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**Twenty First Annual Report
2007-08**





■ Board of Directors

Mr. Kailash Chandra Shahra	- Chairman
Mr. Santosh Kumar Shahra	- Vice - Chairman
Mr. Umesh Shahra	- Managing Director
Mr. P. S. Santhanakrishnan	- Director (upto 01/10/2007)
Mr. Ashok Khasgiwala	- Director
Mr. Veer Kumar Jain	- Director
Mr. Gopal Singh	- Director (Nominee : IFCI Ltd.) (upto 31/01/2008)
Mr. R. P. Singh	- Director (Nominee : IFCI Ltd.) (31/01/2008 to 10/05/2008)
Mr. Arvind Mishra	- Executive Director (w.e.f. 25/03/2008)
Mr. Suneet Shukla	- Director (Nominee : IFCI Ltd.) (w.e.f. 10/05/2008)
Mr. Navin Khandelwal	- Director (w.e.f. 10/05/2008)
Mr. Manish Jain	- 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
30th 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 21st Annual General Meeting of the Members of the Company will be held on 30th 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 31st March, 2008 and the Profit and Loss Account for the year ended as on 31st 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 1st 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 25th 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 26th September 2008 to 30th 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 1st October 2003 for a period of five years and his term as Managing Director comes to end on 30th 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 31st July, 2008 have reappointed Mr. Umesh Shahra as Managing Director of the Company for a period of 3 years w.e.f. 1st 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 25th 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 25th 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 10th 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 10th 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	Audit Committee -Indian Steel Corporation Limited	NIL	NIL	Audit Committee -National Steel & Agro Industries Limited -Indian Steel Corporation Limited Investors Grievance Committee -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 21st Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 2008.

OPERATIONAL PERFORMANCE

		(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 Assets/(Liabilities)	11.80	(21.47)
Profit after Tax	51.64	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 30th 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 31st 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