



**RISHIROOP RUBBER (INTERNATIONAL) LIMITED**



### **BOARD OF DIRECTORS**

Mr. Mahendrakumar Kapoor  
Mr. Arvind Kapoor  
Mr. Harkishenlal Ohri  
Mr. Haren Jokhakar  
Mr. Hemant Vakil

Chairman  
Managing Director  
Director  
Director  
Director (w.e.f. May 10, 2010)

### **AUDITORS**

Messrs. Jayesh Dadia & Associates  
Chartered Accountants  
422, Arun Chambers, Tardeo,  
Mumbai – 400034.

### **BANKERS**

Bank of Baroda  
ICICI Bank Limited

### **REGISTERED OFFICE**

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**

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai – 400078  
Tel. No.: 022-25946970  
Fax: 022-25946969  
Email: Mumbai@linkintime.co.in

### **CONTENTS**

1. Notice .....	1
2. Report on Corporate Governance .....	6
3. Auditor's Certificate on Corporate Governance .....	15
4. Directors's Report .....	16
5. Management Discussion and Analysis Report .....	19
6. Report of the Auditors .....	20
7. Balance Sheet .....	24
8. Profit & Loss Account .....	25
9. Schedules forming part of the accounts .....	26
10. Cash Flow Statement .....	40



## NOTICE

Notice is hereby given that the **Twentieth Annual General Meeting** of Rishiroop Rubber (International) Limited will be held on Monday, July 26, 2010 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 March 31, 2010 and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Mahendrakumar Kapoor, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s Jayesh Dadia & Associates, Chartered Accountants, the retiring Auditors of the Company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Hemant Vakil, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director under section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of sections 269, 198, 309, 310, 311, Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, and pursuant to the approval of the remuneration committee of the Board and the Board of Directors at their meeting held on May 31, 2010, approval of the Company be accorded to the re-appointment of Mr. Arvind Kapoor as Managing Director of the Company for a period of 3 (Three) years with effect from July 1, 2010 up to June 30, 2013, on following terms and conditions:

- a) Basic Salary : Rs. 1,25,000/- per month.

In addition to the basic salary, the Managing Director shall also be entitled to such facilities, Perquisites and Allowances, which may include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; club fees, provision of car with chauffeur, medical/accident insurance and such other perquisites, allowances, as per the policies of the Company.

The remuneration payable to Mr. Arvind Kapoor, including salary, is subject to overall ceiling of Rs. 30 Lacs per annum. Further, where in any financial year comprised by the period of appointment, the Company has no profits or its profits are inadequate, the aforesaid salaries shall be paid to the Managing Director in accordance with the applicable provisions of Schedule XIII of the said Act and subject to the approval of the Central Government, if any required.

In addition to the above, Mr. Arvind Kapoor shall be entitled to reimbursement of entertainment, travelling, communication and other expenses incurred in the course of legitimate business of the Company which will not be considered as perquisites.



- b) Notice Period : 3 months on either side or gross salary in lieu thereof.
- c) Commission : As determined by the Board from year to year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, to the extent specified in schedule XIII and other applicable provisions, if any, of the Act as amended from time to time.

FURTHER RESOLVED THAT where in any Financial Year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director the above remuneration as the minimum remuneration by way of salary subject to receipt of the requisite approvals, if any.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, any Director of the Company be authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: May 31, 2010

**Mahendrakumar Kapoor**  
Chairman

**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.**
2. 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.
3. The Register of Members and the Transfer Books of the Company will remain closed from Saturday July 17, 2010 to Monday July 26, 2010 (both days inclusive).
4. 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.
5. The members are requested to bring their copies of Annual Report to the Meeting.
6. The Equity Shares of the Company are listed on 'The Stock Exchange, Mumbai, Piroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
7. The Listing fees are paid up to date.

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: May 31, 2010

**Mahendrakumar Kapoor**  
Chairman

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4.**

Mr. Hemant Vakil was appointed as an Additional Director by the Board of Directors of the Company, with effect from May 10, 2010. In accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. Hemant Vakil will hold office as a Director upto the date of the ensuing Annual General Meeting. The Company has received a Notice in writing under Section 257 of the Act from a member proposing his candidature for the office of the Director.

Mr. Hemant Vakil is a Chartered Accountant and a Company Secretary with an experience of 35 years in Finance, Admin & Legal. Presently, he is an Advisor to the Chairman and the Board of Capricorn Group of UK engaged in hospitality and construction activities. Also managing two family owned companies engaged in finance and investment activities and associated with three philanthropic bodies as Trustee.

Your Directors are of the view that the Company would be immensely benefited by expert guidance of Mr. Hemant Vakil and therefore recommend for approval, the Resolution contained in Item No. 4 of the Notice convening the Annual General Meeting.

Except Mr. Hemant Vakil, none of the Directors of the Company are concerned and interested in Item No. 4 of the Notice.

**ITEM NO. 5.**

The Board of Directors, at its Meeting held on May 31, 2010 (based on the recommendation of the Remuneration Committee), re-appointed Mr. Arvind Kapoor as a Managing Director, subject to the approval of the Members for a period of three years effective from July 1, 2010 on the terms and conditions mentioned in the abstract dated June 4, 2010 as required under Section 302 of the Companies Act, 1956.

The proposed resolution is required to be passed as a Special Resolution as required under the Schedule XIII of the Companies Act, 1956 and as such, the Directors recommend your approval.

Your Directors are of the view that the Company would be immensely benefited by expert guidance of Mr. Arvind Kapoor and therefore recommend for approval, the Resolution contained in Item No. 5 of the Notice convening the Annual General Meeting.

Except Mr. Arvind Kapoor , Managing Director and Mr. Mahendrakumar Kapoor, Chairman, no other Director of the Company is concerned and/or interested in the above appointment.

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: May 31, 2010

**Mahendrakumar Kapoor**  
Chairman

**Additional information to be furnished pursuant to schedule XIII, part II, Section II, Point 1 (B) of the Companies Act, 1956****I. GENERAL INFORMATION:**

- (1) Nature of industry  
The company supplies industrial raw materials to resins and polymer industry.
- (2) Date or expected date of commencement of commercial production  
The company is operating into international trading activity.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.  
Not applicable

- (4) Financial performance based on given indicators

PARTICULARS	AS ON 31-03-2010	AS ON 31-03-2009
Sales and other income	13,82,70,415	8,74,29,137
Profit Before Tax	1,08,51,504	(68,18,682)
Profit After Tax	57,97,306	(69,48,717)
Earnings Per Share	0.49	(0.58)

- (5) Export performance and net foreign exchange collaborations.

During the last 3 years the export performance and net foreign exchange earnings is as under:

(In Rs. Lacs)

Year	Foreign Exchange Earnings	Foreign Exchange Outgo
2009-10	439.95	928.26
2008-09	268.00	752.06
2007-08	301.68	291.06

- (6) Foreign investments or collaborators, if any.

Not applicable

**II. INFORMATION ABOUT THE APPOINTEE:**

- (1) Background details

Mr. Arvind Kapoor is a Chemical Engineer from Indian Institute of Technology, IIT- Mumbai and has obtained Master Degree in Polymer Engineering from USA. He possesses about 30 years of experience in Industrial and General Management. He has been associated with the Company since its inception. He has wide experience in international trade and close contacts with customers in coating and rubber industry.

- (2) Past remuneration

Mr. Arvind Kapoor has been previously reappointed as Managing Director for a period of 3 years w.e.f. July 1, 2007. His appointment and remuneration has been recommended by remuneration committee and has been approved by way of special resolution in Annual General Meeting.

The remuneration paid to Mr. Arvind Kapoor during the last 3 years is as follows:

Year	Salary	Perquisites and allowances	Total
2009-10	14,64,000	14,57,210	29,21,210
2008-09	14,64,000	13,35,237	27,99,237
2007-08	13,68,000	16,34,487	30,02,487

- (3) Recognition or awards

Mr. Arvind Kapoor is a member of following associations/ organizations involved in promotion of trade and development of products related to rubber & polymer industry:

- a) Indian Rubber Institute.

He has also held chairmanship of following associations/ organizations in past:



- a) International Treaties Expert Committee, ICMA;
- b) Process Agents Task Force, UNEP, Montreal Protocol.

He has been awarded following awards/ recognition by the following associations/ organizations:

- a) Recognition from ICMA for contribution to ICMA activities.

Due to his expertise in technical as well as thorough understanding of markets, he is widely recognized in the resins and polymers industry.

(4) Job profile and his suitability

Company is currently involved in international trading activities. The incumbent to the post of Managing Director has to have a thorough understanding of international suppliers, customers, pricing, logistics etc. Mr. Arvind Kapoor has good contacts among suppliers from different countries as well as customers for their products. This makes him suitable for the position of Managing Director.

(5) Remuneration proposed

The remuneration proposed to be paid to Mr. Arvind Kapoor subject to the approval of shareholders is stated out in the resolution proposed to be passed and stated in the accompanying notice of the Annual General Meeting.

- (6) Comparative remuneration profile with respect to industry, size of the company,  
The remuneration commensurates with the practise in similar size companies.

(7) Profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

The job profile consists of identification of markets for products, locating customer, negotiating with suppliers and as well as maintaining the international standards of quality of products and delivery.

Mr. Arvind Kapoor being associated with the industry since almost 3 decades, has an understanding of the dynamics of the markets and as well as contacts within the industry which could be of immense help in discharging the job responsibilities of the position of Managing Director. Also since he possesses relevant technical background, he has the understanding of the product and the adherence for quality standards.

- (8) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Mr. Arvind Kapoor is one of the promoters of the Company and he and his family members are the shareholders in the Company. His father Mr. Mahendrakumar Kapoor is the non-executive chairman of the Company.

He has no relationship with any managerial personnel employed with the Company.

**III. OTHER INFORMATION:**

(1) Reasons of loss or inadequate profits

The production of the company has been suspended due to environmental reasons and the trading activities are at nascent stage.

These are the primary reasons for inadequate profits.

(2) Steps taken or proposed to be taken for improvement

In the short run, company proposes to increase number of items for trading activities. However, for the long term growth company is looking for various project proposals.

(3) Expected increase in productivity and profits in measurable terms

Company expects to improve its profitability; however, it is difficult to predict the improvement in measurable terms as trading profits largely depend on market dynamics.

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: May 31, 2010

**Mahendrakumar Kapoor**  
Chairman

**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.

Four Board Meetings were held during the financial year i.e., from April 1, 2009 to March 31, 2010, on the following dates – May 28, 2009, July 25, 2009, October 24, 2009 and January 28, 2010.

The Nineteenth Annual General Meeting was held on August 3, 2009.

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 and 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. Mahendrakumar Kapoor	Non-executive Promoter Director	3	No	2	4	3
2.	Mr. Arvind Kapoor	Executive Promoter Director	4	Yes	2	3	—
3.	Mr. Harkishanlal Ohri	Non-executive Independent Director	4	Yes	2	4	1
4.	Mr. Haren Jokhakar	Non-executive Independent Director	3	Yes	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.


**Details of the Directors Seeking Appointment/Reappointment at the Forthcoming Annual General Meeting (In pursuance Of Clause 49 of the Listing Agreement)**

1	Name of Director	Mr. Arvind Kapoor	Mr. Mahendrakumar Kapoor	Mr. Hemant Vakil
2	Date of Birth	20/01/1954	03/04/1924	06/06/1943
3	Date of Appointment	05/11/1990	05/11/1990	10/05/2010
4	Nature of expertise in specific functional areas	30 years of Industrial and Managerial experience. He has pioneered the technology for manufacture of Chlorinated Rubber	He has 60 years of experience of industrial and managerial experience.	He has an experience of 35 years in corporate matters.
5	Qualifications	M.S. Polymer Engg. ChE, USA and B.Tech., IIT – Mumbai	B.Sc. in Industrial Chemistry	BCOM, LL.B, A.C.A. , A.C.S.
6	Directorships held in other companies (excluding foreign companies)	<ol style="list-style-type: none"> <li>1. Puneet Resins Limited</li> <li>2. Rishiroop Polymers Private Limited</li> <li>3. Devi Organics Private Limited</li> <li>4. Rishiroop Investment &amp; Trading Company Private Limited</li> <li>5. Rubtrade.com (India) Private Limited</li> <li>6. Rishichem Distributors Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Puneet Resins Limited</li> <li>2. Rishiroop Polymers Pvt. Ltd.</li> <li>3. Rishiroop Investments &amp; Trading Co. Pvt. Ltd.</li> <li>4. Rubtrade.com (India) Pvt. Ltd.</li> <li>5. Devi Organics Pvt. Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Vision Consultancy Private Limited</li> <li>2. Surefeet Finance &amp; Investment Private Limited</li> </ol>
7	Committee position held in companies	<ol style="list-style-type: none"> <li>1. Audit Committee and Shareholders/Investor Grievance Committee-Member (Puneet Resins Ltd.)</li> <li>2. Audit Committee and Shareholders/Investors Grievance Committee-Member (Rishiroop Rubber (International) Limited)</li> </ol>	<ol style="list-style-type: none"> <li>1. Chairman Shareholder's/ Investor's Grievance Committee (in Puneet Resins Ltd.)</li> <li>2. Chairman- Shareholder's/Investor's Grievance Committee (in Rishiroop Rubber (I) Ltd.)</li> <li>3. Chairman- Remuneration Committee-(in Rishiroop Rubber (I) Ltd.)</li> </ol>	Nil
8	No. of shares held: (As on 31.03.2010) a) Own b) for other persons on a beneficial basis	1,83,800 —	88,200 —	Nil Nil



**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 contained in the Annual Report.

**III) COMMITTEES OF THE BOARD****a. Audit Committee**

The Members of the Committee are Mr. Harkishanlal Ohri (Chairman), Mr. Arvind Kapoor, Mr. Haren Jokhakar and Mr. Hemant Vakil.

The Committee held four meetings during the year 2009-2010, i.e., May 28, 2009, July 25, 2009, October 24, 2009 and January 28, 2010. 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:

Sr. No	Name of the Director Attended	Meetings (Rs.)	Sitting Fees paid attended	Date of the Meeting
1.	Mr. Harkishanlal Ohri (Chairman)	4	20,000/-	28th May 2009, 25th July 2009, 24th October 2009, 28th January 2010
2.	Mr. Mahendrakumar Kapoor	3	15,000/-	28th May 2009, 24th October 2009 28th January 2010
3.	Mr. Haren Jokhakar	3	15,000/-	28th May 2009, 25th July 2009, 28th January 2010

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.
- 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 Committees is as under: -

- |                             |          |
|-----------------------------|----------|
| 1) Mr. Mahendrakumar Kapoor | Chairman |
| 2) Mr. Harkishanlal Ohri    | Member   |
| 3) Mr. Haren Jokhakar       | Member   |
| 4) Mr. Hemant Vakil         | Member   |

No meeting of the remuneration Committee was held during the year 2009-2010.

#### 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 2009-2010

#### Remuneration to Executive Director

The remuneration paid to Mr. Arvind Kapoor, Managing Director of the Company during the year ended 31st March 2010 is as under:

Name	Salary	Perquisites and allowances	Total
Mr. Arvind Kapoor	Rs. 14,64,000/-	Rs. 14,57,210 /-	Rs. 29,21,210/-