



24th Annual Report 2010-2011

CONTENTS

Notice	1
Directors' Report	6
Management Discussion & Analysis	9
Corporate Governance Report	10
Standalone Financial Statements	
Auditors' Report	17
Balance Sheet	20
Profit & Loss Account	21
Schedules	22
Cash Flow Statement	35
Additional Information	36
Consolidated Financial Statements	
Auditors' Report	37
Balance Sheet	38
Profit & Loss Account	39
Schedules	40
Cash Flow Statement	48
Statement Under Section 212 (8)	49

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the Members of the Company will be held on Monday the 19th day of March 2012 at 11.00 A.M at Indian Textile Accessories & Machinery Manufacturers' Association, 4th Floor, Bhogilal Hargovindas Building, 18/20, K.Dubash Marg, Kala Ghoda, Mumbai – 400 001 to transact the following business;

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2011 and the Profit and Loss Account for the 18 (eighteen) months ended 30th September, 2011 together with the Report of Directors' & Auditors' thereon.
2. To appoint a Director in place of Mr. Kailash Shahra who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Veer Kumar Jain who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Vijay Kumar Mahajan who retires by rotation and being eligible offers himself for reappointment.
5. 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:

6. 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 section 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 re-appointment of Mr. Umesh Shahra as Managing Director of the Company for a further period of three years with effect from 1st October 2011, 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 re-appointment 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 may be agreed 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 and expedient in this regard."

7. To Consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED 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, appointment of Mr. Arvind Mishra as Whole Time Director of the Company for a period starting from 25th March 2011 upto 30th March 2011 be and is hereby approved and confirmed on the terms and conditions including those of remuneration as approved by the Board of Directors.

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 and expedient in this regard."

8. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT as per provisions of Section 149(2A) and all other applicable provisions, if any, of the Companies Act, 1956 and enabling provisions in Articles of Association of the Company and Consent of the Members of the Company be and is



Notice

hereby accorded to commence businesses and activities under sub clause 53 and 83 of Clause (III) C of the Memorandum of Association of the Company as produced herein below in a manner not detrimental to the interest of existing business of the Company:

53. To carry on business as stockists, importers and exporters of and dealers in all kinds of goods, supplier, commission agents and clearing and forwarding agents and to do any or all or any of the business of wholesale and retail in all kinds of merchandise including textiles, yarn, steel, spices, coals, oils, chemicals, dyes, grain cereals, industrial and Agricultural product, machineries equipment, tools, instruments and hardware.
83. To act as dealers, whole sellers, retailers, stockists, commission agents, representatives, selling agents, purchasing agents, distributors and brokers, exporters, importers, manufacturers, cultivator, farmers, processors, refiners of soyabean, groundnut, sesame seed, all other oil seeds, edible and non-edible oils, vanaspathi, oil cakes, protein and protein foods.

FURTHER RESOLVED THAT Mr. Umesh Shahra, Managing Director of the Company and Mr. Vinay Gupta, Company Secretary of the Company be and are hereby severally authorized to do all such things and acts, as may be necessary and expedient in this regard including filing of necessary form and returns with the Registrar of Companies, Maharashtra."

By Order of the Board

Date : 18th February, 2012
Place : Indore

CS Vinay Gupta
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A BLANK PROXY FORM IS ENCLOSED AND INTENDED TO BE USED IT SHOULD BE RETURNED DULY COMPLETED TO THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE GENERAL MEETING.
2. Explanatory Statements pursuant to section 173(2) of the Companies Act, 1956, setting out the material facts in respect of the business under Item No. 6 to 8 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.
3. Register of Members and Share Transfer Books of the Company will remain closed from 15th March, 2012 to 19th March, 2012 (both days inclusive).
4. Members who attend the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
5. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated February 8th, 2011 and February 21st, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.
6. The annual accounts of the subsidiary company and the related detailed information shall be made available to shareholders of the holding company i.e. Ruchi Strips and Alloys Limited on demand. The annual accounts of the subsidiary company shall also be available for inspection by any shareholders in the head office of the company and of the wholly owned subsidiary company.

EXPLANATORY STATEMENT

Explanatory Statement under Section 173(2) of the Companies Act, 1956

ITEM NO. 6:

Mr. Umesh Shahra was reappointed as Managing Director w.e.f 1st October 2008 for a period of three years and his term as Managing Director comes to end on 30th September 2011. 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 12th August, 2011 have reappointed Mr. Umesh Shahra as Managing Director of the Company for a period of 3 years w.e.f. 1st October, 2011 subject to the approval of the members of the Company as per following terms and conditions:

Basic Salary : Rs. 1,50,000/- per month

Perquisites:

- i) Medical reimbursement – Equal to one month's salary in a year.
- ii) Leave Travel Concession – For self, wife and dependent children, once in a year to and from any place in India 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.
- vii) Payment of Gratuity 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 agreements 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 directors 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 of Schedule XIII of the Companies Act, 1956 and will continue to get the remuneration from the Companies i.e. Ruchi Strips and Alloys Limited & Indian Steel Corporation Limited.

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. 7:

Mr. Arvind Mishra was appointed as Whole-time Director w.e.f 25th March 2008 for a period of three years and his term as Whole-time Director ended on 24th March 2011. on remuneration mentioned below. Mr. Arvind Mishra has done B.E. (Mech.) and has experience of over 30 years in the industry. The Board of Directors at their meeting held on 12th February, 2011 had reappointed Arvind Mishra as Whole-time Director of the Company for a period of 3 years w.e.f. 25th March, 2011 subject to the approval of members of the Company as per following terms and condition:

Particulars		Amount in Rs.
i.	Basic Salary	31,000/- per month
ii.	House Rent allowances	15,500/- per month
iii.	Conveyance	1,500/- per month
iv.	Special Allowance	27,266/- per month
v.	Children Education Allowance	2,600/- per month
vi.	Performance pay	12,000/- per month
vii.	Reimbursement of Magazine expenses subject to maximum of Rs.500/- per month.	
viii.	Reimbursement of Medical expenses subject to maximum of one basic salary per year.	
ix.	Leave Travel Allowance subject to maximum of one basic salary per year.	
x.	Contribution to provident fund, bonus and gratuity as per rules of the Company.	
xi.	Car with driver, fuel & maintenance.	

During the year in process of slump sale of steel division of the Company to its wholly owned subsidiary namely 'RSAL Steel Private Limited', employment of Mr. Arvind Mishra was transferred to 'RSAL Steel Private Limited' w.e.f. 31st March 2011 and accordingly he ceased to be Whole-time Director of the Company.

The appointment of Mr. Arvind Mishra, if confirmed, 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:

The Company has transferred its manufacturing facility / steel division on slump sale basis to its wholly owned subsidiary name 'RSAL Steel Private Limited' and is now carrying on trading activities.

Now your Board wishes to explore and if opportunities are found, wishes to enter in trading of agri-commodities sector, beside the existing line of business and generate income. The said activities are covered under Clauses 53 and 83 of Other Object Clause of Memorandum of Association.

According to provisions of Section 149(2A) of the Companies Act, 1956 for commencing any business mentioned in Other Object Clause, approval of members in the General Meeting by way of Special Resolution is required, thus the Board put the above resolution for your approval by way of Special Resolution.

None of the Directors of the Company are interested in this resolution.



Notice

Details of Directors seeking re-appointment at the Annual General Meeting

Particulars	Mr. Kailash Shahra	Mr. Veer Kumar Jain	Mr. Vijay Kumar Mahajan	Mr. Umesh Shahra	Mr. Arvind Mishra
Date of Birth	31/01/1931	12/04/1958	01/02/1952	07/06/1963	01/07/1960
Qualifications	B.Com.	B.Com, LLB	B.Sc Engg. (Production) Hons.	B.Pharm (Hons.) PGDB (IIMA)	B.E. (Mech.)
Directorships held in other Public Companies (excluding foreign Companies and Section 25 Companies)	<ul style="list-style-type: none"> - Ruchi Soya Industries Limited - Anik Industries Limited - National Board of Trade Limited - National Steel & Agro Industries Limited - Indian Steel Corporation Limited - Federation of Indian Commodity Exchange Limited 	<ul style="list-style-type: none"> - National Steel & Agro Industries Limited 	<ul style="list-style-type: none"> - RSAL Steel Private Limited 	<ul style="list-style-type: none"> - Indian Steel Corporation Limited - Ruchi Corporation Limited - Ruchi Global Limited - Ruchi Acroni Industries Limited - Ruchi Infotech Limited - Indian Steel SEZ Limited - RSAL Steel Private Limited 	<ul style="list-style-type: none"> - Steel Technologies India Limited - RSAL Steel Private Limited
Memberships / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Shareholders / Investors Grievance Committee)	<ul style="list-style-type: none"> - Shareholders Investors Grievance Committee - Ruchi Soya Industries Limited (Chairman) 	-	-	<ul style="list-style-type: none"> - Audit Committee - Indian Steel Corporation Limited (Member) 	-
Number of Shares held in Company	NIL	NIL	NIL	NIL	NIL

Registered Office :
611, Tulsiani Chambers,
Nariman Point,
Mumbai - 400 021
MAHARASHTRA

By order of the Board
For Ruchi Strips & Alloys Limited

Date : 18th February, 2012
Place : Indore

Vinay Gupta
Company Secretary

DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting 24th Annual Report together with Audited Statement of Accounts of the Company for the year ended 30th September, 2011.

1. OPERATIONAL PERFORMANCE	[Rs. in lacs]	[Rs. in lacs]
Financial Results	30.09.2011	31.03.2010
	(18 Months)	(12 Months)
Sales & Other Income	101349.61	67499.90
Gross Profit / (Loss)	3995.68	2907.53
Depreciation and Financial Charges	2341.09	2391.89
Profit / (Loss) before Tax	1654.59	515.64
Provision for Tax	329.77	15.97
Deferred Tax (Assets) / Liabilities	401.27	175.18
Profit after Tax	923.55	324.49
Exceptional Items	335.04	-
Profit after Exceptional Items	1258.59	324.49

2. SALE OF THE COMPANY'S STEEL DIVISION

The Steel Division of the Company required substantial funding for investment on up gradation and maintenance of equipments, quality improvements and improved customer service. The Company was finding it difficult to raise required resources due to the leveraged financial position and constraints of a listed entity. Therefore it was considered that restructuring the business into a separate unlisted wholly owned subsidiary would enable the Company to be more attractive to fund raising opportunities and/or combination with a strategic investor. Hence during the financial year 2010-11 on 30th March 2011, the Company has sold its Steel Division as a going concern with all Assets & Liabilities pertaining / apportioned to the Division on a 'Slump Sale basis' and on an as-is-where-is basis along with land to its wholly owned subsidiary Company namely RSAL Steel Private Limited. The slump sale was done for a consideration otherwise than in cash, received in form of 5,07,88,700, 5% Non-Cumulative Redeemable Preference Shares of Rs.10/- (Rupees Ten Only) each amounting to Rs.50,78,87,000/- (Rupees Fifty Crores Seventy Eight Lacs Eighty Seven Thousand Only). The Company had obtained necessary permission of members as per provisions of Section 293(1)(a) of the Companies Act, 1956 by way of Ordinary Resolution passed by way of Postal Ballot.

3. DIVIDEND

Your Directors express their inability to recommend any dividend for the period under review, due to the need for conserving funds.

4. DIRECTORS

Mr. Kailash Shahra, Mr. Vijay Kumar Mahajan and Mr. Veer Kumar Jain, 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 and Nomination of Mr. Suneet Shukla as a Nominee Director of the Company, was withdrawn by IFCIL Ltd. We sincerely appreciate and acknowledge the valued contribution made by them in the success and growth of the Company.

5. CORPORATE GOVERNANCE

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

6. 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.

7. PREFERENTIAL ALLOTMENT OF 11,09,571 EQUITY SHARES

The Board of Directors at their meeting held on 4th October, 2010 have allotted 11,09,571 equity shares of Rs. 10/- each at premium of Rs. 4.42 per equity share for cash on preferential basis to promoters and others and has complied with all applicable provisions.

8. DIRECTORS' 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.

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, 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.

11. AUDITOR'S REPORT

Auditor's Report is self-explanatory except qualification regarding consent Steel Division. The same has been explained in Note no. 4(d) of Notes on Accounts.

12. LISTING AT STOCK EXCHANGES

Company's Equity Shares continues 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 (Amended) 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

Kailash Chandra Shahra
Chairman

Place: Indore

Date: 18th February, 2012



Statutory Rep
Directors' Rep

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 30th September, 2011.

FORM - A

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

A. POWER AND FUEL CONSUMPTION

	2010-2011 (18 Months)	2009- (12 Mo)
Production (MT)	94350.36	94021
1. Electricity		
a. Purchased Unit (KWH)	1425186	1317
Amount (Rs.in lacs)	711.19	61
Rate/Unit (Rs.)	4.99	
b. Own Generation		
(i) Through Diesel Generator	Nil	
(ii) Through Steam Generator	Nil	
2. Coal	Nil	
3. Furnace Oil	Nil	
4. Other		
(a) HSD		
Quantity (Ltrs.)	3180	
Total Amount (Rs.in lacs)	1.42	
Avg.Rate (Per Ltr.)	44.72	
(b) Kerosene		
Quantity (Ltrs.)	434702	35
Total Amount (Rs.in lacs)	141.4	
Avg.Rate (Per Ltr.)	32.53	
(c) L.P.G.		
Quantity (MMBTU Per.)	93719.25	89
Amount (Rs.in lacs)	378.60	3
Avg.Rate (MMBTU Per.)	404.00	

B. CONSUMPTION PER UNIT OF PRODUCTION (PMT)

Product : Cold Rolled Steel Strips/Sheet		
Electricity (KWH)	151.05	1
Others		
a. HSD (Ltrs.)	0.03	
b. LPG (MMBTU)	0.99	
c. Kerosene (Ltrs.)	4.61	

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 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 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.

During the Financial Year 2010-11 the Company has transferred its manufacturing facility to its wholly owned subsidiary "RSAL Private Limited".

FOREIGN EXCHANGE EARNINGS & OUTGO

The foreign exchange earned on export was Rs. 11164.82 lacs (Previous year 3951.63 lacs). The expenditure in foreign exchange during the year under review is Rs. 9.52 lacs (Previous year Rs. 1.60 lacs).

For and on behalf of the Board of Directors

Kailash Chandra Shahra
Chairman

Place: Indore

Dated: 18th February, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development:

Your Company was engaged in the business of servicing different industries with particular focus on Auto, White goods, electrical and general engineering segments. Company was manufacturing 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.

2010-11 was a reasonably good year for your company. Though volume growth was not significant, prices and demand were stable upto March, 2011. Your company recorded production of 94350 MT upto March, 2011. The Company continued its focus on requirements of Automobile and Electrical Industries for special grade steels. We were able to sustain the momentum in special grades and were able to consolidate our position as a reliable supplier of high quality material..

Your company transferred its Steel Division to RSAL Steel Private Limited, a wholly owned subsidiary. This was done in order to facilitate raising of required resources for growth and sustainability of this business.

Your Company, while continuing to engage in trading of various products including Steel, is also exploring various other business opportunities.

Industry Outlook:

The effect of monetary measures taken by Reserve Bank of India to contain high inflation in the country had resulted in moderation of demand in the recent past. However, with indications of a softening in inflationary spiral, demand for steel has started showing an upward trend now. As per current trends, Steel industry is likely to have moderate growth in the immediate future.

Risk & Concerns:

If steel prices turns volatile, 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.

High volatility and steep depreciation of the Rupee poses a serious challenge to profitability. This risk is mitigated to some extent by adopting appropriate hedging tools.

Internal Control Systems and Adequacy:

The company as well as its wholly owned subsidiary has good internal control systems, 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 and its wholly owned subsidiary are committed to demonstrate continual improvement in our environmental performance in line with corporate values and stakeholder's expectations.

Development In Human Resources and Industrial Relation:

The Industrial relations climate of the company and its wholly owned subsidiary continues to remain harmonious and cordial with focus on improving productivity quality and safety.

Financial and Operating Performance:

During the period under review, the sales and other income was Rs. 1008.45 crores and gross profit was Rs.39.95 crores. The production of finished goods was 94350.361 MT upto March 2011. Since the operational results are for a period of 18 months, they are not comparable with 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.