



**15th
Annual Report 2001-2002**

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Ruchi Strips & Alloys Limited

Board of Directors

Mr. Kailash Chandra Shahra	-	Chairman
Mr. Santosh Kumar Shahra	-	Vice - Chairman
Mr. Umesh Shahra	-	Managing Director
Mr. P.S. Santhanakrishnan	-	Director
Mr. Ashok Khasgiwala	-	Director
Mr. Veer Kumar Jain	-	Director
Mr. Sudama Ram	-	Director (Nominee IFCI Ltd)

Auditors

Arun Maheshwari & Company
8/9, Mahesh Nagar, Indore

Registered Office

Village-Sejwaya,
Ghattabillod,
District-Dhar - 454 773 (M.P)

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 Saurashtra,
State Bank of Indore,
Dena Bank

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

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Annual General Meeting will be held on Wednesday, 18th September, 2002 at 3.00 P.M. at Factory Premises, Village-Sejwaya, Ghattabillod, District-Dhar (M.P)

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NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the members of Ruchi Strips & Alloys Ltd. will be held at Factory premises, Village-Sejwaya, Ghattabillod, District-Dhar, Madhya Pradesh on Wednesday 18th September, 2002 at 3.00 P.M. to transact the following Business;

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon;
2. To appoint a Director in place of Shri Kailash Chandra Shahra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Veer Kumar Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of Next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. **Change of the Registered office of the Company from the state of Madhya Pradesh to the state of Maharashtra**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of section 17 and other applicable provisions if any, of the Companies Act, 1956 and subject to the confirmation of the Company Law Board, the Registered Office of the Company be shifted from the state of Madhya Pradesh to the State of Maharashtra and clause II of the Memorandum of Association of the company be altered by substituting the words 'Madhya Pradesh' by the words 'Maharashtra'."

RESOLVED that the Board of Directors of the company be and is hereby authorized to file the petition before the Company Law Board, Western Region Bench under Section 17 of the Companies Act, 1956, for confirmation of the change in the Registered Office of the Company from the State of Madhya Pradesh (Village-Sejwaya, Ghattabillod, District-Dhar) to the State of Maharashtra (611, Tulsiani Chambers, Nariman Point, Mumbai - 400 021).

RESOLVED FURTHER THAT the Board of Directors of the Company and / or any other person authorised by the Board in this regard be and is hereby severally authorised to do all such acts and things as may be necessary, desirable or expedient for giving effect to this resolution and to settle any question or dispute that may arise in relation thereto."

6. **Creation of mortgage - IFCI Limited**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution: -

"RESOLVED THAT subject to the approval of Bank(s) and / or Financial Institution(s), the consent of the Company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge by the Board of Directors of the Company of all the immovable and movable properties present and future of the Company by way of First Charge on pari-passu basis, and/or Second Charge in favour of banks or in favour of IFCI Limited and / or any other Bank(s) and / or Financial Institution(s) to secure Financial assistance in the form of Term Loan, NCD/OFCD and working capital facilities which may be lent and advanced together with interest, compound interest, additional interest, further interest, liquidated damages, commitment charges, premia on prepayment or on redemption, guarantee commission, costs,

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charges, expenses and other monies payable by the Company to IFCI Limited and / or any other Bank(s) and / or Financial Institution(s) under the respective Loan Agreements / Letter of Sanction / Memorandum of terms and conditions as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IFCI Limited and / or any other Bank(s) and / or Financial Institution(s) the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

7 Amendment in Article of Association

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:

"RESOLVED that in terms of the provisions of Section 31 of the Companies Act, 1956, the approval of members of the Company be and is hereby accorded for insertion of the following clause in the Articles of Association of the Company:

(i) After the Clause 120

120A. Notwithstanding anything contained in the foregoing Article, the Company may get any resolution passed by means of a postal ballot, instead of transacting the business in general meeting of the Company in accordance with the provisions of Section 192A of the Companies Act, 1956 and the rules made thereunder.

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

Regd. Office:

Village-Sejwaya,
Ghattabillod,
District-Dhar (M.P)

Place : Indore
Dated : July 31, 2002

By order of the Board of Directors

UMESH SHAHRA
Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during 2.00 p.m to 5.00 p.m on all working days upto the date of Annual General Meeting.
3. Members who are holding shares in identical orders of name in more than one Folios may request the Company's Registrar & Share Transfer Agent to consolidate their holdings in one Folio.
4. Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2002 to 18th September, 2002 (both days inclusive).
5. Members are requested to bring their copies of Annual Report alongwith them at the Annual General Meeting.
6. Members desiring any information relating to this Annual Report are requested to write to the Company atleast 10 days before the date of Annual General Meeting to enable the Management to keep the information available at the Meeting.

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

NOTES :

1. The Companies (Amendment) Act, 2000, has included a new section 192A, which provided for passing of resolution by way of Postal Ballot in respect of business as notified by Central Government, in the case of Public Listed Company. The Item No. 5 relating to Shifting of Registered Office from One State to another, Item No. 6 Passing of Resolution under Section 293(1)(a) relating to Creation of Mortgage are among the businesses which has been notified by the Central government vide its notification dated 10.05.2001 to be passed by way of Postal Ballot only. The Postal Ballot form for this purpose along with a pre-paid postage is enclosed herewith. Besides there is no prohibition for passing of resolution by Postal Ballot in respect of other Special Businesses.
2. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, setting out the material facts in respect of the business under item no.5 to 7, is annexed hereto.

ANNEXURE TO NOTICE

(Explanatory Statement to Special Business pursuant to Section 173(2) of The Companies Act, 1956)

ITEM NO.5

During the last few years there has been a consistent increase in the Trading, Import, Export operations of our Company and most of these activities are being managed from Mumbai in the state of Maharashtra. Besides this, Directors and Senior management of the Company have been spending a major amount of time at Mumbai due to various official assignment. Presently the Company is having its administrative office at Mumbai. Mumbai is recognised as the commercial capital of the Country and it is also center of business activities of the Company, therefore it is proposed to shift the Registered office from Village-Sejwaya, Ghattabillod, District-Dhar (Madhya Pradesh) to 611, Tulsiani Chambers, Nariman Point, Mumbai (Maharashtra), so as to have synergy of operations and better control. This will enable Company to carry on its business more economically and efficiently.

As per the provisions of Section 17 of the Companies Act, 1956, the Company can change the Registered office from one State to another State by passing Special Resolution to this effect and with the confirmation of the Company Law Board. The Directors recommends this resolution for your approval. None of the Directors of the Company is concerned or interested in the said resolution.

ITEM NO. 6

In order to meet the requirement of restructuring /expansion plan, the Company has approached IFCI Limited for restructuring of its term liabilities and new loans from financial institutions/banks. The restructured terms and expansion facilities to be secured by way of first charge, on pari passu basis, on all the immovable and movable properties present and future of the Company. Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of the Company shall not without the consent of members in general meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertakings, whole or substantially the whole of such undertakings. Since the mortgage by the Company of its movable and immovable properties as aforesaid in favour of financial institution and / or any other Bank(s), Financial Institution(s) may be regarded as disposal of Company's properties / undertakings. The Board recommend the members to pass the resolution as set out in item no. 6 as a special resolution.

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

Ruchi Strips & Alloys Limited**ITEM NO. 7**

In terms of provisions of Section 192A of the Companies Act, 1956 a listed Company shall pass certain resolutions, as may be notified by the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, by way of postal ballot. The Company may also pass the other resolutions by way of postal ballot. To comply with the provision of Section 192A of the Companies Act, 1956, Clause 120A, as mentioned in the resolution is proposed to be inserted in the Articles of Association of the Company.

In terms of provisions of Section 31 of the Companies Act, 1956 any alteration in the Articles of Association of the Company requires approval of the members of the Company by way of a special resolution.

The Board of Directors, thus, recommends the passing of resolution as a special resolution.

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

Regd. Office:

By order of the Board of Directors

Village-Sejwaya,
Ghattabillod,
District-Dhar (M.P)

Place : Indore
Dated : July 31, 2002

UMESH SHAHRA
Managing Director

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MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development:

Your Company is engaged in the business of manufacturing the cold rolled steel coils and sheets matching the International Standards, in the wide range of low carbon, mild steel CR products, in thickness ranging from 0.11 mm to 2.00 mm & upto a maximum width of 1000 mm, both in Coil & Sheet form. Your company is also one of the few Indian manufacturers of ultra thin 0.11, 0.14 mm CR Coil extensively used for galvanising. The company is also manufacturing CR Coils & Sheets are known for their close gauge tolerances, superior finish & perfect flatness, free of stretcher strains. They are offered in Bright and Matt finish, in annealed or full hard temper. Major grades manufactured are O, D, DD & EDD of non-aging, critical & super EDD CRCA, Automobile structural grades, TMBP, Galvanizing grade, Porcelain Enameling, Corrosion Resistance grade.

Industry Outlook :

The outlook of the industry is positive looking to the change in economic scenario. The perception about the performance of steel industries has improved and better performance is expected in the years to come. With the increase in demand of company's product and focus on core business activities, we feel that the over all performance will be satisfactory.

Risk and concerns

Profitability may be affected on account of competition from existing and prospective manufacturers of the Company's products. The Company is exposed to risks from market fluctuation of foreign exchange. Change in duty structure may affect adversely. Non removal of Non-Tariff Barriers and Floor prices for the import of Hot Rolled Coils may affect the Company's performance adversely.

Internal Control Systems and Adequacy :

The Company has good internal control systems, which is being recognised and company have been awarded ISO 9002, the adequacy of which has also been reported by its auditors in their report as required under the Manufacturing & Other Companies (Auditor's Report) Order, 1988. Adequate system of internal control is in place which assures us of :

- Proper recording and safeguarding of assets.
- Maintaining proper accounting records and reliability of financial information.

Developments in Human Resources and Industrial Relations:

The Industrial relations climate of the company continues to remain harmonious and cordial with focus on improving productivity, quality and safety. The number of people employed during the year was 273.

Financial and Operating performance :

Summarised Profit and Loss Account for the year ended 31st March, 2002 is as under :-

		[Rs.in Lacs]
FINANCIAL RESULTS	31.03.2002	31.03.2001
Sales & Other Income	18873.59	13498.51
Gross Profit	366.49	150.85
Depreciation and Interest	654.57	739.30
Profit Before Tax(Loss)	(288.08)	(588.45)
Provision for Tax	-	-
Deferred Tax Assets	106.36	-
Profit After Tax(Loss)	(181.72)	(588.45)

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During the year under review, the sales and other income was Rs.18873.59 lacs as compared to the previous year figures of Rs.13498.51 lacs resulting in increase of around 39.82%. The production of finished goods was 50618.907 MT during the year 2001-2002 as compared to 44102.723 MT during the previous year.

The Company's performance during the year 2001-2002 was satisfactory as compared to the previous year. The demand of the CR products as general and company's products particularly have picked up and the prices have also increase. The overall demand of CR products in the international market have increased.

The company is also concentrating on the export front and trying to maximise its exports. During the year 2001-2002 the company had exported 11057.400 MT of CR Coils as against previous year export of 11355.400 MT. During the current year 2002-2003 company is trying to increase the level of exports. The company's overall Export turnover during the year was Rs2725.37 lacs. The profit margin were under pressure due to the steep competition arising out due to the excess capacity in the industry and Government policies

Segment -wise Performance:

The segment-wise performance is available in Schedule Q accounting policies and notes on accounts to the Audited Accounts of the Company.

Cautionary Statement:

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 a 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 conducts business and other incidental factors.

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CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Securities and Exchange Board of India (SEBI) has introduced a Code of Corporate Governance for implementation by companies listed on the Stock Exchanges. Accordingly, the Code was implemented by effecting amendments to the Listing Agreements of the Stock Exchanges with which the Company is listed. The Code is required to be implemented by March 21, 2002. However, Ruchi Strips and Alloys Limited (RSAL) had implemented Corporate Governance and voluntarily benchmarked its Corporate Governance practices with the best in the industry, much before the mandatory requirements.

Your company has complied in all material respects with the features of Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges.

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

MANDATORY REQUIREMENTS

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 lead to long term shareholder value and enhances interest of other stake holders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

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 one (1) executive directors, two (2) non-executive directors and four (4) independent directors.

Name of Director	Executive/Non-Executive/Independent*	No. of other Directorship*	Membership of other Board Committees (Chairman)
Kailash Chandra Shahra	Non-Executive	7	4 (2)
Santosh Kumar Shahra	Non-executive	8	-
Umesh Shahra	Executive	7	-
P.S.Santhanakrishnan	Independent	6	8 (5)
Ashok Khasgiwala	Independent	-	-
Veer Kumar Jain	Independent	-	-
Sudama Ram	Independent	4	2

* An independent Director is a director who apart from receiving directors sitting, does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries, which in the judgement of the Board may affect their independence of judgement.

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.

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Attendance of Directors Board Meetings and Annual general Meeting

The Board of the Company met four times during the last financial year, on the following dates;
30/04/2001 ; 31.07.2001 ; 31.10.2001 ; 31.01.2002

The Company placed before the Board the annual operating plans, budgets, performance of various units/divisions and various other information, including those specified under Annexure I of the Listing Agreement, for time to time.

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

Name of Director	Attendance	
	Board Meeting	AGM
Kailash Chandra Shahra	2	-
Santosh Kumar Shahra	4	-
Umesh Shahra	4	-
P.S.Santhanakrishnan	2	✓
Ashok Khasgiwala	3	✓
Veer Kumar Jain	3	-
Sudama Ram	2	-

Remuneration to Directors

a) Remuneration of Managing Director

The terms of remuneration of Shri.Umesh Shahra, Managing Director is already been fixed by the board of directors and approved by the shareholders. During the financial year 2001-2002, the particulars of remuneration paid to Shri Umesh Shahra, Managing Director is as under: -

Particulars of remuneration :

1. Salary:	Rs.6,00,000/-
2. Allowances	Rs.1,53,906/-
3. Contribution/Provision for Gratuity	Rs. 21,060/-
4. Contribution to Provident Fund	Rs. 72,000/-

b) Remuneration of non-executive directors :

During the financial year 2001-2002, sitting fees paid to non-executive directors amounted to Rs.11,000/-.

As approved by the Board of Directors in accordance with the Articles of Association of the Company, the non-executive directors are paid a sitting fee of Rs.500/- for every meeting of the board or committee attended by them. No commission was paid or payable to the non-executive directors during the financial year 2001-2002.

Audit Committee

The Audit Committee was set up by the Board of Directors in 2001. During the financial year 2001-02, three (3) meetings were held. The dates on which the said meetings were held are as follows :

30th July, 2001 ; 31st October, 2001 ; 31st January, 2002 ;

The constitution of the Committee and the attendance of each member of the Committees is given below: