

12<sup>th</sup>  
Annual Report  
2002-2003

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**RATTAN VANASPATI LIMITED**

**RATTAN VANASPATI LIMITED****BOARD OF DIRECTORS**

Shri S.K. Mittal	Chairman (Nominee - PICUP)
Shri P.B. Jain	Managing Director
Shri Suresh Kumar Jain	Whole Time Director
Shri R.B. Jain	Director
Shri R.K. Gupta	Director (Nominee - PICUP)
Shri H.S. Chhabra	Director
Shri Sidharath Chhabra	Director
Shri Virendra Talwar	Director

**SECRETARIAL ADVISORS**

**B.S. GOYAL & CO.**  
Company Secretaries  
A-146, Pocket-A, Mayur Vihar, Phase-II  
Delhi - 110 091

**AUDITORS**

**R.N. BAHL & COMPANY**  
Chartered Accountants  
1003, 10th Floor, Kailash Building,  
K.G. Marg, New Delhi - 110 001

**BANKERS**

**State Bank of Patiala**  
31, Regal Building,  
Connaught Place, New Delhi.

**Oriental Bank of Commerce**  
E - Block, Harsh Bhawan  
Connaught Place, New Delhi.

**REGISTERED OFFICE**

B - 26, Sector - 9, Noida (U.P.)  
Ph : 2524880

**WORKS**

A-8, UPSIDC Industrial Area  
Gajraula, Distt. Amroha (U.P.)

**SHARE TRANSFER AGENT  
& DEPOSITARY REGISTRAR**

**MCS Limited**  
Shri Vankatesh Bhawan  
G1-40, Okhla Industrial Area, Phase-II,  
New Delhi - 110 020  
Tel. No. : 011-26384909.

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**RATTAN VANASPATI LIMITED****NOTICE**

Notice is hereby given that the 12th Annual General Meeting of the company which was held on 31st December, 2003 at 11 A.M. at C-46, Sector-58, Noida (U.P.) and adjourned sine die, will be held on Friday, 30th January, 2004 at 11 A.M. at the same place.

Place : Noida  
Date : 31st Dec., 03

By Order of the Board  
For RATTAN VANASPATI LTD.  
(P. B. JAIN)  
Managing Director

**NOTE(S)**

The 12th Annual General Meeting was held on 31st Dec., 03 to transact business as per Notice dated 5.12.03. Since the Audited Annual Accounts for the year ended 31.3.03 were not ready, the same could not be considered and approved in the said AGM. The shareholders transacted all other business given in the Notice and adjourned the AGM sine die for consideration and approval of Annual Accounts. The Audited Annual accounts, with all annexures, are being circulated/despached alongwith this Notice.

**DIRECTORS REPORT**

To,  
The Shareholders,

Your Directors have pleasure in presenting the 12th Annual Report together with the Audited Accounts for the year ended on 31st March 2003.

**FINANCIAL HIGHLIGHTS** (Rs. In lacs)

	As on 31.03.2003	As on 31.3.2002
Operating & Other Income	6368.96	4051.78
Profit before Interest & Depreciation	45.01	(22.51)
Loss before Depreciation & Tax	325.25	334.91
Less : Depreciation	90.53	58.17
Loss : before Taxation	415.78	393.08
Loss : Provision for Taxation	Nil	Nil
Net Loss	415.78	393.08
Add Balance from Previous Year	2011.07	1617.99
Loss carried to Balance Sheet	2426.85	2011.07

Due to non-availability of Profits, the Directors express their inability to recommend any dividend.

**OPERATIONS**

During the year under review, the company had achieved the turnover of Rs.63.68 crores as compared to Rs. 40.51 crores in the previous year. The total production of Vanaspati was 15316 MT in the current year as against 11908 MT in the previous year. With the improvement in production and sales, there was little improvement in gross contribution. The demand of vanaspati remained stagnant, and vanaspati industry is continuously facing poor utilization of capacity. The steep increase in price of imported crude palm oil due to increase in import duty was not fully absorbed by the market.

**PROSPECTS**

The vanaspati industry passed through acute recession in the year under review. The market did not fully absorb increase in price of imported crude palm oil due to increase in import duty and margin were further squeezed. The entire industry faced very tough time and to keep the factory running, units resorted to sell vanaspati even at variable cost of production, without adequate contribution to meet fixed overheads.

Your company remained fully dependent on production of Dalda for Hindustan Lever Ltd. in absence of working capital funds. The offtake by Hindustan Lever Ltd. was lower in the year under review as compared to previous year. The sales of Dalda Activ also could not pick-up due to poor response from market. The last jolt was the decision of Hindustan Lever to exit from Vanaspati business and sale of Dalda Brand to some Foreign company.

As a consequence, there was poor offtake of Dalda since Jan., 03 with complete stoppage from June, 2003 and factory remained almost closed during June and July, 03. With great efforts, your management was successful in making tie up with M/S Ruchi Soya Group to produce their Brands and entered into Agreement with them for a period August, 03 to March, 04, which will be reviewed by both the parties on expiry.

**REFERENCE WITH BIFR**

The company had been declared sick company under the provisions of SICA vide order of BIFR dated 20th April, 01. AAIFR vide its order dated 29.10.01, set aside the order of BIFR and dismissed the Reference. The company filed Writ on 6.8.02

against order of AAIFR in Delhi High Court which is pending. The company also made Reference with BIFR on 4.1.02 on the basis of annual accounts for the year ended 31.3.01, but BIFR dismissed this Reference being time barred. Company filed Appeal with AAIFR against order of BIFR which is pending. Company again filed third Reference with BIFR on the basis of annual accounts for the year ended 31.3.02 which was also dismissed by BIFR being time barred. Company's Appeal against this order of BIFR is also pending with AAIFR.

**FIXED DEPOSITS**

The company has not accepted any fixed deposits within the meaning of section 58A of the Companies Act, 1956 and the rules made thereunder during the year under review.

**DIRECTORS**

Sh. Virender Talwar and Sh. S.K. Jain, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

The Audit Committee has since been reconstituted and now comprised of four Directors as its members i.e. Sh. P.B. Jain, Sh. R.K. Gupta, Sh. R.B. Jain and Sh. Virender Talwar.

**AUDITORS**

M/s. R.N. Bahl & Co., Auditors of the company retire and are eligible for re-appointment. The company has received certificate from the auditors to the effect that their re-appointment, if made, would be in accordance with section 224 (1B) of the Companies Act, 1956. The observations contained in the Auditors Report are self explanatory read with Notes on accounts, and therefor no separate comments are called for.

**PARTICULARS OF EMPLOYEES**

Particulars of employees pursuant to section 217 (2A) of the Companies Act, 1956 read with companies (Particulars of employees) Rules, 1975, are nil.

**CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.**

The information in accordance with the provisions of Section 217 (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Directors) Rules, 1998 is given in Addendum to this report.

**LISTING OF SHARES WITH STOCK EXCHANGES**

The Equity shares of the company are listed on Ahmedabad, Delhi, Kanpur and Mumbai Stock Exchanges. Due to tight liquidity position of the company, the listing fee of Ahmedabad and Mumbai stock exchanges not paid since 1997-98 and for Delhi and Kanpur not paid since 1996-97. Report on Corporate Governance in Compliance with Clause 49 of the Listing Agreement is given as Annexure with certificate from practicing Company Secretary.

**RESPONSIBILITY STATEMENT**

As required under section 217(2AA) of the Companies act, 1956, your Directors confirm that in the preparation of the annual accounts:-

- The applicable accounting standards have been followed along with proper explanation relating to material departures;
- Such accounting policies have been selected and applied consistently and reasonable and prudent judgements and estimates made, 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 the profit/loss of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

**ACKNOWLEDGMENT**

The Directors place on record their deep appreciation for the cooperation and support extended by The Pradeshia Industrial & Investment Corp. of U.P. Ltd. (PICUP), IFCI Ltd., Bankers, Hindustan Lever Ltd., and Ruchi Soya Group. The Directors also wish to place on record their deep appreciation for dedicated services and contribution provided by employees of the Company. The C&F Agents and Distributors are also to be thanked for their continuous support provided by them to the Management.

For and on Behalf of the Board

Place : Noida  
Dated : 20.12.2003

R. B. JAIN  
Director  
P. B. JAIN  
Managing Director

**ADDENDUM TO DIRECTOR'S REPORT**

(In Compliance to Section 217(1) of the Companies Act, 1956)

**A. CONSERVATION OF ENERGY****a. Energy Conservation measures taken :**

- Soft Water used in boiler for steam production.
- Steam condensation recovery unit installed to reduce steam consumption.
- Heat recovery system provided in boiler.

**b. Additional Investment Proposals if any for reduction of Consumption of Energy : NIL**

**RATTAN VANASPATI LIMITED**

c. Total Energy consumption and energy consumption per unit of production (as per Form A of the Annexure in respect of industries specified in the schedule thereto) : Please refer form A.			Total/Amount (Rs./lacs)	88.70	111.03
			Average Rate / Unit (Rs.)	4.98	5.07
B. TECHNOLOGY ABSORPTION : N.A.			(b) Own Generation		
			(i) Through Diesel Generator Unit/lacs	5.49	6.89
			Unit per ltr. of diesel oil	3.31	3.25
			Average rate/ Unit (Rs.)	5.27	4.98
C. FOREIGN EXCHANGE EARNINGS & OUT GO			2. Husk		
	Current Year	Previous Year	Quantity (MT)	5251	5756
1) Foreign Exchange Earning	NIL	NIL	Total Cost (Rs./lacs)	77.22	71.54
2.) Foreign Exchange Outgo (Rs. In lacs)	3557.38	2418.91	Average Rate per MT (Rs.)	1470.62	1242.87
ANNEXURE FORM - A			B. CONSUMPTION PER UNIT OF PRODUCTION		
A. POWER & FUEL CONSUMPTION	Current Year	Previous year	Electricity Consumed units/MT	152	242
1. Electricity			Husk Consumed Kg/MT	343	483
(a) Purchase Units (lacs)	17.84	21.88			

Annexure to Director's Report

**CORPORATE GOVERNANCE REPORT****COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

At Rattan Vanaspati Limited, Corporate Governance is an integral part of the Company's values, ethics, business practices and norms. Towards this, the Company consistently evaluates and defines its management practices aimed at enhancing

its commitment and delivery of the basic tenets of the Corporate Governance.

**BOARD OF DIRECTORS**

Composition of Board of Directors and other details as on 31st March, 2003 is as under:

Name of the Directors	Executive/ independent	No. of Meetings Attended (+)	Attendance at AGM 30.09.2002	No. of outside Directorship(s) Held (*)	No. of Member /chairmanship in other Board Committee
Mr. P. B. Jain	Executive	4	Present	nil	nil
Mr. R. B. Jain	Non-Executive	5	Present	nil	nil
Mr. S. K. Jain	Executive	5	Present	nil	nil
Mr. S. K. Mittal	Independent	4	Not Present	1	1
Mr. R. K. Gupta	Independent	4	Not Present	N.A	
Mr. Virendra Talwar	Independent	4	Present	1	1
Mr. H. S. Chhabra	Non-Executive		Not Present	nil	nil
Mr. Sidharath Chhabra	Non-Executive		Not Present	nil	nil
Mr. S. C. Singhal	Independent	1	Not Present	nil	

(+) Attendance at Board Meetings relevant to the period when Continued as Director of the Company

(\*) Directorship in companies registered under the Companies Act, 1956, excluding Directorships in Private Limited Companies, Companies under section 25 of the Companies Act, 1956.

Board Meetings held during the year 30th April 2002, 31st July 2002, 5th Sept 2002, 30th October 2002 and 28th January, 2003

**AUDIT COMMITTEE**

The Company has an Audit Committee in place since 2001 comprising 4 Members including one executive, one non-executive and two Independent Directors. During the year Sh. S. C. Singhal member of the committee resigned from the Directorship of the company on 5.09.2002. The Audit Committee was re constituted on 30.10.2002, where Sh. R. B. Jain was appointed in place of Sh. S. C. Singhal as the member of the committee. The Chairman of the Committee is Mr. Virendra Talwar with Mr. R. K. Gupta, Mr. R. B. Jain, Directors and Mr. P. B. Jain, Managing Director as Members.

**BRIEF DESCRIPTIONS OF THE TERMS OF REFERENCE**

The functioning and terms of reference of the Audit Committee are as prescribed under Section 292A of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges including their role, powers and duties, quorum of Meeting and frequency of Meetings. The Committee is responsible for effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and ensuing compliance with established policies and procedures. Audit Committee also determines adequacy of internal control and ensures its effectiveness. It identifies, defines, categorises all the risks that the Company faces. The internal control system is comprehensively reviewed, evaluated and updated on regular basis. Instead of three two Meetings, of Audit Committee was held during the year:

Director	No. of Meetings held	No. of Meetings attended
Mr. Virendra Talwar	2	2
Mr. R. K. Gupta	2	2
Mr. P. B. Jain	2	2

**SHARE TRANSFER COMMITTEE & SHAREHOLDER'S/INVESTOR GRIEVANCE COMMITTEE:**

This Committee was reconstituted in oct.,02 now comprising of Mr. P. B. Jain,

Managing Director, Mr. S. K. Jain, Executive Director and Sh. Virendra Talwar, director of the company.

The committee meets once in 4 weeks generally instead of fortnightly as the share were dematerialised and physical transfers are very few. The share transfers are registered and communication sent to the transferees through Depository Participants within 30 days as required under SEBI guidelines. Share Transfer Agent has discontinued transfer of share since Jan., 03 due to delay in payment of their dues. Of late company has cleared their dues and work resumed.

**BRIEF DESCRIPTION OF THE TERMS OF REFERENCE:**

The functioning and terms of reference of the Committee is as prescribed under and in due compliance with the Listing Agreement with the Stock Exchanges with particular reference to transfer, dematerialisation, complaints of shareholders etc.

**REMUNERATION COMMITTEE**

At present, the Company is paying remuneration to Mr. P. B. Jain, Managing Director and Mr. S. K. Jain, Executive Director of the Company. The Company is not paying any sitting fee to these Directors for attending the Board Meetings. Remuneration Committee of the Board was formed on 20.12.2003 and no meeting of the committee was held during the year.

**ANNUAL GENERAL MEETING:**

Location and time of the last three Annual General Meeting(s):

Year	Date	Venue	Time
2000	30.09.2000	Community Center, Sector-19, Noida, Distt. Gautam Budha Nagar, U. P.	9.30 A. M.
2001	29.09.2001	Community Center, Sector-19, Noida, Distt. Gautam Budha Nagar, U. P.	9.30 A. M.
2002	30.09.2002	Community Center, Sector-19, Noida, Distt. Gautam Budha Nagar, U. P.	10.30 A. M.

No Postal Ballot resolution(s) were passed.

**DISCLOSURE:**

During the year under review, the company had no materially significant related