cover its liabilities towards employees gratuity. The annual premium paid to Life Insurance Corporation of India is charged to Profit and Loss Account. The Company also carried out actuarial valuation of gratuity using Projected Unit Credit Method as required by Accounting Standard 15 "Employee Benefits" (Revised 2005) and difference between fair value of plan assets and liability as per actuarial valuation as at year end is recognized in Profit and Loss Account.

**(b) Short term employee benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognized during the period when the employees render the services. These benefits include compensated absence also.

**n) Excise duty**

The Excise duty in respect of closing inventory of finished goods is included as part of inventory.

**o) Operating Leases**

Lease rental are recognised as an expense on straight line basis over the term of the lease.



**p) Impairment of Assets**

An asset is treated as impaired when carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**q) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets & liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/ materialised.

**B. NOTES ON ACCOUNTS**

	2007-08 Rs. in Lacs	2006-07 Rs. in Lacs
1. Contingent Liabilities not provided for		
a) Outstanding Bank guarantees	345.70	197.23
b) Disputed liabilities not acknowledged as debts.	247.34	13.51
c) Estimated amount of contracts remaining to be executed on capital account(net of advance)	182.24	542.04
2. Sundry Creditors includes bills payable for purchases of material Rs. 3522.69 lacs (previous year Rs. 3367.94 lacs)		
3. The allotment money unpaid are subject to reconciliation.		
4. REMUNERATION TO AUDITORS		
a) As Audit Fee	0.75	0.75
b) for Certification including Tax Audit (excluding Service Tax)	0.36	0.27
5. REMUNERATION TO MANAGING & EXECUTIVE DIRECTOR		
a) Salary	14.45	14.40
b) Allowances	3.68	3.60
c) Contribution to Provident & other Fund	1.73	1.73
	<u>19.86</u>	<u>19.73</u>
6. Related Party Disclosures:		
1. Relationships		
(a) Key Management Personnel		
Shri Umesh Shahra	Managing Director	
Shri Arvind Mishra	Executive Director	
(b) Entities where key management personnel or relative of key management personnel have significant interest		
Suyash Trust.		
Shahra Bros. Pvt. Ltd.		
Indian Steel Corporation Limited		

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

2. Transaction carried out with related parties referred in 1 above, in ordinary course of business during the existence of related party relationship :

Nature of Transactions	2007-08		2006-07	
	Related Parties		Related Parties	
	Referred in 6(1) (a)	Referred in 6(1) (b)	Referred in 6 (1) (a)	Referred in 6 (1) (b)
Sales		2123.96		2197.79
Purchases		5377.28		1613.26
Expenses				
Remuneration	19.86	-	19.73	-
Rent		0.60		0.60
Maintenance Charges		1.98		1.98
Outstandings				
Deposit given	-	-		-
Receivable	-	-		235.44
Payable	-	858.91		-

7. Earning Per Share (EPS)
- |   |                |                |
|---|----------------|----------------|
|   | <u>2007-08</u> | <u>2006-07</u> |
| (a) Net Profit after tax (Rs. in Lacs)      | 51.64          | 26.33          |
| (b) Basic                                   |                |                |
| i) Weighted Average Number of Equity Shares | 29387125       | 24016449       |
| ii) Earning per Share Rs..                  | 0.18           | 0.11           |
| (c) Diluted                                 |                |                |
| i) Weighted Average Number of Equity Shares | 29387125       | 29467686       |
| ii) Earning per Share Rs..                  | 0.18           | 0.09           |
| (d) Nominal value per ordinary share        | Rs.10          | Rs.10          |
- 8: In the opinion of the Board of Directors the current assets, loans and advances have value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet and provision for known liabilities is adequate and reasonable. There are no contingent liabilities other than those stated herein above.
9. There are no delays in payment to Micro, Small and Medium enterprises as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006. The information given in Schedule L: "Current Liabilities" regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

10. Segment Reporting

a) Business Segment

Rs. in Lacs

	Steel Business		Oils		Others		Unallocable		Total	
Particulars	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Segment Revenue	42901.96	37204.67	828.78	9137.41	1429.87	1230.15	0.00	0.45	45160.61	47572.68
Segment results (PBIT)	856.95	(48.75)	251.79	1086.44	17.15	29.52	(60.22)	(301.84)	1065.67	765.37
Less: Interest	-	-	-	-	-	-	-	-	859.03	689.03
Profit before Exceptional/Extraordinary item.									206.64	76.34
Exceptional/Extraordinary item.	-	-	-	-	-	-	-	-	0.00	0.00
Profit before Tax	-	-	-	-	-	-	-	-	206.64	76.34
Less:-Current Tax									59.64	63.48
Deferred Tax( Assets)/Liabilities									11.80	(21.47)
Fringe Benefit Tax									7.91	8.00
Income tax of previous year									75.65	-
Profit after Tax									51.64	26.33
Segment Assets	22358.82	14808.34	703.86	1.47	1155.42	0.10	973.84	734.95	25191.94	15544.86
Segment Liabilities.	14645.60	8090.49	0.55	10.10	1093.08	0.05	13.32	17.00	15752.55	8117.64
Capital Expenditure.	1722.03	50.90	-	-	-	-	37.67	5.49	1759.70	56.39
Segment Depreciation	243.66	250.19	-	-	-	-	21.39	11.25	265.05	261.44
Non Cash expenditure other than depreciation	-	-	-	-	-	-	-	-	-	-

b) Secondary Segment Geographical.

The Company's operating facilities are located in India.

Domestic Revenue

42403.13 45393.96

Export Revenue

2757.48 2178.72

Total

45160.61 47572.68

Note:

(a) unallocable segment assets exclude the following:-

(i) Investments

15.00 15.00

(ii) Advance income Tax

126.88 67.48

(b) unallocable segment liabilities exclude the following:-

(i) Secured Loans

4461.36 3099.47

(ii) Unsecured Loans

260.38 315.34

(iii) Deferred Tax liability

309.63 302.36

(iv) Provision for Tax

139.02 106.77

11. Deferred Tax Liability (Net)

Deferred Tax  
Assets/(Liability)  
as at 31.03.2008

Deferred Tax  
Assets/(Liability)  
as at 31.03.2007

Deferred Tax Liability :

Difference between book & Tax Depreciation

(327.73)

(309.55)

Deferred Tax Assets :

Dis Allowance U/s 43 B

18.10

7.19

18.10

7.19

(309.63)

(302.36)

12. Previous year's figures have been re-grouped and re-arranged wherever necessary to make them comparable.

13. The Balances of creditors, debtors, advances and banks are partly confirmed.

14. The Company has adopted Accounting Standard 15 "Employee Benefits" (Revised 2005) issued by the Institute of Chartered Accountants of India with effect from 1st April, 2007. Consequently in accordance with the transitional provisions contained in the Accounting Standard, the additional liability for employees benefits based on actuarial valuation amounting to Rs. 8.93 lacs (net of deferred tax of Rs. 4.53 lacs) has been adjusted against General Reserve as at 1st April, 2007.

	<b>2007-08</b>	
	<b>Gratuity Rs. in Lacs</b>	<b>Leave Encashment Rs. in Lacs</b>
<b>I. <u>Change in Benefit Obligation</u></b>		
Liability at the beginning of the year	43.22	16.70
Interest Cost	3.71	1.46
Current Service Cost	4.46	2.24
Past Service Cost (Non Vested Benefit)	0.00	0.00
Past Service Cost (Vested Benefit)	0.00	0.00
Liability Transfer in	0.00	0.00
Liability Transfer out	0.00	0.00
Benefit Paid	(2.65)	(1.29)
Actuarial (gain)/loss on obligations	9.66	7.30
Liability at the end of the year	58.40	26.41
<b>II. <u>Change in Fair value of Plan Assets</u></b>		
Fair Value of plan Assets at the beginning of the year	29.76	-
Expected Return on plan Assets	2.77	-
Contributions	6.18	-
Transfer from other company	0.00	-
Transfer to other company	0.00	-
Benefit Paid	(2.65)	-
Actuarial gain/(loss) on Plan Assets	(0.00)	-
Fair Value of Plan Assets at the end of the year	36.06	-
Total Actuarial Gain/(Loss) To be Recognised	(9.66)	-
<b>III. <u>Amount Recognised in the Balance Sheet</u></b>		
Liability of the end of the year	58.39	26.41
Fair Value of Plan Assets at the end of the year	36.05	0.00
Difference	(22.34)	(26.41)
Un recognised Past Service Cost	0.00	0.00
Un recognised Transition Liability	0.00	0.00
Amount Recognized in the Balance Sheet	(22.34)	(26.41)
<b>IV. <u>Expenses Recognised in Profit and Loss Account</u></b>		
Current Service Cost	4.46	2.24
Interest Cost	3.71	1.46
Expected Return on Plan Assets	(2.77)	0.00
Past Service Cost (Non Vested Benefit) Recognised	0.00	0.00
Past Service Cost (Vested Benefit) Recognised	0.00	0.00
Recognition of Transition Liability	0.00	0.00
Actuarial Gain or Loss	9.66	7.30
Expense Recognised in P&L	15.06	11.00
<b>V. <u>Assets Information</u></b>		
Government of India Assets	0.00	-
Corporate Bonds	0.00	-
Special Deposits Scheme	0.00	-
Equity Shares of Listed Companies	0.00	-
Property	0.00	-
Other	0.00	-
Insurer Managed Funds	36.06	-
<b>Total</b>	<u>36.06</u>	<u>-</u>

**VI. Balance Sheet Reconciliation**

Opening Net Liability	13.46	16.70
Expense as above	15.06	11.00
Employers Contribution	6.18	1.29
Amount Recognised in Balance Sheet	22.34	26.41

**VII. Assumptions :**

Discount Rate Prev.	8.00%	8.00%
Rate of Return on Plan Assets Prev.	8.00%	-
Salary Escalation Prev.	6.00%	5.00%
Discount Rate Current	8.00%	8.00%
Rate of Return on Plan Assets Current	8.00%	-
Salary Escalation Current	6.00%	5.00%

**15. A. CAPACITY & PRODUCTION**

Cold Rolled Strips/Sheets

i) Licensed Capacity (MTs.)

ii) Installed Capacity (MTs.)

iii) Actual Production (MTs.)

	*	N.A.	*	N.A.
	**	55000.000	**	55000.000
	***	61161.663	***	59570.019

\* The licensed capacity is not given as the licencing for company's products have been abolished.

\*\* As Certified by the Chartered Engineer

\*\*\* Production excludes 1267.974 Mts reprocess (pre.year 3100.99 Mts.).

	2007-08		2006-07	
	Quantity (MTS)	Value Rs. in Lacs	Quantity (MTS)	Value Rs. in Lacs
<b>B. TURNOVER</b>				
a) Cold Rolled Strips/Sheets*	113325.121	44405.19	107554.626	39622.68
b) Job-Work Processing	0.000	4.72	0.000	25.95
c) Oils	1500.821	828.78	31070.000	9137.41
d) H.R.Coil	2155.600	545.53	68.270	19.89
e) DOC	6826.600	1106.31	9852.350	1230.15
f) Others		1465.35		499.18
* Sales Includes Excess/Shortage and transit loss.				
<b>C. STOCK OPENING</b>				
Cold Rolled Strips/Sheets	3311.525	1293.66	4458.035	1554.04
<b>D. STOCK CLOSING</b>				
Cold Rolled Strips/Sheets	3682.421	1665.61	3311.525	1293.66
<b>E. RAW MATERIAL CONSUMED</b>				
Hot Rolled Coils	68270.456	19484.52	61360.597	16690.54
<b>F. PURCHASE OF GOODS TRADED IN</b>				
a) Cold Rolled Strips/Sheets	52534.354	19580.22	46838.097	16227.84
b) Oils	1500.821	576.99	31070.000	8050.98
c) H.R.Coil	2155.600	544.79	0.000	0.00
d) DOC	6826.600	1087.25	9852.350	1200.63
e) Others		325.47		0.00
<b>G. VALUE OF IMPORTED &amp; INDIGENOUS RAW MATERIALS, STORES &amp; SPARES CONSUMED</b>				
a) Raw Material				
Imported	38.66	7532.99	6.38	1065.52
Indigenous	61.34	11951.53	93.62	15625.02

b) Stores & Spares				
Imported	0.00	0.00	0.00	0.00
Indigenous	100.00	871.87	100.00	992.02

**H. VALUE OF IMPORTS ON CIF BASIS**

a) Raw Material	7117.24	1960.09
b) Oils	545.15	0.00
c) Cold Rolled Strips/Sheets	344.04	0.00
d) Stores	0.00	0.43
e) Soya meal	1380.91	1196.39

**I. EXPENDITURE IN FOREIGN CURRENCY**

Foreign Travelling	2.64	3.49
Commission	0.00	0.83

**J. EARNING IN FOREIGN CURRENCY**

FOB Value of Export	2606.53	2149.87
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K. Additional information as required under part IV of the Schedule VI to the Companies Act, 1956 is enclosed in the annexure.

**Signature to Schedule 'A' to 'R'**

As per our report of even date annexed

For and on behalf of the Board of Directors

For **ARUN MAHESHWARI & CO.**

Chartered Accountants

**CA Arun Maheshwari**

Proprietor

Membership No. 70354

**Kailash Chandra Shahra**

Chairman

**Santosh Kumar Shahra**

Vice Chairman

**CS Vinay Gupta**

Company Secretary

**Umesh Shahra**

Managing Director

Indore: 28<sup>th</sup> June, 2008

Indore: 28<sup>th</sup> June, 2008

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2008**

	CURRENT YEAR Rs. in Lacs	PREVIOUS YEAR Rs. in Lacs
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
a) NET PROFIT BEFORE TAX & EXTRAORDINARY ITEM	206.64	76.34
ADJUSTMENT FOR:		
DEPRECIATION	265.05	261.44
INTEREST	859.04	689.03
-PROFIT/+LOSS ON SALE OF FIXED ASSETS	2.11	(0.45)
b) OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1332.84	1026.36
ADJUSTMENT FOR:		
TRADE & OTHER RECEIVABLE	(4635.55)	(2173.86)
INVENTORIES	(3451.15)	(455.19)
TRADE & OTHER PAYABLE	7653.84	2174.90
c) CASH GENERATED FROM OPERATIONS	899.98	572.21
DIRECT TAXES PAID	(170.34)	10.64
d) CASH FLOW BEFORE EXTRAORDINARY ITEM EXTRAORDINARY ITEM	729.63	582.85
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>729.63</b>	<b>582.85</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
INTEREST RECEIVED	71.09	33.91
SALE OF FIXED ASSETS	21.06	16.05
PURCHASE OF FIXED ASSETS	(1626.00)	(463.44)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(1533.85)</b>	<b>(413.48)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM ISSUE OF SHARES	650.01	565.26
PROCEED FROM BORROWINGS	1306.93	(32.40)
INTEREST PAID	(930.13)	(722.95)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>1026.81</b>	<b>(190.09)</b>
<b>D NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENT</b>	<b>222.59</b>	<b>(20.72)</b>
CASH & CASH EQUIVALENT AT BEGINNING OF THE YEAR	672.20	692.92
CASH & CASH EQUIVALENT AT END OF THE YEAR	894.79	672.20

As per our report of even date annexed

For and on behalf of the Board of Directors

For **ARUN MAHESHWARI & CO.**  
Chartered Accountants

**CA Arun Maheshwari**  
Proprietor  
Membership No. 70354

**Kailash Chandra Shahra**  
Chairman

**Santosh Kumar Shahra**  
Vice Chairman

**CS Vinay Gupta**  
Company Secretary

**Umesh Shahra**  
Managing Director  
Indore: 28<sup>th</sup> June, 2008

Indore: 28<sup>th</sup> June, 2008

**ADDITIONAL INFORMATION UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956**  
**Balance Sheet Abstract and Company's General Business Profile**

**I Registration Details**

Registration No. L27100 MH 1987 PLC 142326

State Code 11 Balance Sheet Date 31/03/2008

**II Capital Raised during the year**

Public Issue NIL Right Issue NIL

Bonus Issue NIL Private Placement 650.00

**III Position of Mobilisation and Deployment of Funds**

Total Liabilities 9393.15 Total Assets 9393.15

**Sources of Funds**

Paid-up Capital 3586.97 Reserves & Surplus 774.81

Secured Loans 4461.36 Unsecured Loans 260.38

Deferred Tax Liability-Net 309.63

**Application of Funds**

Net Fixed Assets 3860.52 Investments 15.00

Net Current Assets 5517.63 Miscellaneous Expenditure NIL

Accumulated Losses NIL

**IV Performance of the Company**

Turnover & Other Income 45160.61 Total Expenditure 44953.97

Profit + / Loss - before tax 206.64 Profit + / Loss - after tax 51.64

Earning per Share in Rs. 0.18 Dividend Rate % NIL

**V Generic Names of Principal Products/Services of the Company (as per Monetary terms)**

Item Code No. (ITC Code) 7209

Product description COLD ROLLED COILS/STRIPS/SHEETS

As per our report of even date annexed

For and on behalf of the Board of Directors

For **ARUN MAHESHWARI & CO.**

Chartered Accountants

**CA Arun Maheshwari**

Proprietor

Membership No. 70354

**Kailash Chandra Shahra**

Chairman

**Santosh Kumar Shahra**

Vice Chairman

**CS Vinay Gupta**

Company Secretary

**Umesh Shahra**

Managing Director  
Indore: 28<sup>th</sup> June, 2008

Indore: 28<sup>th</sup> June, 2008



**RUCHI STRIPS AND ALLOYS LIMITED**

Registered Office : 611, Tulsiani Chamber, Nariman Point, Mumbai - 400 021

**TWENTY FIRST ANNUAL GENERAL MEETING****ATTENDANCE SLIP**

(PLEASE COMPLETE THIS SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL )

I/We hereby record my/our presence at the 21<sup>st</sup> Annual General Meeting of the Company to be held on Tuesday, 30<sup>th</sup> day of September, 2008 at 4.00 pm. at Sunville Deluxe Pavillion, Sunville Building, 9, Dr. Annie Beasant Road, Worli, Mumbai - 400 018.

Name of Shareholder / Proxy (in Block Letters)	Regd. Folio No./ DP ID & Client ID
Signature of Shareholder / Proxy	

**Note :**

1. Member/Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

..... CUT HERE .....

**PROXY FORM****RUCHI STRIPS AND ALLOYS LIMITED**

Registered Office : 611, Tulsiani Chamber, Nariman Point, Mumbai - 400 021

I/We ..... of

being a member/s of the Company, hereby appoint .....

of ..... in District of .....

or failing him ..... of ..... in the District of .....

or failing him ..... of ..... in the District of .....

as my/our Proxy to vote for me / our be half at the Twenty First Annual General Meeting of the Company to be held on 30<sup>th</sup> September 2008 at 04.00 P.M. and at any adjournment thereof.

Signed this ..... day of ..... 2008

Affix  
Re. 1/-  
Revenue  
Stamp

PROXY NAME	REGD. FOLIO/DP ID & CLIENT ID	NO. OF SHARE (S)

Book-Post

*If undelivered please return to :*

**SARTHAK GLOBAL LIMITED**

Unit : Ruchi Strips and Alloys Limited

Avanti House,

170/10, Film Colony,

R.N.T. Marg,

Indore-452 001