

■ **Board of Directors**

Mr. Kailash Chandra Shahra	-	Chairman
Mr. Santosh Kumar Shahra	-	Vice - Chairman (upto 25/08/2010)
Mr. Umesh Shahra	-	Managing Director
Mr. Arvind Mishra	-	Executive Director
Mr. Ashok Khasgiwala	-	Director
Mr. Veer Kumar Jain	-	Director
Mr. Suneet Shukla	-	Director (Nominee : IFCI Ltd.)
Mr. Navin Khandelwal	-	Director
Mr. Manish Jain	-	Director
Mr. Vijay Kumar Mahajan	-	Director

■ **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
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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DIRECTOR'S REPORT

To,
The Members

Your Directors have pleasure in presenting 23rd Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 2010.

1. OPERATIONAL PERFORMANCE

		(Rs. in lacs)
Financial Results	31.03.2010	31.03.2009
Sales & Other Income	67499.90	55398.58
Gross Profit/ (Loss)	2907.53	(964.81)
Depreciation and Interest	2391.89	2349.76
Profit/ (Loss) before Tax	515.64	(3314.57)
Provision for Tax	15.97	(29.43)
Deferred Tax (Assets)/Liabilities	175.18	(1126.71)
Profit after Tax	324.49	(2158.43)

2. DIVIDEND

Due to inadequate profit of the Company in financial year 2009-10, your Directors express their inability to recommend any dividend for the year under review.

3. DIRECTORS

Shri Ashok Khasgiwala, Shri Manish Jain and Shri Navin Khandelwal, Directors 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.

During the current year, Shri Santosh Kumar Shahra, Vice-Chairman of the Company has resigned from the Board after serving for more than 21 years. We sincerely appreciate and acknowledge the valued contribution made by him in the success and growth of the Company.

4. CORPORATE GOVERNANCE

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

5. FIXED DEPOSITS

During the Financial Year, Company has accepted deposits in accordance with provisions of Section 58A of the Companies Act, 1956 and rules made there under.

6. PREFERENTIAL ALLOTMENT OF 95,47,075 EQUITY SHARES

The Board of Directors at their meeting held on 25th January 2010 have allotted 95,47,075 equity shares of Rs. 10/- each at premium of Rs. 1.05 per equity share on preferential basis to promoters and others and has complied with all applicable provisions.

7. ALLOTMENT OF 9,50,000 5% NON – CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH

The Board of Directors at their meeting held on 14th December, 2009 have allotted 9,50,000, 5% Non Cumulative Redeemable Preference Shares of Rs. 100/- each to its existing preference shareholders and has complied with all applicable provisions.

8. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- 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.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & 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 this Report.

10. AUDITORS

M/s Arun Maheshwari & Company, Chartered Accountants, Auditor 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.

11. AUDITOR'S REPORT

Auditor's Report is self-explanatory except qualification regarding confirmation and reconciliation of balances of debtors, creditors, advances and deposits. The same has been explained at Note no. 15 of Notes on Accounts.

12. LISTING AT STOCK EXCHANGES

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

13. CEO & CFO CERTIFICATION

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

14. 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 provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975, as amended by the Companies (Amendment) Act, 1988 are nil.

15. 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.

16. ACKNOWLEDGEMENT

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 : 25th August, 2010

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 Director's Report for the year ended 31st March, 2010.

FORM - A

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

A. POWER AND FUEL CONSUMPTION

	2009-2010	2008-2009
Production (MT)	94020.435	54166.904
1. Electricity		
a. Purchased Unit (KWH)	13170257	9619115
Amount (Rs. in lacs)	601.40	467.95
Rate/Unit (Rs.)	4.57	4.86
b. Own Generation		
(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.)	4755	168294
Total Amount (Rs. in lacs)	1.62	65.77
Avg. Rate (Per Ltr.)	34.12	39.08
(b) Kerosene		
Quantity (Ltrs.)	350002	97558
Total Amount (Rs. in lacs)	93.61	31.55
Avg. Rate (Per Ltr.)	26.75	32.34
(c) L.P.G.		
Quantity (MMBTU Per.)	89409.1	54754.101
Amount (Rs. in lacs)	34.405	256.22
Avg. Rate (MMBTU Per.)	384.8	467.94

B. CONSUMPTION PER UNIT OF PRODUCTION (PMT)

Product : Cold Rolled Steel Strips/Sheet		
Electricity (KWH)	140.08	177.58
Others		
a. HSD (Ltrs.)	0.05	3.11
b. LPG (MMBTU)	0.95	1.01
c. Kerosene (Ltrs.)	3.72	1.80

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 the imported machinery as well as indigenous machinery to minimize the imports. Many components have been developed indigenously for the imported mill also at such lower cost. The company has successfully absorbed the technology.

FOREIGN EXCHANGE EARNINGS & OUTGO

The Company has made export during the year under review and has been taking keen interest for developing new export market. The foreign exchange earned on export was Rs.3951.52 lacs (Previous year Rs.1543.47 lacs). The expenditure in foreign exchange during the year under review is Rs.10714.82 lacs (Previous year Rs.5661.74 lacs).

For and on behalf of the Board of Directors

Place : Indore
Date : 25th August, 2010

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.

With more than average 8% industrial growth during the year 2009-10 and also Automobile segment witnessing an average growth more than 14%, your company could achieve growth of 38% in sales. Your company recorded its highest production of 94020 MT during the year. With our focus on Automobile and Electrical Industries we could successfully develop special grade steels (Medium Carbon Steels). Significantly, we have achieved good growth in special grades which is over 50% compared to the last year. The position of company's Semi process Electrical Steel "RUMAG" which is well established in the market, was strengthened by getting certified under IS-15391 (Approval for Production of semi-processed Electrical Steel). We are the only manufacturer with this certification in India. With Government focusing on energy saving equipments this certification will help us in boosting our marketing efforts.

Your company has also received certificate ISO/TS-16949:2009 which gives your company accreditation for supplies to major automobile OEM's.

Industry Outlook:

In the 'most likely' scenario of more than 8% GDP growth, we expect the demand of steel to grow above 10%. The forecasts imply a higher rate of growth in demand for almost all Steel categories and a double digit growth rate visualized for flat product category. Domestic Steel consumption witnessed an increase by @ 7.8% indicating further strengthening of demand.

With an expected 16% growth in Auto Sector, your company looks with you to build on the customer base with a focused approach on segments already highlighted viz, Automobiles, Electrical grade & Special steels.

Risk and Concerns:

If steel price contentious to be volatile as witnessed through out the year under review, your company's profitability for this year can be affected. The service center concept being implemented by major Integrated Steel Manufacturer could affect our regional presence/ logistical advantages.

Due to the price fluctuations, the high inventory holding could affect the profitability. This risk is being managed by rationalization and standardization of grades, with more thrust on Global sourcing.

Internal Control Systems and Adequacy:

The company has good internal control systems, which is being recognized and company has been awarded ISO9001:2006 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 our environmental performance in line with corporate values and stakeholder's expectations. Company has been awarded ISO: 14001:2004 certification in July 2007. Company has already switched over to R-LNG as Annealing fuel to reduce stack emission & help environment.

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:

During the year under review, the sales and other income was Rs. 67499.90 lacs compared to the previous year figures of Rs. 55398.58 lacs. The production of finished goods was 94020.435 MT during the year 2009-10 as compared to 54166.904 MT during the previous year. The gross profit for the current year was Rs.2907.53 Lacs as compared to Loss of Rs. 964.81 lacs in the previous year.

Segment-wise Performance:

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

Statements in this "Management Discussion 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 the 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 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 two (2) Executive Directors, two (2) Non-Executive Directors, five (5) Independent Directors and one (1) Professional Director.

Name of Director	Executive/Non-Executive/Independent	No. of other Directorship [#] (Chairman)	Membership of other Board Committees (Chairman)
Mr. Kailash Chandra Shahra	Non-Executive	5(5)	2(1)
Mr. Santosh Kumar Shahra	Non-Executive	8(5)	-
Mr. Umesh Shahra	Executive	9	2(1)
Mr. Arvind Mishra	Executive	1	-
Mr. Ashok Khasgiwala	Professional	-	-
Mr. Veer Kumar Jain	Independent	1	-
Mr. Navin Khandelwal	Independent	5	3(3)
Mr. Manish Jain	Independent	-	-
Mr. Suneet Shukla (IFCI Nominee)	Independent	1	-
Mr. Vijay Kumar Mahajan	Independent	-	-

This includes directorship held in Public Limited Companies and subsidiaries of Public Limited Companies and excludes directorship held in Private Limited Companies, Section 25 Companies of the Companies Act, 1956 and Foreign Companies.

Attendance of Directors in Board Meetings and Annual General Meeting

The Board of the Company met six times during last financial year, on following dates :

- (1) 22nd May 2009 (2) 30th June 2009 (3) 31st July 2009
 (4) 29th October 2009 (5) 14th December 2009 (6) 25th January 2010

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

Name of Director	Attendance	
	Board Meeting	AGM
Mr. Kailash Chandra Shahra	1	✓
Mr. Santosh Kumar Shahra	0	✓
Mr. Umesh Shahra	6	✓
Mr. Arvind Mishra	5	X
Mr. Ashok Khasgiwala	6	✓
Mr. Veer Kumar Jain	2	X
Mr. Navin Khandelwal	4	✓
Mr. Manish Jain	6	✓
Mr. Suneet Shukla (IFCI Nominee)	5	X
Mr. Vijay Kumar Mahajan	4	✓

3. Remuneration to Directors

- (a) During the financial year 2009-10, the particulars of remuneration paid to Mr. Umesh Shahra, Managing Director and Mr. Arvind Mishra, Executive Director of the Company are as under :

Sr. No.	Particulars of remuneration	Mr. Umesh Shahra	Mr. Arvind Mishra
1.	Salary	Rs. 14,40,000/-	Rs. 2,97,000/-
2.	Allowances	Rs. 3,60,000/-	Rs. 5,00,906/-
3.	Contribution to Provident Fund	Rs. 1,72,800/-	Rs. 35,640/-

- (b) During the financial year 2009-10 sitting fees paid to Non-Executive Directors amounted to Rs. 78,000/-

4. Audit Committee

Audit Committee met five times during the financial year 2009-10. The dates are as follows:-

- (1) 22nd May 2009 (2) 29th June 2009 (3) 30th July 2009
 (4) 28th October 2009 (5) 22nd January 2010

The constitution of the Committee and the attendance of each member of the Committee during financial year 2009-10 is given below:-

Name	Designation	Non-executive/ Independent	Profession	Committee Meetings Attended
Mr. Navin Khandelwal	Chairman	Independent Director	Chartered Accountant	5
Mr. Ashok Khasgiwala	Member	Professional Director	Chartered Accountant	5
Mr. Veer Kumar Jain	Member	Independent Director	Advocate	2

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 ;
- 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 ;
- 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 constitution of `Financial Review Committee' during financial year 2009-10 is given below:-

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
Mr. Navin Khandelwal	Member	Non-executive & Independent

During the year under review three meetings of the Committee were held on 29th August 2009, 27th November 2009 and 24th February 2010.

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 31.03.2010 :

Name	Designation	Executive/Non-executive/Independent
Mr. Manish Jain	Chairman	Non-executive & Independent
Mr. Arvind Mishra	Member	Executive
Mr. Veer Kumar Jain	Member	Non-executive & Independent

The committee specifically looks into the shareholders and investors complaints. 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. Mr. Vinay Gupta is Compliance Officer of the Company. Committee discussed the various reports placed before it regarding the investor complaints and queries.

During the financial year the company had received total 45 complaints, out of which 3 complaints related to non receipt of Annual Report, 27 complaints related to non receipt of Share Certificate, 11 complaints for non receipt of Dividend Warrant, 1 complaint related to Dematerialization of Shares, 2 complaint related to Non receipt of Annual Report as well as Dividend Warrant and 1 complaint related to Non receipt of Dividend/Right/Bonus. All the complaints have been resolved to the satisfaction of the Shareholders and no complaint was pending as on 31st March, 2010.

7. Remuneration Committee

The remuneration committee has been constituted to recommend / review the remuneration package of the Managing/ Whole-time Director(s), based on performance on defined criteria. Following are the members of the Committee as on 31st March 2010:

Name	Designation	Executive / Non- executive / Independent
Mr. Vijay Kumar Mahajan	Chairman	Non-executive & Independent
Mr. Suneet Shukla	Member	Non-executive & Independent
Mr. Manish Jain	Member	Non-executive & Independent

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

During the year under review one meetings of the Committee was held on 29th October 2009.

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
2009-10	EGM	Sunvile Deluxe Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai	11.01.2010	11.30 A.M.
2008-09	AGM	Sunvile Deluxe Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai	30.09.2009	03.00 P.M.
2007-08	AGM	Sunvile Deluxe Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai	30.09.2008	04.00 P.M.
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.

Special Resolutions were passed at the Annual General Meeting(s) Held on 30th September, 2008 and 30th September, 2009.

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. 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, 2010

Umesh Shahra
Managing Director