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32nd  
ANNUAL-REPORT  
2002-2003

# Rathi Udyog Ltd.



AN ISO 9002 & 14001 COMPANY

**RATHI<sup>®</sup> TOR<sup>®</sup> RATHI<sup>®</sup> THERMEX<sup>®</sup>**

**BOARD OF DIRECTORS :**

Sh. P.C. Rath  
Sh. Pradeep Rath - Managing Director  
Sh. S.K. Daga  
Sh. Prem Narayan Varshney  
Sh. Dwarka Das Lakhotia

**SECRETARY :**

Sh. B. R. Tapariya

**AUDITORS :**

K.G. Somani & Company  
3/15, Asaf Ali Road  
New Delhi - 110 002

**LEGAL ADVISOR :**

Shiv Khorana, Advocate  
2289, Arya Samaj Road  
New Delhi - 110005

**BANKER :**

Bank of Baroda

**REGISTERED OFFICE :**

1/3, Khirki Village,  
Malviya Nagar  
New Delhi - 110 01 7  
Phones : 011-29541733  
29542734

**WORKS :**

Industrial Area No. 1  
South of G.T. Road  
Ghaziabad - 201009  
Uttar Pradesh

**REGISTRAR & SHARE  
TRANSFER AGENT :**

MAS Services Pvt. Ltd.  
AB-4, Safdarjung Enclave  
New Delhi - 110 029  
Phone : (011) 26104142

## NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the members of Rathi Udyog Ltd will be held on Tuesday, the 30<sup>th</sup> September, 2003 at 10.00 A.M. at No. 5, Anand Gram, Near Village Ghitorni, Gurgaon Mehrauli Road, P.O. Arjungarh, New Delhi-110047 to transact the following business :

## ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2003 alongwith Profit & Loss Account for the year ended on 31<sup>st</sup> March, 2003 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a director in place of Shri. Prem Narayan Varshney, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

## SPECIAL BUSINESS

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

"RESOLVED THAT Shri S.K. Daga, who was appointed as an additional Director of the Company under Articles of Association of the Company and pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Shri Dwarka Das Lakhotia who was appointed as an additional Director of the Company under Articles of Association of the Company and pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as Director of the Company, liable to retire by rotation."

Place : New Delhi

Dated: 16<sup>th</sup> Aug, 2003

For and on Behalf of the board

B.R. Tapariya  
Secretary

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. The Explanatory statement as required under Section 173(2) of the companies act, 1956, in respect of the special business as aforesaid is annexed to the notice.
3. The Register of Members of the Company will remain closed from 27<sup>th</sup> Sept, 2003 To 30<sup>th</sup> Sept, 2003 (both days inclusive).
4. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
5. Members desiring any information about the accounts, are requested to write to the Company at least 15 days in advance so as to enable the Company to keep the information ready.
6. Shareholders who are still holding physical share certificates are advised to dematerialize their shareholding to avail benefits of dematerialisation which ensures easy liquidity since trading is permitted in dematerialized form, electronic transfer, saving in stamp duty and prevention of forgery.
7. Members can avail of the nomination facility by filing form 2B as prescribed under Companies (Central Govt.), General Rules and forms, 1956 with the Company. Blank forms will be supplied on request.
8. Dividend on shares, as recommended by directors, if declared at the meeting, will be payable to those members whose names appear on the Register of Members of the Company as on 30/09/2003 and the statement of beneficial ownership (in the case of demat shareholders) furnished by National Securities Depository Limited (NSDL) and Central Depository Services (CDSL) for the purpose of Dividend Payment.
9. Dividend on partly-paid shares shall not be paid and will be kept in abeyance.
10. At the ensuing Annual General Meeting, Shri Prem Narayan Varshney, Director of the Company, retire by rotation and being eligible offer himself for reappointment. He is having a varied experience in steel industry for last 10 years.

11. Members who hold shares in physical form are requested to notify promptly any change in their addresses to the Company's registered office or to the share transfer agent M/s MAS Services Pvt. Ltd., AB-4, Safdarjung Enclave, New Delhi - 110 029. Members who hold shares in demat form are requested to update their particulars with their respective depositories.

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM NO. 5**

Shri S. K. Daga was appointed as an additional Director of the Company by the Board of Directors on 10th March, 2003 according to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company. He holds office upto the date of ensuing Annual General Meeting. As required by section 257 of the Companies Act, 1956, a notice has been received from a member with requisite deposit, signifying his intention to propose the candidature of Shri S.K. Daga for the appointment as a Director of the Company liable to retire by rotation.

Considering the varied experience of Shri S. K. Daga, the Board thought it desirable that the Company should continue to avail the services of Shri S.K. Daga and hence recommends the Resolution for approval of shareholders.

Except the aforesaid Director, no other Director is concerned or interested in this Resolution.

**ITEM NO. 6**

Shri Dwarka Das Lakhota was appointed as an additional Director of the Company by the Board of Directors on 10th March, 2003 according to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company. He holds office upto the date of ensuing Annual General Meeting. As required by section 257 of the Companies Act, 1956, a notice has been received from a member with a requisite deposit, signifying his intention to propose the candidature of Shri Dwarka Das Lakhota for the appointment as a Director of the Company liable to retire by rotation.

Considering the varied experience of Shri Dwarka Das Lakhota, the board thought it desirable that the Company should continue to avail the services of Shri Dwarka Das Lakhota and hence recommends the Resolution for approval of shareholders.

Except the aforesaid Director, no other Director is concerned or interested in this Resolution.

Dated: 16<sup>th</sup> Aug., 2003

For and on Behalf of the board

B.R. TAPARIYA  
Secretary

Regd. Office :  
1/3, Khirki Village, Malviya Nagar  
New Delhi - 110 017

## DIRECTORS' REPORT

DEAR MEMBERS,

Your directors are pleased to present the 32nd Annual Report together with the Audited Statement of your Company for the financial year ended 31st March, 2003.

## FINANCIAL RESULTS

Particulars	Year ended 31st March, 2003 (Rs. in Lakhs)	Year ended 31st March, 2002 (Rs. in Lakhs)
Profit before depreciation	259.76	189.76
Depreciation	123.45	100.63
Provision for tax	25.23	10.65
Net Profit after tax	111.08	78.48
Provision for deferred tax	18.86	20.91
Net profit after tax and deferred tax	92.22	57.57

## DIVIDEND

After considering the profits, future plans for expansion and the need to conserve resources, your directors are pleased to recommend a dividend of 10% on equity shares as against 6% paid in the previous year.

## PERFORMANCE REVIEW

The Company has achieved a net profit after tax of Rs. 111.08 lacs, up from Rs. 78.48 lacs, thus registering an impressive growth. This has been possible due to various steps taken in the past to improve profit margin through change in product mix.

## DIVERSIFICATION AND MODERNIZATION

You may recall from the previous Report regarding the TMT manufacturing project. The project is functioning well and the demand of TMT is encouraging. A modernization programme is also under progress under which we are putting up NO-twist block mill, specially for producing Wire Rod of thinner sections. This project is expected to be completed by December, 2003.

## PUBLIC DEPOSITS

The Company has not raised/received any public deposit during the year. There is no overdue/unclaimed deposit.

## INVESTOR SERVICES

Your directors are pleased to inform you that your Company has taken various measures to improve the quality of investor services during the year.

## DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Shri

Prem Narayan Varshney is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his appointment. Shri R. K. Daga has resigned from the Board on 16.8.2003. The Board places on record its sincere appreciation of his contribution during his tenure in the Board.

Shri S. K. Daga and Shri Dwarka Das Lakhota were co-opted by the Board as Additional Directors during the year and they will hold office upto the conclusion of the forthcoming annual General Meeting of the Company. The Board has received notices from members signifying their intention to propose their candidature for the office of Directors. Your Directors recommend their appointment.

## AUDITORS

M/s K.G. Somani & Company, Chartered Accountants, who are Auditors to the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

## AUDITORS' REPORT

The Notes on Accounts referred to and the Auditor's Report are self-explanatory and, therefore, do not call for any comments.

## PARTICULARS OF EMPLOYEES

During the year under review or part thereof, there was no employee whose particulars are covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## ADDITIONAL INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The information required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure and forms an integral part of this Report.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2A) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2003, the applicable accounting standards had been followed.
- That directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of company at the end of the financial year and of the profit or loss of the Company for the year under review.

- c) That the directors had 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.
- d) That the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2003 on a "going concern" basis.

## LISTING

The equity shares of the Company are presently listed on the Delhi Stock Exchange Association Limited and The Stock Exchange, Mumbai. The Company has duly paid the listing fees to both the aforesaid Stock Exchanges for the financial year 2002-2003.

## CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with Stock Exchanges, a Management Discussion and Analysis and Corporate Governance Report are made a part of Annual Report.

## ISO CERTIFICATION

Your Company has further improved its QUALITY MANAGEMENT SYSTEM during the year and thus, has been certified as ISO 9001-2000 in place of ISO 9002-1991. The company is already an ISO 14001 certified Company for ENVIRONMENTAL MANAGEMENT SYSTEM by Indian Register Quality System, accredited by RvC, the Dutch Council for Accreditation.

## HUMAN RESOURCES

Your Company enjoys cordial relations with its employees. The Board wishes to place on record its appreciation of the contribution made by all the employees in ensuring high levels of performance and growth during the year.

## ACKNOWLEDGEMENT

The Board is grateful for the cooperation received from Bank of Baroda, Central / State Government authorities, shareholders, business associates and the valued customers of the Company for their continuous support given to the Company and their confidence in the management.

For and on behalf of the Board

P.C. Rathi      Pradeep Rathi  
Director      Managing Director

Place : New Delhi  
Dated : 16th Aug., 2003

## ANNEXURE TO DIRECTOR'S REPORT :

INFORMATION UNDER SECTION 217(I)(C) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE, 1988.

### A. CONSERVATION OF ENERGY:

- (a) Energy conservation measures.
- (b) No further advancement in the technology has taken place so far.

### B. POWER AND FUEL CONSUMPTION

	This Year	Prev. Year
1. Electricity		
a) Purchased units (KWH)	11972918	11521864
Total amount (Rs.)	46484130	46643867
Rate/unit (Rs.)	3.88	4.05
b) Own generation:		
i) Through diesel generator unit (KWH) unit per litre of diesel oil cost/units Rs.	NIL	NIL
ii) Through steam turbine generator unit per litre of fuel/oil/cost/unit	NIL	NIL
2. Coal	No coal is used.	
3. Natural Gas/RFO/FO/LDO		
Quantity (SCM/Ltr.)	5693653	5610814
Total amount (Rs.)	64115027	33670729
Average rate of natural gas (Rs/SCM)	4.57	4.55
Average Rate of F.O. (Rs./Ltr)	11.26	9.45

### C. CONSUMPTION PER UNIT OF PRODUCTION:

Production - Steel Bars (MT)	53780	48362
Electricity (KWH)	223	238
Coal Steam 'B' Grade	NIL	NIL
Natural Gas(SCM)		
RFO/FO/LDO(Ltr)	106	116
Fuel & Oil (Rs./ton)	1192	696

### D. TECHNOLOGY ABSORPTION:

1. Efforts made in technology absorption: No new technology has come up. However, we make all efforts to upgrade the technology as and where required.

Research and Development - No research is required.

2. Expenditure on R&D - NIL NIL
3. Information relating to imported technology - N.A.

### E. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earning (Rs.)	NIL	NIL
Outgo (Rs.)	2542762	4348523



## REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

### 1. Company's philosophy on code of Corporate Governance

Your Company believes that good Corporate Governance strengthens the investors trust and ensures a long term partnership that helps in company's objectives. The company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. The philosophy is manifested in its operations through exemplary standards of ethical behaviour, both within the organisation as well as in external relationships.

### 2. Board of Directors

#### a) Composition and Category of directors

Presently the Board of Directors of your company comprises of five directors of which two are Executive Directors and the rest are independent and non-executive directors. Thus the requirement of listing agreement are duly complied with. As on 31.03.2003, the composition of the Board of Directors was as under:

Sl. No.	Name of Director(S)	Category of Directors	No. of Directorship in other Companies	No. of Committee Membership in other Companies
1	Sh. P.C. Rath	Executive Director	02	NIL
2	Sh. Pradeep Rath	Managing Director	02	NIL
3	Sh. S.K. Daga	Non-Executive Independent Director	02	NIL
4	Sh. Prem Narayan Varshney	Executive Independent Director	Nil	NIL
5	Sh. Dwarka Das Lakhota	Non-Executive Independent Director	Nil	NIL

#### b) Meetings & Attendance

During the financial year 2002 – 03, seven Board Meeting were held. The dates on which the said meetings were held are as follows :

30/04/2002, 31/07/2002, 24/08/2002, 28/09/2002, 31/10/2002, 31/01/2003, 10/03/2003.

The Annual General Meeting was held on 28/ 09 / 2002. The attendance of the directors in the meetings was as under :

Sl	Name of the Director	Attendance At	Attendance At
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No.		Board Meeting	AGM ON 28/9/2002
1.	Sh. P.C. Rath	07	No
2.	Sh. Pradeep Rath	07	Yes
3.	Sh. R.K. Daga (Resigned on 16/08/2003_	07	Yes
4.	Sh. S.K. Daga (Appointed on 10/03/2003)	Nil	N.A.
5.	Sh. Prem Narayan Varshney	07	Yes
6.	Sh. Dwarka Das Lakhota (Appointed on 10/03/2003)	Nil	N.A

### 3. Audit Committee

- (i) The Board of Directors had constituted the audit committee on 10/03/2003. As per the requirement of section 292 A of the Companies Act, 1956 and clause 49 of the listing agreement with the Stock Exchanges. In the present composition of audit committee, there are three independent directors.

#### Members of audit committee

- (a) Sh. S.K. Daga, (b) Sh. Prem Narayan Varshney and (c) Sh. Dwarka Das Lakhota  
The Secretary of the company acts as the Secretary of the audit committee.

- (ii) No. of meetings attendance during the financial year 2002 – 03 : one

#### (iii) Brief description of terms of reference

The terms of reference to the audit committee are as per guidelines given in code of Corporate Governance of clause 49 of the Listing Agreement.

### 4. Remuneration Committee

- (i) Your company has constituted a remuneration committee of the Board on 10/03/2003. The committee comprises of two Non – Executive Directors and one Executive Director. The Chairman is elected amongst the members of the committee. Members of remuneration committee are Sh. Pradeep Rath, Sh. S.K. Daga and Sh. Prem Narayan Varshney. The Secretary of the Company acts as the Secretary of the remuneration committee.

- (ii) No. of meetings attendance during the financial year 2002 – 03 : one

#### (iii) Brief description of terms of reference

The terms of reference of the remuneration committee are as per Clause 49 of the Listing Agreement.

- (iv) The remuneration committee has power to determine the company's policy on specific remuneration packages for Executive Directors including Pension

rights and any compensation payment and such other terms of reference as may be assigned to it by the Board of Directors from time to time.

(v) **Details of remuneration to the whole time directors during the year 2002 – 03**

(Amount in Rs.)

Sh. P.C. Rathi	4,20,000.00
Sh. Pradeep Rathi	4,20,000.00
Sh. Prem Narayan Varshney	99,315.00

**5. Shareholders Committee**

The company has constituted a shareholders committee with Sh. Pradeep Rathi, Managing Director and two non – executive directors viz. Mr. S.K. Daga and Sh. Dwarka Das Lakhota as its members. The committee meets to approve inter-alia transfer / transmission of shares, issue of duplicate share certificates and review the status of the shares demated / remated and investors grievance and redressal mechanism and recommend measures for improvement of investors services. Details of share transferred / transmitted and duplicate share certificates issued with the approval of the committee are place before the Board time to time. During the year ended 31<sup>st</sup> March, 2003 there were no complaints / queries pending for reply. Further, there were no share transfers pending for registration for more than 30 days. Mr. Mahesh Pareek, Manager (Secretarial) has been designated as the Compliance Officer.

**6. General Body Meetings**

No. of AGM	Year Ended	Venue	Date & Time
29 <sup>th</sup>	31/03/2000	No.5, Anand Gram Nr. Village Ghitorni, Gurgaon Mehrauli Road PO Arjungarh, New Delhi – 110047	29/09/2000 at 10.00 A.M.
30 <sup>th</sup>	31/03/2001	- do -	28/09/2001 at 10.00 A.M.
31 <sup>st</sup>	31/03/2002	- do -	28/09/2002 at 10.00 A.M.

**7. Disclosures**

There are no materially significant transactions with related parties viz. promoters, directors or their relatives conflicting with the company's interest. However, details of transactions with related parties is disclosed in the financial accounts. No penalties or strictures have been imposed on the company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets.

**8. Means of Communication**

Quarterly and half yearly results are communicated to stock exchanges, where the company's shares are listed, immediately after the same are taken on record / approved by the Board. Further the said results are

also published in newspapers like Pioneer and Rashtra Ka Vidhan.

Management discussions and analysis forms part of this report.

**9. General shareholders information**

(i) **Annual General Meeting**

The next Annual General Meeting is scheduled to be held at No.5, Anand Gram, Nr. Village Ghitorni, Gurgaon Mehrauli Road, PO Arjungarh, New Delhi – 110047 on Tuesday the 30<sup>th</sup> Sept., 2003 at 10.00 A.M.

(ii) **Financial Calender for 2003 – 2004.**

First Quarterly results - before end of July, 2003.  
Second Quarterly results - before end of Oct, 2003.  
Third Quarterly results - before end of Jan, 2004.  
Fourth Quarterly results - before end of April, 2004.

(iii) **Book Closure Date**

Dates of Book Closure from 27<sup>th</sup> Sept, 2003 to 30<sup>th</sup> Sept, 2003 ( both days inclusive)

(iv) **Dividend**

Dividend Payment Date : On or after 30<sup>th</sup> Sept, 2003 but before 30<sup>th</sup> Oct, 2003.

(v) **Listing on Stock Exchanges :**

1. The Delhi Stock Exchange Assn. Limited, DSE House, 3/1, Asaf Ali Road New Delhi – 110 002

2. The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001

(vi) **Company Stock Code :**

The Delhi Stock Exchange 118007  
Association Ltd  
The Stock Exchange, Mumbai 504903

(vii) **Market Price Data for the year 2002 – 03**

Month & Year	High / Rs.	Low / Rs.	Volume
	( At the Stock Exchange, Mumbai )		Nos
April, 2002	1.25	1.00	04
May, 2002	0.85	0.85	01
June, 2002	8.00	1.00	44
July, 2002	10.50	7.20	73
Aug, 2002	5.80	4.75	06
Sept, 2002	4.80	3.45	06
Oct, 2002	3.35	2.00	12
Nov, 2002	7.85	2.60	39
Dec, 2002	8.85	6.05	114
Jan, 2003	7.80	5.20	29
Feb, 2003	7.00	4.20	22
March, 2003	5.90	3.35	27