



*24th*  
*Annual Report*  
*2005-2006*

**RITESH INTERNATIONAL LIMITED**


**RITESH**  
 INTERNATIONAL LIMITED

## MANAGEMENT

### BOARD OF DIRECTORS

<b>CHAIRMAN</b>	Sh. Pran Arora
<b>MANAGING DIRECTOR</b>	Sh. Rajiv Arora
<b>DIRECTORS</b>	Sh. B.B. Jindal Sh. S.P. Kathuria Sh. R.K. Sood

<b>AUDITORS</b>	M/s. Bhushan Aggarwal & Co. 678, Aggar Nagar, Ludhiana-141 012
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<b>BANKERS</b>	Punjab National Bank Industrial Area, Ludhiana Ing Vysya Bank Ltd. Ludhiana.
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<b>WORKS</b>	Village Akbarpura Ahmedgarh, Distt. Sangrur (Punjab)
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<b>REGISTERED OFFICE</b>	356, Industrial Area 'A', Ludhiana-141 003
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**RITESH**  
INTERNATIONAL LIMITED

## NOTICE

NOTICE is hereby given that the 24<sup>th</sup> Annual General Meeting of the Members of Ritesh International Limited will be held on Friday 29<sup>th</sup> day of September, 2006 at 10.00 A.M. at Ritesh Premises, Focal Point, Phase VIII, Chandigarh Road, Ludhiana - 141123 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2006 and Profit & Loss Account for the year ended on that date alongwith the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Sh. Pran Arora, who retires by rotation and 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 an Ordinary Resolution:

"RESOLVED that, Sh R. K. Sood, who was appointed as an Additional Director by the Board of Directors on 31<sup>st</sup> December, 2005 and a notice under Section 257 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 Limited  
sd/-

Place : Ludhiana  
Dated : 02.09.2006

**Pran Arora**  
Chairman

### NOTES:

- i) 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 proxy form is enclosed herewith.
- ii) The register of members and the share transfer books of the company will remain closed from 27<sup>th</sup> September, 2006 to 29<sup>th</sup> September, 2006 (both days inclusive).

- iii) 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.
- iv) Members/proxies are requested to bring their copies of Annual Reports along with them, as copies of the report will not be distributed at the meeting.
- v) Members/proxies are requested to bring their attendance slips sent herewith duly filled in for attending the meeting.
- vi) Any queries regarding the Annual Accounts or otherwise must be sent to Registered Office of the Company at least 10 days before the date of meeting.

By Order of the Board

For Ritesh International Limited  
sd/-

**Pran Arora**  
Chairman

Place : Ludhiana  
Dated : 02.09.2006

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

#### Item No.4

Mr. R. K. Sood, who was appointed as an additional Director of the company on 31<sup>st</sup> December, 2005, shall hold office of Director only upto ensuing Annual General Meeting. The Company has received 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, the necessary resolution has been included in the notice convening the Annual General Meeting for the your approval.

None of the Directors is interested in the resolution except the proposed appointee.

#### Additional Information on Directors Seeking Appointment at the Annual General Meeting

Pursuant to clause 49 of the listing agreement on Corporate Governance, the Company furnishes information regarding the Director being appointed at the ensuing Annual General Meeting :

Sh. Raj Kumar Sood aged 64 years has been director of the company since 31<sup>st</sup> December, 2005. He is Director of H.B. Fibres Ltd. He has variable rich experience in the field of business administration for 38 years.


**RITESH**  
INTERNATIONAL LIMITED

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty fourth Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2006.

### FINANCIAL RESULTS

PARTICULARS	Amount (Rs. In Lacs)	
	2005 - 2006	2004 - 2005
Operating income	1572.47	1594.73
Profit/(Loss) before Depreciation	90.00	(130.88)
Less: Depreciation	53.10	43.45
Profit/(Loss) for the year before Tax	36.90	(184.33)
Provision for taxation	0.72	—
Profit/(Loss) after Tax	36.18	(184.33)

### OPERATIONS

During the year under review your company's total income was Rs. 1572.47 lacs. The company has earned a profit of Rs. 36.18 lacs during the period under review.

### DIRECTORS

Sh. Pran Arora, Director of the Company who retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Sh R. K. Sood was appointed as additional director of the Company during the year and the company has received the notice under section 257 of the Companies Act, 1956 signifying his candidature for appointing him as director liable to retire by rotation.

The nomination of Sh. D.S. Dhaliwal has been withdrawn by PSIDC. The Board places on record the appreciation for services rendered by Sh. D.S. Dhaliwal during his tenure as director of the company.

### DIVIDEND

In the absence of adequate profits during the year under review your directors do not recommend any dividend to the share holders.

### PUBLIC DEPOSITS

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

### AUDITORS

The auditor, M/s Bhushan Aggarwal & Co., Chartered Accountants, 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. As regards Auditor's observation, the relevant notes on the accounts are self-explanatory and therefore do not call for any further comments.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 the 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.

- That 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 as at 31<sup>st</sup> March, 2006 and other Statements of Accounts of the Company for the year ended 31<sup>st</sup> March, 2006.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Accounts have been prepared on a going concern basis.

### COMPOSITION OF AUDIT COMMITTEE

The composition of the Audit committee as on 31<sup>st</sup> March 2006 is as under.

- Sh Pran Arora
- Sh Rajiv Arora
- Sh S. P. Kathuria

### PAYMENT OF LISTING FEE:

Listing fee of Delhi Stock Exchange and Kolkatta Stock Exchange is payable, as the company has made an application for delisting of shares on these stock exchanges, which shall be paid before delisting of shares from these Stock Exchanges. However, the listing fees of The Stock Exchange, Mumbai has been duly paid. The company has delisted its shares from Ludhiana Stock Exchange during the year under review.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, 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.

### ACKNOWLEDGEMENTS

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

For & on behalf of the Board  
For Ritesh International Limited  
sd/-

Place : Ludhiana  
Dated : 02.09.2006

**Pran Arora**  
Chairman



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 31<sup>ST</sup> MARCH 2006

#### I. CONSERVATION OF ENERGY

- |   |      |
|---|------|
| a) Energy Conservation measures taken.  | N.A. |
| b) Additional investment and proposal, if any being implemented for reduction or 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

	2005-06	2004-05
<b>1. ELECTRICITY</b>		
<b>a) Purchased</b>		
Units (in lacs)	19.54	18.38
Total Amount (Rs. in lacs)	86.29	74.39
Rate/Unit (Rs.)	4.41	4.05
<b>b) Own Generation</b>		
i) Through Diesel Generator		
Units (in Lacs)	0.89	0.29
Units per litre of diesel oil	5.79	19.46
Cost/Unit (Rs.)	6.53	4.86
ii) Through Steam Turbine generator	-	-
Units per litre of fuel/oil/gas	-	-
Cost/Unit (Rs.)	-	-
<b>2. COAL (STEAM)</b>		
Quantity (Tonnes)	-	-
Total Cost (Rs. in lacs)	-	-
Average Rate (Rs.)	-	-
<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.


**RITESH**  
 INTERNATIONAL LIMITED

## II. TECHNOLOGY ABSORPTION

The Company does not depend on foreign technology for the production of Steric Acid, Industrial hard oil, Fatty acid etc. In fact, the Company is self-reliant in this field.

### 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 for further improvement in quality of existing products.   |
| b. Benefits 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 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 Departments and the expenses incurred are booked under general accounting heads and no separate accounts are maintained.                                       |

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- |   |               |
|---|---------------|
| a. Activities relating to exports, initiatives taken to increase export markets for products and services and export plans. | N.A.          |
| b. Total Foreign Exchange used and earned:  |               |
| Used  | Rs. 0.04 Lacs |
| Earned  | NIL           |
|   | Rs 41.84 Lacs |
|   | NIL           |

For & on behalf of the Board  
 For Ritesh International Limited

sd/-

**Pran Arora**  
 Chairman

Place : Ludhiana  
 Dated : 02.09.2006


**RITESH**  
 INTERNATIONAL LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The Rubber and PVC industry is growing at a faster pace. Our product range includes Stearic Acid and Fatty Acids; the ultimate users of our products are Rubber and PVC industry. 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.

#### 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 2006-07 seems to be 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 market 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 of all its assets and proper procedure is adopted for disposal of any assets of the company. The company has constituted an audit committee, which periodically review the internal control systems of the company.

#### Financial performance with respect to operational performance

The Company has earned a profit of Rs. 36.18 lacs during the year under review.

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

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 40 employees as on 31st March, 2006.

#### Cautionary statement

Statement in the management discussion and analysis describing the company's objectives, estimates, projections and expectation 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.

For & on behalf of the Board  
 For Ritesh International Limited

sd/-

**Pran Arora**  
 Chairman

Place : Ludhiana  
 Dated : 02.09.2006





## 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.

### 1. Board of Directors

#### a) Size and composition of the Board

The Company has a strong and broad-based Board consisting of five Directors with adequate blend of professionals, executive, non-executive and independent Directors. The Composition of the Board of Directors comprises of eminent and distinguished personalities, one of which is executive Director and four non-executive Directors. The Company is having a non-executive Chairman and majority of Directors on the Board are independent. The details of the composition of the Board, number of Directorships & Committee positions held by each of the Directors are given hereunder:

Name	Designation	Category	Number of Directorships held#	Number of Board Committee memberships held@	Number of Board Committee Chairmanships held@
Sh Pran Arora	Chairman	Promoter	5	2	1
Sh Rajiv Arora	Managing Director	Promoter	4	1	1
Sh. B. B. Jindal	Director	Independent	1	-	-
Sh S. P. Kathuria	Director	Independent	1	1	1
Sh. D. S. Dhaliwal*	Director	PSIDC Nominee	11	-	-
Sh R. K. Sood**	Director	Independent	2	-	-

\* Ceased to be Director with effect from November 17, 2005

\*\* Appointed with effect from December 31, 2005.

# including Ritesh international Limited

@ Board Committee for this purpose includes Audit Committee & Share Transfer / Shareholder' Grievance Committee (including Board Committees of Ritesh International Limited)

Independent Director means a Director who apart from receiving Director's remuneration does not have any other material pecuniary relationships or transactions with the Company, its promoters, its management or its subsidiaries, which may affect independence of the Director.

None of the Directors is a member of more than 10 Board level Committees or a Chairman of more than 5 such Committees as required under Clause 49 of the Listing Agreement.




**b) Number of Board Meetings**

During the year under review, eleven Board Meetings were held on the following dates:

Date of Board Meeting	Board Strength	Number of Directors present
April 29, 2005	5	3
June 06, 2005	5	3
June 20, 2005	5	3
July 30, 2005	5	4
August 31, 2005	5	4
October 30, 2005	5	4
December 31, 2005	4	4
January 10, 2006	5	4
January 30, 2006	5	5
March 24, 2006	5	4

\* The maximum interval between any two meetings was 60 days

**c) Directors' Attendance Record**

The following table gives details of the Directors' Attendance Record at the Board Meetings:

Name of the Director	Number of Board Meetings	
	Held	Attended
Sh Pran Arora	10	10
Sh Rajiv Arora	10	10
Sh B. B. Jindal	10	6
Sh S.P. Kathuria	10	9
Sh. D.S. Dhaliwal*	6	0
Sh R.K. Sood**	3	3

\* Ceased to be Director with effect from November 17, 2005.

\*\* Appointed with effect from December 31, 2005.

Sh Pran Arora, Chairman and Sh Rajiv Arora, Director, Sh. B. B. Jindal Director, Sh. S.P. Kathuria Director, were present at the Annual General Meeting of the Company held on 28<sup>th</sup> September, 2005 at 356, Industrial Area A, Ludhiana

**d) Remuneration of Directors**

Sh Rajiv Arora, has been paid a remuneration of Rs. 3,92,000/- as Managing Director during the year under review. No sitting fees was paid during the year under review to any director for attending the Board/Committee Meetings.

**2. BOARD COMMITTEES**

The Board has constituted the Audit Committee, the Remuneration Committee and the Shareholders'/Investors' Grievance Committee. The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference for the committees. Recommendations/decisions of the committee are submitted to the Board for approval. The quorum for meetings is either two members or one third of the members of the committees, which ever is higher and all the members for Remuneration Committee.

**AUDIT COMMITTEE**

The Audit Committee consists of Sh. Pran Arora, as Chairman, Sh Rajiv Arora and Sh S.P. Kathuria as members. The committee met four times during the last year on 29<sup>th</sup> April, 2005, 30<sup>th</sup> July, 2005, 30<sup>th</sup> October, 2005 and 30<sup>th</sup> January, 2006, the details of which are as under:

Director	Number of Meetings	
	Held	Attended
Sh Pran Arora	4	4
Sh. Rajiv Arora	4	4
Sh. S.P. Kathuria	4	4