



25th  
Annual Report  
2006-2007

**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. R. K. Sood Sh. Ashok Kumar Mehta

<b>Auditors</b>	M/s. Bhushan Aggarwal & Co. 678, Aggar Nagar Ludhiana -141012
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<b>Bankers</b>	<b>Ing Vysya Bank Ltd.</b> Feroze Gandhi Market, Ludhiana. <b>H.D.F.C Bank</b> Feroze Gandhi Market, 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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25th ANNUAL GENERAL MEETING		CONTENTS	PAGE NO.
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**RITESH**  
INTERNATIONAL LIMITED

## NOTICE

NOTICE is hereby given that the 25<sup>th</sup> Annual General Meeting of the Members of Ritesh International Limited will be held on Friday, 28<sup>th</sup> day of September, 2007 at 11.00 A.M. at Ritesh Premises, Focal Point, Phase VIII, Chandigarh Road, Ludhiana-141011 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 2007 and Profit & Loss Account for the year ended on that date alongwith the Reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Sh. R.K. Sood, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint 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. Ashok Kumar Mehta who was appointed as an Additional Director by the Board of Directors on 1<sup>st</sup> January, 2007 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

Place : Ludhiana  
Dated : 29.08.2007

sd/-  
(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 on poll instead of himself/herself and the proxy need not be a member of the Company. Proxy Form in order to be effective must be received at the registered office of the Company not less than 48 hours before the commencement of the meeting. A blank copy of proxy form is enclosed herewith.

- ii) The register of members and the share transfer book of the company will remain closed from 26<sup>th</sup> September, 2007 to 28<sup>th</sup> September, 2007 (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 21 days before the date of the meeting.
- iv) Members 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

Place : Ludhiana  
Dated : 29.08.2007

sd/-  
(Pran Arora)  
Chairman

### Information pursuant to Corporate Governance Clause of the Listing Agreement regarding Directors seeking appointment/re-appointment.

1. Name : Sh. R.K. Sood
- Age : 65 years
- Qualification : Graduate
- Expertise : Having more than 30 years business experience in the Industry.

### Directorships/membership in the committees of the Board in other Companies

Name of the company	Committee	Status
1. Ritesh International Limited	—	—

**RITESH**  
INTERNATIONAL LIMITED

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

**Item No. 4**

Sh. Ashok Kumar Mehta who was appointed as an additional Director of the company on 1<sup>st</sup> January, 2007, 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 resolutions have been included in the notice convening the Annual General Meeting for 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 Directors being appointed at the ensuing Annual General Meeting :

Sh. Ashok Kumar Mehta aged 52 years has been director of the Company since 1st January, 2007. He is a more than Chartered Accountant and is having 28 years experience as a Chartered Accountant. The Board considers that having regard to his knowledge and experience, it will be in the interest of the company to appoint him as director of the Company.

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**RITESH**  
INTERNATIONAL LIMITED

## DIRECTORS' REPORT

**Dear Members,**

Your directors have pleasure in presenting the Twenty Fifth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2007

### FINANCIAL RESULTS

PARTICULARS	Amount (Rs. in Lacs)	
	2006-07	2005-06
Operating Income	996.10	1572.47
Profit/(Loss) before Depreciation	2.15	90.00
Less : Depreciation	50.83	53.10
Profit/(Loss) for the year before Tax	(48.68)	36.90
Provision for taxation	(0.51)	0.72
Profit/(Loss) after Tax	(49.19)	36.18

### OPERATIONAL REVIEW

During the year under review your company's operating income was of Rs. 996.10 lacs. The company has incurred a loss of Rs. 49.19 lacs during the period under review.

### DIRECTORS

Sh. R. K. Sood, Director of the Company who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Sh. Ashok Kumar Mehta was appointed as an 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.

Sh. S. P. Kathuria resigned w.e.f. 01.01.2007. The Board placed on record the appreciation for the services rendered by Sh. S. P. Kathuria 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 preparation of the annual accounts, the applicable accounting standards had been followed along with

proper explanation relating to material departures.

- That the Directors had 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, 2007 and other Statements of Accounts of the Company for the year ended 31<sup>st</sup> March, 2007.
- That the Directors had 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 Directors had prepared the annual accounts on a going concern basis.

### COMPOSITION OF AUDIT COMMITTEE

The composition of the Audit committee as on 31<sup>st</sup> March 2007 is as under.

- Sh. Pran Arora
- Sh. Rajiv Arora
- Sh. Ashok Kumar Mehta

### 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.

### 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(1A) 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 Financial Institutions, Banks, Government Agencies, Suppliers and other organization in the working of the Company.

For & on behalf of the Board

For Ritesh International Limited

Place : Ludhiana

Dated : 29.08.2007

sd/-

(Pran Arora)

Chairman


**RITESH**  
INTERNATIONAL LIMITED

**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 2007**

**I. CONSERVATION OF ENERGY**

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

**A. 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:**

**A. POWR AND FUEL CONSUMPTION**

PARTICULARS	UNITS	2006-2007	2005-2006
<b>1. ELECTRICITY</b>			
a) Purchased			
Units (in lacs)	Kwh	21.23	19.54
Total Amount	Rs. In lacs	95.34	86.29
Rate / Unit	Rs. / Kwh	4.49	4.41
b) Own Generation			
i) Through Diesel Generator			
Units (in Lacs)	Kwh	0.29	0.89
Units / litre of diesel	Kwh	5.00	5.79
Cost / Unit	Rs/Kwh	6.20	6.53
ii) Through Steam Turbine generator			
Units (in Lacs)		---	---
Units / tonne of Steam		---	---
Cost / Unit		---	---
<b>2. COAL (STEAM)</b>			
Quantity (Tonners)		---	---
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 / PRODUCTS*</b>			
Product		---	---
Electricity		---	---
Furnance Oil		---	---
Coal		---	---
Others		---	---

**1. ELECTRICITY**
**a) Purchased**

Units (in lacs)	Kwh	21.23	19.54
Total Amount	Rs. In lacs	95.34	86.29
Rate / Unit	Rs. / Kwh	4.49	4.41

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

Units (in Lacs)	Kwh	0.29	0.89
Units / litre of diesel	Kwh	5.00	5.79
Cost / Unit	Rs/Kwh	6.20	6.53

**ii) Through Steam Turbine generator**

Units (in Lacs)		---	---
Units / tonne of Steam		---	---
Cost / Unit		---	---

**2. COAL (STEAM)**

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

**3. FURNACE OIL**

Quantity (Ltr.)		---	---
Total Amount		---	---
Average Rate		---	---

**4. OTHER INTERNAL / GENERATION**

QUANTITY		---	---
Total Cost		---	---

**B) CONSUMPTION PER UNIT OF PRODUCTION / PRODUCTS\***

Product		---	---
Electricity		---	---
Furnance 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 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 of which R & D is carried out by the company :**

Company is carrying on R & D for testing of finished products, quality of existing products and thus catering to the ever changing market requirements.

**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 achieved.

**C) Future plan of action :**

Company plans to develop new types of products and achieve quality standards 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 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 :

	(Rs. in Lacs)	
Particulars	2006-07	2005-06
Used	0.13	Rs. 0.04
Earned	Nil	Nil

For & on behalf of the Board

For Ritesh International Limited

sd/-

(Pran Arora)

Chairman

Place : Ludhiana

Dated : 29.08.2007





## 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 and PVC industry is increasing day by day because of demand of Rubber and PVC 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.

#### Out look

The prospects of oil industry for the fiscal year 2007-08 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 products 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 internal control systems and management has proper system of disposal of any assets of the company. The company has constituted an audit committee, which periodically reviews the internal control systems of the company.

### Financial performance of the company:

The Company has incurred a loss of Rs. 49.19 lacs during the year under review.

### Material development in Human Resources and Industrial Relation 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 employed 39 persons as on 31<sup>st</sup> March, 2007.

### 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, change in government policies, tax laws and other incidental factors.

For & on behalf of the Board

For Ritesh International Limited

Place : Ludhiana  
 Dated : 29.08.2007

sd/-  
 (Pran Arora)  
 Chairman


**RITESH**  
INTERNATIONAL LIMITED

## 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 Director 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 Membership held@	Number of Board Committee Chairmanships held@
Sh. Pran Arora	Chairman	Promotor	6	2	2
Sh. Rajiv Arora	Managing Director	Promotor	6	2	---
Sh. B. B. Jindal	Director	Independent	2	---	---
Sh. S.P. Kathuria*	Director	Independent	1	1	---
Sh. R. K. Sood	Director	Independent	1	1	---
Sh. Ashok Kumar. Mehta**	Director	Independent	1	1	---

\*Ceased to be Director with effect from January 01, 2007

\*\*Appointed as an additional director with effect from January 01, 2007

# including Ritesh International Limited

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

Independent Director means a non-executive Director who apart from receiving Director's remuneration does not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in judgment of the Board may affect the independence of judgment 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, Nine Board Meetings were held on the following dates:

Date of Board Meeting	Board Strength	Number of Director present
April 29, 2006	5	5
July 31, 2006	5	5
September, 02, 2006	5	5
October 30, 2006	5	5
October 31, 2006	5	5
November 30, 2006	5	5
January 1, 2007	5	5
January 31, 2007	5	5
March 31, 2007	5	5