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**RISHIROOP RUBBER  
(INTERNATIONAL) LIMITED  
18th ANNUAL REPORT 2007-2008**



#### BOARD OF DIRECTORS

Mr. M. K. Kapoor	Chairman
Mr. Arvind M. Kapoor	Managing Director
Mr. O. P. Gupta	Director
Mr. Harkishenlal Ohri	Director
Mr. H. B. Jokhakar	Director

#### AUDITORS

Messrs. Jayesh Dadia & Associates  
Chartered Accountants  
422, Arun Chambers, Tardeo,  
Mumbai - 400 034.

#### BANKERS

Bank of Baroda  
ICICI Bank



#### REGD. OFFICE & WORKS

Plot No. 5807/08, GIDC Industrial Area,  
Ankleshwar - 393 002. (Gujarat)

#### CORPORATE OFFICE

65, Atlanta, Nariman Point, Mumbai - 400 021

#### REGISTRAR AND SHARE TRANSFER AGENT

Intime Spectrum Registry Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400 078.  
Tel. : (022) - 2596 3838  
Email : [isrl@intimespectrum.com](mailto:isrl@intimespectrum.com)



## NOTICE

Notice is hereby given that the **Eighteenth Annual General Meeting** of Rishiroop Rubber (International) Ltd. will be held on **Monday, 22<sup>nd</sup> September, 2008 at 10.00 a. m. at Hotel Shalimar, Near GIDC Reservoir, Valia Road, Ankleshwar, Gujarat 393002** to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2008 and the Reports of Directors' and Auditors' thereon.
2. To appoint Director in place of Mr. O. P. Gupta who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s Jayesh Dadia & Associates, Chartered Accountants, the retiring Auditors of the Company, as Statutory Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : 27<sup>th</sup> June, 2008

**M. K. Kapoor**  
Chairman

### NOTES:

- I. **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.**
- II. The instrument appointing Proxy should however be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
- III. The Register of Members and the Transfer Books of the Company will remain closed from 1<sup>st</sup> September, 2008 to 8<sup>th</sup> September, 2008 (both days inclusive).
- IV. Members desiring any information as regards to the accounts are requested to write to the Company at least seven days in advance of Annual General Meeting so as to enable the Management to keep the information ready.
- V. The members are requested to bring their copies of Annual Report to the Meeting.
- VI. The Equity Shares of the Company are listed on The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.  
The Listing fees are paid up to date.
- VII. Re-appointment and appointment of Directors

At this Annual General Meeting, Mr.O.P.Gupta, retires by rotation and being eligible offers himself for reappointment. The brief resume of the Director is provided in the Corporate Governance Report published in this Annual Report.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : 27<sup>th</sup> June, 2008

**M. K. Kapoor**  
Chairman



## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report, together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2008.

**FINANCIAL RESULTS**

The Financial Result for the year together with corresponding figures for the previous year is summarized below

	(Rs. in Lacs)	
	2007-2008	2006-2007
Sales	347.74	389.90
Other Income	48.86	48.51
Profit/(Loss) before Interest & Depreciation	38.53	87.34
Interest	3.97	4.24
Profit/(Loss) before Depreciation	34.56	83.10
Depreciation	107.11	107.11
Profit/ (Loss) before taxation	(72.55)	(24.01)
Provision for Fringe Benefit Tax	0.26	0.41
Net Profit / (Loss) for the year	(27.81)	(24.42)
Transitional adjustment for employee benefit due to revised AS - 15	(12.27)	—
Balance b/f from previous year	(1080.54)	(1056.13)
Balance Profit/(Loss) carried to Balance Sheet	(1165.63)	(1080.54)

**REVIEW OF OPERATIONS**

During the year under review, your Company had continued with international trading activities. The sales turnover has marginally decreased to Rs.347.74 Lacs as compared to Rs.389.90 Lacs in previous year and loss has increased to Rs.72.80 Lacs as compared to 24.01 Lacs in previous year.

The management is exploring various proposals for long term investment in new project and in the meanwhile continuing to invest surplus funds in the mutual funds.

**DIVIDEND**

In view of losses for the year, your Directors do not recommend the payment of any dividend.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and of the Articles of Association of Company, Mr. O. P. Gupta retires from the office of director by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

The brief resume of the above Director is given in Corporate Governance section of this Annual Report.



## DIRECTORS' RESPONSIBILITY STATEMENT U/S 217 (2AA) OF THE COMPANIES ACT, 1956

As stipulated in Section 217 (2AA) of Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm that:

- 1) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 2) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the losses of the Company for that period;
- 3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) The Directors have prepared the annual accounts on a going concern basis.

## CORPORATE GOVERNANCE REPORT

A report on the Corporate Governance along with the Auditor's Certificate is separately given in the Annual Report.

## DEPOSITS

The Company has not taken any fixed deposit from the public by invitation during the year under review.

## AUDITORS

M/s. Jayesh Dadia & Associates, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Company has received confirmation from them to the effect that their appointment if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act 1956.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOING

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, are given in Annexure 'A' to this Report.

## PARTICULARS OF EMPLOYEES

There was no employee during the year drawing remuneration more than prescribed under Section 217 (2A) of the Companies Act, 1956.

## ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation and acknowledgement for the continued assistance and co-operation received from various Government authorities. We also wish to place on record our appreciation to ICICI Bank and Bank of Baroda for their co-operation and support. The Board also wishes to thank the employees for their contribution and the shareholders for their continued support.

On behalf of the Board of Directors

### Corporate Office:

65, Atlanta, Nariman Point,  
Mumbai- 400 021

M. K. Kapoor  
Chairman

Date : 27th June, 2008



## ANNEXURE 'A' TO THE DIRECTORS' REPORT

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of Directors' Report for the year ended 31<sup>st</sup> March, 2008.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the Companies Disclosure of (Particulars in the Report of the Board of Directors) Rules 1988, the details of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given below:

#### A. CONSERVATION OF ENERGY

As there are no manufacturing operations, question of conservation of energy does not arise.

#### B. TECHNOLOGY ABSORPTION

##### a) Research and Development

1. Specific areas in which R&D carried out by the Company:

There are no new R&D activities being carried out by the Company in view of the phase out of operations at Ankleshwar.

2. Benefits derived as a result of above R&D:

Not Applicable

3. Future plans of action:

The Company proposes to develop new products with existing infrastructure.

##### b) Technology absorption, adaptation and innovation:

1. The efforts in brief towards technology, absorption, adaptation and innovation.

Not applicable as no new technologies were developed during the year.

2. Benefits derived as a result of above efforts e.g. output improvement, cost reduction, product development.

Not Applicable

3. Details of imported technology.

Not Applicable

#### C. DETAILS OF POWER AND FUEL CONSUMPTION:

Since no production activity has been carried out in the current as well as previous year all details under this heading are NIL.

#### D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in Lacs)

	2007-2008 Rs.	2006-2007 Rs.
<b>1. FOREIGN EXCHANGE EARNINGS</b>		
Foreign Exchange earnings during the year were	301.68	355.25
<b>2. FOREIGN EXCHANGE OUTGO</b>		
Value of Imports calculated on CIF basis		
Raw Material	290.42	244.05
Trading Goods	64	1.53



## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

During the year, the Company has continued international trading activities at Kandla Special Economic Zone.

### INDUSTRY STRUCTURE

The Company is exporting various chemicals and polymers for various applications.

### OUTLOOK

The outlook for the Company depends on finding alternate activity/opportunity of business. The future prospects would become more clear once new investment decision is made during the course of year. The outlook for trading activity continues to be good as more items will be introduced during the year.

### INTERNAL CONTROL SYSTEM

The Company maintains adequate internal control systems, which provide among other things adequate support to all its operations and effectively handle the demands of the Company's financial management system.

### FINANCIAL PERFORMANCE

#### 1. Financial Statements

The financial statements have been prepared in compliance with the requirements to the Companies Act, 1956 and Generally Accepted Accounting Principles in India.

#### 2. Fixed Assets

During the year there was no addition in fixed Assets.

#### 3. Inventories

Total inventories have increased from Rs.40.37 Lacs to Rs.145.18 Lacs.

#### 4. Sundry Debtors

The Sundry Debtors are at 26.50% of Sales as at 31<sup>st</sup> March, 2008.

#### 5. Financial Performance

The Profit/ (Loss) before taxation during the year is (Rs.72.80) Lacs as compared to Profit/ (Loss) of (Rs.24.01) Lacs of previous year.

No production of Chlorinated Rubber was made during the year.

#### 6. Risk and concern

The growth and performance of the Company is dependent on implementation of alternate business plans of the Company.

#### 7. Material development in human resources or industrial relation front

There is no material development on human resources or industrial relation front.



## CORPORATE GOVERNANCE REPORT

### I) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Transparency in all dealings, effective control and management of organization, investor friendly attitudes towards shareholders has been the basic objective of the Corporate Governance of the Company.

### II) BOARD OF DIRECTORS

The Board of Directors has five members comprising of four non-executive Directors and one executive director.

Five Board Meetings were held during the financial year i.e., from 1<sup>st</sup> April, 2007 to 31<sup>st</sup> March, 2008, on the following dates – May 28, 2007, June 29, 2007, July 30, 2007, October 19, 2007 and January 25, 2008.

The Seventeenth Annual General Meeting was held on 17<sup>th</sup> September, 2007.

The Composition of the Board of Directors and their attendance at the Board Meetings during the period under review and at last Annual General Meeting as also the number of other Directorships and Committee memberships are given below:

Sr. No.	Name of the Director	Category of Director	No. of Board Meetings Attended	Attendance at last AGM	No. of Directorships held+	Committee membership+*	Committee Chairmanship+
1.	Mr. Mahendra K. Kapoor	Non-executive Promoter Director	5	No	2	4	3
2.	Mr. Arvind M. Kapoor	Executive Promoter Director	5	Yes	2	3	—
3.	Mr. O. P. Gupta	Non-executive Independent Director	2	No	3	7	3
4.	Mr. H. L. Ohri	Non-executive Independent Director	5	Yes	2	4	1
5.	Mr. H. B. Jokhakar	Non-executive Independent Director	3	No	1	2	—

+ Including Directorship in Rishiroop Rubber (International) Ltd & excluding Directorships of Private Companies.

+ Committees considered are Remuneration Committee, Audit Committee and Shareholders/ Investors Grievance Committee including in Rishiroop Rubber (International) Ltd.

\* Membership of Committees includes chairmanship held in those Committees.

#### Brief resume of Directors to be appointed / re-appointed

##### Mr.O.P.Gupta

Mr.O.P.Gupta is an Ex-Chairman of Punjab National Bank and Banking Service Recruitment Board, M.P. Region. He has been on the Board of the Company since 1992. He is also a member of the Audit Committee and Remuneration Committee of the Company. He is currently on the Board of Directors of Pudumjee Pulp & Paper Mills Limited and Mangalam Cements Ltd. He is a Chairman of the Audit Committee in both these companies and is also a member of Shareholders/Investor's Grievance Committee and Share Transfer Committee and a Chairman of Remuneration Committee in Mangalam Cements Ltd.. He has a vast experience in Banking, Finance and Corporate Governance.





## Code of Conduct

The Board has formulated a code of conduct for the Board members and senior management of the Company. The same has also been posted on the website of the Company. All Board members and senior management have affirmed their compliance with the code of conduct. A declaration to this effect, signed by Managing Director is given in this Annual Report.

### III) COMMITTEES OF THE BOARD

#### a. Audit Committee

The Members of the Committee are Mr. H.L. Ohri (Chairman), Mr. O.P. Gupta, Mr. M. K Kapoor and Mr. H. B. Jokhakar.

The Committee held five meetings during the year 2007-2008, i.e., on May 28, 2007, June 29, 2007, July 30, 2007, October 19, 2007 and January 25, 2008. The Statutory Auditors, Internal Auditor and Incharge – Finance and Accounts also attended the meeting of Audit Committee. The attendance of members at the meetings was as under :

Members	Meetings Attended
Mr. H. L. Ohri (Chairman)	5
Mr. O. P. Gupta	2
Mr. M. K. Kapoor	5
Mr. H. B. Jokhakar	3

The Committee reviews Company's financial process, internal control system; scope of audit includes the observations of the auditors, reviewing quarterly, half yearly and yearly statements. Committee is authorised to select and recommend accounting policies, review reports of the Statutory and Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The terms of reference of the audit Committee are in accordance with the items as specified in Clause 49 (II)(D) which inter alia includes the following:

- a) Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- c) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- d) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  2. Changes, if any, in accounting policies and practices and reasons for the same
  3. Major accounting entries involving estimates based on the exercise of judgment by management
  4. Significant adjustments made in the financial statements arising out of audit findings
  5. Compliance with listing and other legal requirements relating to financial statements
  6. Disclosure of any related party transactions
  7. Qualifications in the draft audit report.
- e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.


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- f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- h) Discussion with internal auditors any significant findings and follow up there on.
- i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- j) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- l) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or as may be assigned by the Board of Directors.
- m) Review of following information
  1. Management discussion and analysis of financial condition and results of operations;
  2. Statement of significant related party transactions (as defined by the audit Committee), submitted by management;
  3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
  4. Internal audit reports relating to internal control weaknesses; and
  5. The appointment, removal and terms of remuneration of the Chief Internal Auditor / Internal Audit Firm shall be subject to review by the Audit Committee

**b. Remuneration Committee**

The Committee is constituted with the powers to determine and fixing the remuneration of the Executive Directors.

The composition of the Committee is as under: -

- |                          |          |
|--------------------------|----------|
| 1) Mr. Mahendra K Kapoor | Chairman |
| 2) Mr. H. L. Ohri        | Member   |
| 3) Mr. H. B. Jokhakar    | Member   |
| 4) Mr. O. P. Gupta       | Member   |

Meeting of the remuneration Committee was held during the year 2007-2008 on June 29, 2007. Mr. O. P. Gupta was appointed as a member of the Committee in the said meeting.

**Remuneration Policy**

Payment of remuneration to the Managing Director is governed by the terms of appointment approved by the Board of Directors and the Members in terms of Schedule XIII to the Companies Act, 1956. His remuneration structure comprises of salary, perquisites, allowances and contribution to provident fund. The non-executive Directors are not entitled to any remuneration from the Company other than the sitting fees.

**Remuneration paid to Directors during 2007-2008**
**Remuneration to Executive Director**

The remuneration paid to Mr. Arvind Kapoor, Managing Director of the Company during the year ended 31<sup>st</sup> March 2008 is as under:

Name	Salary	Perquisites and allowances	Total
Mr. Arvind Kapoor	Rs. 1,368,000/-	Rs. 1,451,158 /-	Rs. 2,819,158/-