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**Ruchi**  
**Stripes & Alloys Ltd.**

ANNUAL REPORT 2004-05

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#### ■ 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. Sudama Ram  
Mr. Gopal Singh

- Chairman  
- Vice - Chairman  
- Managing Director  
- Director  
- Director  
- Director  
- Director (Nominee IFCI Ltd.) upto 19.08.2004  
- Director (Nominee IFCI Ltd.) w.e.f. 19.08.2004

#### ■ Company Secretary

I.L. Kalantri

#### ■ Auditors

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

#### ■ Registered Office

61J, 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 Saurashtra  
State Bank of Indore  
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 General Meeting.

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Annual General Meeting will be held on  
Thursday, 29th September 2005, at 2.30 p.m. at;  
Sunvile Deluxe Pavilion, Sunvile Building,  
9, Dr. Annie Besant Road, Worli, Mumbai -18

### NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held on Thursday, 29th September, 2005 at 2.30 P.M. at Sunvilee Deluxe Pavillion, Sunvile Building, 9, Dr. Annie Beasant Road, Worli, Mumbai 400 018 to transact the following business ;

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended as on 31st March, 2005 together with the Report of Directors & Auditors thereon.
2. To appoint a Director in place of Shri Kailash Chandra Shahra, director who retires by rotation and being eligible offer himself for reappointment.
3. To appoint a Director in place of Shri P.S. Santhanakrishnan, director who retires by rotation and being eligible offer himself for reappointment.
4. To appoint statutory auditors to hold office from the conclusion of this Annual General Meeting upto 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(s) the following resolution as **Special Resolution:**

**"RESOLVED THAT** subject to the provisions of the applicable laws, guidelines, rules and regulations including those framed under Companies Act, 1956, by Securities and Exchange Board of India and other Governmental agencies or Departments and the rules framed there under in this regard and subject to such other approvals permissions and sanctions as may be required from the Stock Exchanges with which the securities of the company are listed and/ or any other relevant authorities and subject to any conditions or modifications as may be imposed while granting such approvals, permissions and sanctions, consent of the company be and is hereby accorded for the delisting its equity shares from any one or more of the Stock Exchanges where the company's shares are listed and in particular, the following Stock Exchanges:

The Delhi Stock Exchange Association, New Delhi

M.P. Stock Exchange, Indore

**RESOLVED FURTHER THAT** the Board of Directors (whether acting through Board or a committee of the Board or any Director or any person authorized by the Board) be and is hereby authorized to do and perform all such other acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or appropriate without giving an exit option to the shareholders of the regions where the aforesaid stock exchanges are situated and execute all such applications, deeds, agreements, documents and writings as it may consider necessary, usual, requisite or proper for giving effect to this resolution."

6. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to provisions of sections 293 (1) (a) of the Companies Act, 1956 & other applicable provisions of the Companies Act, if any, approval of members be and is hereby accorded to the Board of Directors of the Company to lease, dispose of



by way of charge/ mortgage or otherwise movable/ immovable properties of the Company including whole or substantially the whole of the undertaking of the Company, or where company owns more than one undertaking, of the whole or substantially the whole of any such undertaking to secure the loans, advances and / or working capital facilities by banks and / or financial institutions."

7. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an **Ordinary Resolution** :

**"RESOLVED THAT** pursuant to provisions of Section 293 (1) (d) and other applicable provisions of the Companies Act, 1956, if any, and in partial modification of earlier resolutions, the Board of Directors of the Company be and are hereby authorised and shall be deemed to have always been so authorised to raise or borrow from Banks, Financial Institutions or elsewhere on such terms and conditions as to repayment, interest or otherwise, as it thinks fit, such sums as may be necessary for the purpose of the Company upto a limit not exceeding Rupees 500 Crores (Rupees Five Hundred Crores only) over and above the aggregate of paid up share capital and free reserves of the Company, outstanding at any point of time and that such borrowings shall be exclusive of temporary loans obtained or to be obtained by the Company in the ordinary course of business."

By Order of the Board

Date : 30th July 2005

**Registered office:**

611, Tulsiani Chambers,  
Nariman Point, Mumbai

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**UMESH SHAHRA**  
Managing Director

**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 from 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. Members who attend the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
4. Register of Members and Share Transfer Books of the company will remain closed from Monday, 19th September, 2005 to Thursday, 29th September, 2005 (both days inclusive).
5. Members during 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.

# **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

## **ITEM NO. 5**

The equity shares of your company are presently listed on three stock exchanges viz. The Stock Exchange, Mumbai ( BSE ) The Delhi Stock Exchange Association (DSE) & M P Stock Exchange, Indore ( MPSE).

The shares of the company are not traded at Delhi Stock Exchange and MP Stock Exchange.

As per SEBI (Delisting of Securities) Guidelines, 2003, Company's securities can be delisted from the stock exchanges including the Regional stock exchange without giving an exit option to the shareholders of that region if the shares of the company continue to be listed on stock exchanges having nationwide online trading facility.

As per the above guidelines no exit option is required to be given to any shareholder of these regions, as the shares of the Company are listed on The Stock Exchange, Mumbai having nation wide online trading facility,

With a view to control the expenditure and conserve resources for the operations of the company it is proposed to delist the equity shares of the company from the DSE & MPSE. Delisting on these stock exchanges will help in reducing the cost by way of listing fees and other incidental costs and the benefits accruing to the investors by keeping the equity shares listed on these Stock exchanges do not commensurate with the cost incurred by the company for the continued listing on these Stock Exchanges.

The shareholders in the region of the two stock exchanges will not suffer due to delisting since with the existence of screen based nationwide trading terminals on the BSE, trading in shares can be easily done across the country.

Member's approval is being accordingly sought by this Resolution to enable delisting of the company's shares from said stock exchanges.

None of the directors of the Company are concerned or interested in the resolution.

## **ITEM NO. 6**

Company has been sanctioned various fund based and non fund based limits from the banks from time to time and as a security clause in the agreement(s), it is necessary for the Company to deposit the title deeds of the property mortgaged with Bank (s). i.e. mortgage by deposit of title deeds or to create charge in favour of the banks. The consent / approval under this clause is exclusive of approval required under passing of resolution by postal ballot rules.

As per section 293 (1) (a) of the Companies Act, 1956, approval of members is necessary by way of Ordinary Resolution for above matter and hence this resolution your directors recommend the passing of the resolution.

None of the directors of the Company are concerned or interested in the resolution.

**ITEM NO. 7**

With the increase in the Price of Raw Material; increasing operations and funds requirement for the operations of the Company, it will be necessary for the Company to borrow further money from Banks, Financial Institutions, etc. It is essential to increase the borrowing powers as assigned from time to time by the members of the Company to the Board of Directors of the Company.

Also as per Section 293 (1) (d) of the Companies Act, 1956 approval of members of the Company is necessary for borrowing money in excess of Paid up Share Capital and Free Reserves of the Company. Hence this resolution authorising the board to exercise borrowing power in the best interest of the company & within the limit as specified therein.

Your directors recommend passing of the resolution.

None of the directors of the Company are concerned or interested in the resolution.

By Order of the Board

Date : 30th July 2005

**Registered office:**

611, Tulsiani Chambers,  
Nariman Point, Mumbai

**UMESH SHAHRA**  
Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Development:

Your Company is engaged in the business of manufacturing 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, Your company is also one of the few Indian manufacturers of ultra thin ranging between 0.11 to 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 critical & super EDD CRCA, Automobile structural grades, TMBP, Galvanizing grade, Porcelain Enameling, Corrosion Resistance grade, etc.

### Industry Outlook :

The outlook of the industry is positive looking to the change in economic scenario. The perception about the performance of Steel Industry 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 in long term. However in short term steel prices decreased substantially from May '05 onward but this is looking a correction and short term phenomenon only.

### 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 9001, 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 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.

### Financial and Operating performance :

Summarised Profit and Loss Account for the year ended 31st March, 2005 is as under :-

		[Rs.in Lacs]
1. FINANCIAL RESULTS	31.03.2005	31.03.2004
Sales & Other Income	29285.15	24525.30
Gross Profit	835.55	649.65
Depreciation and Interest	541.63	532.84
Profit Before Tax(Loss)	293.92	116.81
Provision for Tax	23.05	9.59
Deffered Tax Assets/(Liabilities)	86.03	32.02
Profit After Tax(Loss)	184.84	75.20



During the year under review, the sales and other income was Rs 29285.15 lacs as compared to the previous year figures of Rs. 24525.30 lacs resulting in increase of around 19.41%. The production of finished goods was 72623.839 MT during the year 2004-2005 as compared to 65011.782. MT during the previous year.

The Company's performance during the year 2004-2005 was satisfactory as compared to the previous year.

The company is also concentrating on the export front and trying to maximise its exports. During the year 2004-2005 the company had exported 17580 MT of CR Coils as against previous year export of 16585 MT. During the current year 2005-2006 company is trying to increase the level of exports. The company's overall FOB value of export during the year was Rs. 6224 Lacs including merchant export of degummed Soyabean Oil worth Rs. 700 lacs.

#### **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

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 the 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.

### A. MANDATORY REQUIREMENTS

#### 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 lead 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.

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

Name of Director	Executive/Non-Executive/Independent	No. of other Directorship# (Chairman)	Membership of other Board Committees (Chairman)
Kailash Chandra Shahra	Non-Executive	5 (5)	3 (1)
Santosh Kumar Shahra	Non-executive	8	-
Umesh Shahra	Executive	8	-
P.S.Santhanakrishnan	Independent	6	4 (2)
Ashok Khasgiwala	Independent	1	-
Veer Kumar Jain	Independent	-	-
Gopal Singh (w.e.f. 19.08.04)	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 Board Meetings and Annual general Meeting

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

17.04.2004 ; 30.06.2004 ; 31.07.2004 ; 30.10.2004 ; 29.01.2005

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.

### 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	-	✓
Ashok Khasgiwala	4	✓
Veer Kumar Jain	2	-
Sudama Ram (upto 19-8-04)	1	-
Gopal Singh (w.e.f. 19-8-04)	2	-

### 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 2004-2005, the particulars of remuneration paid to Shri Umesh Shahra, Managing Director is as under:-

#### Particulars of remuneration :

1. Salary:	Rs.11,40,000/-
2. Allowances	Rs. 2,85,000/-
3. Contribution to Provident & other Fund	Rs. 1,37,000/-

#### (b) Remuneration of non-executive directors :

During the financial year 2004-2005, sitting fees paid to non-executive directors amounted to Rs. 11000/-

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 2004-2005.