

**21<sup>st</sup>**  
*Annual Report*  
**2002- 2003**

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**RITESH INTERNATIONAL LIMITED**


**RITESH**
**INTERNATIONAL LIMITED**

**Board of Directors** :

Pran Arora	Chairman
Rajiv Arora	Managing Director
R. D. Ahluwalia	Director
B. B. Jindal	Director
S. P. Kathuria	Director
D. S. Dhaliwal	Director (Nominee of Punjab)

**Banker** : Punjab National Bank,  
G.T. Road, Ludhiana.

**Auditors** : M/s. Bhushan Aggarwal & Co.  
Chartered Accountants  
Ludhiana-141004.

**Works** : Village Akbarpura,  
Ahmedgarh,  
Distt. Sangrur (Punjab)

**Regd. Office** : 356, Industrial Area, 'A'  
Ludhiana - 141003.

**Share Department** : 111, Tribhuvandas Complex,  
Ishwar Nagar,  
New Delhi-110065

<b>CONTENTS</b>	
NOTICE	2 - 3
DIRECTORS' REPORT	4 - 6
MANAGEMENT DISCUSSION AND ANALYSIS	7
CORPORATE GOVERNANCE REPORT	8 - 11
AUDITORS' REPORT	12 - 13
BALANCE SHEET	14
PROFIT & LOSS ACCOUNT	15
ANNEXURE TO THE ACCOUNTS	16 - 26
CASH FLOW STATEMENT	27
BALANCE SHEET ABSTRACT	28


**RITESH**  
**INTERNATIONAL LIMITED**

## NOTICE

Notice is hereby given that the 21st Annual General Meeting of the company will be held on Saturday, 27th September, 2003 at C/o Ritesh Industries Ltd., Focal Point, Phase VIII, Chandigarh Road, Ludhiana-141010 at 11.00 a.m. to transact the following business as:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and Profit and Loss Account for the period ended on that date and report of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Pran Arora who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and to fix their remuneration.

### SPECIAL BUSINESS

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

"RESOLVED that, in accordance with the applicable provisions of Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, or any amendment or modification thereof and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company, consent be and is hereby accorded to delist the Equity Shares of the Company from Ludhiana Stock Exchange, Calcutta Stock Exchange and Delhi Stock Exchange.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to the aforesaid resolution."

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

"RESOLVED that, Mr. S. P. Kathuria, who was appointed as an Additional Director by the Board of Directors on 31st July, 2003, and a notice under Section 257 of Companies

Act, 1956 of whose candidature for appointment as a director liable to retire by rotation has been received by the Company, be and is hereby appointed as a director liable to retire by rotation."

By order of the Board  
For Ritesh International Ltd.

Sd/-  
Rajiv Arora  
Managing Director

Place : Ludhiana  
Dated : 25.08.2003

### NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the meeting. A blank copy of the proxy form is enclosed herewith.
2. The register of members and the share transfer book of the company will remain closed from 25th September 2003 to 27th September 2003 (both days inclusive).
3. Any member of the Company on demand shall be entitled to be furnished free of cost, a copy of the Balance Sheet of the Company and of every document required by the law to be annexed thereto including the Profit & Loss Account and the Auditor's Report. Copies of these documents will also be kept open for inspection for 21 days before the date of the meeting.
4. Members are requested to bring their copies of Annual Reports alongwith them as copies of the report will not be distributed at the meeting.
5. Members/proxies are requested to bring their attendance slips sent herewith duly filled in for attending the meeting.
6. Any queries regarding the Annual Accounts or otherwise must be sent to the Registered Office of the Company atleast 10 days before the date of meeting.

By order of the Board  
For Ritesh International Ltd.

Sd/-  
Rajiv Arora  
Managing Director

Place : Ludhiana  
Dated : 25.08.2003



## **EXPLANATORY NOTE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

### **DELISTING OF EQUITY**

The Equity Shares of the Company are listed at the Stock Exchanges at Calcutta, Delhi, Ludhiana and Bombay. Since a fairly long period, the trading in Company's Equity Shares has been negligible and almost nil at Calcutta, Delhi and Ludhiana Stock Exchanges. Keeping in view the extension of BOLT SYSTEM by Mumbai Stock Exchange facilitating trading at various places in India, negligible trading volumes at Calcutta, Delhi and Ludhiana Stock Exchanges and in order to reduce the Listing cost, the Board of Directors had decided to get the Equity Shares delisted from Calcutta, Delhi and Ludhiana Stock Exchanges. Necessary resolution has been included in

the notice convening the Annual General Meeting for your approval.

### **APPOINTMENT OF DIRECTOR**

Mr. S. P. Kathuria, who was appointed as an additional Director on 31st July 2003 shall hold office of Director only upto ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, signifying his candidature for the office of Director who shall be liable to retire by rotation. Therefore necessary resolution has been included in the notice convening the Annual General Meeting for your approval.

### **Additional Information on Directors Seeking Appointment/Re-appointment at the Annual General Meeting**

Pursuant to Clause 49 of the Listing Agreement on Corporate Governance, the Company furnishes information regarding the Directors being appointed/ re-appointed at the ensuing Annual General Meeting :

- |  |   |
|--|---|
| <p>a) Mr. Pran Arora, aged about 66 years has been a Director of the Company since February 1987. He is a Commerce Graduate and has over 40 years of experience in various industrial sectors.</p> | <p>b) Mr. S. P. Kathuria, aged about 39 years is Director of the Company. He is a Chartered Accountant and has acquired expertise in the areas of Finance and Accounts.</p> |
|--|---|

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## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty First Annual Report together with the Audited Accounts of the Company for the period ended 31st March, 2003.

### FINANCIAL RESULTS

	2002-2003 (Rs.)	2001-2002 (Rs.)
Operating Income	2723.75	2323.96
Profit/(Loss) before Depreciation	(264.12)	(126.82)
Less : Depreciation	56.71	52.46
Profit/(Loss) for the year before Tax	(320.83)	(179.28)
Provision for Tax	-	-
Profit/(Loss) after Tax	(320.83)	(179.28)

### OPERATIONS:

During the year under review your Company's total income was Rs. 2600.06 Lacs. The Company has incurred total loss of Rs. 320.83 Lacs.

### DIRECTORS:

Mr. Pran Arora, Director of the Company retires by rotation and being eligible, offers himself for reappointment. Mr. S.P. Kathuria was appointed as an additional director on 31st July 2003 and now the company has received a notice under Section 257 of companies Act, 1956 signifying his candidature for appointment as a director who shall be liable to retire by rotation.

### DIVIDEND:

In the absence of adequate profits during the year under review, your Directors do not recommend any dividend to the shareholders.

### PUBLIC DEPOSITS:

The Company has not accepted any deposits during the year under review.

### AUDITORS:

The auditors, M/s Bhushan Aggarwal & Co., Ludhiana, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for reappointment. They have furnished a certificate to the effect that the re-appointment if made shall be in accordance with Section 224(1B) of the Companies Act, 1956.

### AUDITORS' QUALIFICATIONS AND REMARKS:

- The Company was not charging Depreciation on revalued amount of Building. From the Current Year onwards, it has started providing the same.
- The Excise Department seized the records of the Company during the Year 2002-2003, however Previous Year figures were available in the computer and Auditors have compiled Previous Year figures from the Computer record.

- Previously the Insurance Claims were being provided on Receipt Basis. From the year 2002-2003, the Company has changed the practice and started providing the same on Accrual Basis.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that in preparation of annual accounts:

- The applicable accounting standards have been followed and wherever required, proper explanations relating to material departures have been given.
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or 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 the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Accounts have been prepared on going concern basis.

### COMPOSITION OF AUDIT COMMITTEE:

Directors formed a Committee comprising the following Directors:

- Mr. B. B. Jindal
- Mr. R. D. Ahluwalia
- Mr. S. P. Kathuria

### DELISTING OF EQUITY:

The Equity Shares of the Company are listed at Ludhiana (Regional Stock Exchange), Mumbai, Delhi and Calcutta Stock Exchanges. Since a fairly long period, the trading in Company's Equity Shares has been negligible and almost nil at Delhi, Calcutta and Ludhiana Stock Exchanges. Keeping in view the extension of BOLT system by Mumbai Stock Exchange facilitating trading at various places in India, negligible trading volumes at Delhi, Calcutta and Ludhiana and in order to reduce the Listing cost, the Board of Directors have decided to get the Equity Shares delisted from Delhi, Ludhiana and Calcutta Exchanges. Necessary resolution has been included in the notice convening the Annual General Meeting for your approval.

### PAYMENT OF LISTING FEE:

Listing fee of Delhi Stock Exchange, Ludhiana Stock Exchange and Calcutta Stock Exchange is payable, which shall be paid before moving the application of delisting of shares from these Stock Exchanges.


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**CHANGE OF ADMINISTRATION OFFICE:**

The company has changed its Administration Office to the following address :

111, Tribhuvandas Complex,  
Ishwar Nagar, New Delhi-110065.

Any future correspondence by any Authority/Shareholders may please be addressed to the above address.

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

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure forming part of this Report.

**PERSONNEL:**

The Management-Employees relations remained very cordial throughout the year. Your Directors wish to place on record

their appreciation of sincere and devoted services rendered by all the workers and staff at all levels.

**PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANIES ACT, 1956 :**

There was no employee who falls under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees)(Amendment) Rules, 2002.

**ACKNOWLEDGEMENT:**

Your Directors acknowledge with gratitude, the continuing co-operation and assistance rendered by Financial Institutions, Banks, Government Agencies, Suppliers and other organizations in the working of the Company.

For & on behalf of the Board

Sd/-  
(Pran Arora)  
Chairman

Place : Ludhiana  
Dated : 25.08.2003

**INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2003.**
**I. CONSERVATION OF ENERGY**

- |   |       |
|---|-------|
| a) Energy Conservation measures taken   | N. A. |
| b) Additional investment and proposal, if any being implemented for reduction of conservation of energy   | N. A. |
| c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.                | N. A. |
| d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION AS PER FORM-A OF THE ANNEXURE TO THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE THERETO: |       |

**A. POWER AND FUEL CONSUMPTION**
**2002-2003**
**2001-2002**
**1. ELECTRICITY**
**a) Purchased**

Units (in Lacs)	17.75	17.34
Total Amount (Rs. in Lacs)	70.19	52.20
Rate/Unit (Rs.)	3.95	3.01

**b) Own Generation**
**i) Through Diesel Generator**

Units (in Lacs)	1.24	7.75
Units per litre of diesel oil	18.49	17.26
Cost/Unit (Rs.)	4.62	5.75

**ii) Through Steam Turbine Generator**

Units	-	-
Units per litre of fuel/oil/gas	-	-
Cost/Unit (Rs.)	-	-

**2. COAL (STEAM)**

Quantity (Tonnes)	-	-
Total Cost (Rs. in Lacs)	-	-
Average Rate (Rs.)	-	-


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	<u>2002-2003</u>	<u>2001-2002</u>
<b>3. FURNACE OIL</b>		
Quantity (Ltr.)	-	-
Total Amount	-	-
Average Rate	-	-
<b>4. OTHER/INTERNAL GENERATION</b>		
Quantity	-	-
Total Cost	-	-
<b>B. CONSUMPTION PER UNIT OF PRODUCTION/PRODUCT*</b>		
Product	-	-
Electricity	-	-
Furnace Oil	-	-
Coal	-	-
Others	-	-

\* In view of various items produced/manufactured, it is not possible to give the required information.

## II. TECHNOLOGY ABSORPTION

The Company does not depend on foreign technology for the manufacture of its products. In fact, the Company is self-reliant in the design as well as in the manufacturing processes.

### Research and Development :

- a. **Specified Areas in which R&D is carried out by the Company** : Company is carrying on R&D for testing of finished products and further improvement in quality of existing products. Moreover, as a result of Research and Development, the Company is going to add a new range of products i.e. Bath Soaps in its existing range of products.
- b. **Benefit derived as a result of above R&D** : R&D efforts have helped to bring out an improvement in processes, products and operating efficiencies. Significant improvement in product quality, material and plant utilization has been achieved.
- c. **Future plan of Action** : Company plans to develop new types of products by making efficient use of the By-products and achieve quality of products with the additional advantage of reduction in cost by conducting R&D.
- d. **Expenditure on Research and Development** : Research and Development is carried out by the concerned Departments and the expenses incurred are booked under general accounting heads and no separate accounts are maintained.

## III. FOREIGN EXCHANGE EARNINGS & OUTGO

- a) Activities relating to exports, initiatives taken to increase export markets for products and service and export plans. The Company is trading in garments and mainly exporting to USA market. However, in future, the Company is planning to reduce its activity of trading and exporting of garments and willing to concentrate on its main line of business.
- b) Total Foreign Exchange used and earned.

Used	Rs. 50,000.00	Rs. 73,475.00
Earned	Rs. 1,18,77,357.00	Rs. 5,73,53,563.00

For & on behalf of the Board

Place : Ludhiana  
Dated : 25.08.2003

Sd/-  
**Pran Arora**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry structure and developments

As per economic survey of 2002-2003 and predictions of RBI our economy is set to grow between 6% to 6.5% and moreover the Rubber, PVC & Cosmetic Industry is growing at a much faster pace. Our product range includes Stearic Acid, Fatty Acids the ultimate users of our products are these industries. Therefore the demand of our products is set to grow at much faster rate. Your company is trying its best to increase the market share of its products and to economize its production.

### Opportunities and Threats

#### OPPORTUNITIES

Production of Rubber industry is increasing day by day because of demand of Rubber and its allied products. Since our products are mainly consumed by these industries, demand of our products is also set to increase.

The Company is also setting up a production unit for manufacturing of toilet soap which is likely to commence its commercial production in mid of current financial year.

#### THREATS

There is lot of competition in the market in this segment and continuous increase in raw material cost are main threats.

#### Outlook

The prospects of oil industry for the fiscal year 2003-04 seem bright and encouraging. The Government is all set to decrease the custom duty on imported raw material, which is mainly oil. Therefore cost of imported raw material shall be less as compared to raw material procured indigenously. Demand and market acceptance of our product is very good and in future also management is optimistic about the prospects of the company.

### Risk and Management Perception

The operations of your company are subject to general business risks and competition in the industry, which can effect the growth of the company. Your company continuously updates its systems and procedures to reduce uncertainties and risks and explore new markets to cope with the competition.

### Internal control and their adequacy

The Company has adequate system of internal control and internal audit system and management has access to all its assets and proper procedure is adopted for disposal of any assets of the company. The company has constituted an audit committee, which consists of independent directors, which periodically review the internal control system.

### Financial performance with respect to operational performance

This year also the company has incurred losses mainly due to increase in raw material cost. However the turnover of the company has increased by 17%. The company is utilizing its 83% production capacity in case of Stearic Acid, which is its thrust area and covers almost 70% of its total sale. The company is planning to discontinue its garments trading activities and will concentrate on its main line of business so that it can achieve 100% production level.

### Material development in Human Resources and Industrial Relations front, including no. of people employed

Human resource is most significant asset of an organization. The management is organizing several programs for the development of human resources. Efforts are being made to create an environment which is conducive to better works management and working conditions.

Industrial relations remained cordial and harmonious during the year under review and there was no working day loss due to any adverse activities.

The Company had 50 employees as on 31st March, 2003.

### Cautionary statement

Statement in the management discussion and analysis describing the company's objectives, estimates, projections and expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially due to economic conditions effecting demand, supply, prices, changes in government policies, tax laws and other incidental factors.



## CORPORATE GOVERNANCE REPORT

The Company's commitment to good Corporate Governance remains a steadfast policy. The Company adheres to the best of business ethics and continues to serve its shareholders to the best of its abilities.

### ⇒ Board of Directors

#### 1. Composition of the Board

The total strength of the Board at present is of five directors, Mr. Pran Arora, Chairman, Mr. Rajiv Arora being Managing Director, Mr. R.D. Ahluwalia and Mr. B.B. Jindal being non-executive independent directors and Mr. D.S. Dhaliwal being the nominee of PSIDC.

#### Meetings and attendance:

The following is a record of number of Board Meetings held and attended by the Directors. The record also shows the number of Directorships in other companies & Membership/Chairmanship in other Board Committees.

Name of Director	Category	No. of Board Meetings		No. of other companies in which a director	*No of other Committees in which a member	*No of Board other Committee in which a Chairperson
		Held	Attended			
Mr. Pran Arora	Promoter	9	7	7	2	2
Mr. Rajiv Arora	Promoter	9	9	4	2	-
Mr. D. S. Dhaliwal	Nominee of PSIDC	9	1	-	-	-
Mr. R. D. Ahluwalia	Independent	9	8	-	-	-
Mr. B. B. Jindal	Independent	9	7	-	1	-

\* For this purpose, only Audit Committee, Shares Transfer Committee and Investors' Grievance Committee have been taken into consideration.

- The last Annual General Meeting held on the 12th September 2002 was attended by Mr. Rajiv Arora, Mr. R. D. Ahluwalia and Mr. B. B. Jindal.

### ⇒ Committees of the Board

#### 1. Audit Committee

The Audit Committee was constituted on 30th March 2001, consisting of Mr. Pran Arora, Mr. Rajiv Arora and Mr. B. B. Jindal. The Committee met four times during the last year on 28th April 2002, 25th July 2002, 10th August 2002 and 28th October 2002, the details of which are as under:

#### Composition and Attendance

Name of Director	Position held in the Committee	No. of meetings held during the year	No. of meetings attended
Mr. Pran Arora	Chairman	4	3
Mr. R. D. Ahluwalia	Member	4	4
Mr. B. B. Jindal	Member	4	4

- No sitting fee was paid during the year for attending meetings of Audit Committee.