

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 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 stake holders. It brings into focus fiduciary and trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and shareholders 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, four (4) 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)	4(1)
Mr. Santosh Kumar Shahra	Non-Executive	8	-
Mr. Umesh Shahra	Executive	9	2(1)
Mr. Ashok Khasgiwala	Professional	1	-
Mr. Veer Kumar Jain	Independent	1	-
Mr. Suneet Shukla (IFCI Nominee) (w.e.f. 10/05/2008)	Independent	-	-
Mr. Arvind Mishra (w.e.f. 25/03/2008)	Executive	-	-
Mr. Navin Khandelwal (w.e.f. 10/05/2008)	Independent	3	4(4)
Mr. Manish Jain (w.e.f. 10/05/2008)	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 in Board Meetings and Annual General Meeting

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

- (1) 30.04.2007 (2) 31.07.2007 (3) 30.10.2007
(4) 31.10.2007 (5) 31.01.2008

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

Name of Director	Attendance	
	Board Meeting	AGM
Mr. Kailash Chandra Shahra	5	✓
Mr. Santosh Kumar Shahra	1	X
Mr. Umesh Shahra	5	✓
Mr. P.S.Santhanakrishnan (upto 01/10/2007)	-	✓
Mr. Ashok Khasgiwala	5	✓
Mr. Veer Kumar Jain	5	X
Mr. Gopal Singh (IFCI Nominee) (upto 31/01/2008)	1	X
Mr. R. P. Singh (IFCI Nominee) (w.e.f. 31/01/2008)	1	X
Mr. Arvind Mishra (w.e.f. 25/03/2008)	-	X

3. Remuneration to Directors

(a) Remuneration of Managing Director

The terms of remuneration of Mr. Umesh Shahra, Managing Director has already been fixed by the Board of Directors and approved by the Shareholders in the 19th Annual General Meeting. During the financial year 2007- 2008 the particulars of remuneration paid to Mr. Umesh Shahra, Managing Director is as under: -

Particulars of remuneration:

1.	Salary	Rs. 14,40,000/-
2.	Allowances	Rs. 3,60,000/-
3.	Contribution to Provident & other Fund	Rs. 1,72,800/-

(b) Remuneration to Whole - Time Director

The appointment and terms of remuneration of Mr. Arvind Mishra, Whole-time Director were passed by the Directors of the Board through Circular Resolution dated 25th March, 2008. During the financial year 2007-08 the particulars of remuneration paid to Mr. Arvind Mishra, Whole-time Director is as under:-

Particulars of remuneration :

1.	Salary	Rs. 4,691/-
2.	Allowances	Rs. 8,180/-
3.	Contribution to Provident & other Fund	Rs. 563/-

Remuneration of Non-Executive Directors:

During the financial year 2007-08 sitting fees paid to Non-Executive Directors amounted to Rs.11,500/-.

As approved by the Board of Directors in accordance with the Articles of Association of the Company, the Independent and Professional Directors are paid a sitting fee of Rs.500/- for every meeting attended by them. No commission was paid or payable to the Non-executive Directors during the financial year 2007-08.

4. Audit Committee

Audit Committee met four times during the financial year 2007-08. The dates are as follows:-

- (1) 30/04/2007 (2) 31/07/2007 (3) 30/10/2007
(4) 31/01/2008

The constitution of the Committee and the attendance of each member of the Committees during financial year 2007-08 is given below:-

Name	Designation	Non-executive/ Independent	Profession	Committee Meetings Attended
Mr. Veer Kumar Jain	Chairman	Independent Director	Advocate	4
Mr. P.S. Santhanakrishnan (upto 01/10/2007)	Member	Independent Director	Retd. Bank Professional	0
Mr. Ashok Khasgiwala	Member	Professional Director	Chartered Account	4
Mr. Gopal Singh (from 01/10/2007 to 31/01/2008)	Member	Nominee Director	Service	0
Mr. R.P. Singh (w.e.f. 31/01/2008)	Member	Nominee Director	Service	0

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 ;

- d) 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;
- e) 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 Board has constituted a 'Financial Review Committee' for review and approval of Quarterly Financial Results and 'Limited Review Report'. The following are the members of the Committee:

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

During the year under review two meetings of the Committee were held on 23/11/2007 and 14/03/2008.

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 31.03.2008:

Name	Designation	Executive/Non-executive/Independent
Mr. Kailash Chandra Shahra	Chairman	Non-Executive
Mr. Umesh Shahra	Member	Executive
Mr. Veer Kumar Jain	Member	Non Executive & Independent

The committee specifically looks into the shareholders and investors complaints on the matters relating to transfer of shares, non-receipts of annual reports, non-receipt of dividend, demat of shares etc. 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. Committee discussed the various reports placed before it by Mr. Vinay Gupta, Compliance Officer of the Company regarding investor complaints and queries regarding transfer, change of address, annual reports, demat etc.

During the financial year the company had received total 28 complaints, out of which 2 complaints related to non receipt of Annual Report, 15 complaints related to non receipt of Share Certificate, 7 complaints for non receipt of Dividend Warrant, 3 complaints related to Dematerialization of Shares, 1 complaint related to debentures redemption / interest. All the complaints have been resolved to the satisfaction of the Shareholders and no complaint was pending as on 31st March, 2008.

7. Remuneration Committee

A remuneration committee has been constituted to recommend / review the remuneration package of Managing / Whole time Director(s), based on performance and other defined criteria. Following were the members of the committee as on 31.03.08:

Name	Designation	Executive / Non- Executive / Independent
Mr. Veer Kumar Jain	Chairman	Non Executive & Independent
Mr. Ashok Khasgiwala	Member	Non Executive & Professional
Mr. R.P. Singh	Member	IFCI Nominee

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

During the year under review one meeting of the Committee was held on 25.03.2008

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
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.
2005-06	AGM	Sunvile Deluxe Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai	27.09.2006	11.30 A.M.
2004-05	AGM	Sunvile Deluxe Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai	29.09.2005	02.30 P.M.

For the year ended 31st March, 2008 there has been no ordinary or special resolution passed that required assent by the Company's shareholders through the means of postal ballot as provided under the provisions mentioned under Section 192A of the Companies (Amendment) Act, 2000.

9. Disclosures

- 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.
- 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, 2008

Umesh Shahra
Managing Director

11. Communication to Shareholders

Quarterly financial results for the Financial Year 2007-08 were published in the newspapers namely Free Press Journal & Navshakti (both Mumbai Edition). RSAL has its own website, www.ruchigroup.com/ruchistrips on which important public domain information are posted. All financial and other vital official news releases are also properly communicated to the concerned Stock Exchange(s), besides being placed on the website.

12. General Shareholder Information

Annual General Meeting	:	Date	:	30 th September, 2008
		Time	:	4.00 P.M.
		Venue	:	Sunvile Delux Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai

Financial Calendar 2008-09

Adoption of Quarterly Results of the Quarter ended	3 rd /4 th week of
June 30, 2008	July, 2008
September 30, 2008	October, 2008
December 31, 2008	January, 2009
March 31, 2009	April/May, 2009

Annual General Meeting
for the year ending March 31, 2009 : In August / September, 2009

Book closure Dates : 26th September 2008 to 30th September 2008
(both days inclusive)

Dividend Payment Date : No dividend is declared for the year 2007-08

13. Listing on Stock Exchanges

The equity shares of the Company are listed on Bombay Stock Exchange, Mumbai (BSE).

Stock Code

Bombay Stock Exchange, Mumbai : 513295 (Physical)
INE611C01012 (Demat)

Registrar & Transfer Agent : M/s. Sarthak Global Limited
Avanti House, 170/10, Film Colony, RNT Marg, Indore 452001 (M.P.)

Plant Location : Village Sejwaya, Ghatabillod, Dist. Dhar 454773 (M.P.)

Address of Correspondence : 611, Tulsiani Chambers, Nariman Point, Mumbai 400021

Dematerialization of shares : 69.95% of the total equity capital is held in Dematerialized form with National Securities Depository Ltd. and Central Depository Services (India) Limited as on 31st March, 2008.

Outstanding ADRs/GDRs : The Company has not issued any ADRs/GDRs

14. Market Price Data (Rs.)

High, low market price on Bombay Stock Exchange Ltd. (BSE) during each month in the last financial year.

Period	High (Rs.)	Low(Rs.)
April, 2007	10.00	8.51
May, 2007	19.65	9.10
June, 2007	16.60	12.50
July, 2007	13.75	10.82
August, 2007	13.00	10.53
September, 2007	15.50	11.62
October, 2007	14.50	10.00
November, 2007	27.02	12.16
December, 2007	26.15	20.00
January, 2008	28.95	14.85
February, 2008	18.80	13.15
March, 2008	15.00	10.55

15. Distribution of Shareholding as on 31st March, 2008

Shares Holding of nominal Value of Rs.		Share Holders		Total	% of Shareholding
		Number	% of Total		
Upto	2500	20126	76.120	2564716	8.727
2501	5000	4163	15.745	1669443	5.682
5001	10000	1378	5.212	1185556	4.034
10001	20000	435	1.645	678872	2.310
20001	30000	112	0.424	291869	0.993
30001	40000	47	0.178	170748	0.581
40001	50000	57	0.216	273210	0.930
50001	100000	54	0.204	402708	1.370
100001	& above	68	0.257	22150003	75.373
TOTAL		26440	100.000	29387125	100.000

16. Share Transfer System

The Registrar & Share Transfer Agent M/s Sarthak Global Limited deals with Share Transfer both in physical and dematerialized mode. The dematerialized shares are transferable through the depository system. Shares in physical form are processed by the R & TA and approved by Share Transfer and Investor's Grievance Committee of Directors of the Company. Physical Shares are transferred within stipulated time.

17. Shareholding Pattern and Distribution of Shareholding

Shareholding pattern as on 31.03.2008

Category	No. of Shares held	Percentage of Shareholding
1. Promoter's Holding including Foreign promoters	8181827	27.84
2. NRIs/OCBs/FIIs	119460	0.40
3. Banks, FIs, Mutual Funds	5653525	19.24
4. Indian Corporate Bodies	7951085	27.06
5. Indian Public	7481228	25.46
TOTAL	29387125	100.00

18. Dematerialisation of shares and liquidity

The shares of the Company are under compulsory demat segment and are listed on Bombay Stock Exchange, Mumbai. The Company's shares are available for trading in the depository systems, of both NSDL and CDSL.

CERTIFICATE

To
The Members of
Ruchi Strips and Alloys Ltd.,

We have reviewed the compliance of the conditions of Corporate Governance by Ruchi Strips & Alloys Ltd. for the year ended March 31, 2008 as stipulated in Clause 49 of the listing agreement of the said Company with Stock Exchange in India.

The compliance of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the condition of the Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that there are no investor grievances pending as on March 31, 2008 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For ARUN MAHESHWARI & CO,
Chartered Accountants.

CA Arun Maheshwari
Proprietor
Membership No. 70354

Place : Indore
Date : July 31, 2008