



23rd

Annual Report

2009-2010

RITESH PROPERTIES & INDUSTRIES LIMITED

BOARD OF DIRECTORS

Chairman	Sh. Pran Arora
Managing Director	Sh. Sanjeev Arora
Executive Director	Sh. Roop Kishore Fatehpuria
Directors	Sh. Surinder K. Sood
	Sh. Rajiv Arora
Auditors	M/s. Bhushan Aggarwal & Co. 678, Aggar Nagar, Ludhiana
Bankers	Axis Bank Mall Road, Ludhiana Allahabad Bank Clock Tower, Ludhiana
Head Office Cum Project Office	Focal Point, Phase-VIII Chandigarh Road, Ludhiana -141011
Registered Office	11/5B, 1st Floor, Param Tower, Pusa Road, New Delhi-110005
Registrar & Share Transfer Agent	Sky line Financial Services(P) Ltd 123, Vinoba Puri, Lajpat Nagar-II New Delhi - 110024 Phone- 011-26812682-83 Email- admin@skylinerta.com

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NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of Ritesh Properties and Industries Limited will be held on Tuesday, 28th day of September, 2010 at 11.00 A.M. at West Richi Rich Banquets, Near Mayapuri Chowk, Ring Road, New Delhi-110015 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2010 and Profit & Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Rajiv Arora, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 224 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the members of the Company at the ensuing annual general meeting M/s. S.M. Mathur & Co., Chartered Accountants, New Delhi be and are hereby appointed as Statutory Auditors of the Company, in place of retiring auditors, M/s Bhushan Aggarwal & Co., Chartered Accountants, Ludhiana to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on such terms, conditions and remuneration as may be mutually agreed between the board of directors and the said auditors."

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 provisions of section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to Schedule XIII of the Companies Act, 1956 and subject to such sanctions, approvals as may be necessary, the Company hereby approves the re-appointment and remuneration of Sh. Sanjeev Arora, Managing Director of the Company at Rs. 1,00,000/- per month w.e.f. 1st April, 2010 for a period of 3 years with liberty to the Board of Directors (herein after referred to as "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the said remuneration in such form and manner or with such modifications as the Board may deem fit and agreed to by Sh. Sanjeev Arora."

"RESOLVED FURTHER THAT notwithstanding anything herein above stated where in any financial year, the Company incurs a loss or its profits are inadequate, the Company shall pay Sh. Sanjeev Arora remuneration not exceeding a sum of Rs. 1,00,000 per month as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary/ alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors of the Company and acceptable to the Managing Director as permissible under Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps and to do all such acts, deeds,

matters and things as may be necessary or desirable to give effect to this resolution and also to make such alternations and modifications, as may be required within the limits of Schedule XIII of the Companies Act, 1956."

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

"RESOLVED THAT pursuant to 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to Schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, of the Companies Act 1956, including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, Sh. Roop Kishore Fatehpuria be and is hereby appointed as Executive Director of the Company for a period of five years w.e.f. 01.09.2010 at a monthly remuneration of Rs. 70,000/- with liberty to the Board of Directors (herein after referred to as "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the said remuneration in such form and manner or with such modifications as the Board may deem fit and agreed to by Sh. Roop Kishore Fatehpuria."

"RESOLVED FURTHER THAT notwithstanding anything herein above stated where in any financial year, the Company incurs a loss or its profits are inadequate, the Company shall pay Sh. Roop Kishore Fatehpuria remuneration not exceeding a sum of Rs70,000/-per month as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary/alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of

Directors of the Company and acceptable to the Executive Director as permissible under Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps and to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution and also to make such alternations and modifications, as may be required within the limits of Schedule XIII of the Companies Act, 1956."

By Order of the Board

For Ritesh Properties and Industries Limited

Place : Ludhiana

sd/-

Dated : 31.08.2010

(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. The blank copy proxy form is enclosed herewith.**
- ii) The register of members and the share transfer book of the company will remain closed from 26th September, 2010 to 28th September, 2010 (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 at Registered Office of the Company at least 10 days before the date of meeting.

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

Item No.3

The existing statutory auditors, M/s Bhushan Aggarwal & Co., Chartered Accountants, Ludhiana have communicated to the Company their unwillingness to be re-appointed as statutory auditors of the Company in the ensuing annual general meeting and hence have not offered themselves for re-appointment.

The Company has received a special notice under the provisions of Section 225 of the Companies Act, 1956, proposing the appointment of M/s S.M. Mathur & Co, Chartered Accountants, New Delhi as the auditors of the Company in place of the retiring auditors. The Company has received a certificate pursuant to section 224(1B) of the Companies Act, 1956, M/s S.M. Mathur & Co., confirming their eligibility and offer for appointment as statutory auditors of the Company.

None of the directors is in any way, concerned or

interested in the resolution.

Item No. 4

The Shareholders in their meeting held on 29.09.2007 approved the re-appointment and remuneration of Sh. Sanjeev Arora at Rs. 2,50,000 p.m. w.e.f. 1st April 2007 for a period of 3 years subject to the approval of the Central Government. The same was approved by the Central Government vide its letter no. 12/190-192/08 dated 09.04.2008.

The Board of Directors & the remuneration Committee of the Board of Directors has approved the payment of remuneration to Sh. Sanjeev Arora, Managing Director of the Company effective from 1st April, 2010 for a period of 3 years on the terms and conditions as set out in the resolution, subject to the approval of shareholders of the Company. The proposed remuneration will be within overall limits of Schedule XIII of the Companies Act, 1956. Therefore, the necessary resolutions have been included in the notice convening the Extra Ordinary General Meeting for your approval.

None of the Directors except the proposed appointee is in any way concerned or interested in the proposed resolution.

Item No. 5

The Board of Directors & the Remuneration Committee of the Board of Directors in their meeting held on 31.08.2010 has approved the appointment and payment of remuneration to Sh. Roop Kishore Fatehpuria as Executive Director of the Company effective from 1st September, 2010 for a period of 5 years on the terms and conditions as set out in the resolution, subject to the approval of shareholders of the Company. The proposed remuneration will be within overall limit of Schedule XIII of the Companies Act, 1956. Therefore, the necessary resolutions have been included in the notice convening the General Meeting for your approval.

None of the Directors except the proposed appointee is any way concerned or interested in the proposed resolution.

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

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below.

Name of Director	Sh. Rajiv Arora	Sh. Sanjeev Arora	Sh. Roop Kishore Fatehpuria
Date of Birth	23-09-1959	18-09-1963	02-09-1953
Date of Appointment	19.02.1987	25-10-2004	04-09-2006
Expertise	He has more than 28 years of experience the diversified field of activities such as oils and fats, Agro products, Knitted fabrics, Garments..	He has more than 25 years of experience in the field of activities such as oils and fats, agro products, knitted fabrics, garments, real estate etc.	He has rich experience of more than 30 years in the field of business administration.
Qualification	Graduate	Graduate	Graduate
Directorships of other Companies as on 31 st March, 2010.	1. Ritesh International Limited 2. Ritesh Spinning Mills Ltd. 3. Ritesh Impex Private Ltd	1. Ritesh Spinning Mills Limited 2. Ritesh Impex Private Limited 3. Femella Fashions Private Limited 4. K. P. Advisors (Realty) Private Limited 5. Catalina Bay USA INC	1. H. B. Fibres Limited
Chairmanships/Memberships of Committees of other Companies as on 31 st March, 2010.	Chairman/Member - Audit Committee Ritesh International Limited Chairman/Member - Share Transfer and shareholders/ Investors Grievance Committee Ritesh International Limited	Chairman/Member- Share Transfer and Shareholders'/Investors Grievance Committee Ritesh Properties and Industries Limited.	-
No of shares held as on 31 st March, 2010.	4,06,401	17,98,337	-
Relationship with other Directors	Sh. Pran Arora is father Sh. Sanjeev Arora is brother	Sh. Pran Arora is father and Sh. Rajiv Arora Is brother	N.A.

By Order of the Board
For Ritesh Properties and Industries Limited

Place : Ludhiana
Dated : 31.08.2010

sd/-
(Pran Arora)
Chairman

Directors' Report

To the Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

Particulars	Amount (Rs. In Lacs)	
	2009-2010	2008-2009
Operating income	245.91	98.39
Profit/(Loss) before Depreciation	40.99	(235.48)
Less: Depreciation	29.35	39.22
Profit/(Loss) for the year before Tax	11.64	(274.70)
Provision for taxation	-	-
Provision for fringe benefit tax	-	10.12
Profit/(Loss) after Tax	11.64	(284.82)

OPERATIONAL REVIEW

During the year under review your company's operating income was of Rs. 245.91 lacs. The company has earned a profit of Rs. 11.64 lacs as compared to loss of Rs. 284.42 lacs during the previous year.

SUBSIDIARIES

The company has following subsidiary companies the details which are given below:

Femella Fashions Private Limited, a wholly owned subsidiary was incorporated on 29th day of June, 2007 to Venture into Retailing of garments & accessories. The company's operating income was Rs. 91.81 lacs during the year under review.

Catalina Bay USA INC The Company holds during the year under review 100 % shareholding in Catalina Bay USA Inc., a company established in USA in the business of garments. This will help the company in establishing its brands in USA Catalina Bay USA Inc. is marketing company in USA situated in Virignia on the outskirts of Washington DC. Catalina Bay is a distributor of company's products in USA as per customer requirements. It has network all over USA through Distributor network.

A statement under Section 212 of the Companies Act, 1956, relating to the subsidiaries of the company viz; Femella Fashions Private Limited and Catalina Bay USA Inc. is enclosed herewith together with Annual Reports of the respective Companies.

DIRECTORS

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

Sh. Roop Kishore Fatehpuria, Director of the Company has been re-designated as Executive Director by the Board in their meeting held on 31.08.2010 subject to the approval of shareholders.

DIVIDEND

In the absence of adequate profits during the year under review your directors do not recommended any dividend to the shareholders.

PUBLIC DEPOSITS

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

AUDITORS

M/s Bhushan Aggarwal & Co., Chartered Accountants, Ludhiana Statutory Auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting. Pursuant to a Special Notice received from a shareholder, the Audit Committee and the Board recommend the appointment of M/s S.M. Mathur & Co. Chartered Accountants, New Delhi as statutory auditors of the Company in place of M/s Bhushan Aggarwal & Co., Chartered Accountants, Ludhiana.

As regards Auditor' observation on tax (Fringe Benefit) payable of Rs. 18.71 Lacs will be deposited by the company after assessing by the Income Tax authorities and other observation are self explanatory and therefore do not call for any further comments.

DIRECTORS RESPONSIBILTY 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.

- ii. 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 31st March, 2010 and other Statements of Accounts of the Company for the year ended 31st March, 2010.
- iii. 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.
- iv. That the Directors had prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

The composition of the Audit committee as on 31st March 2010 is as under.

- Sh. Pran Arora
- Sh. Surinder K. Sood
- Sh. Rajiv Arora

REMUNERATION COMMITTEE

The composition of the Remuneration committee as on 31st March 2010 is as under.

- Sh. Surinder K. Sood
- Sh. Pran Arora
- Sh. Rajiv Arora

PAYMENT OF LISTING FEE

The company has paid listing fees to the Bombay Stock Exchange. Further the Company has filed delisting application with Delhi Stock Exchange.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as per Clause 49 of the listing agreement are given in the Annexure forming part of this Report.

CORPORATE GOVERNANCE REPORT

Corporate Governance Report as per Clause 49 of the listing agreement 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 Financial Institutions, Banks, Government Agencies, Suppliers and other organization in the working of the Company.

For and On behalf of the Board
For **Ritesh Properties and Industries Limited**

Place : Ludhiana
Dated : 31.08.2010

sd/-
(Pran Arora)
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

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 2010.

I. CONSERVATION OF ENERGY

The Company has tied up with Ansals Townships & Projects Limited (API) for setting up real estate project. Therefore, the information regarding energy conservation is not applicable as the Company has already closed its manufacturing units.

II. TECHNOLOGY ABSORPTION

Since the company is not carrying out any manufacturing activities, therefore, this clause is not applicable on the company.

III FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports, initiatives taken to increase export markets for products and services and export plans.

The Company is carrying on real estate activities, hence this clause is not applicable.

- b) Total Foreign Exchange used and earned:

Particulars	(Rs. in Lacs)	
	2009-2010	2008-2009
Used	2.73	8.75
Earned	2.06	44.96

For and On behalf of the Board
For **Ritesh Properties and Industries Limited**

Place : Ludhiana
Dated : 31.08.2010

sd/-
(Pran Arora)
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure, Developments, Opportunities and threats:

The real estate sector continues to grow at a scorching pace. With the entering of new global property developers into Indian market during the past few years, India offers a good opportunity in the real estate sector.

Future of real estate sector is very bright as the economy is at a fast pace of growth and lot of investment in this sector is needed. Moreover, with the increase in income level of people and standard of living the demand of housing as well as industrial/commercial sector has increase manifold giving rise in prices.

Due to Increase in competition from other players in the market the margins of the company may be under pressure.

Financial Performance of the Company

Revenue of the Company is mainly generated from only one segment namely Development of Real Estate.

Income of the company has been at Rs. 245.91 lacs
The company has earned profit of Rs. 11.64 lacs.
The net worth of the company has increased by Rs. 11.64 lacs, the secured loans have decreased by Rs. 12.53 lacs and current liabilities have increased by Rs. 120.19 lacs.

Outlook

The real estate sector in India has provided ample opportunity with the liberalization of the economy. With the increased demand of commercial and residential property, the company is confident that the ever-expanding market for real estate shall provide a good business opportunity to the Company to gain its share in the market.

The Company has come up with Ansals Townships & Projects Limited (API) a well established name in the Real Estate Development and construction Sector.

Risk and Concerns

The Indian Real estate market is still largely unorganized and dominated by a large number of small players. The operations of your company are subject to general business risks and competition in the industry, which can effect the growth of the company.

Internal control and their adequacy

The company has adequate internal control systems and procedures commensurate with the size and nature of business. The Company has proper system of disposal of assets of the company. Significant financial, managerial and operating information is accurate, reliable and is provided timely. All internal policies and statutory guidelines are complied with.

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 11 persons as on 31st March, 2010.

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 and On behalf of the Board
For **Ritesh Properties and Industries Limited**

Place : Ludhiana
Dated : 31.08.2010

sd/-
(Pran Arora)
Chairman

CORPORATE GOVERNANCE REPORT

1. A brief statement on company's Philosophy on code of Corporate Governance.

This Report on Corporate Governance forms part of the Annual Report. Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices which ensure that a company meets its obligations to optimize shareholders' value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society.

The Principles of Corporate Governance and Code of Business Principles are the cornerstones of your Company. Your Company believes these principles distinguish a well managed company from a not so well managed company. These principles ensure transparency, integrity and accountability which are vital for the long and sustained growth of your Company.

Your Company has been practicing these principles long before these were made mandatory for listed Companies.

Your Company's endeavor has always been to engage persons of eminence as independent directors who can contribute to the corporate strategy, provide an external perspective and be a source of challenge and evaluation wherever appropriate. Your Company has the good fortune of having independent directors.

2. 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, two of which are executive directors, three non-executive directors. The Company is having a non-executive Chairman. 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	Promoter	6	5	2
Sh. Sanjeev Arora	Mg. Director	Promoter	6	1	-
Sh Rajiv Arora	Director	Promoter	4	4	-
Sh R.K. Fatehpuria	Exe. Director	Independent	2	-	-
Sh. S.K. Sood	Director	Independent	1	3	2

including Ritesh Properties and Industries Limited

@ Board Committee for this purpose includes Audit Committee, Share Transfer and Shareholder's/ Investor's Grievance Committee and Remuneration Committee (Including Board Committees of Ritesh Properties and Industries 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, Fourteen Board Meetings were held on the following dates:

Date of Board Meeting	Board Strength	Number of Directors present
April 15, 2009	5	4
May 4, 2009	5	4
June 12, 2009	5	4
June 30, 2009	5	4
July, 31 2009	5	4
August 24, 2009	5	4
September, 30 2009	5	4
October 31, 2009	5	4
December 21, 2009	5	4
January 04, 2010	5	4
January 11, 2010	5	4
January 29, 2010	5	4
February 18, 2010	5	3
March, 25, 2010	5	3

The maximum interval between any two meetings was 51 days.

c) Directors' Attendance Record and directorships held

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	14	14
Sh Rajiv Arora	14	-
Sh Sanjeev Arora	14	14
Sh Surinder K. Sood	14	13
Sh. Roop Kishor Fatehpuria	14	13

Sh. Sanjeev Arora, Managing Director, Surinder K. Sood and Sh. Roop Kishore Fatehpuria, Directors were present at the Annual General Meeting of the Company held on 24th December, 2009 at the Gayatri Hall, Lok Kala Manch, 20 Institutional Area, Lodi Road, New Delhi.

d) Materially significant related party transactions

Related Parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under paragraph no.10 of the Notes to the Accounts attached with the financial statements for the year ended March 31, 2010.

The transactions with the related parties are neither materially significant nor they have any potential conflict with the interests of the Company at large. Also there has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by Stock Exchange, SEBI or by any other statutory authority during the period under review.

e) BOARD COMMITTEES

The Board has constituted the Audit Committee, the Share transfer and Shareholders'/Investors' Grievance Committee and Remuneration 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, whichever is higher.

AUDIT COMMITTEE

The Audit Committee consists of three directors i.e. Sh. Pran Arora, Sh. Rajiv Arora and Sh. Surinder K. Sood. Sh. Surinder K. Sood is the present Chairman

of the Audit Committee. The committee met four times during the last year on 30th June 2009, 30th September, 2009, 31st Oct, 2009 and 29th Jan 2010 the details of which are as under:

Name of the Director	No. of Meetings	
	Held	Attended
Sh. Surinder K.Sood	4	4
Sh. Pran Arora	4	4
Sh. Rajiv Arora	4	-

SHARE TRANSFER AND SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE

The Committee consists of three directors i.e. Sh. Pran Arora, Sh. Sanjeev Arora and Sh. Surinder K. Sood. Sh. Surinder K. Sood is the present Chairman of the Share Transfer and Shareholders'/ Investors Grievance Committee. The details of the meetings are as under:

Name of the Director	No. of Meetings	
	Held	Attended
Sh. Surinder K.Sood	21	21
Sh. Sanjeev Arora	21	21
Sh. Pran Arora	21	21

During the financial year 2009-10, the company has received 18 complaints. The Complaints are related to transfer, dematerialisation, dividend etc. and all the complaints have been duly resolved by the company. Further, there is no pendency in respect of shares received for transfer during the financial year 2009-10.

3. Management

The Management Discussion and Analysis Report have been included in this Annual Report and include discussion on the matters specified in the Clause 49 of the listing agreement.

4. Code of Conduct

The Board has laid down a code of conduct for all Board members and Senior Management of the Company. All Board members and Senior Management Personnel have complied with the Code of Conduct. Declaration to this effect signed by the Managing Director is enclosed with the Annual Report.

5. Shareholders

a) Disclosures regarding appointment or re-appointment of Directors

According to the Articles of Association of the Company, one third of such of the Directors for the time being are liable to retire by rotation shall retire and, if eligible, offer themselves for re-election at the Annual General Meeting. Accordingly, Sh. Rajiv Arora retires by rotation in the ensuing Annual General Meeting. The Board has recommended the re-election of Sh. Rajiv Arora to the shareholders.

Sh. Roop Kishore Fatehpuria, Director of the Company has been re-designated as Executive Director by the Board in their meeting held on 31.08.2010 subject to the approval of shareholders.

b) Communication to Shareholders

The quarterly, half yearly and annual results are generally published in The Business Standard .

c) Compliance Officer

Sh Roop Kishore Fatehpuria is the Compliance Officer of the Company. He can be contacted for any investors' related matter relating to the Company. His contact nos. are 91-161-2678803, 804, fax no. is 91-161-2678806 and e-mail ID is info@riteshindustries.us.

d) General Body Meetings

I. The details of last three Annual General Meetings were held as per the details given below:

Year	Venue	Date & Time
2008-2009	Gayatri Hall, Lok Kala Manch, 20, Institutional Area, Lodhi Road, New Delhi-110003	24 th December, 2009 at 10:00 A.M
2007-2008	Shruti Hall, Lok Kala Manch, 20, Institutional Area, Lodhi Road, New Delhi-110003	26 th September, 2008 at 11.00 A.M.
2006-2007	Gayatri Hall, Lok Kala Manch, 20, Institutional Area, Lodhi Road, New Delhi-110003	29 th September, 2007 at 12.30 P.M.

II. The details of Extra Ordinary General Meetings passed during the financial year 2009-2010.

No Extra Ordinary General Meeting was held during period under review.

e) Postal Ballot:

The shareholders of the company have not approved any resolution by means of Postal Ballot.

6. General Shareholders Information

The following information would be useful to our shareholders:

a) Annual General Meeting

Date & Time: 28th day of September, 2010 at 11.00 A.M

Venue: West Richi Rich a Banquets, Near Mayapuri Chowk, Ring Road, New Delhi-110015

Financial Year: 1st April 2009 to 31st March 2010.

b) Date of Book Closure:

26th day of September, 2010 to 28th day of September, 2010 (both days inclusive).

c) The shares of the Company are listed on the following stock exchanges:

Name and Address of Stock Exchanges

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai

The Delhi Stock Exchange Association Limited
DSE House, 3/1 Asaf Ali Road, New Delhi-110002

d) Registrar & Transfer Agent

Skyline Financial Services Private Limited
123, Vinoba Puri
Lajpat Nagar-II
New Delhi- 110024

Phones: 011-26812682-83

Fax: 011-29848352

e-mail: admin@skylinerta.com

e) Market price data

Monthly high and low prices of equity shares of Ritesh Properties and Industries Limited at the Stock Exchange, Mumbai (BSE) in comparison to sensex are given hereunder:

Month	Share Prices BSE		Volume	Sensex	
	High	Low		High	Low
	April, 2009	23.25		15.55	420077
May, 2009	28.10	16.30	368732	14930.54	11621.30
June, 2009	32.75	17.30	560709	15600.30	14016.95
July, 2009	21.90	14.05	958456	15732.81	13219.99
August, 2009	20.30	16.00	1840904	16002.46	14684.45
September, 2009	26.75	20.25	881275	17142.52	15356.72
October, 2009	24.00	16.70	247669	17493.17	15805.20
November, 2009	21.50	16.20	241884	17290.48	15330.56
December, 2009	18.85	16.05	156502	17530.94	16577.78
January, 2010	23.75	17.00	416285	17790.33	15982.08
February, 2010	19.55	15.65	84695	16669.25	15651.99
March, 2010	17.80	14.65	468452	17793.01	16438.45

Source: www.bseindia.com

f) Share transfers

Share transfers are done by the Company's Registrar and Share Transfer agents Skyline Financial Services Private limited, New Delhi Share transfers are registered and returned within a period of 15 days from the date of receipt. Share Transfer Committee met 21 times and 9300 shares were transferred and 1,54,500 shares were dematerialised during the year under review.

g) Distribution of Shareholding

As on March 31, 2010 the distribution of shareholding was as follows:

Share holding of Nominal value of Rs.	Shareholders		No. of Share held	
	Number	%	Rs.	%
Upto 5,000	17260	95.05	2616892.00	22.58
5,001 to 10,000	483	2.66	402745.00	3.47
10,001 to 20,000	206	1.13	317438.00	2.74
20,001 to 30,000	62	0.34	159052.00	1.37
30,001 to 40,000	25	0.14	90325.00	0.78
40,001 to 50,000	27	0.15	127839.00	1.10
50,001 to 100,000	36	0.20	246309.00	2.13
100,001 And Above	59	0.32	7630358.00	65.83
Total	18158	100.00	115909580.00	100.00

h) Dematerialisation of Shares

82.29% of Equity Shares of the Company are in dematerialized form as on 31st March, 2010. The shares of the company are available for dematerialization with both the depositories i.e. NSDL and CDSL vide ISIN No. INE 299D01014.

i) Outstanding Convertible Instruments

The Company has no outstanding convertible instruments.

j) Address for Correspondence

Ritesh Properties and Industries Limited,

Secretarial Department,

11/5B, 1st Floor, Pusa Road, New Delhi

Phone Nos. 011-25862110

Fax No. 011-25862111

STATUTORY AUDITOR'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To

The Members of

Ritesh Properties & Industries Limited

We have examined the compliance of the conditions of the Corporate Governance by Ritesh Properties & Industries Limited for the year ended 31st March 2010, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the Directors and Management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period of exceeding one month against the Company as per the records maintained by the Shareholders'/ Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Bhushan Aggarwal & Co.**
Chartered Accountants

Place : Ludhiana
Dated : 31.08.2010

sd/-
(S.B. Aggarwal)
Partner
M.No. 084005

CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION

I, Sanjeev Arora, Managing Director of Ritesh Properties & Industries Limited, certify that:

1. I have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of my knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
3. I accept responsibility for establishment and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or purpose to take to rectify these deficiencies:
4. I have indicated to the auditors and the Audit Committee
 - a) significant changes in internal controls during the year.
 - b) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements, and
 - c) instances of significant fraud of which we have become aware and involvement therein, if any of the management or other employees who have a significant role in the company's internal controls systems.
5. I further declare that all board members and senior managerial personal have affirmed compliance with the code of conduct for the financial year ended 31st March, 2010.

For **Ritesh Properties and Industries Limited**

Place : Ludhiana
Dated : 31.08.2010

sd/-
Sanjeev Arora
(Managing Director)

RITESH PROPERTIES AND INDUSTRIES LIMITED

AUDITORS' REPORT

To
The Members of
Ritesh Properties and Industries Limited,

- I. We have audited the attached Balance Sheet of Ritesh Properties and Industries Limited as at 31st March 2010 and also the Profit & Loss Account for the year ended on that date Annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express opinion on these financial statements based on our audit.
- II. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- III We report that:
 1. As required by Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
 2. Further to our comments in the Annexure referred to in paragraph (1) above, we report as under:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement, referred to in this report, are in agreement with the books of accounts;
 - (d) On the basis of written representations received from the Directors as on 31st March

2010 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;

- (e) In our opinion the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956; and
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts, read with notes thereon subject to the following Notes as given in the Notes on Accounts as per Annexure "U":
 1. Note No. 6 during the year under review, the company has written off the Personnel and Administrative Expenses related to ongoing Real Estate Project over a period of three years and transfer a sum of Rs. 129.90 Lacs to Deferred Revenue Expenditure, increasing the profitability accordingly.
- give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - ii. In the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - iii. In the case of Cash Flow Statement, of the Cash flow for the year ended on that date.

For **Bhushan Aggarwal & Co.**
(Firm Registration No. 005362 N)
Chartered Accountants

sd/-

Place: Ludhiana

(S.B.Aggarwal)

Dated: 31.08.2010

Prop.

M. No. 084005

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph (1) of our Report of even date)

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b) As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals by rotation as per the verification plan adopted by the company which is reasonable having regard to the size of the company and nature of its fixed assets. No material discrepancies were noticed on such verification.
 - c) As per the information and explanations given to us, the company has not disposed off any substantial part of its fixed assets during the year.
2.
 - a) Inventories have been physically verified by the management at reasonable intervals during the year/at the year end.
 - b) As explained to us, the procedure of physical verification of the stocks refer to in (a) above followed by the management, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of its inventories and the discrepancies noticed on such physical verification is not material and have been adequately dealt with in the books of accounts.
3.
 - a) The Company has taken loan from two Companies and one individual (Previous year two companies) covered in the register maintained under Section 301 of the companies Act, 1956. The year-end balance of loans taken from such parties was Rs.1675.06 Lacs (Previous Year Rs.1253.24 Lacs). There are three (previous year three) Companies covered in the register maintained under Section 301 of the Companies Act, 1956, to which the company has granted loans. The year-end balance of loans granted to such parties was Rs.284.87 Lacs (Previous Year Rs. 326.97 Lacs).
 - b) The company has given loans to wholly owned subsidiaries of the Company. In respect of the said loans, the maximum amount outstanding at any time during the year and the year end balance is Rs.993.50 Lacs (Previous year Rs.861.99 Lacs)
 - c) In our opinion and according to the information and explanations given to us, the rate of interest, where applicable and other terms and conditions, are not prima facie prejudicial to the interest of the company.
 - d) The principal amounts are payable/receivable on demand and there is no repayment schedule. The interest, where applicable, is payable/receivable on demand.
4. In our opinion and according to the information given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and also for the sale.
5.
 - a) Based on the audit procedure applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in to the register maintained under section 301 of Companies Act, 1956 have been so entered.
 - b) The company has transaction exceeding to Rs.5,00,000/- or more with the parties to be entered in to the register maintained u/s 301 of the Companies Act, 1956 have been made at prices which are reasonable with regard to prevailing market prices of such goods at which transactions for similar goods have been made with other parties.
6. According to the information and explanations given to us, the company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.

7. In our opinion, the Company has an adequate internal audit system commensurate with the size of the company and nature of its business.
8. Maintenance of cost records has not been prescribed by the Central Government under Clause (d) of sub section (1) of Section 209 of the Companies Act, 1956.
9. a) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities the undisputed statutory dues including Income Tax, Sales tax, Wealth Tax, Custom Duty, Excise duty and other Statutory dues.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they become payable except for Tax (Fringe Benefit) of Rs.18.71 lacs. (Previous year Tax (Fringe Benefit) of Rs.8.60 lacs)
- c) According to the information and explanations given to us and on the basis of our examination of the books of accounts, there are no dues payable in respect of Income tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty and any other statutory dues which are in dispute and have not been deposited with appropriate authorities except the demand/claims disputed by the company as per detail given below:
- | In respect of | Amount | Forum |
|------------------------|-------------------------------|---------------|
| Income Tax-A.Y 1994-95 | 0.69 Lacs | Supreme Court |
| ESI | 0.74 Lacs
(P.Y. 0.40 lacs) | - |
10. The company has been registered for a period of more than five years, having existing Share Capital of Rs. 1159.10 Lacs. Its accumulated losses at the end of the financial year amounting to Rs. 2266.41 Lacs (Previous year Rs.2278.05 Lacs). It has incurred cash profit of Rs.40.99 lacs in the financial year under review and incurred cash losses of Rs.245.60 lacs in the financial year immediately proceeding such financial year.
11. Based on our Audit procedure and on the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution and bank.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of securities by way of
- pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of Clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
14. According to information and explanations given to us, the company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities and other investments and timely entries have been made therein. All investments in shares have been held by the company in its own name.
15. According to information and explanations given to us, the company has not given guarantees for loans taken by other from the bank or financial institutions.
16. The company has not taken any term loan during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investments.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the company has not made any preferential allotment of shares/debentures to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The company has no outstanding secured debentures during the year under audit.
20. The Company has not raised any money by public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **Bhushan Aggarwal & Co.,**
(Firm Registration No. 005362 N)
Chartered Accountants

sd/-

(S.B.Aggarwal)

Prop.

M.No. 084005

Place: Ludhiana
Dated: 31.08.2010

Balance Sheet as at 31st March, 2010

PARTICULARS	ANNEXURE	AS AT		AS AT	
		31.03.2010		31.03.2009	
		Rs.	Ps.	Rs.	Ps.
SOURCE OF FUNDS					
Share of Capital	A	115,909,580.00		115,909,580.00	
Reserve & Surplus	B	253,293,612.52		239,686,612.52	
		<u>369,203,192.52</u>		<u>355,596,192.52</u>	
LOAN FUNDS					
Secured Loan	C	6,007,716.50		7,260,288.96	
Unsecured Loans	D	203,205,720.30		194,155,662.30	
		<u>209,213,436.80</u>		<u>201,415,951.26</u>	
	Total	<u>578,416,629.32</u>		<u>557,012,143.78</u>	
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	E	60,439,208.80		56,566,366.80	
Less : Depreciation		36,795,660.21		33,860,944.95	
Net Block		<u>23,643,548.59</u>		<u>22,705,421.85</u>	
INVESTMENT	F	<u>15,387,310.00</u>		<u>27,887,310.00</u>	
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	G	27,762,885.13		14,282,454.13	
Sundry Debtors	H	27,228,273.12		27,063,998.92	
Cash & Bank Balances	I	7,949,454.95		2,082,765.68	
Loans & Advances	J	311,395,125.95		297,735,847.78	
		<u>374,325,089.15</u>		<u>341,165,066.51</u>	
LESS CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	K	72,709,249.44		60,463,922.67	
Provisions	L	1,871,263.00		2,086,950.00	
		<u>74,580,512.44</u>		<u>62,550,872.67</u>	
NET CURRENT ASSETS		<u>299,755,226.71</u>		<u>278,614,193.84</u>	
DEFERRED REVENUE EXPENDITURE	M	12,989,630.00		-	
PROFIT & LOSS ACCOUNT (As Annexed)		<u>226,640,914.02</u>		<u>227,805,218.09</u>	
	Total	<u>578,416,629.32</u>		<u>557,012,143.78</u>	
NOTES ON ACCOUNTS	U				

Auditor's Report

As per our report of even date
for **Bhushan Aggarwal & Co.**
(Firm Registration No. 005362 N)
Chartered Accountants

sd/-
(S.B. Aggarwal)
Prop.
M.No. 084005
Place : Ludhiana
Dated : 31.08.2010

On behalf of the Board

For Ritesh Properties and Industries Limited

sd/-
(Pran Arora)
Chairman
sd/-
(Sanjeev Arora)
Mg. Director
sd/-
(Roop Kishore Fathepuria)
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	ANNEXURE	For the year Ended 31.03.2010		For the year Ended 31.03.2009	
		Rs.	Ps.	Rs.	Ps.
INCOME					
Operating and other Income	N	24,591,392.34		9,833,353.72	
Profit on sale of Assets			-	6,000.00	
	Total	24,591,392.34		9,839,353.72	
EXPENDITURE					
Cost of Material	O	1,221,149.60		4,796,408.39	
Manufacturing Expenses	P	48,444.00		167,565.75	
Personnel Expenses	Q	866,769.00		2,595,002.00	
Administrative Expenses	R	5,628,046.18		21,447,329.87	
Financial Expenses	S	3,158,162.62		2,366,585.81	
Selling Expenses	T	430,597.00		2,014,946.25	
Loss on Shares		9,139,204.61		-	
Depreciation		2,934,715.26		3,922,130.27	
	Total	23,427,088.27		37,309,968.34	
Profit/(Loss) before tax		1,164,304.07		(27,470,614.62)	
Provision for Tax			-	-	
Provision for Fringe Benefit Tax			-	1,011,592.00	
Profit/(Loss) after Tax		1,164,304.07		(28,482,206.62)	
Add/Less: Brought Forward from Previous Year		(227,805,218.09)		(199,323,011.47)	
Balance Carried to Balance Sheet					
	Total	(226,640,914.02)		(227,805,218.09)	
NOTES ON ACCOUNTS	U				

Auditor's Report

As per our report of even date
for **Bhushan Aggarwal & Co.**
(Firm Registration No. 005362 N)
Chartered Accountants

sd/-
(S.B. Aggarwal)
Prop.
M.No. 084005
Place : Ludhiana
Dated : 31.08.2010

On behalf of the Board

For Ritesh Properties and Industries Limited

sd/-
(Pran Arora)
Chairman
sd/-
(Sanjeev Arora)
Mg. Director
sd/-
(Roop Kishore Fathepuria)
Director

RITESH PROPERTIES AND INDUSTRIES LIMITED

ANNEXURE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "A"				
SHARE CAPITAL				
Authorised				
15,000,000 Equity Shares of Rs. 10/- each	150,000,000.00		150,000,000.00	
Issued, Subscribed and Paid-up				
11,758,508 Equity Shares of Rs. 10/- each	117,585,080.00		117,585,080.00	
Subscribed & paid-up				
11,590,958 Equity Shares of Rs. 10/- each fully paid-up in cash	115,909,580.00		115,909,580.00	
Total	115,909,580.00		115,909,580.00	
ANNEXURE "B"				
RESERVE AND SURPLUS				
Capital Reserve	92,198,920.52		78,591,920.52	
Capital Subsidy	3,000,000.00		3,000,000.00	
Fofeited Shares	1,049,750.00		1,049,750.00	
Investment Allowance Reserve-Utilised	987,000.00		987,000.00	
Share Premium	156,057,942.00		156,057,942.00	
Total	253,293,612.52		239,686,612.52	
ANNEXURE "C"				
SECURED LOANS				
(1) From Banks				
Working Capital				
Secured against Equitable Mortgage of Company's Land & Building situated at 356, Industrial Area A, Ludhiana and hypothecation of stocks and also guaranteed by the Promotor directors.	4,465,239.50		4,354,069.50	
(2) From Others				
(a) Vehicles Purchased under H.P.				
Secured against hypothecation of Vehicles purchased under hire purchase agreement and also guaranteed by Managing Director of the Company.	1,542,477.00		2,906,219.46	
Total	6,007,716.50		7,260,288.96	
ANNEXURE "D"				
UNSECURED LOANS				
Convertible Warrants	-		13,607,000.00	
From Directors	300,000.00		-	
From Others	10,300,000.00		7,562,183.00	
From Companies	192,605,720.30		172,986,479.30	
Total	203,205,720.30		194,155,662.30	

RITESH PROPERTIES AND INDUSTRIES LIMITED

**ANNEXURE - "E"
FIXED ASSETS**

Sr. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
		As At 01.04.2009	Additions during the Year	Sale/ Transfer during the Year	As At 31.03.2010	As on 01.04.2009	For the Year	Written back during the Year	As On 31.03.2010	As At 31.03.2010	As At 31.03.2009
1	Land	457,100.00	-	-	457,100.00	-	-	-	-	457,100.00	457,100.00
2	Building	36,401,712.23	1,900,000.00	-	38,301,712.23	23,961,114.62	1,339,059.76	-	25,300,174.38	13,001,537.85	12,440,597.61
3	Plant & Machinery	3,579,866.60	31,000.00	-	3,610,866.60	2,893,840.11	107,553.98	-	3,001,394.09	609,472.51	686,026.49
4	Furniture & Fixture	4,607,049.61	-	-	4,607,049.61	2,082,391.82	252,465.78	-	2,334,857.60	2,272,192.01	2,524,657.79
5	Office Equipement	1,718,210.37	47,230.00	-	1,765,440.37	908,739.52	83,308.58	-	992,048.10	773,392.28	809,470.85
6	Vehicles	9,802,427.99	1,894,612.00	-	11,697,039.99	4,014,858.88	1,152,327.17	-	5,167,186.05	6,529,853.94	5,787,569.11
	Total	56,566,366.80	3,872,842.00	-	60,439,208.80	33,860,944.95	2,934,715.26	0.00	36,795,660.21	23,643,548.59	22,705,421.85
	Previous Year	56,418,439.30	147,927.50	0.00	56,566,366.80	29,938,814.68	3,922,130.27	0.00	33,860,944.95	22,705,421.85	

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE “F” INVESTMENT (At Cost-Non Trade) Quoted				
1100 Equity Shares of Rs. 10/- each of Master Trust Ltd.	11,000.00		11,000.00	
2000 Equity Shares of Rs. 10/- each of Vallabh Knits Ltd.	20,000.00		20,000.00	
400 Equity Shares of Rs. 10/- each of Nahar Ind. Enter. Ltd	10,000.00		10,000.00	
10000 Equity Shares of Rs. 10/- each Kansal Fibres Ltd.	100,000.00		100,000.00	
600 Equity Shares of Rs. 10/- each of Nahar Exports Ltd	72,360.00		72,360.00	
500 Equity Shares of Rs. 10/- each of R.S.Petro Products Ltd	9,950.00		9,950.00	
Nil(P.Y 50000) Equity Shares of Rs. 10/- each of Master Trust Ltd.	-		6,700,000.00	
Unquoted				
Nil(P. Y 580000) Equity Shares of Rs.10/- each of Isbelle Traders Ltd.	-		5,800,000.00	
In Subsidiary Companies				
1,500,000 Equity Shares of Rs.10/- each of Femella Fashions Private Ltd	15,000,000.00		15,000,000.00	
4,000 Common Stock of \$1/- each of Catalina Bay USA Inc	164,000.00		164,000.00	
Total	15,387,310.00		27,887,310.00	
Market value of quoted Investments	271,385.00		1,303,365.00	
ANNEXURE “G” INVENTORIES (As taken, valued & Certified by the Management)				
Raw Material (at cost)	-		40,239.00	
Finished Goods (at estimated realisable value)	1,033,788.60		1,007,812.60	
Others(at cost)	26,729,096.53		13,234,402.53	
Total	27,762,885.13		14,282,454.13	
ANNEXURE “H” SUNDRY DEBTORS (Unsecured, Considered Good)				
Over six Month old	27,228,273.12		26,678,019.28	
Others	-		385,979.64	
Total	27,228,273.12		27,063,998.92	
ANNEXURE “I” CASH & BANK BALANCES				
Cash in Hand	1,530,613.05		70,057.05	
Bank Balances				
Current Account	4,966,030.93		1,800,320.98	
FDR,s	1,452,810.97		212,387.65	
Total	7,949,454.95		2,082,765.68	
ANNEXURE “J” LOANS & ADVANCES (Unsecured, Considered Good)				
Advances recoverable in cash or in kind. for value to be received	161,041,282.04		193,998,562.91	

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
Advances to Subsidiaries	129,451,922.04		71,927,186.60	
Advance to Supplier	12,740,259.34		24,739,028.74	
Security Deposits	2,101,466.87		1,195,850.87	
Income tax / Tax Deducted at Source	6,060,195.66		5,875,218.66	
Total	311,395,125.95		297,735,847.78	
ANNEXURE "K"				
CURRENT LIABILITIES				
Sundry Creditors				
- Due to Micro, Small and Medium Enterprises		-		-
- Others	62,392,154.85		56,266,430.55	
Advance From Customers	4,241,016.00			-
Other Liabilities	4,858,141.59		4,061,973.09	
Cheque issued but Presented Later on (Net)	1,217,937.00		135,519.03	
Total	72,709,249.44		60,463,922.67	
ANNEXURE "L"				
PROVISIONS				
Provision for Tax	1,871,263.00		2,086,950.00	
Total	1,871,263.00		2,086,950.00	
ANNEXURE "M"				
DEFERRED REVENUE EXPENDITURE				
(To the extent not written off or adjusted)	12,989,630.00			-
For the year				
Total	12,989,630.00			-
ANNEXURE "N"				
OPERATING AND OTHER INCOME				
Sales & Services	1,095,532.02		5,673,699.90	
Export Incentives	15,323.00		310,244.45	
Interest Received	3,222,315.32		3,619,579.19	
Rent	221,400.00		158,400.00	
Dividend	-		210.00	
Other Income	-		26,102.84	
Profit on forfeiture of Advance against Capital goods	20,000,000.00			-
Previous Year Income	36,822.00			-
Balance Written off	-		45,117.34	
Total	24,591,392.34		9,833,353.72	
ANNEXURE "O"				
COST OF MATERIAL				
Opening Stock				
Raw Material	40,239.00			-
Finished Goods	1,007,812.60		946,022.65	
Others	13,234,402.53		13,234,402.53	
Total	14,282,454.13		14,180,425.18	
Add : Purchases	14,701,580.60		4,898,437.34	
Total	28,984,034.73		19,078,862.52	

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
Less : Closing Stock				
Raw Material		-	40,239.00	
Finished Goods	1,033,788.60		1,007,812.60	
Others	26,729,096.53		13,234,402.53	
Total	27,762,885.13		14,282,454.13	
Net	1,221,149.60		4,796,408.39	
ANNEXURE "P"				
MANUFACTURING EXPENSES				
Electric Repair	8,507.00		3,620.00	
Dyeing & Finishing Charges	513.00		-	
Generator Expenses	-		120,175.00	
Others	39,424.00		43,770.75	
Total	48,444.00		167,565.75	
ANNEXURE "Q"				
PERSONNEL EXPENSES				
Salary, wages and Other Allowances	2,511,274.00		2,500,429.00	
Welfare Expenses	89,034.00		94,573.00	
	2,600,308.00		2,595,002.00	
Less: Transfer to deferred Revenue Expenditure	1,733,539.00		-	
Total	866,769.00		2,595,002.00	
ANNEXURE "R"				
ADMINISTRATIVE EXPENSES				
Fees & Taxes	128,028.00		144,431.00	
Printing & Stationery	53,727.00		1,158,948.00	
Travelling & Conveyance	8,984,168.61		10,739,732.73	
(Includes Director's Travelling Rs.7961214.64 (Previous Year Rs. 9619301.20)				
Legal & Professional Charges	619,013.00		1,600,521.00	
Postage, Telegram & Telephone	552,346.52		607,478.01	
Electricity Expenses	829,964.66		345,711.00	
Charity & Donation	450,402.00		527,997.00	
General Expenses	280,058.00		363,950.72	

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
Auditor's Remuneration				
Audit Fee	200,000.00		150,000.00	
Tax Audit Fee	20,000.00		20,000.00	
General Repair	11,694.00		9,860.00	
Building Repair	7,758.00		8,735.00	
Diwali Expenses	91,545.00		-	
Insurance Charges	216,111.72		215,844.87	
AGM Expenses	8,156.00		9,739.00	
Rent Rates & Taxes	3,488,607.32		4,719,235.00	
Others	12,020.69		9,685.47	
Subscriptions & Membership	13,000.00		11,995.00	
Balances Written off	28,757.04		-	
Previous Year Expenses	-		2,93,751.00	
Vehicle Expenses	888,779.62		509,715.07	
	16,884,137.18		21,447,329.87	
Less: Transfer to deferred Revenue Expenditure	11,256,091.00		-	
Total	5,628,046.18		21,447,329.87	
ANNEXURE "S"				
FINANCIAL EXPENSES				
Interest on Working Capital	595,732.00		615,712.00	
Interest to Others	2,216,217.00		1,198,356.00	
Bank Charges	79,504.08		110,719.62	
Hire Purchase Charges	266,709.54		441,798.19	
Total	3,158,162.62		2,366,585.81	
ANNEXURE "T"				
SELLING EXPENSES				
Advertisement	119,709.00		1,223,846.00	
Sales Promotion Expenses	221,926.00		247,461.25	
Freight & Others	12,313.00		38,159.00	
Export Expenses	66,380.00		423,021.00	
Other Expenses	10,269.00		82,459.00	
Total	430,597.00		2,014,946.25	

j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting policies in India requires management to make estimates and assumption that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision of accounting estimates is recognized prospectively in current and future periods.

k) Borrowing Cost

Borrowings cost that are attributable to the acquisition or constructions of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense in the year in which they are incurred.

l) Provisions, Contingent Liabilities And Contingent Assets

A provision is created where there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

m) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its receivable value. An impairment loss is charged to the profit & loss accounts in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2. Contingent Liabilities-

- a) Bank guarantee of Rs.181.66 Lacs (P.Y. Rs. 170 Lacs)
- b) Capital contract (net of Advance) Rs. NIL (P.Y. Rs. 3.32 Crore)
3. During the year under review, the company had forfeited a sum of Rs.136.07 Lacs being the share application money received on convertible warrants and transfers the same to the Capital Reserve, being the option for conversion of warrants into equity shares of the company had not exercised by the warrant holders on the due date.
4. Insurance claims are being accounted for on receipt basis, if any.
5. Debit & Credit balances are subject to confirmation & reconciliation, if any.
6. During the year under review, the company has decided to write off the Personnel and Administrative Expenses related to ongoing Real Estate Project over a period of three years and transfer a sum of Rs. 1,29,89,630/- to Deferred Revenue Expenditure, effecting the profitability accordingly.
7. The payment made to the Directors is as under:

Particulars	2009-10	2008-09
Salary to Director- Sh. Roop Kishore Fatehpuria	Rs. 7,10,400/-	Rs. 7,10,400/-
Perks-Conveyance Allowance Sh. Roop Kishore Fatehpuria	Rs.9,600/-	Rs.9,600/-
Sitting Fee to Director- Sh. Surinder K Sood	Rs.12,600/-	Rs.5,000/-

8. The Earning per Share(EPS) in accordance with Accounting Standards(AS)-20 on “Earning per Share” issued by The Institute of Chartered Accountants of India is as under:

Particulars	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
Earnings Profit/Loss as per Profit & Loss Account	Rs.1164304	(Rs.28482207)
Shares		
-Weighted average Number of Equity share outstanding during the year- Basic	11590958	11590958
-Weighted average Number of Equity share outstanding during the year-Diluted	11590958	12951658
Earning per Share –Basic	(0.10)	(2.46)
Earning per Share –Diluted	(0.10)	(2.20)
Nominal Value per Share	Rs.10/-	Rs.10/-

9. The Udyog Shahik, Chandigarh has allotted 40 Acres of Land vide Letter No. US/337 - U Dt. 22/04/94. The sale deeds & possession of the above said land is with the company and its associate companies. However, there are pending cases against the company for increase in acquisition cost. If any payment has to be made by the company on this account, the same will be accounted for on cash basis.

Collector Land Acquisition, Department of Industries and Commerce, Punjab, Chandigarh had issued various demand notices being the enhanced compensation to be paid to the Land Owners. The company had already made an appeal against this order and the matter has been decided by the arbitrator in favour of the company but the State Government has filed an appeal against the Arbitrator decision. However, if any payment has to be made by the company on this account, the same will be accounted for on cash basis. However, the company has already given bank guarantee of Rs.181.66 Lacs (Previous year Rs.170.00 lacs).

The charges, if any for the conversion of land into mega project scheme will be accounted for on cash basis.

10. Related Parties Disclosure

- A) Related parties where control exists or with whom transactions have taken place during the year.

SUBSIDIARIES COMPANIES

- Femella Fashions Private Ltd.
- Catalina Bay USA Inc.

ASSOCIATED/ALLIED COMPANIES

- o Ritesh International Limited
- o Ritesh Spinning Mills Limited
- o Pentagon Finance Limited
- o Kishan Chand & Co Oil Industries Limited
- o Ritesh Impex Private Ltd

KEY MANAGERIAL PERSONNEL REPRESENTED ON THE BOARD

- o Sh. Pran Arora Chairman
- o Sh. Sanjeev Arora Managing Director
- o Sh. Rajiv Arora Director
- o Sh. Roop Kishor Fathepuria Director
- o Sh. Surinder K Sood Director

- B) The following is a summary of significant related party transactions.

Particulars	For the Year Ended 31.03.2010 (Rs. in Lacs)	For the Year Ended 31.03.2009 (Rs. in Lacs)
i) Sale of Fixed Assets to - Subsidiary Companies	Nil	0.06
ii) Sale to - Subsidiary Companies	10.48	56.73
iii) Purchase of fixed assets from - Key Managerial Personnel	19.00	Nil
iv) Salary, Perks & Sitting Fee to - Key Managerial Personnel	7.33	7.25

- C) Amount due From/To Related Parties :

Particulars	As on 31.03.2010 (Rs. in Lacs)	As on 31.03.2009 (Rs. in Lacs)
i) Due from Related Parties (included in Loans & Advances & Sundry Debtors)		
-Subsidiary Companies	1538.96	1268.86
- Associate/Allied Concern	284.87	326.98
ii) Due to Related Parties (included in Current Liabilities & Unsecured Loans)		
-- Associate/Allied Concern	1672.06	1253.24
-Due to Key Managerial Personnel	3.82	0.82

11. Leases (AS-19):

S. No.	Particulars	31.03.2010	31.03.2009
a.	The total of future minimum lease payment under non-cancelable operating leases for each of the following periods: 1. not later than one year ; 2. later than one year and not later than five year; 3. later than five years	Rs. 29,11,199/- Rs. 37,95,068/- NIL	Rs.18,28,728/- Rs.67,66,290/- NIL
b.	The total of future minimum sub-leases payment expected to be received under non-cancelable sub-leases at the balance sheet:	Rs. 14,30,846/-	Rs.6,33,600/-
c.	Leases payments recognized in the statement of profit and loss for the period, with separate amounts for minimum leases payments.	Rs. 33,26,390/-	Rs.47,08,728/-
d.	Sub-leases payments received (or receivable) recognized in the statement of profit and loss for the period:	Rs. 2,21,400/-	Rs.1,58,400/-
e.	A general description of the lessee's significant leasing arrangements including the following: The existence and terms of renewal or purchase options and escalation clauses; and restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing.	The lease agreement for the Gurgaon Office renewable every three year subject to escalation of 15%	The lease agreement for the Gurgaon Office renewable every three year subject to escalation of 15%

12. Segment Reporting

Segment reporting is not given as the company deals mainly in one segment and the disclosure requirements of Accounting Standards (AS)-17 on "Segment Reporting", issued by The Institute of Chartered Accountants of India are not applicable.

13. The Company is not complying with the provisions of Section 383A of the Companies Act, 1956 regarding the appointment of Company Secretary.
14. The company has revised/modified the Income tax returns for the financial year 2006-07 and 2007-08. The tax already deposited by the company on the basis of revised income tax returns will be treated as advance tax deposited by the company.

15. In the opinion of the Board, all the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated except as expressly stated other wise.
16. The company has not received information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act has not been given.
17. Corresponding figures of previous year have been regrouped / rearranged wherever deemed necessary.
18. Additional information pursuant to Para 3 & 4 of part II of Schedule VI of the Companies Act, 1956.

A) Particulars of Licensed/Registered/Installed Capacity/Production - N.A (Previous year- N.A)

B) Particulars of Sales

Class of Goods	Unit	2009-10		2008-09	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Fleece/ Knitted Cloth	Mtr/Kgs.	6.300	2419.50	22.400	8848.00
Garment	Pcs.	6972	1052873.52	30440	5427744.40
Cotton Yarn	Kgs	450	40239.00	-	-
Others	-	-	-	-	237107.50

C) Opening & Closing Stock of Goods produced & Goods traded in

Class of Goods	Unit	2009-10		2008-09		2007-08	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Knitted Cloth / Fabric	Mtr/Kgs.	6365.325	701403.60	6257.880	660967.60	6092.370	592172.65
Garment	Pcs.	2623	314760.00	2805	329220.00	2896	336225.00
Realty Business	-	-	26729096.53	-	13234402.53	-	13234402.53
Socks	-	-	17625.00	-	17625.00	-	17625.00

D) Trading Goods Purchased

Class of Goods	Unit	2009-10		2008-09	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Knitted Cloth	Mtr/Kgs.	2079.820	807172.60	2477.290	938540.50
Garment	Pcs.	1334	227516.00	22728	3694625.84

E) Raw Material Consumed

Class of Goods	Unit	2009-10		2008-09	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Yarn	Kgs.	450.000	40,239.00	-	-
Others	-	-	172198.00	-	225032.00

F) Other Additional Information

a)		2009-10 (Rs.)	2008-09 (Rs.)
1)	Employees drawing remuneration not less than Rs.2400000/- per annum and employed throughout the year	Nil	Nil
2)	Employees drawing remuneration not less than Rs.2400000/- per annum and employed throughout the year	Nil	Nil
b)	Value of imports on CIF basis	Nil	Nil
c)	Expenditure in Foreign Currency -On Traveling	273,200	875,100
d)	Gross Income derived from services rendered as manufacturer	Nil	Nil
e)	Earning in foreign exchange on FOB basis	206,154	4,496,698

G) Value of Imported/Indigenous Raw Material, Spare Parts, Components & Store Consumed:

Class of Goods	2009-10		2008-09	
	Value (Rs.)	%Age	Value (Rs.)	%Age
i) Raw Material				
Indigenous	212,437	100.00%	225,032	100.00%
Imported	-	-	-	-
ii) Stores, Spare Parts and Components				
Indigenous	8,507	100%	3,620	100%
Imported	-	-	-	-

Signature to Annexures 'A' to 'U'

for **Bhushan Aggarwal & Co.**

(Firm Registration No. 005362 N)

Chartered Accountants

On behalf of the Board

For **Ritesh Properties and Industries Ltd.**

sd/-
(S.B. Aggarwal)
Prop.

sd/-
(Pran Arora)
Chairman

sd/-
(Sanjeev Arora)
Mg. Director

M.No. 084005
Place: Ludhiana
Dated: 31.08.2010

sd/-
(Roop Kishore Fathepuria)
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	For the year ended 31.03.2010		For the year ended 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax & Extra Ordinary items				
	1,164,304.07			(27,470,614.62)
Adjustments for				
- Depreciation	2,934,715.26			3,922,130.27
- Interest paid on borrowing	2,811,949.00			1,814,068.00
- Loss/(Profit) on sale of Assets	-			(6,000.00)
- Dividend/interest received	(3,222,315.32)		2,524,348.94	(3,619,789.19)
				2,110,409.08
Operating profit before working capital charges	3,688,653.01			(25,360,205.54)
Adjustments for				
- Payable	12,018,989.77			(1,972,588.98)
- Receivable	(164,274.20)			(3,212,240.43)
- Inventory	(13,480,431.00)			(102,028.95)
- Loans & Advances	(13,648,628.17)	(15,274,343.60)	(39,990,746.90)	(45,277,605.26)
Cash Generated from operations		(11,585,690.59)		(70,637,810.80)
Interest paid		(2,811,949.00)		(1,814,068.00)
		(14,397,639.59)		(72,451,878.80)
Taxes paid		-		1,011,592.00
Net Cash from operating activities (A)		(14,397,639.59)		(73,463,470.80)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(3,872,842.00)			(147,927.50)
Sale of Fixed Assets	-			6,000.00
Sale/Purchase of Investment	12,500,000.00			(6,700,000.00)
Interest/Dividend Received	3,222,315.32	11,849,473.32	3,619,789.19	(3,222,138.31)
Net cash used in investing activities (B)		11,849,473.32		(3,222,138.31)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Deferred Revenue Expenditure	(12,989,630.00)			-
Increase in Reserve & Surplus	13,607,000.00			
Borrowing (Net)	7,797,485.54	8,414,855.54	54,561,022.19	54,561,022.19
Net cash from financing activities (C)		8,414,855.54		54,561,022.19
Net increase/(decrease) in cash and cash equivalents (A+B+C)		5,866,689.27		(22,124,586.92)
Cash and Cash equivalents as at (Opening Balance)		2,082,765.68		24,207,352.60
Cash and Cash equivalents as at (Closing Balance)		7,949,454.95		2,082,765.68

Auditor's Report

As per our report of even date
for **Bhushan Aggarwal & Co.**
(Firm Registration No. 005362 N)
Chartered Accountants

sd/-
(S.B.Aggarwal)
Prop.
M.No. 084005
Place : Ludhiana
Dated : 31.08.2010

On behalf of the Board

For **Ritesh Properties and Industries Limited**

sd/-
(Pran Arora)
Chairman
sd/-
(Sanjeev Arora)
Mg. Director
sd/-
(Roop Kishore Fathepuria)
Director

RITESH PROPERTIES AND INDUSTRIES LIMITED

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details																			
Registration No.										2	7	0	5	0	State Code		5	5	
Balance Sheet Date										3	1	-	0	3	-	2	0	1	0
										Date		Month		Year					
II. Capital raised during the Year (Amount in Rs. Thousands)																			
Public Issue				Right Issue				Bonus Issue				Private Placement							
III. Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)																			
Total Liabilities								Total Assets											
Sources of Funds																			
Paid-up Capital					Reserves & Surplus					Deferred Tax Liability									
Application of Funds																			
Net Fixed Assets					Net current Assets					Misc. Expenditure									
IV. Performance of Company (Amount in Rs. Thousands)																			
Turnover								Total Expenditure											
Profit Before Tax					Basic Earning per Share			Profit After Tax											
V. Generic Names of Three Principal Products of Company (As per Monetary Terms)																			
Item Code No. (ITC Code)		6	1	0	9	1	0	0	0										
Product Description		G	A	R	M	E	N	T	S	&	A	C	C	E	S				
Item Code No. (ITC Code)		N	A																
Product Description		R	E	A	L	E	S	T	A	T	E								

On Behalf of the Board
For Ritesh Properties and Industries Limited

Place : Ludhiana
Dated : 31.08.2010

sd/-
(Pran Arora)
Chairman

sd/-
(Sanjeev Arora)
Managing Director

sd/-
Roop Kishore Fatehpuria
Director

RITESH PROPERTIES AND INDUSTRIES LIMITED

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors
Ritesh Properties and Industries Limited,

We have audited the attached consolidated Balance Sheet of Ritesh Properties and Industries Limited ("the Company") and its Subsidiaries as at 31st March 2010, and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statements for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements regarding subsidiaries. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. We did not audit the Financial Statements of subsidiary viz Catalina Bay USA Inc, which reflect total assets of Rs. 291.50 Lacs (Previous Year Rs. 322.21 Lacs) as at 31st March, 2010, total revenue of Rs. NIL Lacs (Previous year Rs. 18.37 Lacs) and cash flows amounting to Rs. 17.99 Lacs (Previous Year Rs. 114.43 Lacs) for the year ended thereon. These financial statements and other financial information have been compiled by the Company's management and our opinion is based solely on the information given by the Company.
2. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements issued by The Institute of Chartered Accountants of India and notified by Companies (Accounting Standards) Rules, 2006, and on the basis of the separate audited financial statement of the

company and its Indian subsidiary and unaudited financial statement of its foreign subsidiary, included in the consolidated Financial Statements.

3. Based on our audit as aforesaid and on consideration of the financial statements and on the other financial information of the components and accounts approved by the Board of Directors and to the best of information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements read with notes thereon subject to the following Notes as given in the Notes on Accounts as per Annexure "U":
 1. Note No. 7 during the year under review, the company has written off the Personnel and Administrative Expenses related to ongoing Real Estate Project over a period of three years and transfer a sum of Rs. 129.90 Lacs to Deferred Revenue Expenditure, increasing the profitability accordingly.
 2. Note No.8 regarding the Deferred Revenue Expenditure already incurred in the previous years and in the current year not written off and to be written off in the coming years not yet decided by the Indian subsidiary.

give a true and fair view in conformity with the accounting principles generally accepted in India;

- i. in the case of Consolidated Balance Sheet, of the state of affairs of the company and its subsidiaries as 31st March, 2010 and
- ii. in the case of the Consolidated Profit & Loss Account, of the Loss of the company and its subsidiaries for the year ended on that date.
- iii. in the case of Consolidated Cash Flow Statement, of the Cash flows of the company and its subsidiaries for the year ended on that date.

For **Bhushan Aggarwal & Co.,**
Firm Registration No. 005362N
Chartered Accountants

sd/-

(S.B.Aggarwal)

Prop.

Place: Ludhiana
Dated: 31.08.2010

M. No. 084005

Consolidated Balance sheet as at 31st March, 2010

PARTICULARS	ANNEXURE	AS AT 31.03.2010		AS AT 31.03.2009	
		Rs.	Ps.	Rs.	Ps.
SOURCE OF FUNDS					
Share Capital	A	115,909,580.00		115,909,580.00	
Reserve & Surplus	B	251,289,057.78		236,985,147.32	
		<u>367,198,637.78</u>		<u>352,894,727.32</u>	
LOAN FUNDS					
Secured Loan	C	6,007,716.50		7,260,288.96	
Unsecured Loans	D	203,235,210.30		194,160,734.30	
		<u>209,242,926.30</u>		<u>201,421,023.26</u>	
	Total	<u>576,441,564.58</u>		<u>554,315,750.58</u>	
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	E	105,855,101.18		100,693,447.27	
Less : Depreciation		42,370,019.83		36,211,543.14	
Net Block		<u>63,485,081.35</u>		<u>64,481,904.13</u>	
INVESTMENT	F	223,310.00		12,723,310.00	
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	G	47,682,697.77		36,987,704.70	
Sundry Debtors	H	2,801,237.99		3,447,124.74	
Cash & Bank Balances	I	8,436,076.96		2,771,906.17	
Loans & Advances	J	195,046,605.79		211,108,149.54	
		<u>253,966,618.51</u>		<u>254,314,885.14</u>	
LESS CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	K	96,013,783.18		85,605,309.23	
Provisions	L	1,871,263.00		2,343,790.00	
		<u>97,885,046.18</u>		<u>87,949,099.23</u>	
NET CURRENT ASSETS		<u>156,081,572.33</u>		<u>166,365,785.91</u>	
MISCELLANEOUS EXPENDITURE	M	59,905,125.30		33,830,414.20	
PROFIT & LOSS ACCOUNT (As Annexed)		<u>296,746,475.60</u>		<u>276,914,336.34</u>	
	Total	<u>576,441,564.58</u>		<u>554,315,750.58</u>	
NOTES ON ACCOUNTS	U				

Auditor's Report

As per our report of even date
for **Bhushan Aggarwal & Co.**
(Firm Registration No. 005362 N)
Chartered Accountants

sd/-
(S.B.Aggarwal)
Prop.

Place : Ludhiana
Dated : 31.08.2010

On behalf of the Board

For Ritesh Properties and Industries Limited

sd/-
(Pran Arora)
Chairman

sd/-
(Sanjeev Arora)
Mg. Director

sd/-
(Roop Kishore Fathepuria)
Director

RITESH PROPERTIES AND INDUSTRIES LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	ANNEXURE	For the year ended 31.03.2010		For the year ended 31.03.2009	
		Rs.	Ps.	Rs.	Ps.
INCOME					
Operating and other Income	N	32,724,644.96		17,107,852.76	
Profit on sale of Assets			-	6,000.00	
	Total	32,724,644.96		17,113,852.76	
EXPENDITURE					
Cost of Material	O	7,013,851.22		3,651,198.63	
Manufacturing Expenses	P	96,101.00		964,805.01	
Personnel Expenses	Q	6,549,661.03		14,484,724.91	
Administrative Expenses	R	17,998,241.41		41,817,136.19	
Financial Expenses	S	3,352,062.17		2,777,031.09	
Selling Expenses	T	2,249,186.10		5,830,485.22	
Loss on Shares		9,139,204.61		-	
Depreciation		6,158,476.68		6,163,559.45	
	Total	52,556,784.22		75,688,940.50	
Profit/(Loss) before tax		(19,832,139.26)		(58,575,087.74)	
Provision for Tax		-		-	
Provision for Fringe Benefit Tax		-		1,268,432.00	
Profit/(Loss) after Tax		(19,832,139.26)		(59,843,519.74)	
Less: Income tax of earlier years		-		36,875.00	
Add/Less: Brought Forward from Previous Year		(276,914,336.34)		(217,107,691.60)	
Balance Carried to Balance Sheet	Total	(296,746,475.60)		(276,914,336.34)	

NOTES ON ACCOUNT

U

Auditor's Report

As per our report of even date
for **Bhushan Aggarwal & Co.**
(Firm Registration No. 005362 N)
Chartered Accountants

sd/-
(S.B. Aggarwal)
Prop.
M. No. 084005

On behalf of the Board

For Ritesh Properties and Industries Limited

sd/-
(Pran Arora)
Chairman

sd/-
(Sanjeev Arora)
Mg. Director

Place : Ludhiana
Dated : 31.08.2010

sd/-
(Roop Kishore Fathepuria)
Director

RITESH PROPERTIES AND INDUSTRIES LIMITED

CONSOLIDATED ANNEXURE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "A"				
SHARE CAPITAL				
Authorised				
15,000,000(P.Y 15,000,000) Equity Shares of Rs. 10/- each	150,000,000.00		150,000,000.00	
Issued, Subscribed and Paid-up				
11,758,508(P.Y 11,758,508) Equity Shares of Rs. 10/- each	117,585,080.00		117,585,080.00	
Subscribed & paid-up				
11,590,958(P.Y 11,590,958) Equity Shares of Rs. 10/- each fully paid-up in cash	115,909,580.00		115,909,580.00	
Total	115,909,580.00		115,909,580.00	
ANNEXURE "B"				
RESERVE AND SURPLUS				
Capital Reserve	92,198,920.52		78,591,920.52	
Capital Subsidy	3,000,000.00		3,000,000.00	
Fofeited Shares	1,049,750.00		1,049,750.00	
Investment Allowance Reserve-Utilised	987,000.00		987,000.00	
Share Premium	156,057,942.00		156,057,942.00	
Foreign currency translation Reserve	(2,004,554.74)		(2,701,465.20)	
Total	251,289,057.78		236,985,147.32	
ANNEXURE "C"				
SECURED LOANS				
(1) From Banks				
Working Capital				
Secured against hypothecation of stocks of raw material, finished goods, work-in-progress book debts present and future and also guaranteed by the promotor directors.	4,465,239.50		4,354,069.50	
(2) From Others				
(a). Machinery/Vehicles Purchased under H.P. secured	1,542,477.00		2,906,219.46	
against hypothecation of Plant & Machinery/Vehicles installed/to be installed, purchased under hire purchase agreement and also guaranteed by Managing Director of the Company.				
Total	6,007,716.50		7,260,288.96	
ANNEXURE "D"				
UNSECURED LOANS				
Convertible Warrants		-	13,607,000.00	
From Directors	325,000.00		-	
From Others	10,304,490.00		7,567,255.00	
Intercorporate Deposits	192,605,720.30		172,986,479.30	
Total	203,235,210.30		194,160,734.30	

**ANNEXURE - "E"
CONSOLIDATED FIXED ASSETS**

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
		As At 01.04.2009	Additions during the Year	Sale/ Transfer during the Year	As At 31.03.2010	As on 01.04.2009	For the Year	Written back during the Year	As On 31.03.2010	As At 31.03.2010	As At 31.03.2009
1.	Land	457,100.00	-	-	457,100.00	-	-	-	-	457,100.00	457,100.00
3.	Building	36,401,712.23	1,900,000.00	-	38,301,712.23	23,961,114.62	1,339,059.76	-	25,300,174.39	13,001,537.85	12,440,597.61
4.	Plant & Machinery	5,327,095.76	31,000.00	-	5,358,095.76	2,968,419.18	178,723.06	-	3,147,142.25	2,210,953.51	2,358,676.58
5.	Furniture & Fixture	14,930,926.92	1,178,939.91	-	16,109,866.83	2,695,800.52	966,131.33	-	3,661,931.85	12,447,934.99	12,235,126.40
6.	Office Equipment	3,422,500.37	60,230.00	-	3,482,730.37	983,090.90	164,085.68	-	1,147,176.58	2,335,553.80	2,439,409.47
7.	Vehicles	10,042,206.99	1,942,424.00	-	11,984,630.99	4,048,524.57	1,179,100.77	-	5,227,625.34	6,757,005.65	5,983,682.42
8.	Computer	809,337.00	49,060.00	-	858,397.00	145,337.24	137,315.79	-	282,653.03	575,743.97	663,999.76
9.	Intangible Assets	215,568.00	-	-	215,568.00	70,298.83	44,113.60	-	114,412.43	101,155.57	145,269.17
10.	Goodwill	29,087,000.00	-	-	29,087,000.00	1,338,957.28	2,149,946.70	-	3,488,903.98	25,598,096.02	27,748,042.72
	Total	100,693,447.27	5,161,653.91	-	105,855,101.18	36,211,543.14	6,158,476.68	-	42,370,019.83	63,485,081.35	64,481,904.13
	Previous Year	95,252,702.46	5,440,744.81	-	100,693,447.27	30,047,983.68	6,163,559.46	-	36,211,543.14	64,481,904.13	

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "F"				
INVESTMENT				
(At Cost-Non Trade)				
1100 Equity Shares of Rs. 10/- each of Master Trust Ltd.	11,000.00		11,000.00	
2000 Equity Shares of Rs. 10/- each of Vallabh Knits Ltd.	20,000.00		20,000.00	
400 Equity Shares of Rs. 10/- each of Nahar Ind. Enter. Ltd	10,000.00		10,000.00	
10000 Equity Shares of Rs. 10/- each Kansal Fibres Ltd.	100,000.00		100,000.00	
600 Equity Shares of Rs. 10/- each of Nahar Exports Ltd	72,360.00		72,360.00	
500 Equity Shares of Rs. 10/- each of R.S.Petro Products Ltd	9,950.00		9,950.00	
Nil (P.Y. 50000) Equity Shares of Rs.10/- each of Master Trust Ltd	-		6,700,000.00	
Unquoted				
Nil (P.Y. 580000) Equity Shares of Rs.10/- each of Isabelle Traders Ltd.	-		5,800,000.00	
Total	223,310.00		12,723,310.00	
Market value of quoted Investments	271,385.00		1,303,365.00	
ANNEXURE "G"				
INVENTORIES				
(As taken, valued & Certified by the Management)				
Raw Material (at cost)	2,900,078.50		3,033,612.71	
Finished Goods (at estimated realisable value)	18,053,522.74		20,719,689.46	
Others(at cost)	26,729,096.53		13,234,402.53	
Total	47,682,697.77		36,987,704.70	
ANNEXURE "H"				
SUNDRY DEBTORS				
(Unsecured, Considered Good)				
Over six Month old	2,801,237.99		2,433,034.20	
Others	-		1,014,090.54	
Total	2,801,237.99		3,447,124.74	
ANNEXURE "I"				
CASH & BANK BALANCES				
Cash in Hand	1,586,721.57		216,439.19	
Bank Balances				
Current Account	5,234,369.42		2,193,512.33	
FDR,s	1,614,985.97		361,954.65	
Total	8,436,076.96		2,771,906.17	
ANNEXURE "J"				
LOANS & ADVANCES				
(Unsecured, Considered Good)				
Advances recoverable in cash or in kind. for value to be received	170,890,224.07		174,180,675.57	
Advance to Supplier	13,219,724.19		26,099,091.84	
Security Deposits	4,876,461.87		4,953,163.47	
Income tax / Tax Deducted at Source	6,060,195.66		5,875,218.66	
Total	195,046,605.79		211,108,149.54	

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "K"				
CURRENT LIABILITIES				
Sundry Creditors				
- Due to Micro, Small and Medium Enterprises			75,044,369.98	
-Others	79,130,269.97			
Advance From Customers	4,241,016.00			-
Other Liabilities	10,793,616.21		10,262,096.21	
Cheque issued but Presented Later on (Net)	1,848,881.00		298,843.04	
Total	96,013,783.18		85,605,309.23	

ANNEXURE "L"				
PROVISIONS				
Provision for Tax		1,871,263.00		2,343,790.00
Total		1,871,263.00		2,343,790.00

ANNEXURE "M"				
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Preliminary Expenses-As per last B/Sheet		239,560.00		269,505.00
Deffered Revenue Expenditure-As per last B/Sheet		33,590,854.20		8,629,068.80
		33,830,414.20		8,898,573.80
Add: Deffered Revenue Expenditure		26,104,656.10		24,961,785.40
		59,935,070.30		33,860,359.20
Less: Written off				
Preliminary Expenses		29,945.00		29,945.00
		29,945.00		29,945.00
Net		59,905,125.30		33,830,414.20

ANNEXURE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "N"				
OPERATING AND OTHER INCOME				
Sales	9,198,978.99		12,938,197.84	
Export Incentives	15,323.00		310,244.45	
Interest Received	3,234,923.32		3,629,146.19	
Rent	221,400.00		158,400.00	
Dividend	-		210.00	
Other Income	17,197.65		26,536.94	
Forfeiture of Advance against Capital Assets	20,000,000.00			-
Previous Year Income	36,822.00			-
Balance Written off		-	45,117.34	
Total	32,724,644.96		17,107,852.76	

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "O"				
COST OF MATERIAL				
OPENING STOCK				
Raw Material	3,033,612.71		1,946,603.75	
Finished Goods	20,719,689.46		9,107,930.29	
Others	13,234,402.53		13,234,402.53	
	Total	36,987,704.70	24,288,936.57	
Add : Purchases		17,708,844.29	16,349,966.76	
	Total	54,696,548.99	40,638,903.33	
Less : Closing Stock				
Raw Material		2,900,078.50	3,033,612.71	
Finished Goods		18,053,522.74	20,719,689.46	
Others		26,729,096.53	13,234,402.53	
	Total	47,682,697.77	36,987,704.70	
	Net	7,013,851.22	3,651,198.63	
ANNEXURE "P"				
MANUFACTURING EXPENSES				
Electric Repair	8,507.00		3,620.00	
Dyeing, Chemical & Finishing Charges	38,785.00		797,239.26	
Generator Expenses	-		120,175.00	
Others	48,809.00		43,770.75	
	Total	96,101.00	964,805.01	
ANNEXURE "Q"				
PERSONNEL EXPENSES				
Salary, wages and Other Allowances	7,973,869.03		14,155,584.91	
Welfare Expenses	309,331.00		329,140.00	
	Total	8,283,200.03	14,484,724.91	
Less: Transfer to deferred Revenue Expenditure		1,733,539.00	-	
		6,549,661.03	14,484,724.91	
ANNEXURE "R"				
ADMINISTRATIVE EXPENSES				
Fees & Taxes	161,630.50		186,711.07	
Printing & Stationery	409,444.27		1,695,762.59	
Travelling & Conveyance	9,607,120.41		13,188,588.78	
(Includes Director's Travelling Rs.7984415.64 (Previous Year Rs. 9619301.20)				
Legal & Professional Charges	1,019,300.00		1,789,956.76	
Postage, Telegram & Telephone	1,249,472.98		1,840,461.40	
Electricity Expenses	1,529,934.66		1,236,809.00	
Charity & Donation	761,402.00		1,043,997.00	
General Expenses	418,790.00		454,300.90	

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
Auditor's Remuneration				
Audit Fee	240,000.00		230,000.00	
Tax Audit Fee	30,000.00		40,000.00	
General Repair	86,778.00		114,543.00	
Expenses Amortised	29,945.00		29,945.00	
Building Repair	7,758.00		8,735.00	
Diwali Expenses	92,545.00		1,950.00	
Insurance Charges	407,939.72		846,674.57	
AGM Expenses	8,156.00		9,739.00	
Rent Rates & Taxes	11,643,102.32		16,830,998.57	
Fine & Penalty	88,450.00		16,519.00	
Others	18,274.69		262,124.97	
Security Charges	177,360.00		330,470.00	
Subscriptions & Membership	18,612.50		32,029.40	
Balances Written off	31,630.29		287.05	
Previous Year Expenses	76,143.00		628,082.61	
Vehicle Expenses	1,140,543.07		998,450.52	
Total	29,254,332.41		41,817,136.19	
Less: Transfer to Deffered Revenue Expenditure	11,256,091.00		-	
Total	17,998,241.41		41,817,136.19	
ANNEXURE "S"				
FINANCIAL EXPENSES				
Interest on Working Capital	595,732.00		615,712.00	
Interest to Others	2,267,106.66		1,268,315.62	
Bank Charges	222,513.97		451,205.28	
Hire Purchase Charges	266,709.54		441,798.19	
Total	3,352,062.17		2,777,031.09	
ANNEXURE "T"				
SELLING EXPENSES				
Advertisement	264,729.00		1,515,224.00	
Sales Promotion Expenses	640,706.85		1,722,581.25	
Show Room Expenses	1,042,501.00		1,511,519.50	
Packing Expenses	156,971.25		199,962.00	
Freight & Others	67,629.00		374,345.47	
Export Expenses	66,380.00		424,394.00	
Other Expenses	10,269.00		82,459.00	
Total	2,249,186.10		5,830,485.22	

**ANNEXURE – ‘U’
NOTES TO ACCOUNTS**

1. Significant Accounting Policies the Consolidated Balance Sheet and Profit and Loss Account

a) Basis of presentation

The financial statements have been prepared to comply with the Accounting standards referred to in the Companies (Accounting Standards) Rules 2006 issued by the Central Government in exercise of the power conferred under sub section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on accrual basis.

b) Principles of consolidation

The consolidated financial statements include the financial statements of the Ritesh Properties and Industries Limited ('the Company') and its subsidiaries.

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances/ transactions.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its separate financial statements.

c) Fixed Assets

All fixed assets are stated at cost less accumulated depreciation. Cost of the acquisition is inclusive of freight, duties, taxes and other incidental expenses.

d) Inventories

The inventories have been determined on the basis of FIFO method and the basis of determining cost for various categories of inventories are as follows:-

1) Raw Material	At cost
2) Finished Goods	At Estimated realizable Value/ Estimated Cost
3) Others	At Cost

e) Revenue Recognition

- 1) Sale is recognized on mercantile basis.
- 2) Foreign currency fluctuations are recognized to revenue at time of realization.
- 3) Vat tax liability is accounted for on the basis of Vat tax returns filed and tax deposited by the Company. Additional liability, if any, arises at time of assessment, will be accounted for in the year of finalization of assessment.

f) Foreign Exchange Transaction

Indian Rupee is the reporting currency for the Company and its subsidiaries. However, the local currency of overseas subsidiary is different from the reporting currency of the Company. The translation of local currencies into Indian Rupee is performed by using the exchange rate as at Balance Sheet date. Any exchange difference arising on consolidation is accumulated in the Foreign Currency Translation Reserve.

Transactions in foreign currencies are recorded by the reporting entities in their local currency at the rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the rates prevailing on the balance sheet date.

All the foreign exchange transactions of

the Company for sale are accounted for at the rate applicable at the time of execution of documents with the bank or dispatch of goods.

g) Depreciation

In the case of the Company, Depreciation has been calculated as per the Income Tax Act, 1961 on Written Down Value Method.

In the case of Indian subsidiary, Depreciation has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956, except for Intangible assets which will be written off with in a period of five years.

h) Gratuity

Gratuity liability has been accounted for on accrual basis.

Contribution to Provident Fund, Family Pension Scheme and ESI are accounted for on accrual basis and charged to Profit & Loss Account accordingly.

i) Investment

Investments are valued at cost plus incidental expenses, if any.

j) Accounting of Taxes on Income

No provision for Income tax has been made in the case of Company in view the carried forward losses of previous years and its Subsidiaries has incurred losses during the year, so income-tax for current year has not been provided.

Consequent to the issuance of Accounting Standard 22(AS-22) "Accounting for Taxes on Income" by the Institute of Chartered Accountants of India which is mandatory in nature, the company has reviewed Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits.

In consideration of prudence as set out in paragraph 15 to 18 of AS-22, the company has not recognized Net Deferred Tax Assets in the Financial Statement for the

year ended 31.03.2010. Further in accordance with paragraph 19 of AS-22 the Net Deferred Tax Asset, if any, shall be reassessed at the end of each Balance Sheet date hereafter and accordingly due recognition shall be given in the Financial Statements

k) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting policies in India requires management to make estimates and assumption that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision of accounting estimates is recognized prospectively in current and future periods.

l) Borrowing Cost

Borrowings cost that are attributable to the acquisition or constructions of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense in the year in which they are incurred.

m) Provisions, Contingent Liabilities And Contingent Assets

A provision is created where there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require outflow of

resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

n) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its receivable value. An impairment loss is charged to the profit & loss accounts in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2. Particulars of subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest as at 31.03.2010	Proportion of ownership interest as at 31.03.2009
Catalina bay USA Inc.	USA	100%	100%
Femella Fashions Private Limited	India	100%	100%

3. Contingent Liabilities-

- Bank guarantee of Rs.181.66 Lacs (P.Y Rs.170 Lacs)
 - Capital contract (net of Advance) Rs. NIL (Previous Year Rs. 3.32 Crores)
- During the year under review, the company had forfeited a sum of Rs.136.07 Lacs being the share application money received on convertible warrants and transfers the same to the Capital Reserve, being the option for conversion of warrants into equity shares of the company had not been exercised by the warrant holders on the due date.
 - Insurance claims are being accounted for on receipt basis, if any.
 - Debit & Credit balances are subject to confirmation & reconciliation, if any.
 - During the year under review, the company has decided to write off the Personnel and Administrative Expenses related to ongoing Real Estate Project over a period of three years and

transfer a sum of Rs. 1,29,89,630/- to Deferred Revenue Expenditure, effecting the profitability accordingly.

- In the case of India Subsidiary, during the current year the expenses incurred on Advertisement, Brand launching expenses have been treated as Deferred Revenue Expenditure. The Deferred Revenue Expenditure already incurred in the previous years and in the current year will be written off in the coming years to be decided by the Board of Directors.

9. The payment made to the Directors is as under:

A- By Company

Particulars	2009-10	2008-09
Salary to Director - Sh. Roop Kishore Fatehpuria	Rs. 7,10,400/-	Rs. 7,10,400/-
Perks-Conveyance Allowance - Sh. Roop Kishore Fatehpuria	Rs.9,600/-	Rs.9,600/-
Sitting Fee to Director - Sh. Surinder K Sood	Rs.12,600/-	Rs.5,000/-

B- By Indian Subsidiary

Particulars	2009-10	2008-09
Salary to Director - Sh. Kavya Arora	Rs. 1,75,000/-	NIL

- The Earning per Share (EPS) in accordance with Accounting Standards(AS)-20 on "Earning per Share" issued by The Institute of Chartered Accountants of India is as under:

Particulars	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
Earnings (Loss) as per Profit & Loss Account Shares	(Rs.19832139)	(Rs.59843520)
-Weighted average Number of Equity share outstanding during the year- Basic	11590958	11590958
-Weighted average Number of Equity share outstanding during the year-Diluted	11590958	12951658
Earning per Share -Basic	(1.71)	(5.17)
Earning per Share -Diluted	(1.71)	(4.62)
Nominal Value per Share	Rs.10/-	Rs.10/-

- The Company is not complying with the provisions of Section 383A of the Companies Act, 1956 regarding the appointment of Company Secretary.

12. The Udyog Shahik, Chandigarh has allotted 40 Acres of Land vide Letter No. US/337 - U Dt. 22/04/94. The sale deeds & possession of the above said land is with the company and its associate companies. However, there are pending cases against the company for increase in acquisition cost. If any payment has to be made by the company on this account, the same will be accounted for on cash basis.

Collector Land Acquisition, Department of Industries and Commerce, Punjab, Chandigarh had issued various demand notices being the enhanced compensation to be paid to the Land Owners. The company had already made an appeal against this order and the matter has been decided by the arbitrator in favour of the company but the State Government has filed an appeal against the Arbitrator decision. However, if any payment has to be made by the company on this account, the same will be accounted for on cash basis. However, the company has already given bank guarantee of Rs.181.66 Lacs (Previous year Rs.170.00 lacs).

The charges, if any for the conversion of land into mega project scheme will be accounted for on cash basis.

13. Related Parties Disclosure

A) Related parties where control exists or with whom transactions have taken place during the year.

ASSOCIATED/ALLIED COMPANIES

- o Ritesh International Limited
- o Ritesh Spinning Mills Limited
- o Pentagon Finance Limited
- o Kishan Chand & Co Oil Industries Limited
- o Ritesh Impex Private Ltd

KEY MANAGERIAL PERSONNEL REPRESENTED ON THE BOARD

- o Sh. Pran Arora Chairman
- o Sh. Sanjeev Arora Managing Director
- o Sh. Rajiv Arora Director

- o Sh. Roop Kishor Fathepuria Director
- o Sh. Surinder K Sood Director
- o Sh. Kavya Arora Executive Director
(Indian Subsidiary)

B) The following is a summary of significant related party transactions.

Particulars	For the Year Ended 31.03.2010 (Rs. in Lacs)	For the Year Ended 31.03.2009 (Rs. in Lacs)
i) Purchase of fixed assets from - Key Managerial Personnel	19.00	Nil
ii) Salary, Perks & Sitting Fee to - Key Managerial Personnel	9.08	7.25
iii) Interest Paid to - Associate / Allied Concern	Nil	Nil

C) Amount due From/To Related Parties :

Particulars	For the Year Ended 31.03.2010 (Rs. in Lacs)	For the Year Ended 31.03.2009 (Rs. in Lacs)
i) Due from Related Parties (included in Loans & Advances & Sundry Debtors) - Associate/Allied Concern	284.87	326.98
ii) Due to Related Parties (included in Current Liabilities & Unsecured Loans) - Associate/Allied Concern - Due to Key Managerial Personnel	- 1672.06 4.07	- 1253.24 0.82

14. The company has revised/modified the Income tax returns for the financial year 2006-07 and 2007-08. The tax already deposited by the company on the basis of revised income tax returns will be treated as advance tax deposited by the company.

15. The company and its Indian subsidiary has not received information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act has not been given.

16. Segment Reporting

Segment reporting is not given as the company deals mainly in one segment and the disclosure requirements of Accounting Standards (AS)-17 on "Segment Reporting", issued by The Institute of Chartered Accountants of India are not applicable.

17. Leases (AS-19):

S. No.	Particulars	31.03.2010	31.03.2009
a.	The total of future minimum lease payment under non-cancelable operating leases for each of the following periods:		
1.	not later than one year ;	Rs.59,47,199/-	Rs.47,65,728/-
2.	later than one year and not later than five year;	Rs.1,71,91,418/-	Rs.1,97,07,240/-
3.	later than five years	Rs.38,84,183/-	Rs.73,75,583
b.	The total of future minimum sub-leases payment expected to be received under non-cancelable sub-leases at the balance sheet;	Rs.14,30,846/-	Rs.6,33,600/-
c.	Leases payments recognized in the statement of profit and loss for the period, with separate amounts for minimum leases payments.	Rs.1,14,80,885/-	Rs.1,55,04,859/-
d.	Sub-leases payments received (or receivable) recognized in the statement of profit and loss for the period;	Rs.2,21,400/-	Rs.1,58,400/-
e.	A general description of the lessee's significant leasing arrangements including the following: The existence and terms of renewal or purchase options and escalation clauses; and restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing.	The lease agreement for the Gurgaon Office and showrooms renewable every three year subject to escalation of 15%	The lease agreement for the Gurgaon Office and showrooms renewable every three year subject to escalation of 15%

18. In the opinion of the Board, all the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated except as expressly stated other wise

19. Corresponding figures of previous year have been regrouped / rearranged wherever deemed necessary.

20. Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Company's financial statements.

Signature to Annexures 'A' to 'U'
for **Bhushan Aggarwal & Co.**
Firm Registration No. 005362N
Chartered Accountants

On behalf of the Board

For **Ritesh Properties and Industries Ltd.**

sd/
(S.B. Aggarwal)
Prop.
M.No.084005

sd/
(Pran Arora)
Chairman

sd/
(Sanjeev Arora)
Mg. Director

Place: Ludhiana
Dated: 31.08.2010

sd/
(Roop Kishore Fathepuria)
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	For the year ended 31.03.2010		For the year ended 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax & Extra Ordinary items	(19,832,139.26)		(58,575,087.73)	
Adjustments for				
- Depreciation	6,158,476.68		6,163,559.45	
- Interest paid on borrowing	2,862,838.66		1,884,027.62	
- Loss/(Profit) on sale of Assets	-		(6,000.00)	
- Dividend/interest received	(3,234,923.32)	5,786,392.02	(3,629,356.19)	4,412,230.88
Operating profit before working capital charges	(14,045,747.24)		(54,162,856.85)	
Adjustments for				
- Payable	9,935,946.95		3,308,890.89	
- Receivable	645,886.75		1,021,419.19	
- Inventory	(10,694,993.07)		(12,698,768.13)	
- Loans & Advances	16,061,543.75	15,948,384.38	23,624,912.19	15,256,454.15
Cash Generated from operations	1,902,637.14		(38,906,402.70)	
Interest paid	(2,862,838.66)		(1,884,027.62)	
	(960,201.52)		(40,790,430.32)	
Taxes paid	-		1,231,557.00	
Net Cash from operating activities (A)	(960,201.52)		(42,021,987.32)	
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(5,161,653.91)		(5,440,744.81)	
Sale of Fixed Assets	-		6,000.00	
Sale of Investment	12,500,000.00		(6,700,000.00)	
Interest/Dividend Received	3,234,923.32	10,573,269.41	3,629,356.19	(8,505,388.62)
Net cash used in investing activities (B)		10,573,269.41		(8,505,388.62)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Capital Reserve	13,607,000.00		-	
Foreign Currency Translation Reserve	696,910.46		(1,054,060.50)	
Increase in Miscellaneous Expenditure	(26,074,711.10)		(24,931,840.40)	
Borrowing (Net)	7,821,903.54	(3,948,897.10)	54,562,082.19	28,576,181.29
Net cash from financing activities ©		(3,948,897.10)		28,576,181.29
Net increase/(decrease) in cash and cash equivalents (A+B+C)	5,664,170.79		(21,951,194.65)	
Cash and Cash equivalents as at (Opening Balance)	2,771,906.16		24,723,100.81	
Cash and Cash equivalents as at (Closing Balance)	8,436,076.95		2,771,906.16	

Auditor's Report

As per our report of even date
for **Bhushan Aggarwal & Co.**
(Firm Registration no. 005362N)
Chartered Accountants

sd/-
(S.B. Aggarwal)
Prop.

Place : Ludhiana
Dated : 31.08.2010

On behalf of the Board

For Ritesh Properties and Industries Limited

sd/-
(Pran Arora)
Chairman

sd/-
(Sanjeev Arora)
Mg. Director

sd/-
(Roop Kishore Fathepuria)
Director

RITESH PROPERTIES AND INDUSTRIES LIMITED

**Statement Pursuant to Section 212 of the companies Act, 1956 Relating to
Subsidiary Companies**

1. Name of the Subsidiary Companies	Femella Fashions Private Limited	Catalina Bay USA Ina.
2. Financial year ending of the Subsidiary Company	March 31, 2010 (the company was incorporated on 29.06.2007 and the first financial year of the company covers the period since the Company's incorporation to March 31, 2008.	March 31, 2010 (the company was incorporated on 06.01.1995)
3. No. of shares held in Subsidiary Company	15,00,000 Equity Shares of Rs 10/- each	4000 Common Stock of \$1/- each
4. Extent of Holding Company's interest	100%	100%
5. The net aggregate of the profits or losses of the Subsidiary Company for its financial year so far as they concern the members of the company		
a) dealt with in the accounts of the holding company for the period ended March 31, 2010.	Nil	Nil
b) not dealt with in the accounts of the holding company for the period ended March 31, 2010.	Loss: Rs 16,281,792.86	Loss : USD \$77803.86
6. The net aggregate of the profits or losses of the Subsidiary Company for its previous financial year since it became a subsidiary so far as they concern the members of the company		
a) dealt with in the accounts of the holding company for the period ended March 31, 2009	Nil	Nil
b) not dealt with in the accounts of the holding company for the period ended March 31, 2010.	Nil	Nil

On Behalf of the Board
For **Ritesh Properties and Industries Limited**

Place : Ludhiana
Dated : 31.08.2010

sd/-
(Pran Arora)
Chairman

sd/-
(Sanjeev Arora)
Managing Director

sd/-
(Roop Kishore Fatehpuria)
Director

RITESH PROPERTIES AND INDUSTRIES LIMITED

Directors' Report

To the Members,

Your Directors have pleasure in presenting the Third Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	2009-2010	2008-2009
Operating income	91.81	108.73
Profit/(Loss) before Depreciation	(152.08)	(207.10)
Less: Depreciation	10.74	9.02
Profit/(Loss) for the year before Tax	(162.82)	(216.12)
Provision for Fringe Benefit Tax	-	2.57
Profit/(Loss) after Tax	(162.82)	(218.70)

REVIEW OF OPERATIONS

During the year under review your company's operating income was of Rs. 91.81 lacs. The company has earned loss of Rs. 161.63 lacs.

DIVIDEND

The Board of Directors has not recommended any dividend during the financial year.

DIRECTORS

- Sanjeev Arora
- Pran Arora
- Kavya Arora

PUBLIC DEPOSITS

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

AUDITORS

M/s Bhushan Aggarwal & Co., Chartered Accountants, Ludhiana Statutory Auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting. Pursuant to a Special Notice received from a shareholder, the Audit Committee and the Board recommend the appointment of M/s S.M. Mathur & Co. Chartered Accountants, New Delhi as statutory auditors of the Company in place of M/s Bhushan Aggarwal & Co., Chartered Accountants, Ludhiana.

As regards Auditor' observation on tax (Fringe Benefit) payable of Rs.2.57 Lacs will be deposited by the company after assessing by the Income Tax authorities and other observation 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:

- i. That in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii. 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 31st March, 2010 and other Statements of Accounts of the Company for the year ended 31st March, 2010.
- iii. 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.
- iv. That the Directors had prepared the annual accounts on a going concern basis.

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

- A. Conservation of energy and Technology absorption.
 - a) The Company has taken steps to conserve the energy to the best possible extent.

Information as per section 217 (1) (e), read with companies (Disclosure of particular in the report of board of director) rules, 1988

have not been given as they are not applicable on the Company.

B. Foreign exchange earnings and outgo:

There were no exports during the year 2009-2010 but efforts are being made by the Company to develop export markets for its produce.

Total foreign exchange used and earned	2009-10	2008-09
Earned (Rs)	NIL	NIL
Used (Rs)	-	-

SECRETARIAL COMPLIANCE CERTIFICATE

In term of Section 383 A (1) of the Companies Act, 1956, and Companies Compliance Certificate Rules 2001 the certificate issued by a practising Company Secretary certifying that the company has complied with all the provisions of the Companies Act, 1956 has been obtained.

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 Financial Institutions, Banks, Government Agencies, Suppliers and other organization in the working of the Company.

For and On behalf of the Board
For **Femella Fashions Private Limited**

sd/-
(Kavya Arora)
Executive Director

sd/-
(Sanjeev Arora)
Director

Place : Delhi
Dated : 30.08.2010

AUDITORS' REPORT

To
The Members of
Femella Fashions Private Limited,
Delhi

We have audited the attached Balance Sheet of Femella Fashions Private Limited, Delhi as at 31st March 2010 and also the Profit & Loss Account for the year ended on that date Annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. As required by Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report as under:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;

- (c) The Balance Sheet and Profit & Loss Account, referred to in this report, are in agreement with the books of accounts;

- (d) On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- (e) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statements referred to in this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts, read with notes thereon subject to Note No.9 regarding the Deferred Revenue Expenditure already incurred in the previous years and in the current year not written off and to be written off in the coming years not yet decided, as given in the Notes to Accounts as per Annexure Q, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i in the case of Balance Sheet, of the state of affairs of the Company as 31st March, 2010 and
 - ii. in the case of the Profit & Loss Account, of the Loss for the year ended on that date.
 - iii. in the case of Cash Flow Statement, of the Cash flow for the year ended on that date.

For **Bhushan Aggarwal & Co.,**
(Firm Registration No. 005362N)
Chartered Accountants

sd/-

(S.B.Aggarwal)

Prop.

M. No. 84005

Place: Delhi

Dated: 30.08.2010

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph (1) of our Report of even date)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
b) As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals by rotation as per the verification plan adopted by the company which is reasonable having regard to the size of the company and nature of its fixed assets. No material discrepancies were noticed on such verification.
c) As per the information and explanations given to us, the company has not disposed off any substantial fixed assets during the year.
2. a) Inventories have been physically verified by the management at reasonable intervals during the year/at the year end.
b) As explained to us, the procedure of physical verification of the stocks refer to in (a) above followed by the management, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.
c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of its inventories and the discrepancies noticed on such physical verification is not material and have been adequately dealt with in the books of accounts.
3. a) The Company has taken interest free unsecured loan from its Holding Company and one individual covered in the register maintained under Section 301 of the Companies Act, 1956. The year-end balance of loan taken from such Company was Rs.678.95 Lacs (P.Y Rs. 554.85 Lacs).
b) In our opinion and according to the information and explanations given to us, the terms and conditions are not prima facie prejudicial to the interest of the company.
c) The principal amounts are repayable on demand and there is no repayment schedule.
d) Since the loans are repayable on demand and therefore the question of overdue amounts does not arise.
4. In our opinion and according to the information given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and also for the sale.
5. a) Based on the audit procedure applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in to the register maintained under section 301 of Companies Act, 1956 have been so entered.
b) According to the information and explanations given to us, the transaction for purchase of goods and material made in pursuance of contracts or arrangements falling under Section 301 of the Companies Act, 1956 and aggregating during the year Rs.5,00,000/- or more in respect of each party have been made at the prices which are reasonable having regard to the prevailing market prices of such goods or material of the prices at which transactions for the similar goods or material have been made with other parties.
6. According to the information and explanations given to us, the company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order is not applicable to the Company.

Femella Fashions Private Limited

- | | |
|---|---|
| <p>7. In our opinion, the Company has an adequate internal audit system commensurate with the size of the company and nature of its business.</p> <p>8. Maintenance of cost records has not been prescribed by the Central Government under Clause (d) of sub section (1) of Section 209 of the Companies Act, 1956.</p> <p>9. a) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities the undisputed statutory dues including Income Tax, Sales tax/Vat, Wealth Tax, Custom Duty, Excise duty and other statutory dues.</p> <p>b) According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they become payable except for Tax (Fringe Benefit) of Rs. 2.57 Lacs (Previous Year NIL).</p> <p>c) According to the information and explanations given to us and on the basis of our examination of the books of accounts, there are no dues payable in respect of Income tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty and any other statutory dues which are in dispute and have not been deposited with appropriate authorities.</p> <p>10. The company has the accumulated loss of Rs. 451.85 Lacs (P.Y Rs. 289.03 Lacs) at the end of the financial Year. The company has incurred cash losses of Rs. 152.08 Lacs in the financial year under review and Rs. 209.67 Lacs in the financial period immediately proceeding such financial year.</p> <p>11. According to the information and explanation given to us, the company has not raised any loans from financial institutions/bank, so clause (xi) of paragraph 4 of the Order is not applicable to the Company.</p> <p>12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.</p> | <p>13. The company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of Clause (xiii) of paragraph 4 of the Order is not applicable to the Company.</p> <p>14. The company is not dealing or trading in shares, securities and other investments, so clause (xi) of paragraph 4 of the Order is not applicable to the Company.</p> <p>15. According to the information and explanations given to us, the company has not given guarantees for loans taken by other from the bank or financial institutions.</p> <p>16. The company has not taken any term loan during the year.</p> <p>17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investments.</p> <p>18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the company has not made any preferential allotment of shares/debentures to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.</p> <p>19. The company has neither issued nor had any outstanding debentures during the year.</p> <p>20. The Company has not raised any money by public issue during the year.</p> <p>21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.</p> |
|---|---|

For **Bhushan Aggarwal & Co.,**
(Firm
(Firm Registration No. 005362N)
Chartered Accountants

Place : Delhi
Dated: 30.08.2010

(S.B.Aggarwal)
Prop.
M.No. 84005

Balance Sheet as at 31st March, 2010

PARTICULARS	ANNEXURE	AS AT 31.03.2010		AS AT 31.03.2009	
		Rs.	Ps.	Rs.	Ps.
SOURCE OF FUNDS					
Share Capital	A	15,000,000.00		15,000,000.00	
		<u>15,000,000.00</u>		<u>15,000,000.00</u>	
LOAN FUNDS					
Unsecured Loans	B	67,895,000.00		55,485,000.00	
	Total	<u>82,895,000.00</u>		<u>70,485,000.00</u>	
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	C	15,540,815.22		14,252,003.31	
Less: Depreciation		2,085,455.63		1,011,640.91	
Net Block	Total	<u>13,455,359.59</u>		<u>13,240,362.40</u>	
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	D	10,258,473.10		12,062,267.21	
Cash & Bank Balances	E	480,313.56		641,950.60	
Loans & Advances	F	3,257,729.88		4,891,226.72	
	Total	<u>13,996,516.54</u>		<u>17,595,444.53</u>	
LESS CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	G	36,657,178.89		22,827,395.73	
Provisions	H	-		256,840.00	
	Total	<u>36,657,178.89</u>		<u>23,084,235.73</u>	
NET CURRENT ASSETS		(22,660,662.35)		(5,488,791.20)	
MISCELLANEOUS EXPENDITURE		46,915,495.30		33,830,414.20	
Profit & Loss Account(As Annexed)		45,184,807.46		28,903,014.61	
	Total	<u>82,895,000.00</u>		<u>70,485,000.00</u>	
NOTES ON ACCOUNTS					
	Q				

On behalf of the Board
For Femella Fashions Private Limited

As per our report of even date
for **Bhushan Aggarwal & Co.**
(Firm Registration No. 005362N)
Chartered Accountants

sd/-
(S.B.Aggarwal)
Prop.
M. No. 84005

sd/-
(Kavya Arora)
Executive Director

sd/-
(Sanjeev Arora)
Director

Place : Delhi
Dated : 30.08.2010

RITESH PROPERTIES AND INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010

PARTICULARS	ANNEXURE	For the Year ended 31.03.2010		For the period ended 31.03.2009	
		Rs.	Ps.	Rs.	Ps.
INCOME					
Operating and Other Income	J	9,181,103.54		10,873,488.70	
	Total	9,181,103.54		10,873,488.70	
EXPENDITURE					
Cost of Material	K	5,619,295.38		4,972,338.79	
Manufacturing Expenses	L	47,657.00		797,239.26	
Personnel Expenses	M	4,661,206.00		5,273,059.00	
Administrative Expenses	N	12,116,142.05		16,909,142.17	
Financial Expenses	O	126,192.15		93,676.56	
Selling Expenses	P	1,818,589.10		3,538,518.50	
Depreciation		1,073,814.72		902,471.91	
	Total	25,462,896.40		32,486,446.20	
Profit before Tax		(16,281,792.86)		(21,612,957.50)	
Provision for Tax		-		-	
Provision for Fringe Benefit Tax		-		256,840.00	
Profit after Tax		(16,281,792.86)		(21,869,797.50)	
Previous Year Tax Adjustments		-		36,875.00	
Retained Profits		(16,281,792.86)		(21,832,922.50)	
Add: B/d from Last Year		(28,903,014.61)		(7,070,092.11)	
Balance Carried to Balance Sheet		(45,184,807.46)		(28,903,014.61)	

NOTES ON ACCOUNT**Q**

As per our report of even date
for **Bhushan Aggarwal & Co.**
(Firm Registration No. 005362N)
Chartered Accountants

On behalf of the Board
For Femella Fashions Private Limited

sd/-
(S.B. Aggarwal)
Prop.
M. No. 84005

sd/-
(Kavya Arora)
Executive Director

sd/
(Sanjeev Arora)
Director

Place : Delhi
Dated : 30.08.2010

ANNEXURE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "A"				
SHARE CAPITAL				
Authorised				
1,500,000 Equity Shares of Rs. 10/- each	15,000,000.00		15,000,000.00	
Issued, Subscribed & Paid-up				
1,500,000 Equity Shares of Rs. 10/- each fully paid-up in cash	15,000,000.00		15,000,000.00	
Total	15,000,000.00		15,000,000.00	
Note: The Entire Paid up Capital is held by Ritesh Properties & Industries Ltd, its holding company and its nominee.				
ANNEXURE "B"				
UNSECURED LOANS				
From Holding Company	67,870,000.00		55,485,000.00	
From Directors	25,000.00		-	
Total	67,895,000.00		55,485,000.00	

ANNEXURE "C"
FIXED ASSETS

Sr. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION		NET BLOCK		
		As At 01.04.2009	Additions during the Year	As At 31.03.2010	As At 01.04.2009	For the Year	As At 31.03.2010	As At 31.03.2009	
1	Plant & Machinery	959,152.00	-	959,152.00	74,579.07	71,169.08	145,748.15	813,403.85	884,572.93
2	Furniture & Fix ture	10,323,877.31	1,178,939.91	11,502,817.22	613,408.70	713,665.55	1,327,074.25	10,175,742.97	9,710,468.61
3	Computer	809,337.00	49,060.00	858,397.00	145,337.24	137,315.79	282,653.03	575,743.97	663,999.76
4	Office Equipement	1,704,290.00	13,000.00	1,717,290.00	74,351.38	80,777.10	155,128.48	1,562,161.52	1,629,938.62
5	Vehicles	239,779.00	47,812.00	287,591.00	33,665.69	26,773.60	60,439.29	227,151.71	206,113.31
6	Intangible Assets	215,568.00	0.00	215,568.00	70,298.83	44,113.60	114,412.43	101,155.57	145,269.17
	Total	14,252,003.31	1,288,811.91	15,540,815.22	1,011,640.91	1,073,814.72	2,085,455.63	13,455,359.59	13,240,362.40
	Previous Year	8,959,186.00	5,292,817.31	14,252,003.31	109,169.00	902,471.91	1,011,640.91	13,240,362.40	-

ANNEXURE "D"
INVENTORIES
(As taken, valued & Certified by the Management)

Raw Material (at cost)	2,900,078.50	2,993,373.71
Finished Goods (at estimated realisable value)	7,358,394.60	9,068,893.50
Total	10,258,473.10	12,062,267.21

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "E"				
CASH & BANK BALANCES				
Cash in Hand		56,108.52		146,382.14
Bank Balances				
Current Account		262,030.04		346,001.46
FDR's		162,175.00		149,567.00
Total		480,313.56		641,950.60
ANNEXURE "F"				
LOANS & ADVANCES				
(Unsecured, Considered Good)				
Advances recoverable in cash or in kind for value to be received		419,942.03		244,532.62
Advance to Supplier		479,464.85		1,360,063.10
Security Deposits		2,358,323.00		3,286,631.00
Total		3,257,729.88		4,891,226.72
ANNEXURE "G"				
CURRENT LIABILITIES				
Sundry Creditors				
- Due to Micro, Small and Medium Enterprises				
- Others		2,669,945.20		3,049,940.30
- Due to Holding Company		30,101,517.04		16,442,186.56
Other Liabilities		3,254,772.65		3,171,944.86
Cheque Issued but Presented Lateron (Net)		630,944		163,324.01
Total		36,657,178.89		22,827,395.73
ANNEXURE "H"				
PROVISIONS				
For Tax		-		256,840.00
Total		-		256,840.00
ANNEXURE "I"				
MISCELLANEOUS EXPENDITURE				
Preliminary Expenses-As per last B/Sheet		239,560.00		269,505.00
Deffered Revenue Expenditure-As per last B/Sheet		33,590,854.20		8,629,068.80
Total		33,830,414.20		8,898,573.80
Add: Deffered Revenue Expenditure		13,115,026.10		24,961,785.40
Total		46,945,440.30		33,860,359.20
Less: Written Off				
Preliminary Expenses		29,945.00		29,945.00
Total		29,945.00		29,945.00
Net		46,915,495.30		33,830,414.20

ANNEXURE ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDEING 31.03.2010

PARTICULARS	For the Year ended 31.03.2010		For the period ended 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "J"				
OPERATING AND OTHER INCOME				
Sales	9,151,297.89		10,863,487.60	
Interest Received-FDR	12,608.00		9,567.00	
Misc. Income	17,197.65		434.10	
Total	9,181,103.54		10,873,488.70	
ANNEXURE "K"				
COST OF MATERIAL				
Opening Stock				
Raw Material	2,993,373.71		1,946,603.75	
Finished Goods	9,068,893.50		3,828,065.00	
Total	12,062,267.21		5,774,668.75	
Add: Purchases	3,815,501.27		11,259,937.25	
	15,877,768.48		17,034,606.00	
Less : Closing Stock				
Raw Material	2,900,078.50		2,993,373.71	
Finished Goods	7,358,394.60		9,068,893.50	
Total	10,258,473.10		12,062,267.21	
Net:	5,619,295.38		4,972,338.79	
ANNEXURE "L"				
MANUFACTURING EXPENSES				
Dyeing & Finishing Charges	38,272.00		797,239.26	
Others	9,385.00		-	
Total	47,657.00		797,239.26	
ANNEXURE "M"				
PERSONNEL EXPENSES				
Salary, Wages and Other Allowance	4,440,909.00		5,038,492.00	
Welfare Expenses	220,297.00		234,567.00	
Total	4,661,206.00		5,273,059.00	
ANNEXURE "N"				
ADMINISTRATIVE EXPENSES				
Fees & Taxes	23,500.00		12,900.00	
Printing & Stationery	347,532.00		475,430.20	
Travelling & Conveyance(Including Director's traveling Rs. 23201/- P. Y Nil)	622,951.80		1,108,892.99	
Legal & Professional Charges	389,062.00		160,500.00	
Postage, Telegram & Telephone	658,719.00		797,770.29	

RITESH PROPERTIES AND INDUSTRIES LIMITED

PARTICULARS	For the Year ended 31.03.2010		For the period ended 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
Charity & Donation	311,000.00		516,000.00	
General Expenses	138,732.00		90,350.18	
Electricity Expenses	699,970.00		891,098.00	
AUDITORS REMUNERATION				
Audit Fee	40,000.00		80,000.00	
Tax Audit Fee	10,000.00		20,000.00	
General Repair	75,084.00		104,683.00	
Expenses Amortised	29,945.00		29,945.00	
Diwali Expenses	1,000.00		1,950.00	
Insurance Charges	67,006.00		62,998.00	
Rent & Taxes	8,154,495.00		11,549,577.00	
Fine & Penalty	88,450.00		16,519.00	
Others	6,254.00		152,056.00	
Security Charges	177,360.00		330,470.00	
Balances Written Off	2,873.25		287.05	
Vehicle Expenses	196,065.00		173,383.85	
Previous year Expenses	76,143.00		334,331.61	
Total	12,116,142.05		16,909,142.17	
ANNEXURE "O"				
FINANCIAL EXPENSES				
Bank Charges	126,192.15		93,676.56	
Total	126,192.15		93,676.56	
ANNEXURE "P"				
SELLING EXPENSES				
Advertisement	145,020.00		291,378.00	
Sales Promotion Expenses	418,780.85		1,475,120.00	
Showroom Expenses	1,042,501.00		1,511,519.50	
Packing Expenses	156,971.25		201,335.00	
Freight & Others	55,316.00		59,166.00	
Total	1,818,589.10		3,538,518.50	

**ANNEXURE – ‘Q’
NOTES TO ACCOUNTS**

1. Significant Accounting Policies followed by the Company

a) Accounting Convention

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and in accordance with the Accounting Standards applicable in India and the provisions of the Companies Act, 1956. Mercantile System of Accounting is being followed.

b) Fixed Assets

All fixed assets are stated at cost less accumulated depreciation. Cost of the acquisition is inclusive of freight, duties, taxes and other incidental expenses.

c) Inventories

The inventories have been determined on the basis of FIFO method and the basis of determining cost for various categories of inventories are as follows:-

- 1) Raw Material : At cost.
- 2) Finished Goods : At estimated cost

d) Revenue Recognition

- Sales on mercantile basis
- Vat tax liabilities are accounted for on the basis of Vat tax returns filed and tax deposited by the Company. Additional liability, if any, arises at time of assessment, will be accounted for in the year of finalization of assessment.

e) Depreciation

Depreciation has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956, except for Intangible assets which will be written off with in a period of five years.

f) Retirement Benefits

Retirement benefits have been accounted for on mercantile basis.

g) Impairment of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds its

recoverable value. An impairment loss is charged to Profit & Loss Account in the year in which the asset is impaired and the impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest level of cash generating units.

h) Accounting of Taxes on Income

Since the company has incurred losses during the year, so Income tax for current year has not been provided.

Consequent to the issuance of Accounting Standard 22(AS-22) "Accounting for Taxes on Income" by the Institute of Chartered Accountants of India which is mandatory in nature, the company has reviewed Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits.

In consideration of prudence as set out in paragraph 15 to 18 of AS-22, the company has not recognized Net Deferred Tax Assets in the Financial Statement for the year ended 31.03.2010. Further in accordance with paragraph 19 of AS-22 the Net Deferred Tax Asset, if any, shall be reassessed at the end of each Balance Sheet date hereafter and accordingly due recognition shall be given in the Financial Statements

2. Contingent Liabilities - Nil

3. Debit & Credit balances are subject to confirmation & reconciliation, if any.

4. Related Parties Disclosure

A) Related parties where control exists or with whom transactions have taken place during the period.

HOLDING COMPANY

Ritesh Properties & Industries Limited

KEY MANAGERIAL PERSONNEL REPRESENTED ON THE BOARD

- | | |
|---------------------|--------------------|
| o Sh. Pran Arora | Director |
| o Sh. Sanjeev Arora | Director |
| o Sh. Kavya Arora | Executive Director |

Femella Fashions Private Limited

B) The following is a summary of significant related party transactions.

Particulars	For the Year ended 31.03.2010 (Rs. in lacs)	For the Period ended 31.03.2009 (Rs. in lacs)
i. Purchase from		
- Holding Company	8.48	11.76
ii Purchase of Fixed Assets		
- Holding Company	-	0.06
iii) Salary paid to		
- Key Managerial Personnel	1.75	-

C) Amount due From/To Related Parties :

Particulars	As on 31.03.2010 (Rs. in Lacs)	As on 31.03.2009 (Rs. in Lacs)
i) Due from Related Parties (included in Current Liabilities & unsecured Loans)		
- Holding Company	979.72	719.27

- In the opinion of the Board, all the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated except as expressly stated other wise.
- The company has not received information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.
- Segment Reporting.**
Segment reporting is not given as the company deals in one segment.
- During the year the Company has paid a sum of Rs.1,75,000/- (Previous Year NIL) as remuneration to Director.
- During the current year the expenses incurred on Advertisement, Brand launching expenses have been treated as Deferred Revenue Expenditure. The Deferred Revenue Expenditure already incurred in the previous years and in the current year will be written off in the coming years to be decided by the Board of Directors.

10. Leases (AS-19):

S. No.	Particulars	31.03.2010	31.03.2009
a.	The total of future minimum lease payment under non-cancelable operating leases for each of the following periods: 1. not later than one year ; 2. later than one year and not later than five year; 3. later than five years	Rs. 30,36,000/- Rs. 1,33,96,350/- Rs. 38,84,183/-	Rs.29,37,000/- Rs.1,29,40,950/- Rs. 73,75,583/-
b.	Leases payments recognized in the statement of profit and loss for the period, with separate amounts for minimum leases payments.	Rs. 81,54,495/-	Rs.1,07,96,131/-
c.	A general description of the lessee's significant leasing arrangements including the following: The existence and terms of renewal or purchase options and escalation clauses; and restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing.	The lease agreement for the Show Rooms renewable every three year subject to escalation of 15%	The lease agreement for the Show Rooms renewable every three year subject to escalation of 15%

- Preliminary Expenses have been written off within 10 years as per Section 35 D of Income Tax Act, 1961.
- Additional information pursuant to Para 3 & 4 of part II of Schedule VI of the Companies Act, 1956 is as under:

A) Particulars of Licensed/Registered/Installed Capacity/Production- NA

B) Particulars of Sales

Class of Goods	Unit	2009-10		2008-09	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Garments & Accessories	Pcs.	27447	8,597,471.24	23806	10,863,487.60
Fabric	Mtr.	5,599.650	553,826.65	-	-

C) Closing Stock of Goods produced & Goods traded in

Class of Goods	Unit	2009-10		2008-09	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Garment & Accessories	Pcs.	25065	7358,394.60	37174	9,068,893.50

D) Trading Goods Purchased

Class of Goods	Unit	2009-10		2008-09	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Garment & Accessories	Pcs.	15338	3,251,618.47	36347	2,064,096.21

E) Raw Material Consumed

Class of Goods	Unit	2009-10		2008-09	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Fabric	Mtr	5678.250	657,178.01	60445.25	8,149,071.08

F) Other Additional Information

	2009-10 (Rs.)	2008-09 (Rs.)
a) Personnel Expenses		
- Employees drawing remuneration not less than Rs.2400000/- per annum and employed for the whole of the year	Nil	Nil
- Employees drawing remuneration not less than Rs.200000/- per annum and employed for the whole of the year	Nil	Nil
b) Value of imports on CIF basis	Nil	Nil
c) Expenditure in Foreign Currency On Traveling	Nil	Nil
d) Earning in foreign exchange on FOB basis	Nil	Nil

G) Value of Imported/Indigenous Raw Material, Spare Parts, Components & Store Consumed:

Class of Goods	2009-10		2008-09	
	Value (Rs.)	% Age	Value (Rs.)	% Age
i) Raw Material				
Indigenous	657178	100.00%	8149071	100.00%
Imported	-	-	-	-
ii) Stores, Spare Parts and Components				
Indigenous	-	-	-	-
Imported	-	-	-	-

Signature to Annexures 'A' to 'Q'
for **Bhushan Aggarwal & Co.** On behalf of the Board
(Firm Registration No. 005362N) For **Femella Fashions Pvt. Ltd.**
Chartered Accountants

sd/-
(S.B. Aggarwal)
Prop.
M.No.084005

sd/-
(Kavya Arora)
Executive Director

sd/-
(Sanjeev Arora)
Director

Place: Delhi
Dated: 30.08.2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	For the year ended 31.03.2010		For the year ended 31.03.2009	
	Rs.	Ps.	Rs.	Ps.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax & Extra Ordinary items		(16,281,792.86)		(21,612,957.50)
Adjustments for				
- Depreciation	1,073,814.72		902,471.91	
- Interest paid on borrowing	-		-	
- Interest received	(12,608.00)	1,061,206.72	(9,567.00)	892,904.91
Operating profit before working capital charges		(15,220,586.14)		(20,720,052.58)
Adjustments for				
- Payable	13,572,943.16		10,381,123.48	
- Inventory	1,803,794.11		(6,287,598.46)	
- Loans & Advances	1,633,496.84	17,010,234.11	(792,727.72)	3,300,797.30
Cash Generated from operations		1,789,647.97		(17,419,255.28)
Interest paid		-		-
		1,789,647.97		(17,419,255.28)
Taxes paid		-		256,840.00
Earlier Year Taxes		-		(36,875.00)
Net Cash from operating activities (A)		1,789,647.97		(17,639,220.28)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(1,288,811.91)		(5,292,817.31)
Net cash used in investing activities (B)		(1,288,811.91)		(5,292,817.31)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Miscellaneous Expenditure	(13,085,081.10)		(24,931,840.40)	
Borrowing (Net)	12,410,000.00		47,985,000.00	
Interest Received	12,608.00	(662,473.10)	9,567.00	23,062,726.60
Net cash from financing activities (C)		(662,473.10)		23,062,726.60
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(161,637.04)		130,689.01
Cash and Cash equivalents as at (Opening Balance)		641,950.60		511,261.59
Cash and Cash equivalents as at (Closing Balance)		480,313.56		641,950.60

On behalf of the Board
For Femella Fashions Private Limited

As per our report of even date
for **Bhushan Aggarwal & Co.**
(Firm Registration No. 005362N)
Chartered Accountants

sd/-
(S.B. Aggarwal)
Prop.
M. No. 84005

sd/-
(Kavya Arora)
Executive Director

sd/-
(Sanjeev Arora)
Director

Place : Delhi
Dated : 30.08.2010

13. Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registrat0ion Details																								
Registration No.										1	6	5	3	8	0	State Code		5	5					
Balance Sheet Date										3	1	-	0	3	-	2	0	1	0					
					Date		Month		Year															
II. Capital raised during the Year (Amount in Rs. Thousands)																								
Public Issue					Right Issue					Bonus Issue					Private Placement									
N I L					N I L					N I L					N I L									
III. Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)																								
Total Liabilities										Total Assets														
8 2 8 9 5 . 0 0										8 2 8 9 5 . 0 0														
Sources of Funds																								
Paid-up Capital					Reserves & Surplus					Deferred Tax Liability														
1 5 0 0 0 . 0 0 0					N I L					N I L														
Application of Funds																								
Net Fixed Assets					Net current Assets					Misc. Expenditure														
1 3 4 5 5 . 3 6					(2 2 6 6 0 . 6 6)					4 6 9 1 5 . 5 0														
IV. Performance of Company (Amount in Rs. Thousands)																								
Turnover										Total Expenditure														
9 1 8 1 . 1 0										2 5 4 6 2 . 8 9														
Profit Before Tax					Basic Earning per Share					Profit After Tax														
(1 6 2 8 1 . 7 9)										(1 6 2 8 1 . 7 9)														
V. Generic Names of Three Principal Products of Company (As per Monetary Terms)																								
Item Code No. (ITC Code)		6	1	0	9	1	0	0	0															
Product Description		G A R M E N T S & A C C E S S O R I E S																						
Item Code No. (ITC Code)																								
Product Description																								

On Behalf of the Board
For **FEMELLA FASHIONS PRIVATE LIMITED**

sd/-
(Kavya Arora)
Executive Director

sd/-
(Sanjeev Arora)
Director

Place : Delhi
Dated : 30.08.2010



CATALINA BAY USA INC.

DIRECTORS' REPORT

To the Members of

CATALINA BAY USA INC.

Your Directors have pleasure in presenting their Annual Report and the financial statements of the company for the year ended 31st March, 2010

FINANCIALS

There was no sale made by the company and incurred a net loss of US \$77803.86 during the year under review.

OPERATIONS

The Company has set up retail marketing in USA. The Company is situated in Virginia state on outskirts of Washington DC. It has network all over USA through distributor network. The Marketing network of the company is expected to provide the benefit in the current year.

SHARE CAPITAL

The company has a share capital of 4000 common stock of \$1/- each. The 100% capital is being held by Ritesh Properties and Industries Limited during the year under review.

DIRECTORS

Sh. Sanjeev Arora is the President and Ms. Aarti is the Vice-president of the Company.

AUDITORS

K & R Associates, Certified Public Accountants, has been appointed as Statutory Auditors of the company.

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.

On behalf of Board

sd/-

Sanjeev Arora
President

Balance sheet as at 31st March, 2010

PARTICULARS	CURRENT YEAR US \$	PREVIOUS YEAR US \$
ASSETS		
Current Assets		
Cash & Bank	140.50	930.40
Accounts Receivable - Net	389.10	12,383.89
Advances	210,000.00	210,000.00
Inventory	215,174.60	209,838.00
Total Current Assets	425,704.20	433,152.29
Fixed Assets		
Equipment Embroidery Machine	19,643.00	19,643.00
Intangible Assets		
Goodwill	650,718.00	698,601.00
Other Assets		
Security Deposits	9,280.00	9,280.00
Total Assets	1,105,345.20	1,160,676.29
Current Liabilities		
Accounts Payable - Shareholder	570,486.18	566,241.06
Accounts Payable - Related Party	278,679.25	278,679.25
Accounts Payable - Trade	34,643.02	31,415.37
Federal Taxes Payable	59,703.83	59,703.83
Total Current Liabilities	943,512.28	936,039.51
Notes Payable		
Notes Payables to Shareholder	737,300.00	722,300.00
Notes Payables to President	100.00	100.00
Total Notes Payable	737,400.00	722,400.00
Total Liabilities	1,680,912.28	1,658,439.51
STOCKHOLDER'S EQUITY		
Common Stock	4,000.00	4,000.00
Retained Earnings		
Opening Balance	(501,763.22)	(267,063.51)
Net Profit (Loss) for the Year	(77,803.86)	(234,699.71)
Retained Earnings at the End of the Year	(579,567.08)	(501,763.22)
Total Shareholders Equity	(575,567.08)	(497,763.22)
Total Liabilities	1,105,345.20	1,160,676.29
Total Assets	1,105,345.20	1,160,676.29

For Catalina Bay USA Inc.

sd/-
(Sanjeev Arora)
President

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31,2010

PARTICULARS	CURRENT YEAR US \$	PREVIOUS YEAR US \$
Sales & other income	-	36,226.42
Less: Cost of goods Sold	-	(28,625.24)
Gross profit	<u>-</u>	<u>7,601.18</u>
Operating and Selling Expenses		
Trade Shows & Travel	-	26,418.83
Inland Freight	-	5,509.20
Payroll	20,078.90	120,768.75
Occupancy	-	10,800.00
Professional Fees	250.00	570.50
Payroll Taxes	2,675.80	9,685.98
Telephone and Internet Access	855.40	8,086.54
Insurance	2,780.00	11,195.42
Office Supplies & Expenses	182.30	1,168.26
Warehouse & Shipping Cost	-	5,461.76
Interest on Federal Tax	1,133.40	1,379.33
Computer Expenses	-	42.00
Bank Charges	374.56	4,866.11
Postage Courier & Delivery	-	494.16
Other Taxes & Licences	-	284.12
Automobile Expense	1,240.50	6,217.50
Goodwill W/off	47,883.00	26,399.00
Other Expenses	-	1,979.17
Fees & Taxes	225.00	579.26
Dues and Subscriptions	125.00	<u>395.00</u>
Total Operating and Selling Expenses	77,803.86	242,300.89
Net Profit (Loss)	<u>(77,803.86)</u>	<u>(234,699.71)</u>

For Catalina Bay USA Inc.

sd/-
(Sanjeev Arora)
President



NOTES



RITESH PROPERTIES & INDUSTRIES LIMITED

Regd. Office: 11/5B, First Floor, Pusa Road, New Delhi

ATTENDANCE SLIP

Member's Folio No. :
Client ID No. :
DP ID No. :
Name of the Member :
Name of Proxy holder :
No of shares held :

I hereby record my presence at the 23rd Annual General Meeting of the Company held on Tuesday, 28th day of September, 2010 at 11.00 A.M. at West Richi Rich Banquets, Near Mayapuri Chowk, Ring Road, New Delhi-110015

Signature of Member/Proxy

Notes :

1. **Members/Proxy holders are requested to produce the attendance slip duly signed for admission to the meeting hall.**

NO GIFTS/COUPONS SHALL BE DISTRIBUTED AT THE MEETING

----- CUT HERE -----

RITESH PROPERTIES & INDUSTRIES LIMITED

Regd. Office: 11/5B, First Floor, Pusa Road, New Delhi

PROXY FORM

Member's Folio No : _____

I/We _____ of _____ in the district of _____ being a member/members of RITESH PROPERTIES AND INDUSTRIES LIMITED, hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company held on Tuesday, 28th day of September, 2010 at 11.00 A.M. at West Richi Rich Banquets, Near Mayapuri Chowk, Ring Road, New Delhi-110015 and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Affix a
Revenue
Stamp
of Rs. 1/-

Note :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself.
2. If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the commencement of meeting.

RITESH PROPERTIES AND INDUSTRIES LIMITED

BOOK-POST
(Printed Matter)

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Ritesh Properties & Industries Ltd.

Regd. Office 11/5B, 1st Floor,

Pusa Road, New Delhi - 110005

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