



REAL
STRIPS LIMITED

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13th Annual Report
2003-2004



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 PAWANKUMAR R. MURARKA	DIRECTOR
		SHRI ASHWIN A. KATARIA	DIRECTOR
		SHRI AMOL R. DALAL	DIRECTOR

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

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BANKERS : **UNION BANK OF INDIA**
STATE 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 13th ANNUAL GENERAL MEETING of the members of REAL STRIPS LIMITED will be held on Thursday, 30th September 2004 at the Registered office of the Company at 26, Mangal Murti, Ashram Road, Ahmedabad - 380 009 at 11.30 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as on 31st March 2004 and Profit and Loss Account for the year ended on 31st March 2004 together with Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri A. K. Kataria who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri Pavan Murarka 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

5. APPOINTMENT OF DIRECTORS NOT RETIRING DIRECTOR AS A DIRECTOR

To consider and if thought fit, to pass with or without modification, following resolution as a special resolution.

"RESOLVED THAT Shri Ashwin Kataria, who was appointed as an additional Director of the Company by the Board of Directors of the Company in their meeting held on March 8, 2004, who ceases to hold office under section 260 of the companies Act, 1956 and in respect of whom the Company has received a notice in writing under section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as the Director of the Company subject to retirement by rotation."

"RESOLVED THAT Shri Amol Dalal, who was appointed as an additional Director of the Company by the Board of Directors of the Company in their meeting held on March 8, 2004 who ceases to hold office under section 260 of the companies Act, 1956 and in respect of whom the Company has received a notice in writing under section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as the Director of the Company subject to retirement by rotation."

6. APPOINTMENT OF JOINT MANAGING DIRECTORS

To consider and if thought fit, to pass with or without modification, following resolution as a special resolution.

"RESOLVED THAT pursuant of Sec. 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the companies Act, 1956, Shri Prakashraj Jain be and is hereby appointed as the Joint Managing Director of the Company for a period of five years with effect from April 1, 2004 with liberty to either party to terminate the appointment on three months notice in writing on the following terms.

- i) Basic Salary : Rs. 25,000/- (Rupees Twenty Five Thousand only) per month.
- ii) Commission : Such remuneration by way of commission, in addition to salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors/ Committee thereof of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act.
- iii) Leave travel allowance (including foreign travel) for self and family in accordance with the rules of the Company.
- IV) Personal accident insurance, the annual premium for which does not exceed Rs. 75,000/-

"RESOLVED THAT pursuant of Sec. 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the companies Act, 1956, Shri Ugarnaj Hundia be and is hereby appointed as the Joint Managing Director of the Company for a period of five years with effect from April 1, 2004 with liberty to either party to terminate the appointment on three months notice in writing on the following terms."

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- i) Basic Salary : Rs. 25,000/- (Rupees Twenty Five Thousand only) per month.
- iii) Commission : Such remuneration by way of commission, in addition to salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors/ Committee thereof of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act.
- iii) Leave travel allowance (including foreign travel) for self and family in accordance with the rules of the Company.
- iv) Personal accident insurance, the annual premium for which does not exceed Rs. 75,000/-

7. APPOINTMENT OF WHOLE-TIME DIRECTOR.

To consider and if thought fit, to pass with or without modification, following resolution as a special resolution.

"RESOLVED THAT pursuant of Sec. 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the companies Act, 1956, Shri Ashwin Kataria be and is hereby appointed as the Whole-time Director of the Company for a period of five years with effect from April 1, 2004 with liberty to either party to terminate the appointment on three months notice in writing on the following terms."

- i) Basic Salary : Rs. 25,000/- (Rupees Twenty Five Thousand only) per month.
- iii) Commission : Such remuneration by way of commission, in addition to salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors/ Committee thereof of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act.
- iii) Leave travel allowance (including foreign travel) for self and family in accordance with the rules of the Company.
- iv) Personal accident insurance, the annual premium for which does not exceed Rs. 75,000/-

8. AMMENDMENT IN THE TERMS OF REMUNERATION TO MANAGING DIRECTOR :-

To consider and if thought fit, to pass with or without modification, following resolution as a special resolution.

"RESOLVED THAT pursuant to sections 309, 310 and all other applicable provisions, if any, and schedule XIII to the companies Act, 1956, approval be and is hereby accorded to the revision of remuneration of Shri Arvind D. Sanghvi, Managing Director of the Company with effect from 1st April, 2004 in the following manner.

- i) Basic Salary : Rs. 25,000/- (Rupees Twenty Five Thousand only) per month.
- iii) Commission : Such remuneration by way of commission, in addition to salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors/ Committee thereof of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act.
- iii) Leave travel allowance (including foreign travel) for self and family in accordance with the rules of the Company.
- iv) Personal accident insurance, the annual premium for which does not exceed Rs. 75,000/-

"RESOLVED FURTHER that all other terms and conditions mentioned in the resolution passed by the shareholders in their meeting held on 24.02.2001 shall remain unchanged."

9. COMMISSION TO NON-EXECUTIVE DIRECTORS :-

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 sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 a Sum not exceeding one percent Per annum of the net profits of the Company calculated in accordance with the provisions of sections 198, 349 and 350 of the Act, be paid to and distributed amongst the Non-Executive Directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each Year of the period of five years commencing 1st April, 2004."

By Order of the Board

Place : Ahmedabad
Date: 29th June, 2004

Shri A. K. Kataria
Chairman



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 explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business as per Item No.5 to 9 hereinabove, is annexed hereto.
3. Additional information pursuant to Clause 49 of the Listing Agreement with stock exchanges, on directors recommended for reappointment at the Annual General Meeting, is 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 2004 to 27th September 2004, both days inclusive.
5. Members / proxies should bring their copy of the Annual Reports and Accounts along with Attendance Slip (duly completed) when attending the Meeting.
6. Members who hold shares in dematerialised form are requested to write their Client - ID and DP - ID Numbers and those who hold shares in Physical form are requested to write their Fólio Number 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, 2004 are as under :

Name of Directors	A.K. Kataria	Pavan Murarka
Date of Birth	15.06.1942	19.12.1959
Date of Appointment	19.09.1990	30.10.2003
Expertise in specific functional areas	Technical	Finance
List of outside Directorship Held	Nil	Nil
Chairman / Member of the Committee of the Board of Directors of the Company	2	Nil
Chairman / Member of the Committee of the Board of Directors of the other Public Limited Company	Nil	Nil

13 th Annual Report 2003-2004**ANNEXURE TO NOTICE**

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

Item No. 5

Shri Ashwin Kataria And Shri Amol Dalal appointed as an additional Directors of the Company by the board of Directors in its meeting held on 8th March,2004. Pursuant to Sec.260 of the Companies Act, 1956. They hold office upto the conclusion of this Annual General Meeting. Shri Ashwin Kataria (34) is having experience in the stainless steel industry. Shri Amol Dalal (48) is having industrial and commercial experience in the engineering industry.

Notice under Section 257 of the Act has been received proposing Shri Ashwin Kataria as a candidate for the office of Director along with a deposit Of Rs. 500/- as required by law. The Board of Directors are of the opinion that it would be in the interest of the Company to continue the association of Shri Ashwin Kataria as a Director of the Company. Your Directors therefore recommend the resolution for your approval.

Except Shri Ashwin Kataria, Shri Amol Dalal and Shri A.K.Kataria no other Director is in any way concerned or interested in this resolution.

Item No. 6

Shri Prakashraj Jain (48) and Shri Ugamraj Hundia (50) have been associated from the inception of the Company. They have been managing the day to day affairs of the Company right from the implementation of the project. They have wide experience in the stainless steel industry. Since the Company was incurring losses, they had on their own decided not to receive any remuneration from the Company. The Board of Directors in their meeting held on March 8,2004 appointed them as Joint Managing Directors and pay a remuneration of Rs. 25000/-Per month to each of them.

Section I of Part II of Schedule XIII to the Companies Act, 1956, provides that a Company having profits in a financial year may pay any remuneration by way of salary, dearness allowance, perquisites, commission and other allowances to its managerial personnel. However, as per Section 198 read with Section 309 of the companies Act,1956 the total managerial remuneration payable by the Company shall not exceed 10% of its net profit. Therefore, the Board recommends this resolution to the shareholders for their approval.

Except Shri Prakashraj Jain and Shri Ugamraj Hundia no other director is interested or concerned in this resolution.

Item No. 7

Since the operations of the Company have increased many fold. It was felt advisable to appoint Shri Ashwin Kataria as a Whole time director. He has experience in the stainless steel rolling mill industry. He will look after the day to day affairs of the Company.

Section I of Part II of Schedule XIII to the Companies Act, 1956, provides that a Company having profits in a financial year may pay any remuneration by way of salary, dearness allowance, perquisites, commission and other allowances to its managerial personnel. However, as per Section 198 read with Section 309 of the companies Act,1956 the total managerial remuneration payable by the Company shall not exceed 10% of its net profit. Therefore, the Board recommends this resolution to the shareholders for their approval.



Except Shri Ashwin Kataria and A.K. Kataria none of the Directors are interested in this resolution.

Item No. 8

Shri Arvind D. Sanghvi is associated with the Company from the implementation of the project of the Company. He has been managing the day to day affairs of the Company. With a view not to burden the Company, he had volunteered not to receive any remuneration from the company. The Board of Directors in their meeting held on March 8, 2004 decided to pay a remuneration of Rs. 25,000 per month to him. Shri Arvind D. Sanghvi has over 25 years experience in tube, wire, and other stainless steel products. He has traveled widely and has experience in the international market.

Section I of Part II of Schedule XIII to the Companies Act, 1956, provides that a Company having profits in a financial year may pay any remuneration by way of salary, dearness allowance, perquisites, commission and other allowances to its managerial personnel. However, as per Section 198 read with Section 309 of the companies Act, 1956 the total managerial remuneration payable by the Company shall not exceed 10% of its net profit. Therefore, the Board recommends this resolution to the shareholders for their approval.

Except Shri Arvind D. Sanghvi none of the Directors are interested in this resolution.

Item No. 9

Taking into account the increase in the Company's activities and the consequent increase in the responsibilities of the Directors it is proposed that in terms of section 309 (4) of the companies Act, 1956, the directors (apart from the Managing Director and the Executive directors) be paid for each of the five financial years of the Company commencing 1st April 2004 a remuneration not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of the Act. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

Regd. Office :

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

By Order of the Board

Place: Ahmedabad
Date: 29th June 2004

Shri A. K. Kataria
Chairman

13 th Annual Report 2003-2004**DIRECTOR'S REPORT**

To,

The Members,

Your Directors have pleasure in presenting the 13th ANNUAL REPORT together with the Audited Accounts of the company for the year ended 31st March 2004.

(1) ACCOUNTS AND FINANCIAL MATTERS :-	2003-2004 (Rs.)	2002-2003 (Rs.)
Income for the year was	40,64,22,916	34,05,89,823
The year's working shows a Gross Profit of	5,59,18,588	2,66,32,756
Out of which, Provisions have been made for :-		
Less : Depreciation	3,28,94,610	1,10,81,460
Less : Provision for Taxation :		
(i) Current Income Tax	27,60,000	12,25,000
(ii) Deferred Tax	32,30,133	35,90,175
Profit after Income Tax	1,70,33,845	1,07,36,121
Add / Less : Income Tax for earlier year	335	0
Add / Less : Prior Period adjustment	0	32,060
	1,70,34,180	1,07,68,181
Add : Opening Balance of Profit & Loss Account	3,48,74,786	2,45,44,659
Less : Amount Transferred to Deferred Tax Liability	0	4,38,054
Net Profit carrier forward to Balance Sheet	<u>5,19,08,966</u>	<u>3,48,74,786</u>

(2) DIVIDEND :-

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

(3) OPERATIONS :-

Expansion cum modernization programme implemented during the past few years is now yielding result. Turnover has gone up from Rs. 3405.90 lacs in the previous year to Rs. 4064.23 lacs in the year under report. Full utilisation of the capacity has resulted into improved operating margin gross profit before depreciation and interest has gone up to Rs.720.06 lacs showing an increase of 97% over the previous year.

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 of the use of stainless steel in Furniture, Automobile and Wrist Watch industry. 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. Your directors are hopeful to achieve better performance during the current year.



INSTALLATION OF WIND MILL

Power tariff in the state of Gujarat is one of the highest in the country. Consumption of power in steel industry is very high. Cost of power consumption is a major cost of component next to raw material cost. Cost of power consumption has been increasing steadily for the past many years, which has been a cause of concern for the consumers. The Government has also been encouraging the installation of wind turbine generators. The Banks also have been advancing loan at lower rate of interest. The Company has installed one WTG of 1.25 MW Capacity in Bhavnagar District. The said wind mill started generation from 17.12.03. It is expected that during the current year there will be substantial saving in the cost of energy.

(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 Resource Development.

(5) DIRECTORS :-

Shri A K Kataria and Shri Pavan Murarka retire from the Board by rotation and being eligible, offer themselves for re-appointment. Shri Ashwin Kataria and Shri Amol Dalal who have been appointed as Additional Directors hold office upto the conclusion of the ensuring Annual General Meeting. Members consent is requested for their appointment as per the resolutions contained in the notice convening the Annual General Meeting.

(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-1.

(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, 2004 the applicable standards have been followed along with 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 2004 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, 2004 on a going concern basis.

13 th Annual Report 2003-2004**(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 Director's 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 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 : 29th June, 2004

A. K. Kataria

Chairman