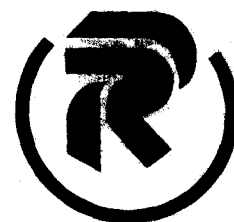


12th **Annual Report** **2002-2003**



REAL
STRIPS LIMITED



BOARD OF DIRECTORS :	SHRI A. K. KATARIA	CHAIRMAN
	SHRI A. D. SANGHVI	MANAGING DIRECTOR
	SHRI UGAMRAJ M. HUNDIA	DIRECTOR
	SHRI BABULAL S. JAIN	DIRECTOR
	SHRI P. S. JAIN	DIRECTOR
	SHRI CHANDRESH V. SHAH	DIRECTOR
	SHRI PRAKASH M THAKKAR	DIRECTOR

AUDITORS : **M/S. MEHTA LODHA & CO.**
CHARTERED ACCOUNTANTS

BANKERS : **UNION BANK OF INDIA**

REGISTERED OFFICE : **26, MANGAL MURTI COMPLEX,**
NR. SHIV CINEMA, ASHRAM ROAD
AHMEDABAD-380 009

WORKS : **SURVEY NO. 245**
VILLAGE : SARI
AHMEDABAD-BAVLA HIGHWAY
TALUKA : SANAND
DIST : AHMEDABAD



NOTICE

NOTICE is hereby given that the 12th ANNUAL GENERAL MEETING of the members of REAL STRIPS LIMITED will be held on Tuesday, the 30th September 2003 at the Registered office of the Company at 26, Mangal Murti complex, Ashram Road, Ahmedabad - 380 009 at 1.00 p.m. to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as on 31st March 2003 and Profit and Loss Account for the year ended on 31st March 2003 together with Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Chandresh Shah who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri Babulal Jain who retires by rotation and is eligible for reappointment.
4. To appoint the Auditor to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

To Consider and if thought fit , to pass with or without modification , the following resolutions as special resolutions.

5. **"RESOLVED THAT** pursuant to provisions of Section 31 and other applicable provisions if any, of the companies act, 1956, the Articles of Association of the company be and is hereby altered by inserting new Article 132A as under :

RESOLUTION TO BE PASSED BY POSTAL BALLOT

132A.

Notwithstanding anything contained in these Articles , subject to the provisions of Section 192A and other applicable provisions of the Act, the company in case of resolution relating to such business as the Central Government may , by Notification , declare to be conducted only by postal ballot, shall get such resolution passed by means of a postal ballot , instead of transacting the business in general meeting of the company.

6. DELISTING OF SECURITY

"RESOLVED THAT subject to such approvals, consent, permission or sanctions as may be required from any authority, statutory or otherwise, particularly from the Securities and Exchange Board

of India (SEBI) and Stock Exchanges concerned and pursuant to all applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, the provisions of Listing agreement, the provisions of the companies act, 1956, Securities Contract (Regulation) Act, and the SEBI act, 1992, the company be and is hereby empowered and authorised to seek delisting of its equity shares from the Ahmedabad Stock exchange, Ahmedabad."

"RESOLVED FURTHER THAT the board of directors of the company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary for the purpose of giving effect to the above resolution."

7. AMENDMENT OF OBJECT CLAUSE

"RESOLVED THAT pursuant to the provisions of Section 17, 18 and other applicable provisions, if any, of the companies act , 1956, the Memorandum of Association of the company be and is hereby amended by inserting the following sub-clauses after the existing sub- clause 57 of clause (C) - other objects for which the company is established, of the Object clause of the company."

58. To Generate electrical power and / or energy in any form from conventional and / or non-conventional sources like hydel power, Gas, wind, Sea Waves, Solar, Oil or from any other available fuel or inputs for captive use and / or for sale, supply, transmission and distribution.
59. To Set up, generate, receive, purchase, develop, use, supply, distribute and accumulate electric power at any power station, site or sites and to transmit , distribute and supply such power through transmission lines and facilities of the State electricity board /s or any other company, organisation, government / private or otherwise to all the consumers in general and generally to develop and generate and accumulate power at any other place or places and to transmit, distribute, sell, and supply such power, serving the business interest of the company.
60. To carry on the business of electric power, light and to generate, accumulate, distribute and supply hydel and thermal electricity to consumers and others, or to any state electricity board and agency / agencies in the line of activity of electricity generation and distribution.
61. To engage in the business of establishment of new power plant on its own or taking the same on lease or such other suitable manner or in collaboration with other agencies and to act as either a contractor or a consultant for future power projects for generation and distribution of energy for sale and supply.
62. To engage in the business of acting as contractors or take up assignments for carrying out operation and maintenance of power projects or to engage sub-contractor or to take up the project on turn-key basis and to provide services as technical consultants, advisors for projects relating to generation of power.



63. To set up infrastructure for transmission and distribution of power , transmit and distribute power to domestic, industrial, commercial or military purposes.

64. To carry on the activity of :

- (a) Establishment, Operation and maintenance of generation stations and tie-lines, sub-station and main transmission connected therewith.
- (b) Operation and maintenance of such generating stations, tie-lines, sub-station and main transmission lines as are assigned to it by the competent Government or governments.

8. **"RESOLVED THAT** pursuant to section 149 (2A) and other applicable provisions, if any, of the companies act, 1956 approval of the members be and is hereby accorded for commencing and carrying on all or any of the activities covered under sub-clause 58 to 64 of the clause (C) of the Object Clause of Memorandum of Association of the company at such time as may be deemed fit by the Board of Directors."

Regd. Office

By order of the Board

26, Mangal Murti Complex,
Ashram Road,
Ahmedabad - 380 009

Place : Ahmedabad

A. K. Kataria

Date : 16th August'2003

Chairman

12th ANNUAL REPORT 2002-2003**NOTES**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, FORMS MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING**
2. The relevant explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed hereto and forms part of this notice.
3. Additional Information on Directors recommended for reappointment at the Annual General Meeting, pursuant clause 49 of the Listing are given in this notice.
4. The Register of Beneficial Owners, Register of Members and Share Transfer Book of the Company shall remain closed from 25th September, 2003 to 27th September, 2003 (both days inclusive).
5. Members/proxies should bring the Attendance slip duly filled in for attending the meeting.
6. Members who hold shares in dematerialised form are requested to write their Client-ID and DP-ID and those who hold shares in Physical form are requested to write their Folio numbers in the Attendance Slip for attending the meeting.
7. Details of Directors seeking re-appointment as per item No. 2 and 3 of the Ordinary Business in ensuing Annual General Meeting to be held on 30th September, 2003 are as under :

Name of Directors	Shri Chandresh Shah	Shri Babulal Jain
Date of Birth	05-02-1957	03-10-1941
Date of Appointment	05-12-1990	19-09-1990
Expertise in Specific Functional areas	Accounts	Accounts & Administration
List of Outside Directorship held	Nil	Nil
Chairmen/Member of the Committee of the Board of Directors of the company	1	1
Chairmen/Member of the committee of the Board of Directors of the other public limited companies	Nil	Nil

Regd. Office

26, Mangal Murti Complex,
Ashram Road,
Ahmedabad - 380 009

By order of the Board

Place : Ahmedabad

Date : 16th August'2003

A. K. Kataria

Chairman



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

Explanatory Statement pursuant to Section 173 (2) of the Companies Act , 1956 .

ITEM NO - 5

Section 192A of the companies Act , 1956 requires a listed company to conduct certain resolutions as may be notified by the central government from time to time only by Postal Ballet instead by transacting the business in General Meeting of the company . Enabling Article is therefore proposed to be inserted in the Article of Association of the Company.

ITEM NO - 6

The Equity Shares of the Company are presently listed at the Following Stock Exchanges :

- 1) Ahmedabad Stock Exchange, Ahmedabad (ASE)
- 2) Mumbai Stock Exchange, Mumbai (BSE)

Since the last few years, trading on ASE has been rare and volumes negligible. Further, the company is subject to compliance and unnecessary cost in the from of Listing Fees and adherence to procedural formalities, which can be avoided upon delisting.

As per the new SEBI (Delisting of Securities) Guidelines, 2003 which have been notified recently, the company can delist its securities from ASE without providing an exit opportunity to the existing shareholders, provided that the securities will continue to be listed on Stock Exchanges having nation wide trading terminals. According to the provision of the said guidelines, it is necessary to obtain prior approval of the shareholders of the company by a special resolution besides compliance with such other conditions as may be specified by the concerned Stock Exchanges. Your Approval is, therefore sought by way of special resolution for voluntary delisting of the company's equity shares from the ASE without providing an exit opportunity in terms of the said guidelines. The Proposed guidelines will not be prejudicial to the interests of the Shareholders / investors in view of the fact that the company's equity shares are listed on The Stock Exchange, Mumbai (BSE) which has nation wide trading terminals and it will continue to be listed on BSE.

ITEM NO - 7 & 8

Power cost is one of the highest component of manufacturing cost. By Setting up a wind mill for generation of Power, the company will get Various incentives offered by the State and Central Governments such as Depreciation, Sale of excess Power, compensating the cost of number of units used by the company and the number of units generated through the wind mill.

Your Directors recommend to pass the resolution.

None of the Directors is interested in the above resolutions except as a shareholder.

Regd. Office

26, Mangal Murti Complex,
Ashram Road,
Ahmedabad - 380 009

By order of the Board

Place : Ahmedabad

Date : 16th August'2003

A. K. Kataria

Chairman

12th ANNUAL REPORT 2002-2003**DIRECTOR'S REPORT**

To,

The Members,

Your Directors have pleasure in presenting the **12TH ANNUAL REPORT** together with the Audited Accounts of the company for the period ended 31st March 2002.

(1) ACCOUNTS AND FINANCIAL MATTERS :-

	2002-2003 (Rs.) 12 Months	2000-2002 (Rs.) 18 Months
Income for the year was	34,05,89,823	41,73,86,423
The year's working shows a Gross Profit of	2,66,32,756	3,52,79,145
Out of which, Provisions have been made for :-		
Less : Depreciation	1,10,81,460	1,36,69,526
Less : Provision for Taxation :		
(i) Current Income Tax	12,25,000	17,00,000
(ii) Deferred Tax	35,90,175	66,57,011
Profit after Income Tax	1,07,36,121	1,32,52,608
Add/Less : Income Tax for earlier year	0	(7,86,328)
Add/(Less) : Prior Period adjustment	32,060	1,837
	1,07,68,181	1,24,68,117
Add : Opening Balance of Profit & Loss Account	2,45,44,659	1,99,24,174
Less : Amount Transferred to Deferred Tax Liability	4,38,054	78,47,632
Net Profit carried forward to Balance Sheet	3,48,74,786	2,45,44,659

(2) DIVIDEND :-

Your Directors regret their inability to recommended dividend for the year under review.

(3) OPERATIONS :-

As informed to you previous year, the expansion cum modernisation programme undertaken by the company has been successfully implemented during the current year. The installation of the 2 Hi Skin pass mill has helped in achieving improved surface finish and better luster of the end product. Moreover with the modernisation of the existing mill, the company is able to roll stainless steel coils upto a maximum width of 610 mm as compared to 535 mm in the earlier year. The Installed Capacity has also increased from 3600 TPA to 4150 TPA.

The demand for steel products has seen a spurt in the international market. Previously, the domestic utensils sector was the largest consumer of the company's product. However the end uses of the company's product is also getting diversified with greater awareness on the use of Stainless Steel in Furniture, Building and Construction Sector. The Modernisation programme of the company has resulted in the production of high grade Stainless Steel coils which finds its place in the Process industries, Chemical Industries and Food processing industries. With the upward trend in the prices of Flat Stainless Steel products, Your directors are hopeful to achieve better performance during the current year.

(4) INDUSTRIAL RELATIONS :-

Industrial relations remained cordial throughout the year. Your Directors place on record their deep appreciation of the contribution made by the employees at all levels.

Measures have been taken for Human Resources Development.

(5) DIRECTORS :-

Shri Chandresh Shah and Shri Babulal Jain retire from the Board by rotation and being eligible, offer themselves for re-appointment.

**(6) INSURANCE :-**

The Assets of the company have been adequately insured.

(7) PUBLIC DEPOSIT :-

During the period under review the company has not mobilized resources by way of deposit from the public.

(8) CORPORATE GOVERNANCE REPORT :-

Pursuant to clause 49 of the Listing Agreement of the company with the Stock Exchanges, corporate Governance report is hereby attached as annexure-I.

The certificate from the Statutory Auditors of the company for compliance of corporate governance forms part of this report as annexure-II.

(9) DIRECTOR'S RESPONSIBILITY STATEMENT :-

Pursuant to requirement under section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed :

- 1) that in the preparation of the Account for the financial year ended 31st March, 2003 the applicable standards have been followed alongwith proper explanation relating to material departures ;
- 2) that the Directors have 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 the company as at 31st March 2003 and of the profit of the company for the year ending on that date ;
- 3) 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 ;
- 4) that the Directors have prepared the accounts for the financial year ended On 31st March, 2003 on a going concern basis.

(10) AUDITORS

M/s Mehta Lodha & Co., Chartered Accountants, retire as Auditor of the company and being eligible, offer themselves for re-appointment. A certificate is obtained from them that their re-appointment, if made, will be within the limit prescribed under section 224(1B) of the Companies Act, 1956.

(11) ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

As required under section 217(1) (e) of the Companies Act, 1956 and the rules made therein, the concerned particulars relating to Energy conservation, Technology Absorption, Foreign Exchange Earning and outgo are given, in Annexure-III, which is attached hereto and forms part of the Directors' Report.

(12) PARTICULARS OF EMPLOYEES

Particulars of employees in accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975 as amended are not given as none of the employees qualify for such disclosure.

(13) ACKNOWLEDGEMENT

The directors extend their sincere thanks to the Bankers, Financial Institutions, Central Government and State Government Authorities and all others associated with the company for the co-operation.

The directors also place on record the efforts made by the employees, workers and all other associated with the company for making their organisation successful.

For and on behalf of the Board

Place : Ahmedabad
Date : 30th June'2003

A. K. Kataria
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

(a) INDUSTRY STRUCTURE AND DEVELOPMENTS

Stainless steel production in India has a short history of 20 years . In 1978 government of India allowed production of stainless steel by the private sector . Before 1978 only 15000 mt of Stainless steel was produced per year by the state owned units and the demand for cold rolled materials was met by imports again by the State Trading Corporation.

25 years down the line , Stainless steel production has taken a giant leap from a measly 15000 mt per annum to 809,500 mt per annum.

Five years ago , 85% of the market share of stainless steel was for domestic utensil sector and even today it is about 76% as compared to 36.50% by the developed countries .

This gives a clear signal of the bright prospects for stainless steel both in architecture , building , construction and the transport sector in India .

(b) OPPORTUNITIES & THREATS

OPPORTUNITIES :-

- (a) India is a vast market and offer tremendous potential for future. The per capita consumption of stainless steel in India is still one of the lowest in the world at 0.66 kgs as compared to 10-18 kgs in the developed countries .
- (b) Your Company has a network of loyal retail network.
- (c) Ready manufacturing base, which can manufacture a variety of products with addition of balancing facilities.
- (d) Highly skilled manufacturing workforce.
- (e) Committed marketing force.
- (f) The strength of intrinsic technological superiority in Company's range of products and other diverse products.

THREATS :-

- (a) Predator and non-competitive pricing.
- (b) Ever increasing pro motion costs/requirements
- (c) Increasing marketing costs,
- (d) Lack of professionalism in the trade.
- (e) High Capital requirement.
- (f) Technological Obsolescence.

(c) PRODUCT WISE PERFORMANCE

The company deals in a single product , ie Cold rolled stainless steel coils . The production has increased from 3908.693 M.T (annualized) in the previous year to 5053.545 M.T in the current year , an increase of 29.29%