

Annual Report 2002-2003



Ruchi Strips And 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
Saturday 26 th July 2003 at 11.30 a.m. at Factory Premises,
Village-Sejwaya, Ghattabillod, District-Dhar (M.P.)

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NOTICE

Notice is hereby given that the Sixteenth 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 26th July 2003 at 11.30 A.M. to transact the following Business ;

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 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 P.S.Santhanakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ashok Khasgiwala 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. To consider and it thought fit, to pass with or without modification(s), the following resolution as an **Ordinary resolution**:

"RESOLVED THAT in partial modification of the terms and conditions of the Ordinary resolution passed in the Annual General Meeting held on 23rd September, 1999 and pursuant to the provision of Section 198, 269, 309, 310 of the Companies Act, 1956, Schedule XIII thereto and other applicable provisions thereof, the approval of members of the Company be and is hereby accorded for re-appointment of Shri Umesh Shahra as the Managing Director of the Company for a further period of five years with effect from 1st October, 2003 on the terms and conditions including those of remuneration as approved by the Board of Directors and set out for a period of five years.

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 of Shri Umesh Shahra, including remuneration payable to him in accordance with the provisions of Schedule XIII to the Companies Act, 1956 as the Board of Directors may deem fit and as may be agreed to by Shri Umesh Shahra.

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 authorised to do all such acts and things as may be considered necessary and expedient in this regard".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the appointment and/or the agreement in such manner as may from time to time be

stipulated by the Central Government or to be in consonance with any revised terms and conditions and may be prescribed by the Central Government in the aforesaid schedule XIII or any modification thereto, as may be agreed to by and between the Board and Shri Umesh Shahra.

"AND RESOLVED FURTHER THAT Board of Directors be and are hereby authorised to do all the needful acts, deed matters and things to give effect to this resolution".

• **Regd.Office:**

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

Place : Indore
Dated : May 29, 2003

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 July . 2003 to 26th July, 2003 (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.

Regd.Office:

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

Place : Indore
Dated : May 29, 2003

By order of the Board of Directors

UMESH SHAHRA
Managing Director

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

Item No.5

Shri.Umesh Shahra was re-appointed as Managing Director with effect from 1st October, 1999 for a period of five years by the Board of Directors of the Company at their meeting held on 31st July, 1999. The Board of Directors hold the view that the leading position and sustained growth of the Company is owed to the initiative and innovative managerial skills of Shri Umesh Shahra. The Board of Directors of the Company have re-appointed Shri Umesh Shahra as the Managing Director of the Company for a further period of five years with effect from 1st October, 2003 subject to approval of the members of the Company on the terms and conditions mentioned below :-

1. Salary : Rs.70,000/- per month with annual increment of Rs.5,000/- per month.
2. Medical Reimbursement : Reimbursement fo expenses incurred for self and family subject to a ceiling of six months salary in a year.
3. Leave Travel Concession: Reimbursemnt of expenses incurred for self and family once in a year in accordance with the Rules of the Company.
4. Club Fees : Reimbursement of fees of Clubs subject to a maximum of 2 clubs including admission and life membership fees.
5. Personal Accident Insurance : reimbursement of premium not exceeding Rs.20,000/- per annum.
6. Provident Fund : Company's contribution towards Provident Fund as per the rules of the Company for the time being in force or as per the provisions of the provident fund Act.
7. Gratuity: As per rules of the Company but shall not exceed one half months salary for each completed year of service.
8. Bonus : Upto one month salary per annum.
9. Leave Encashment : One full pay and allowance, as per policy of the Company but not exceeding, one months leave for every eleven months service, subject to the further condition that leave accumulated, but not availed of will not be allowed to be encashed.
10. Telephone : Company's telephone will be provided at the residence for Company's business.
11. Car : A Car with driver will be provided to him for Company's business and personal use.
12. Housing : Rent free furnished residential accommodation, the monetary value of which will be evaluated as per Rule 3 of the Income Tax Rules, 1962 or in case he is occupying premises of his own, then payment to him of a sum which shall be claculated as fair and reasonable rental of such premises or if he is occupying rental premises then reimbursement of actual rent, taxes, repairs, maintenance etc. paid by him in respect of the said premises. The above is subject to the followings.

- i. The expenditure incurred by the company on hiring accommodation for him will be subject to the ceiling of 35% of salary over and above 10% payable by him.
- ii. Where accommodation in the Company's owned house is provided he shall pay to the company by way of rent 10% of his salary.
- iii. Wherever the company does not provide accommodation, House Rent Allowance shall be paid @25% of salary as given in para 1 above.

The cost of electricity, water etc shall also be paid by the company.

The re-appointment of Shri Umesh Shahra, as Managing Director of the Company is in accordance with the provisions of Schedule XIII to the Companies Act, 1956. According to the provisions of Schedule XIII to the Companies Act, 1956, the re-appointment requires approval of the members of the Company. The explanatory statement together with the accompanying Notice should be treated as an abstract of the terms of contract of appointment of the Managing Director in accordance with the provisions of sub-section(2) of the section 302 of the Companies Act, 1956.

The Board of Directors recommend the proposed resolution for your approval. None of the Directors except Shri Umesh Shahra, Shri Santosh Shahra and Shri Kailash Chandra Shahra are interested in the resolution.

Regd.Office:

By order of the Board of Directors

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

Place : Indore
Dated : May 29, 2003

UMESH SHAHRA
Managing Director

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 234.

Financial and Operating performance :

Summarised Profit and Loss Account for the year ended 31st March, 2003 is as under :-

		[Rs.in Lacs]
1. FINANCIAL RESULTS	31.03.2003	31.03.2002
Sales & Other Income	20669.29	17855.12
Gross Profit	528.41	366.49
Depreciation and Interest	508.52	654.57

Profit Before Tax(Loss)	19.89	(288.08)
Provision for Tax	1.57	-
Deffered Tax Assets/(Liabilities)	(17.93)	106.36
Profit After Tax(Loss)	0.39	(181.72)

During the year under review, the sales and other income was Rs.20669.29 lacs as compared to the previous year figures of Rs. 17855.12 lacs resulting in increase of around 15.76%. The production of finished goods was 57465.549 MT during the year 2002-2003 as compared to 50618.907 MT during the previous year.

The Company's performance during the year 2002-2003 was satisfactory as compared to the previous year. The demand of the CR products in general and company's products particularly have picked up and the prices have also increased. 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 2002-2003 the company had exported 21260.500MT of CR Coils as against previous year export of 11057.400 MT. During the current year 2003-2004 company is trying to increase the level of exports. The company's overall Export turnover during the year was Rs.4864.13 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.

Annual Report 2002-2003

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 the 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 the statutory and regulatory requirements. Given below are the company's corporate governance policies and practices in accordance with the provisions of clause 49 of the Listing Agreement.

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 leads to long term shareholder value and enhances interest of other stakeholders. 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.

BOARD OF DIRECTORS :

Composition

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
Kailash Chandra Shahra	Non-Executive	6	4
Santosh Kumar Shahra	Non-executive	11	-
Umesh Shahra	Executive	8	-
P.S.Santhanakrishnan	Independent	7	4
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 materials 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.

Board Procedures

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

30.04.2002 ; 31.07.2002 ; 31.10.2002 ; 27.01.2003

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, from time to time.

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	3	-
Umesh Shahra	2	✓
P.S.Santhanakrishnan	3	✓
Ashok Khasgiwala	4	✓
Veer Kumar Jain	2	-
Sudama Ram	3	-

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 2002-2003, 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. 2,08,988/-
3. Contribution/Provision for Gratuity	Rs. 21,060/-
4. Contribution to Provident Fund	Rs. 60,000/-

(b) Remuneration of non-executive directors :

During the financial year 2002-2003, sitting fees paid to non-executive directors amounted to Rs.13,500/-.

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 2002-2003.