



# RTCL LIMITED

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*Ninth Annual Report  
2002-2003*



## RTCL LIMITED

### BOARD OF DIRECTORS

Mr. Om Prakash Agrawal  
*Chairman*

Mr. Brijesh Katiyar  
*Whole-time Director*

Mr. Sushil Gupta  
*Director*

Mr. Sri Prakash Agrawal  
*Director*

Mr. Rajesh Agrawal  
*Director*

Mr. Vishal Saxena  
*Director*

### AUDITORS

KUMAR PIYUSH & CO.  
Chartered Accountants  
C-5, Lajpat Nagar, Phase-III,  
New Delhi - 110024

### BANKERS

STATE BANK OF INDIA,  
M.G. ROAD, KANPUR

### REGISTERED OFFICE

Mandhana Bithoor Road,  
Village Chaudharipur,  
Bithoor, Kanpur - 209 201

### HEAD OFFICE

123/778, Fazalganj,  
Kanpur (U.P.)

### WORKS

Mandhana Bithoor Road,  
Village Chaudharipur,  
Bithoor, Kanpur - 209 201

### SHARE TRANSFER & INVESTORS SERVICE DEPARTMENT

6926, Jaipuria Mills, Subzi Mandi, Clock Tower, Delhi - 110 007

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Proxy Form and Attendance Slip


**RTCL LIMITED**

## NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of RTCL Limited will be held on Monday, the 29<sup>th</sup> day of September, 2003 at 12:30 P.M. at the Registered Office of the Company at Mandhana Bithoor Road, Village Chaudharipur, Bithoor, Kanpur -209 201 to transact the following business.

### ORDINARY BUSINESS :

1. To consider and adopt Audited Balance Sheet as at 31st March, 2003 and Profit and Loss Account for the year ended on that date and notes thereon together with the Reports of Directors and Auditors.
2. To appoint a Director in place of Mr. Rajesh Agrawal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vishal Saxena who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors, fix their remuneration and for this purpose, to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Messrs. Kumar Piyush & Co., Chartered Accountants, New Delhi, the Statutory Auditors of the Company who retire at the conclusion of this meeting be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration and reimbursement of all out of pocket expenses in connection with the audit of the Company, as may be fixed and approved by the Audit Committee of the company.

### SPECIAL BUSINESS:

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

"RESOLVED THAT the Equity Shares of the company be delisted from the Delhi Stock Exchange Association Limited, in accordance with the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory Modifications or re-enactments thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals permissions and sanctions as may be necessary and compliance with such conditions and modifications as may be necessary for this purpose."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred by the Board) be and is hereby authorized to seek voluntarily delisting, to take all necessary steps in this regard and to do all such acts, deeds matters and things as its may in its absolute discretion deem necessary proper or desirable and to settle any question, difficulty doubt that may arise in regard to delisting of the equity shares and to executes all such deed documents writing as may be necessary, desirable or expedient as may be deemed fit and for this purpose, to delegate the authority and the duty vested in it by virtue hereof to the whole-time director may consider suitable to do the various acts, deeds and things required to be done in this behalf."

By Order of the Board

Place : Delhi

Date : August 30<sup>th</sup>, 2003

( O. P. Agrawal)

Director



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

#### ITEM NO. 5

Due to extensive networking of the Stock Exchange, Mumbai (BSE), investors have access to online dealing with the Company's securities across the country. Most of the trading in the Company's Equity Shares takes place on the BSE and the depth and liquidity of trading in the Company's Equity Shares on other Stock Exchanges are lower. Board of Directors is of the opinion that benefits accruing to the investors by keeping the equity shares of the Company listed on Delhi Stock Exchange are not commensurate with the costs incurred by the Company for the continued listing on above Stock Exchange.

Therefore, the Board of Directors has decided to delist the securities of the Company (voluntarily) from the Delhi Stock Exchange in accordance with the provisions of Securities Exchange Board of India (Delisting of Securities) Guidelines, 2003, under which prior approval of the members of the Company is required by way of Special Resolution to this effect.

The Company's Equity Shares shall continue to be listed with The Stock Exchange, Mumbai, which has nation wide trading terminals and consequently delisting of equity shares from Delhi Stock Exchange will not adversely affect the members/investors. Company will also continue listing of its Equity Shares at Uttar Pradesh Stock Exchange.

Considering, the above proposal in the interest of the Company, Board recommends the Special Resolution as mentioned at Item No. 4 of the accompanied notice for your approval. None of the Directors is concerned or interested in the said resolution.

By Order of the Board

Place : Delhi

Date : August 30<sup>th</sup>, 2003

( O. P. Agrawal)

Director

#### NOTES :

1. A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.  
The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting as provided by Article 113 of the Articles of Association of the Company.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 relating to the Special Business under Item No. 5 as set out above is annexed herewith.
3. All documents referred to in the accompanying Notice and the Explanatory Statements are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays & Sundays between 11:00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.
4. The Register of members and the share transfer books shall remain closed from Tuesday, the 16th September, 2003 to Monday, the 29th September, 2003 (Both days inclusive).
5. Members who are holding shares in the Identical order of names in more than one folio, are requested to write to the Company at the aforesaid address to enable it to consolidate their holding in one folio.
6. Shareholders, who wish to nominate a person, may furnish us required details in the prescribed form.


**RTCL LIMITED**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ***Industry Structure and Development:***

#### ***Trading and Agency Business***

Company is engaged in the agency business on commission basis for procuring various orders as well as commodities for the big manufacturers and traders and achieved good results from these business activities due to strong network in the northern and eastern part of the country. Apart from this, Company is also fetching good revenue from its trading business.

#### ***Retail Stores and Real Estate***

Company has also taken necessary steps for the diversification of its Business Activities in the area of Real Estate and retailing through convenience stores. Company has established "**Sir Good Morning (SGM)**"; a chain of convenience stores for retailing in the city of Kanpur, Uttar Pradesh dealing in grocery, toys & Gifts, fast food, House Hold, Family Products, apparels and daily use items.

The retail trade business in India is estimated to be over 10% of the Gross Domestic Product (GDP). It employs 8% of the work force and is the largest employer after the agriculture. The organized retailing has just made foray in the country and is only 2% of the total retailing business. The growth engines of Industry are the grocery and apparel segments.

India has population of more than 100 crores and the retail market is forecasted to grow at a 30% compounded annual growth rate (CAGR) over the next five years.

#### ***Opportunities and Threats***

The retail industry has witnessed phenomenal expansion and the nature and structure of the industry has undergone a dramatic transformation. The advent of sophisticated and superior Information Technology tools and reduction in communication barriers has led to immense opportunities in Direct Selling. The consumers not only have a wide spectrum of products to select from, but also have better access to a variety of products.

The Retail Industry has largely been neglected in terms of Policy changes essential for its development. The sector's employment generation potential has not been adequately factored into the development paradigm.

There are some basic issues need to be addressed by the Government. Inter-state movement of goods remain constrained causing a hindrance for large chain developers. Reforms on the real estate, tax, labour laws and infrastructure fronts are necessary conditions for growth. The biggest challenge the organized retailer in the country faces is getting trained manpower. The existence of a layer of petty bureaucracy that requires license for everything is time consuming. Separate license are required for dealing in rice and textiles and a drug license is required for dealing in baby foods and general medicated items like Dettol etc. Thus, proactive and stimulatory policies need to be put in place. With a 2% organized sector share, India is far behind. This explains the productivity gap, which pushes down its performance.

#### ***Segment wise Performance:***

A detail segmental report is prepared and presented at Serial number 23 in Notes to Accounts appearing under **Schedule 'N'** (Significant Accounting Policies and Notes to Accounts) forming part of the Balance Sheet.



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### **Out-Look:**

In the organized retailing sector, Company has projected 20% growth, which seems to be achievable in view of the better projected growth rate for this retail industry (30% approximately). The business of Retailing is in the nascent stage. The primary focus will be centered on consolidating capabilities and building market standing. Over the time, it is the objective to gain a position of leadership in the retail industry.

### **Risks and Concerns:**

Today retailing is not officially recognized as an 'Industry'. This may affect financing prospects and hence a negative impact on the growth of the industry. It is expected that this sector will be opened up to International Companies also. This will see a further segregation of the international retailing brands and the domestic retailers, thereby injecting much greater dynamism into the market.

Competition today is more challenging than ever before. Intense competition will continue to redefine the Industry. The big established enterprises in the organized retailing sector presently having their business operation area in metro cities only may also come to the State of Uttar Pradesh as competitors.

### **Internal Control Systems and their Adequacy:**

The Company has adequate internal control system and procedures with regard to purchase of stores, raw material including components, plant and machinery, furniture and fixtures and other assets. The Company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled.

All expenditure, revenue or capital, are approved at appropriate levels and regular internal checks are done to ensure the effectiveness of the system. Suitable Management Information System is prevailing in all operating departments for management review and remedial actions.

### **Financial Performance with respect to Operational Performance:**

Financial performance of the Company has been given separately in the Director's Report.

### **Material Development in Human Resources / Industrial Relations Front:**

The Company is dedicated to the welfare of its employees, their families and surrounding locality. It is committed to improve quality of the life of its employees by providing safe and clean working atmosphere. By providing general awareness training, the Company provides continuous learning and development opportunities for its employees. Company is committed to maintain good Industrial Relation through negotiations, suggestion schemes and meeting etc.

### **Cautionary Statement:**

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic market in which Company operates, changes in the Government Regulations, Tax Laws and other statutes and other incidental factors.

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RTCL LIMITED

## CORPORATE GOVERNANCE REPORT

### 1. *Company's Philosophy on Code of Governance :*

Corporate Governance system pertains to system by which companies are directed and controlled keeping in mind the long term interest of shareholders. It refers to a blend of law, regulations and voluntary practices that enable the Company to attract financial and human capital, perform efficiently and generate long term economic value for its shareholders while respecting interests of the society as a whole.

Our philosophy is to implement the Corporate Governance Practices for the good of all the stakeholders and continuously improve upon the process for effective functioning of the Board of Directors, its committees and the executive management.

### 2. *Board of Directors:*

#### (a) Composition of the Board:

The Board of Directors of the Company comprises of Executive, Non-Executive and Independent Directors. The Chairman is a Non-Executive Director. In all there are 6 Directors, of which only one is Whole-time Executive Director, while three are Non-executive Independent Director and two are Non-Executive Promoter Directors. As on March 31st, 2002, the composition of the Board of Directors of the Company meets the stipulated requirements of Clause 49 of the Listing Agreements of the Stock Exchanges.

#### (b) Number of Board Meetings :

There were 21 Meetings of the Board held during the year 2002-2003, the details whereof are given as under:

Sr. No.	Date of Meetings	Board Strength	No. of Directors present
1.	13.04.2002	6	5
2.	24.04.2002	6	5
3.	30.04.2002	6	3
4.	01.06.2002	6	5
5.	03.06.2002	6	3
6.	11.06.2002	6	6
7.	25.06.2002	6	4
8.	29.06.2002	6	4
9.	31.07.2002	6	3
10.	26.08.2002	6	5
11.	30.08.2002	6	5
12.	02.09.2002	6	5
13.	19.09.2002	6	4
14.	31.10.2002	6	3
15.	05.12.2002	6	5
16.	10.12.2002	6	5
17.	19.12.2002	6	3
18.	15.01.2003	6	3
19.	31.01.2003	6	5
20.	06.02.2003	6	4
21.	31.03.2003	6	5



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### (c) Directors' Attendance record and directorship held:

Name of Directors	Position	Attendance			Other Directorships/ Mandatory Committee Memberships		
		No. of Board Meeting held during the year	No. of Board Meeting attended	Last AGM attended (Yes / No)	Directorships in other public limited companies	Committee member	Committee Chairman
Sh. O. P. Agrawal	Non Executive Chairman Promoter	21	21	Yes	3	1	1
Sh. S. P. Agrawal	Non Executive Promoter	21	18	Yes	4	2	-
Sh. Sushil Gupta	Non Executive Independent	21	17	Yes	1	-	-
Sh. Vishal Saxena	Non Executive Independent	21	9	Yes	-	-	-
Sh. Rajesh Agrawal	Non Executive Independent	21	13	Yes	-	-	-
Sh. Brijesh Katiyar	Executive Whole Time Director	21	12	Yes	-	-	-

#### Notes:

- None of the Directors is a member of more than 10 Board-level Committees, or a chairman of more than five such committees, as required under clause 49 of the listing agreement.

### 3. Audit Committee :

#### (a) Brief description of terms of reference:

The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges that inter alia include the overview of the Company's financial reporting processes, review of the quarterly, half-yearly and annual financial statements, review of adequacy of internal control systems, review of the financial statements, review of adequacy of internal control systems, review of the financial and risk management policies and review of significant finding and adequacy of internal control systems etc.





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b) *Composition, name of members and Chairperson:*

The composition of Audit Committee is as under :

<b>Name</b>	<b>Status</b>
Mr. O. P. Agrawal	Non-Executive, Promoter
Mr. Sushil Gupta (Chairman)	Non-Executive, Independent
Mr. Rajesh Agrawal	Non-Executive, Independent

All members of the Audit Committee are knowledgeable in project finance, accounts and company law. Minutes of each Audit Committee Meeting are placed and discussed in before the Board of Directors.

c) *Meetings and Attendance during the year:*

The Audit Committee met 5 times during the year. Table below gives the attendance :

<b>Name of Director</b>	<b>Nos. of Meeting</b>	<b>Meetings attended</b>
Mr. O. P. Agrawal	5	5
Mr. Sushil Gupta	5	5
Mr. Rajesh Agrawal	5	4

#### 4. **Remuneration Committee**

a) *Brief description of terms of reference :*

Your Company has constituted a Remuneration Committee on March 31st, 2002, in accordance with the amended provisions of Part II, Section II of Schedule XIII of the Companies Act, 1956. The terms of reference of the Remuneration Committee are as per the guidelines set out in the Listing Agreements with the Stock Exchange(s), falling under the category of Non Mandatory requirements of Corporate Governance, that inter alia includes determination of the Company's policy on specific remuneration packages for executive directors.

b) *Composition, name of members and Chairperson :*

The composition of Remuneration Committee is as under :

<b>Name</b>	<b>Status</b>
Mr. Sushil Gupta	Non-Executive, Independent
Mr. Vishal Saxena (Chairman)	Non-Executive, Independent
Mr. Rajesh Agrawal	Non-Executive, Independent

c) *Meetings and Attendance during the year :*

The Remuneration Committee met only time during the year, in which all the members of the Committee were present.

d) *Remuneration Policy:*

However, Company has a credible and transparent policy in determining and accounting for the remuneration of the Managing/Whole-time Directors. Their remuneration is determined in accordance with experience and nature of responsibilities. The same is subject to the approval of Board of Directors and the members. Remuneration of Managing/Whole-Time Directors consists of Salary only. At present, the non-executive directors do not draw any remuneration from the Company.

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(e) *Details of Remuneration to all the Directors for the Financial Year 2002-2003:*

The details of payment made to the Directors during the year from 01.04.2002 to 31.03.2003 is given below:

<b>Name</b>	<b>Designation</b>	<b>Salary Rs.</b>	<b>Notice Period</b>	<b>Severance Fees</b>	<b>Stock Options</b>
Mr. O. P. Agrawal	Director	-			
Mr. S. P. Agrawal	Director	-			
Mr. S. K. Gupta	Director	-	-	-	-
Mr. Vishal Saxena	Director	-	-	-	-
Mr. Rajesh Agrawal	Director	-	-	-	-
Mr. Brijesh Katiyar	Whole Time Director	30,310/-	As per Company's Rules	Nil	Nil

5. **Shareholder / Investor's Grievance Committee :**

The erstwhile Share Transfer Committee was re-constituted as the Shareholder / Investor's Grievance Committee, at the meeting of the Board of Directors held on March 31, 2002.

a) **Terms of Reference :**

The terms of reference of the Shareholder/Investors' Grievance Committee are as per the guidelines set out in the listing agreement with the Stock Exchanges and the relevant clauses of the Articles of Association of the Company that inter alia include looking into the investors complaints on transfer of shares, non receipt of Balance Sheet etc. and Redressal thereof, Approval/Rejection of requests received for transfer/transmission of share including dematerialization/rematerialization of Securities and issue of Duplicate Share Certificate etc.

b) **Members of Shareholder/ Investors' Grievances Committee :**

Committee comprises of following directors as its members:

<b>Name</b>	<b>Category</b>
Mr. O. P. Agrawal (Chairman)	Non-Executive, Promoter
Mr. Sushil Gupta	Non-Executive, Independent
Mr. Vishal Saxena	Non-Executive, Independent

c) **Name and Designation of Compliance Officer :**

Mr. Vishal Saxena, Director

d) **Number of Shareholders' Complaints received, not solved to the satisfaction of shareholders and number of pending share transfer :**

Shareholders' Complaints are given top priority by the Company and are replied to promptly by the Investors' Service Cell located at the Corporate Secretarial Department of the Company. It is the policy of the Company that Investors' Complaints are attended to within 48 hours from the date of receipt. Barring certain cases pending in courts relating to disputes over the title to shares, in which the Company has been made a party, the Company has attended to all the investors' grievances / correspondences.