

17th
ANNUAL REPORT
1996-97

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R.T. EXPORTS LTD.



R.T. EXPORTS LIMITED**17th Annual Report 1996-97****DIRECTORS**

RASHMI BHIMJYANI

Chairman & Managing Director

SANAT MEHTA

V. NARAYANAMURTHY - IDBI Nominee

T.N.V. AYYAR

MANISH PAREKH

CHANDRESH ZAVERI

DEEPAK POPAT

TULSI BHIMJYANI

AUDITORS

R. S. VIMADALAL ASSOCIATES

BANKERS

CANARA BANK

TIMES BANK LIMITED

REGISTERED OFFICE

508, Dalamal House, Jamnalal Bajaj Marg,
Nariman Point, Mumbai 400 021**REGISTRARS & TRANSFER AGENTS**

INTIME SHARE SERVICES PVT. LTD.

260-A, Shanti Industrial Estate, Sarojini Naidu Road,
Mulund (West), Mumbai 400 080.**CONTENTS**

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R.T. EXPORTS LIMITED**NOTICE**

NOTICE is hereby given that the 17th Annual General Meeting of R.T. Exports Limited will be held on Saturday, the 27th September, 1997 at 9:00 a.m. at Tarabai Hall, Shivprasad, 97, Marine Drive, Mumbai 400 002 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997, Profit and Loss Account for the year ended 31st March, 1997 and the Directors' Report and Auditors' Report thereon.
2. To declare a dividend.
3. To appoint as Whole-time Director, Chandresh Zaveri, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider, and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to Sections 198, 269 and 309 read with Schedule XIII, and applicable provisions of the Companies Act, 1956, approval of the shareholders be and is hereby accorded to the appointment of Chandresh Zaveri, as the Whole-time Director of the Company for a period of five years at the remuneration payable to him for holding the said office on such salary and other perquisites as set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the Managing Director be and is hereby authorised to alter and vary the terms and conditions of the appointment within the limits set out in the foregoing provisions in such manner as may be agreed between the Managing Director and Chandresh Zaveri.

RESOLVED FURTHER THAT in the event of loss or inadequate profits in any financial year during the term of service of Chandresh Zaveri as the Whole-time Director of the Company, Chandresh Zaveri shall in respect of such financial year, be paid such remuneration by way of salary, benefits and perquisites as the Board of Directors may deem fit, within the limits prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Managing Director of the Company be and is hereby authorised to execute all such documents and to do all such acts, deeds, matters and things as he may in his absolute discretion deem necessary expedient or proper".

6. To consider, and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :-

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such conditions and permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions and which may be agreed to or accepted by the Board of Directors of the Company, the consent of the Company be and it is hereby accorded to the Board of Directors to acquire/purchase any of its own shares on such terms and conditions and upto such limits as may be prescribed by law from time to time and that the Board of Directors be and it is hereby authorised to do all such acts, deeds, matters and things as may be necessary or proper to implement this resolution".

7. To consider, and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :-

"RESOLVED THAT the Articles of Association of the Company be and they are hereby altered by the addition of a new Article 93A after the existing Article 93 as follows :

Buy Back of Shares:

93A Notwithstanding anything contained in the preceding articles but subject to the provisions of the Act and all other applicable provisions of law, as may be in force at any time and from time to time, the Company may acquire, purchase, hold, resell any of its own fully/partly paid or redeemable shares and may make payment out of funds at its disposal for and in respect of such acquisition/purchase on such terms and conditions and at such times as the Board may in its discretion decide and deem fit".

8. To consider, and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :-

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company, the immovable properties of the Company presently situated at village Kundli, District Sonapat in the State of Haryana and/or conferring power to enter upon and take possession of the assets of the Company in certain events, to or in favour of the following namely :

- 1) Industrial Development Bank of India (IDBI)
- 2) Canara Bank

to secure

- a) Rupee term loan not exceeding Rs. 730 lakhs (Rupees seven hundred and thirty lakhs only); and
- b) Foreign currency term loan not exceeding Rs.222 lakhs (Rupees two hundred and twenty two lakhs only) lent and advanced/agreed to be lent and advanced by IDBI to the Company;
- c) Rupee and foreign currency working capital loans in the aggregate not exceeding Rs. 3000 lakhs (Rupees three thousand lakhs only) lent and advanced/agreed to be lent and advanced by Canara Bank to the Company. Together with interest thereon at the respective and agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, guarantee commission, costs, charges, expenses and other monies including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange of foreign currencies involved payable by the Company respectively under the respective heads of agreements/memorandum of terms and conditions entered into by the Company in respect of the said loans.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary for giving effect to the above resolution”.

For and on behalf of the Board of Directors
For R.T. EXPORTS LTD

Rashmi Bhimjani
Chairman & Managing Director

Mumbai
19th August, 1997

Registered Office :
508, Dalamal House,
Jamnalal Bajaj Road,
Nariman Point,
Mumbai 400021

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out as required by Section 173 of the Companies Act, 1956 the material facts relating to item Nos. 5 to 8 mentioned in the accompanying Notice dated August 19th, 1997.

Item No. 5

The Board of Directors in their meeting held on 19th August, 1997 have appointed Chandresh Zaveri as a Whole-time Director. In the said meeting, the Board of Directors have resolved that the terms and conditions regarding remuneration and other perquisites payable to Chandresh Zaveri shall be subject to the ceiling laid down in the Sections 198 and 309 of the Companies Act, 1956, and shall not exceed the limits laid down under Schedule XIII of the Companies Act, 1956, subject to the approval of the shareholders in the ensuing Annual General Meeting.

I. Salary :

Grade Rs. 15,000 - Rs. 30,000 per month. Within this the Managing Director shall grant such salary as he deems fit.

II. Medical Reimbursement :

Medical expenses including hospitalization and premium for medical insurance incurred by individual for self and family, subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

III. Leave Travel Allowance :

Leave Travel Allowance for self and family once in year to visit any place in India, limited to Rs.30,000/- or such other amount as may be approved by the Managing Director from time to time.

IV. Contribution to Provident Fund & Superannuation Fund :

Contribution to the Provident Fund and the Superannuation Fund (and/or annuity fund) shall be as prescribed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Income-tax Act, 1961. The expenditure on these will not be considered or included for computation of ceiling on perquisites to the extent that these, either singly or put together, are not taxable under the Income-tax Act.

V. Gratuity :

Gratuity payable shall not exceed one half month's salary for each completed year of service as a Director.

VI. Leave :

Leave on full pay and allowance as per the rules of the Company but not more than one month's leave for every 11 months' service. Encashment of leave is permissible at the end of tenure and will not be included in the computation of ceiling on perquisites.

VII. Entertainment Expenses :

Entertainment expenses actually and properly incurred by the incumbent in the course of legitimate business of the Company shall be reimbursed to him and such reimbursement will not be included in the computation of aforesaid perquisite value.

R.T. EXPORTS LIMITED

The shareholders' approval is solicited for the above Resolution in Item No. 5 of the accompanying notice. Except Chandresh Zaveri, no other Director is concerned or interested in this resolution.

The resolution set out in the accompanying notice together with the Explanatory Statement is and should be treated as an abstract of the terms of contract between the Company and Chandresh Zaveri, the above mentioned Whole-time Director under Section 302 of the Companies Act, 1956, and the same is hereby circulated to the members accordingly.

Item Nos. 6 & 7

At present a company having a share capital cannot purchase its own shares unless such purchase is authorised by the Articles of Association and is also approved by the Members of the Company by means of a Special Resolution and such Special Resolution is confirmed by the Court. Further Section 77 of the Companies Act, 1956 restricts the purchase of its own shares by a company unless the same is done with a view to reduce its capital in pursuance of Sections 100 to 104 or Section 402 of the Companies Act, 1956. The Companies Act, 1956 is likely to be amended and it is anticipated that the amended Act may provide for buy-back of its own shares by a Company subject to certain stipulations. The Directors, therefore, feel that it would be desirable to have enabling power in favour of the Board from the Members of the Company to buy-back Company's share as may be permitted under the amended Companies Act. Special Resolution as set out under item No. 6 is intended for this purpose.

Article 10 of the existing Articles of Association of the Company permits the Company to reduce its capital subject to the provisions of Sections 78, 80 and 100 to 105 of the Companies Act, 1956. Article 4 of the said Articles of Association prohibits the Company from applying any of its funds for the purchase of any of its own shares by the Company.

In anticipation of the amendment to the Companies Act, it is proposed to insert a new Article 93A after the existing Article 93 as mentioned in the Special Resolution at Item No. 7 to provide for purchase of any of its own shares by the Company.

The Directors recommend the Special Resolution for your approval.

None of the Directors are interested in these Resolutions.

Item No. 8

The Company had approached Industrial Development Bank of India for financial assistance in the form of loans in connection with the rice mill project at Kundli, District Sonapat in the State of Haryana. The financial assistance from the above institution has been secured by first mortgage. Similarly, second charge on this property has been required to be created in favour of Canara Bank for working capital borrowings. Section 293(i)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable properties as aforesaid in favour of the financial institution/bank may be regarded as disposal of the Company's properties/undertaking, it is necessary for the members to pass a resolution under Section 293(i)(a) of the Companies Act, 1956.

None of the Directors is interested in the resolution except V. Narayanamurthy who is a director, nominated by IDBI.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 11th September 1997 to 20th September 1997 (both days inclusive).
4. Members are requested to intimate immediately any change in their address to our Registrar & Transfer Agents, Intime Share Services Pvt. Ltd., 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080.
5. Members are requested to bring their copies of the Annual Report to the Meeting.
6. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is attached herewith.

For and on behalf of the Board of Directors
For **R.T. EXPORTS LTD.**

Mumbai
19th August, 1997

Registered Office :
508, Dalamal House,
Jamnalal Bajaj Road,
Nariman Point,
Mumbai 400021

Rashmi Bhimjyani
Chairman & Managing Director

17th Annual Report 1996-97

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 17th Annual Report together with the audited accounts for the year ended 31st March 1997.

1. FINANCIAL RESULTS

| | Current year (in lacs) | | Previous year (in lacs) | |
|--|---------------------------|---------------|----------------------------|---------------|
| | Rs. | Rs. | Rs. | Rs. |
| Profit before depreciation and interest | | 628.07 | | 453.65 |
| Less : Depreciation | 87.77 | | 21.86 | |
| Interest | 438.96 | | 228.79 | |
| | | <u>526.73</u> | | <u>250.65</u> |
| Profit before tax | | 101.34 | | 203.00 |
| Less : Provision for tax | | 13.07 | | — |
| Profit after tax | | 88.27 | | 203.00 |
| Add : Excess provisions of earlier years' written back | | 1.62 | | 2.97 |
| Income-tax refund | | 14.76 | | — |
| Transferred from export profit reserve | | 42.36 | | — |
| Balance brought forward from previous year | | 528.80 | | 400.63 |
| Balance available for appropriation | | <u>675.81</u> | | <u>606.60</u> |
| Appropriations : | | | | |
| Proposed dividend | | 30.09 | | 61.80 |
| Corporate dividend tax | | 3.01 | | — |
| Transfer to general reserve | | 45.00 | | 16.00 |
| Balance carried forward | | <u>597.71</u> | | <u>528.80</u> |
| | | <u>675.81</u> | | <u>606.60</u> |

2. DIVIDEND

Your Directors are happy to recommend a dividend of 10% on the equity share capital, amounting to Rs. 30.09 lacs (previous year 20% amounting to Rs. 60.18 lacs).

3. OPERATIONS

During the year under review your Company has exported 34,690 MT of rice and earned foreign exchange worth Rs.5,704.98 lakhs. Till last year your Company was predominantly involved in exports of parboiled rice, however, during the year 1996-97 your Company has also made significant inroads into the domestic market as well as the export market for raw rice. Production at the new Kundli mill has been stabilised and the cleaning plant capacity has been increased significantly to 16,000 MT. The production capacity of the Bundi plant has been increased to 5,300 MT from 4,800 MT in the previous year.

4. FUTURE PROSPECTS

The year under review has been a year of consolidation and stabilisation. On the strength of the efforts made during this time, your Company is set to enter the North American and West European markets where superior quality of your Company's products being marketed in small consumer packs, are expected to result in greater value addition. On account of the increased production and cleaning capacities, your Company will limit the custom milling done outside which will result in reducing costs in a major way.

R.T. EXPORTS LIMITED**5. STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT**

Promises v. Performance :

The actual performance and the projections as per the Public Issue Prospectus dated 18th March, 1994 are as under :

| Particulars | (Amount Rs. in lacs) | |
|--------------------------|----------------------|---------|
| | Projected | Actual |
| Sales | 2240.00 | 7604.95 |
| Profit before tax | 333.00 | 101.34 |
| Tax | — | 13.07 |
| Profit after tax | 333.00 | 88.27 |
| Earnings per share (Rs.) | 11.10 | 2.93 |

6. FIXED DEPOSITS

During the year the Company has not accepted any fixed deposits from the public.

7. DIRECTORS

Chandresh Zaveri retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

8. AUDITORS

R.S.Vimadlal Associates, Chartered Accountants, Mumbai will retire at the forthcoming Annual General Meeting and offer themselves for re-appointment and if re-appointed the same will be within the prescribed limits specified in Section 224 (1B) of the Companies Act, 1956. Members are requested to appoint auditors and to fix their remuneration.

9. PARTICULARS UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956**I. A. Conservation of energy :**

The requirement for disclosure of particulars with respect to conservation of energy is not applicable to the rice industry.

B. Research and development :

1. Specific areas in which research and development efforts have been put in by the Company are :

- Up dating the laboratories and analysis procedure.
- Modified cleaning techniques.
- Receiving and improving raw material - paddy and rice.
- Mechanising the product handling.

2. Benefits derived as a result of the above research and development :

- Improvement in quality of rice.
- Improved handling system for raw materials and final product.
- More efficient use of power / manpower.
- Setting up better quality for various variety of rice.

3. Future plans for action :

- Improvement and set up - brand quality for parboiled/raw rice.
- Reduction in rejection and broken rice.

4. Expenditure on research and development :

| | |
|---|-------------|
| Capital | Rs. 136,000 |
| Recurring | Rs. 33,340 |
| Total | Rs. 169,340 |
| Total R & D expenditure of total turnover | 0.02% |

II. (a) Technology absorption, adoption and innovation :

For enhancing the capacity and bringing down the production cost, sophisticated milling and cleaning plants with state-of-the-art technology have been imported and put in production.