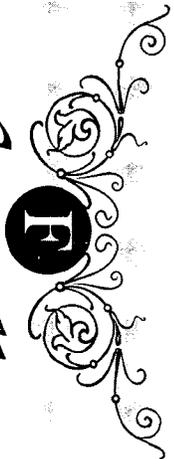


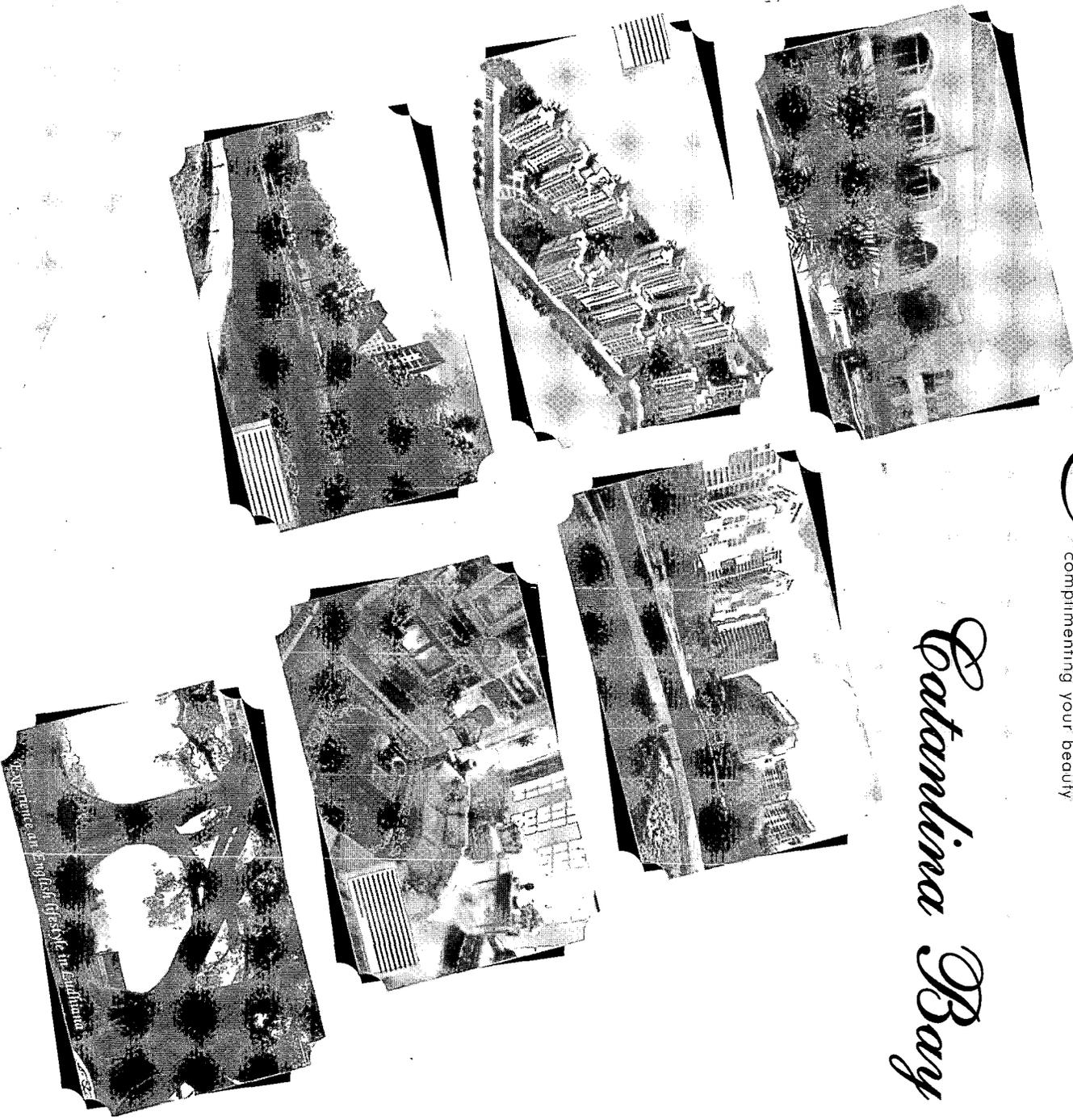
ANNUAL REPORT 2008-09

Ritesh
Properties & Industries Ltd.
(Formerly Ritesh Industries Ltd)



*Femella*TM
complimenting your beauty

Satanmlina Bay





Get Noticed

Flaunt your style with our new collection
of Dresses, Tunics & Tops Kurtis and Suits
Ready to wear women fashion apparel & accessories

Epitomizing the woman of substance and defining
her own unique style quotient.
Femella truly represents the woman of today who dresses
both in traditional and contemporary fashion. It is
essentially an effortless symphony of western cuts
and Indian ethnic design and fabrics. Femella caters to
the needs of women of all size and age groups.

new designs every week.

(A wholly owned subsidiary of Ritesh Properties & Industries Ltd.)

Femella Existing Showrooms:

- 2nd Floor-43, MGF Metropolitan Mall, MG Road, Gurgaon. Ph.: 0124-43790674
- K-59, Opp. Municipal Corp. of Delhi Hosp., Central Market, Lajpat Nagar-II, New Delhi. Ph.: 011-46579692
- F-124, Main Market, Rajouri Garden, New Delhi. Ph.: 011-45525892
- Shop No. 36A, Ground Floor, North Square Mall, Pitampura, New Delhi. Ph.: 011-47012634
- FA-16, First Floor, Crown Plaza, Sector 15 A, Faridabad, Haryana. Ph.: 0129-4012497
- SSF-06 B, Second Floor, Ansal Highway Plaza, Opp. Havelli Dhaba, Jalandhar, Punjab. Ph.: 01824-500038
- e-mail: info@femellafashions.com www.femellafashions.com
- Toll Free No.: 1800-102-2442 (From Airtel lines only), +91-124-4719990

*A part of your purchase will go to Krishna Breast Cancer Charitable Trust to help poor Breast Cancer patients.

Also opening At:

BOARD OF DIRECTORS

Chairman	Sh. Pran Arora
Managing Director	Sh. Sanjeev Arora
Directors	Sh. Rajiv Arora
	Sh. Surinder K. Sood
	Sh. Roop Kishore Fatehpuria
Auditors	M/s. Bhushan Aggarwal & Co. 678, Aggar Nagar, Ludhiana
Bankers	Axis Bank Mall Road, Ludhiana Allahabad Bank Clock Tower, Ludhiana
Corporate 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- 011-26292680, 82-83 Email- admin@skylinerta.com

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NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of Ritesh Properties and Industries Limited will be held on Thursday, 24th day of December, 2009 at 10.00 A.M. at Gayatri Hall, Lok Kala Manch, 20, Institutional Area, Lodhi Road, New Delhi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2009 and Profit & Loss Account for the year ended on that date alongwith the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Sh. Pran Arora, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors for the year 2009-2010 and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and adopt Revised Audited Balance Sheet as at 31st March, 2007 and the profit and loss account for the year ended on that date and the Reports of the Directors and Auditors thereon.
5. To consider and adopt Revised Audited Balance Sheet as at 31st March, 2008 and the profit and loss account for the year ended on that date and the Reports of the Directors and Auditors thereon.

By Order of the Board

For Ritesh Properties and Industries Limited

Place : Ludhiana sd/-
Dated : 31st October, 2009 (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 of proxy form is enclosed herewith.

- ii) The register of members and the share transfer book of the company will remain closed from 22nd December, 2009 to 24th December, 2009 (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 alongwith them, as copies of the report will not be distributed at the meeting.
- v) Members/proxies are requested to bring their attendance slips sent herewith duly filled in for attending the meeting.
- vi) Any queries regarding the Annual Accounts or otherwise must be sent to Registered Office of the Company at least 10 days before the date of meeting.

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	:	Pran Arora
Date of Birth	:	15.12.1936
Date of Appointment	:	19.12.1987
Expertise	:	He has more than 35 years of experience in diversified field of activities such as oils and fats, Agro products, Knitted fabrics, Garm-ents and Real Estate etc.
Qualification	:	Graduate

Directorships of other Companies

1. Ritesh International Limited
2. Ritesh Spinning Mills Limited
3. Kishan Chand & Co. Oil Industries Limited
4. Pantagon Finance Limited

Chairmanships/Memberships of Committees of other Companies

Chairman/Member - Audit Committee

Ritesh International Limited

Chairman/Member - Share Transfer and shareholders/
Investors Grievance Committee

Ritesh International Limited

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

Item No. 4 & 5

The Agreement executed by the company on 14th July, 2006 with Ansal API for the development of Industrial and Residential Township on company's land on Chandigarh Road, Ludhiana owned by the company could not be implemented due to reasons beyond the control of the Management and the Developer resulting thereby the proposed project of Industrial and Residential Township have become redundant.

Since the Agreement with Ansal API could not be implemented, therefore, the sales made by the company during financial years 2006-07, 2007-08 and 2008-09 for the proposed areas in the above project have also staled. Moreover the global economy is general and the real estate industry in particular since passing through recession, which has resulted into financial meltdown on a large scale, the company's buyers of the area sold to them have also lost their interest in the company's project and have been insisting for the cancellation of their Agreements to sell which the company have accepted and Agreements for sale till date executed by the company during financial years 2006-07, 2007-08 and 2008-09 resulted into cancellation of sale. Though the cancellation of sales were effected during the current financial year i.e. 2009-2010 and accordingly in normal course, the sales return and reversal of profit thereon should have been effected during the current financial year but the company have been legally advised that on the doctrine of "Real Income" and "Relation Back",

the cancellation effect should be effected in the year in which the sale and profit were originally recognized i.e. Financial years 2006-07, 2007-08 and 2008-09 and not in the year in which the actual cancellation have been made i.e. in the current financial year.

The company has accordingly revised and recasted its financial statements for financial years 2006-07 and 2007-08 on the above mentioned principles and the aggregate value of sales and profit (after tax) of Rs.900 lacs and Rs.833.55 lacs respectively during financial year 2006-07 have been reversed. Likewise sale and profits (after tax) of Rs.8524 lacs and Rs.1687.81 lacs respectively have been reversed during financial year 2007-08. Sales, related expenditure and profit thereon during financial year 2008-09 have also been reversed as the financial statements have not been finalised. The auditor is reluctant in appreciating this view of revising the financial statement of earlier years on the principle of "Relation Back" and "Real Income" but the management in view of the legal advice has revised its financial statements for financial year 2006-07 and 2007-08, giving effect of cancellation of sales, in the respective years, in the manner stated above. The revised financial statements have been approved by the Board of Directors at its meeting held on 30th September, 2009 subject to approval by the shareholders at the forthcoming Annual General Meeting. The act of revision of the financial statement for financial year 2006-07 and 2007-08 are in accordance with the Circular No. 17/75/2002CLV. dated 13.01.2003 issued by the Ministry of Finance and Company Affairs permitting revision of financial statement under certain circumstances. This has subsequently been approved by the Institute of Chartered Accountants of India. The revised audited accounts are required to be adopted in the General Meeting of the Shareholders. The Board of Directors, accordingly recommend the Resolutions for the approval of the Members at the ensuing Annual General Meeting.

None of the Directors of the Company is concerned or interested in these Resolutions.

By Order of the Board

For Ritesh Properties and Industries Limited

Place : Ludhiana
Dated : 31st October, 2009

sd/-
(Pran Arora)
Chairman

Directors' Report

To the Members,

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

Particulars	Amount (Rs. In Lacs)	
	2008-2009 (Revised)	2007-2008 (Revised)
Operating income	98.39	231.36
Profit/(Loss) before Depreciation	235.48	381.80
Less: Depreciation	39.22	32.29
Profit/(Loss) for the year before Tax	(274.70)	(414.09)
Provision for taxation	-	-
Provision for fringe benefit tax	10.12	8.60
Profit/(Loss) after Tax	(284.82)	(422.69)

OPERATIONAL REVIEW

During the year under review your company's operating income was of Rs. 98.39 lacs. The company has incurred a loss of Rs. 284.82 lacs as compared to Rs. 422.69 lacs during the previous year.

SUBSIDIARIES

The company has following subsidiary companies the details of which is 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. 108.73 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 will be a distributor of company's products in USA as per

customer requirements, It has network all over USA through Distributor network. The company recorded a sales volume of \$ 36,226.42 during the year under review.

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 is enclosed herewith together with Annual Reports of the respective Companies.

DIRECTORS

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

Sh. Ashish Aggarwal resigned from the directorship of the Company w.e.f. 10th January, 2009. The Board places on record its appreciation for the services rendered by him during his tenure as Director of the Company.

PUBLIC DEPOSITS

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

AUDITORS

The auditor, M/s Bhushan Aggarwal & Co., Chartered Accountants, Ludhiana, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for reappointment. They have furnished a certificate to the effect that the re-appointment if made shall be in accordance with Section 224(1B) of the Companies Act, 1956. As regards Auditor's observation, the relevant notes on the accounts are self- explanatory and therefore do not call for any further comments.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 the Directors confirm:

- That in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to

material departures.

- 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, 2009 and other Statements of Accounts of the Company for the year ended 31st March, 2009.
- 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.

COMPOSITION OF AUDIT COMMITTEE

The composition of the Audit committee as on 31st March 2009 is as under.

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

PAYMENT OF LISTING FEE

The company has been voluntarily delisted from Ludhiana Stock Exchange Association Limited & Kolkatta Stock Exchange Association Limited during the financial year under review and in the process of de-listing with Delhi Stock Exchange. There are no dues pending with Delhi Stock Exchange. The listing fees of The Stock Exchange, Mumbai has been duly paid.

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

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

PERSONNEL

The Management-Employees relations remained very

cordial throughout the year. Your Directors wish to place on record their appreciation of sincere and devoted services rendered by all the workers and staff at all levels.

PARTICULARS OF EMPLOYEES U/S 217(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 : 31st October, 2009

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 2009

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 is not carrying out any Manufacturing activities

A. Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure in respect of industries specified in the schedule thereto:

Particulars	Units	2008-2009	2007-2008
A. POWER AND FUEL CONSUMPTION			
1. Electricity			
a) Purchased			
Units (in lacs)	Kwh	60718	-
Total Amount	Rs. in lacs	3.45	-
Rate/unit	Rs./kwh	5.69	-
b) Own Generator			
i) Through Diesel Generator			
Units (in Lacs)	Kwh	0.20	-
Units/litre of diesel	kwh	5.93	-
Cost/Unit	Rs./kwh	5.69	-
ii) Through Steam Turbine Generator			
Units (in Lacs)		-	-
Units/tonne of Steam		-	-
Cost/Unit		-	-
2. Coal (Steam)			
Quantity (Tonnes)		-	-
Total Cost (Rs. in lacs)		-	-
Average Rate (Rs.)		-	-
3. Furnace Oil			
Quantity (Ltr.)		-	-
Total Amount		-	-
Average Rate		-	-
4. Other/ Internal Generation			
Quantity		-	-
B. CONSUMPTION PER UNIT OF PRODUCTION/PRODUCT*			
Product		-	-
Electricity		-	-
Furnace oil		-	-
Coal		-	-
Others		-	-

II. TECHNOLOGY ABSORPTION

The Company does not depend on foreign technology.

RESEARCH AND DEVELOPMENT :

A. Specified Areas in which R &D is carried out by the Company

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

B. Benefits derived as a result of above R & D.

R&D efforts have helped to bring out an improvement in processes, products and operating efficiencies. Significant improvement in product quality, material and plant utilization achieved.

C. Future plan of action

Company plans to develop new types of products and achieve quality standards with the additional advantage of reduction in cost by conducting R&D.

D. Expenditure on Research and Development

Research and Development is carried out by the concerned Departments and the expenses incurred are booked under general accounting heads and no separate accounts are maintained.

III FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The Company is exporting to USA. Various new designs are being developed for sending samples to USA in order to procure export orders.

b) Total Foreign Exchange used and earned:

Particulars	2008-2009	2007-2008
Used	8.75	1.65
Earned	44.96	52.25

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

Place : Ludhiana
Dated : 31st October, 2009

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 increased 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. 98.39 lacs. The company has incurred a loss of Rs. 284.82 lacs. The net worth of the company has decreased by Rs. 284.83 lacs, the secured loans have decreased by Rs. 28.32 lacs and current liabilities have decreased by Rs. 19.72 lacs.

Out look

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, 2009.

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 : 31st October, 2009

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, three of which are executive directors and two non-executive directors. The Company is having an executive Chairman and majority of Directors on the Board are independent. The details of the composition of the Board, number of Directorships & Committee positions held by each of the Directors are given hereunder:

Name	Designation	Category	Number of Directorships held #	Number of Board Committee Membership held @	Number of Board Committee Chairmanships held @
Sh Pran Arora	Chairman	Promoter	5	2	-
Sh. Sanjeev Arora	Managing Director	Promoter	5	1	-
Sh Rajiv Arora	Director	Promoter	5	1	-
Sh Roop Kishore Fatehpuria	Director	Independent	2	-	-
Sh. Surinder K. Sood	Director	Independent	1	2	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, Eighteen Board Meetings were held on the following dates:

Date of Board Meeting	Board Strength	Number of Directors present
April 30, 2008	6	3
June 10, 2008	6	4
June 30, 2008	6	3
August 09, 2008	6	4
August 31, 2008	6	4
October 18, 2008	6	5
October 31, 2008	6	5
November 29, 2008	6	6
November 30, 2008	6	5
December 3, 2008	6	5
December 19, 2008	6	5
January 10, 2009	5	5
January 20, 2009	5	5
January 29, 2009	5	5
January 30, 2009	5	5
February 26, 2009	5	5
March 3, 2009	5	5
March 14, 2009	5	5

The maximum interval between any two meetings was 48 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	15	15
Sh Rajiv Arora	15	6
Sh Sanjeev Arora	15	15
Sh Surinder K. Sood	15	13
Sh. Roop Kishor FatehPuria	15	15
Sh. Ashish Aggarwal	11	5

* Sh. Ashish Aggarwal has resigned w.e.f 10.01.2009

Sh. Sanjeev Arora, Managing Director, Rajiv Arora, Surinder K. Sood and Sh. Roop Kishore Fatehpuria, Directors were present at the Annual General Meeting of the Company held on 26th September, 2008 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. 9 of the Notes to the Accounts attached with the financial statements for the year ended March 31, 2009.

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 and share transfer and Shareholders'/Investors' Grievance Committee. The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference for the committees. Recommendations/ decisions of the committee are submitted to the Board for approval. The quorum for meetings is either two members or one third of the members of the committees, 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 2008, 31st August 2008, 29th Oct, 2008 and 30th Jan 2009, 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	4

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

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	29	25
Sh. Sanjeev Arora	29	24
Sh. Pran Arora	29	24

No sitting fees were paid during the year for attending meetings of Share Transfer & Shareholders'/Investors Grievance Committee.

No investor grievance was pending on March 31, 2009.

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. Pran Arora retires by rotation in the ensuing Annual General Meeting. The Board has recommended the re-election of Sh. Pran Arora to the shareholders.

b) Communication to Shareholders

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

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
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.
2005-2006	Gayatri Hall, Lok Kala Manch, 20, Institutional Area, Lodhi Road, New Delhi-110003	30 th September, 2006 at 10:30 A.M.

II 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: 24th day of December, 2009 at 10.00 A.M.

Venue: Gayatri Hall, Lok Kala Manch, 20, Institutional Area, Lodhi Road, New Delhi.

Financial Year: 1st April 2008 to 31st March 2009.

b) Date of Book Closure:

22nd day of December, 2009 to 24th day of December, 2009 (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

The shares of the Company have been voluntarily delisted from Ludhiana Stock Exchange Association Limited and Kolkatta stock Exchange Association Limited. during the financial year under review and in the process of delisting with Delhi Stock Exchange. There are no dues pending with Delhi Stock Exchange. The listing fees of The Stock Exchange, Mumbai has been duly paid.

d) Registrar & Transfer Agent

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

Phones: 011-29833777, 26292680-82

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 senssex are given hereunder:

Month	BSE				
	Share Prices		Volume	Sensex	
	High	Low		High	Low
April, 2008	107.00	62.95	597353	17378.46	15343.12
May, 2008	132.00	104.20	1536394	17600.12	16275.59
June, 2008	139.95	94.15	1354918	16063.18	13461.60
July, 2008	98.40	69.15	559697	14942.28	12575.80
August, 2008	121.70	78.75	2569210	15503.92	14048.34
September, 2008	84.90	56.55	1857847	15049.86	12595.75
October, 2008	66.50	44.00	1737885	13055.67	8509.56
November, 2008	49.50	19.70	393077	10631.12	8451.01
December, 2008	24.35	14.05	1685618	10099.91	8739.24
January, 2009	51.75	25.55	1107671	10335.93	8674.35
February, 2009	51.40	32.55	435261	9647.47	8822.06
March, 2009	33.45	15.00	1699870	10048.49	8160.40

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 10 days from the date of receipt. Share Transfer Committee met 29 times and 32200 shares were transferred and 23,52,164 shares were dematerialised during the year under review.

g) Distribution of Shareholding

As on March 31, 2009 the distribution of shareholding was as follows:

Share holding of Nominal value of Rs.	Shareholders		No. of Share held	
	Number	%	Rs.	%
Upto 5,000	17165	96.04	25602570.00	22.09
5,001 to 10,000	404	2.26	3355150.00	2.89
10,001 to 20,000	152	0.85	2340360.00	2.02
20,001 to 30,000	40	0.22	1029040.00	0.89
30,001 to 40,000	15	0.08	534300.00	0.46
40,001 to 50,000	15	0.08	712920.00	0.62
50,001 to 100,000	30	0.17	2188420.00	1.89
100,001 And Above	52	0.29	80146820.00	69.15
Total	17873	100.00	115909580.00	100.00

h) Dematerialisation of Shares

81.06% of Equity Shares of the Company are in dematerialized form as on 31st March, 2009. 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



COMPANY SECRETARY'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 formerly known as RIL for the year ended 31st March 2009, 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 B.K. Gupta & Associates
Company Secretaries

Place : Ludhiana
Dated : 31st October, 2009

sd/-
(Bhupesh Gupta)
Partner
Membership No. FCS-4590

CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION

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

- I have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2009 and that to the best of my knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- 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.
- 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:
- I have indicated to the auditors and the Audit Committee
 - significant changes in internal controls during the year.
 - 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
 - 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.
- 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, 2009.

For Ritesh Properties and Industries Limited

Place : Ludhiana
Dated : 31st October, 2009

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 2009 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 2009 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March 2009 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 are given in the Notes on Accounts as per Annexure "T":

1. Note No. 3(a) regarding non accounting of sales return of Rs. 9424.00 Lacs and cost of sales thereto affected during the year under review pertaining to the earlier financial years ended 31.03.2007 and 31.03.2008 as per the requirement of AS5 ('Net profit or loss for the period, Separate Items and Changes in Accounting Policies') but instead sales return and cost of sales thereto being accounted in the revised financial statements for the respective years on the principle of 'Relation Back' and 'Real Income'. The resulting impact being that the net loss after tax for the year under review is under stated by Rs. 2521.36 Lacs.
2. Note No. 3(b) regarding the current financial statements for the financial year 2008-09 is subject to the approval of the revised financial statements of financial years 2006-07 and 2007-08 at the forthcoming Annual General

Meeting of shareholders. As per our opinion, which opinion is also supported by the Institute of Chartered Accountants of India, a company cannot reopen and revise the accounts once adopted by the shareholders at the Annual General Meeting. Contrary to this opinion, the Board of Directors of the Company has reopened and revised the aforesaid financial statements in terms of the circular of the Ministry of Finance and Company Affairs dated 13.01.2003; and

3. Note No. 6 regarding the change in the accounting policy for the provisioning of interest on unsecured loans from mercantile to mixed, resulting in loss understated to the extent of Rs.110.67 Lacs;

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 2009;
- ii. In the case of the Profit & Loss Account, of the Loss 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.,**
Chartered Accountants

Place: Ludhiana
Dated: 31.10.2009

sd/-
(S.B.Aggarwal)
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.

respect of the said loans, the maximum amount outstanding at any time during the year and the year end balance is Rs.1268.86 Lacs (Previous year Rs.473.13 Lacs)
- 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) 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.
- 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.

d) The principal amounts are payable/ receivable on demand and there is no repayment schedule. The interest, where applicable, is payable/receivable on demand.
2. a) Inventories have been physically verified by the management at reasonable intervals during the year/at the year end.

e) Since the loans are repayable on demand and therefore the question of overdue amounts does not arise.
- 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.

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.
- 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.

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.
3. a) The Company has taken loan from two Companies (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.1253.24 Lacs (Previous Year Rs.1039.31 Lacs). There are three (previous year four) Companies/Firms 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.335.93 Lacs (Previous Year Rs. 523.91 Lacs).

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.
- b) The company has given loans to wholly owned subsidiaries of the Company. In

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 except for ESI of Rs. 40,124/-
- 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, 2009 for a period of more than six months from the date they become payable except for ESI of Rs.0.40 Lacs and Fringe Benefit Tax 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 |
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. 2278.05 Lacs (Previous year Rs.1993.23 Lacs). It has incurred cash losses of Rs.245.60 lacs in the financial year under review and incurred cash losses of Rs.390.40 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, however unsecured convertible warrants of Rs.136.07 lacs is outstanding.
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.,**
Chartered Accountants

sd/-

Place: Ludhiana
Dated: 31.10.2009

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

Balance Sheet as at 31st March, 2009

PARTICULARS	ANNEXURE	AS AT 31.03.2009		AS AT 31.03.2008	
		Rs.	Ps.	Rs.	Ps.
SOURCE OF FUNDS					
Share of Capital	A	115,909,580.00		115,909,580.00	
Reserve & Surplus	B	239,686,612.52		239,686,612.52	
		<u>355,596,192.52</u>		<u>355,596,192.52</u>	
LOAN FUNDS					
Secured Loan	C	7,260,288.96		10,092,004.77	
Unsecured Loans	D	194,155,662.30		136,762,924.30	
		<u>201,415,951.26</u>		<u>146,854,929.07</u>	
	Total	<u>557,012,143.78</u>		<u>502,451,121.59</u>	
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	E	56,566,366.80		56,418,439.30	
Less : Depreciation		33,860,944.95		29,938,814.68	
Net Block		<u>22,705,421.85</u>		<u>26,479,624.62</u>	
INVESTMENT	F	27,887,310.00		21,187,310.00	
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	G	14,282,454.13		14,180,425.18	
Sundry Debtors	H	27,063,998.92		23,851,758.49	
Cash & Bank Balances	I	2,082,765.68		24,207,352.60	
Loans & Advances	J	297,735,847.78		257,745,100.88	
		<u>341,165,066.51</u>		<u>319,984,637.15</u>	
LESS CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	K	60,463,922.67		63,663,790.65	
Provisions	L	2,086,950.00		859,671.00	
		<u>62,550,872.67</u>		<u>64,523,461.65</u>	
NET CURRENT ASSETS		<u>278,614,193.84</u>		<u>255,461,175.50</u>	
PROFIT & LOSS ACCOUNT (As Annexed)		<u>227,805,218.09</u>		<u>199,323,011.47</u>	
	Total	<u>557,012,143.78</u>		<u>502,451,121.59</u>	
NOTES ON ACCOUNTS	T				

Auditor's Report

As per our report of even date
for **Bhushan Aggarwal & Co.**
Chartered Accountants

On behalf of the Board

For Ritesh Properties and Industries Limited

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

sd/-
(Pran Arora)
Chairman

sd/-
(Sanjeev Arora)
Mg. Director

Place : Ludhiana
Dated : 31.10.2009

sd/-
(Roop Kishore Fathepuria)
Director

RITESH PROPERTIES AND INDUSTRIES LIMITED

ANNEXURE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "A"				
SHARE CAPITAL				
Authorised				
15,000,000 Equity Shares of Rs. 10/- each	1,500,000,000.00		1,500,000,000.00	
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	<u>115,909,580.00</u>		<u>115,909,580.00</u>	
ANNEXURE "B"				
RESERVE AND SURPLUS				
Capital Reserve	78,591,920.52		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	<u>239,686,612.52</u>		<u>239,686,612.52</u>	
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 promtor directors.	4,354,069.50		4,425,443.50	
(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.	2,906,219.46		5,666,561.27	
Total	<u>7,260,288.96</u>		<u>10,092,004.77</u>	
ANNEXURE "D"				
UNSECURED LOANS				
Convertible Warrants	13,607,000.00		13,607,000.00	
From Others	7,562,183.00		9,062,183.00	
From Companies	172,986,479.30		114,093,741.30	
Total	<u>194,155,662.30</u>		<u>136,762,924.30</u>	

RITESH PROPERTIES AND INDUSTRIES LIMITED

ANNEXURE - "E"
FIXED ASSETS

Sr. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
		As At 01.04.2008	Additions during the Year	Sale/ Transfer during the Year	As At 31.03.2009	As on 01.04.2008	For the Year	Written back during the Year	As On 31.03.2009	As At 31.03.2009	As At 31.03.2008
1	Land	457,100.00	-	-	457,100.00	-	-	-	-	457,100.00	457,100.00
2	Roads	-	-	-	-	-	-	-	-	-	-
2	Building	36,401,712.23	-	-	36,401,712.23	22,578,825.99	1,382,288.63	-	23,961,114.62	12,440,597.61	13,822,886.24
3	Plant & Machinery	3,521,676.60	58,190.00	-	3,579,866.60	2,777,911.03	115,929.08	-	2,893,840.11	686,026.49	743,765.57
4	Furniture & Fixture	4,607,049.61	-	-	4,607,049.61	1,795,215.95	287,175.87	-	2,082,391.82	2,524,657.79	2,811,833.66
5	Office Equipment	1,628,472.87	89,737.50	-	1,718,210.37	826,983.26	81,756.26	-	908,739.52	809,470.85	801,489.61
6	Vehicles	9,802,427.99	-	-	9,802,427.99	1,959,878.45	2,054,980.43	-	4,014,858.88	5,787,569.11	7,842,549.54
	Total	56,418,439.30	147,927.50	-	56,566,366.80	29,938,814.68	3,922,130.27	0.00	33,860,944.95	22,705,421.85	26,479,624.62
	Previous Year	62,095,355.26	10,385,393.74	16,062,309.70	56,418,439.30	28,569,032.71	3,229,104.83	1,859,322.86	29,938,814.68	26,479,624.62	-

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	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	
50000 Equity Shares of Rs. 10/- each of Master Trust Ltd.	6,700,000.00		-	
Unquoted				
580000 Equity Shares of Rs.10/- each of Isbelle Traders Ltd.	5,800,000.00		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	27,887,310.00		21,187,310.00	
Market value of quoted Investments	1,303,365.00		496,890.00	
ANNEXURE "G"				
INVENTORIES				
(As taken, valued & Certified by the Management)				
Raw Material (at cost)	40,239.00		-	
Finished Goods (at estimated realisable value)	1,007,812.60		946,022.65	
Others(at cost)	13,234,402.53		13,234,402.53	
Total	14,282,454.13		14,180,425.18	
ANNEXURE "H"				
SUNDRY DEBTORS				
(Unsecured, Considered Good)				
Over six Month old	26,678,019.28		18,764,297.17	
Others	385,979.64		5,087,461.32	
Total	27,063,998.92		23,851,758.49	
ANNEXURE "I"				
CASH & BANK BALANCES				
Cash in Hand	70,057.05		434,821.05	
Bank Balances				
Current Account	1,800,320.98		23,574,296.09	
FDR,s	212,387.65		198,235.46	
Total	2,082,765.68		24,207,352.60	
ANNEXURE "J"				
LOANS & ADVANCES				
(Unsecured, Considered Good)				
Advances recoverable in cash or in knid. for value to be received	163,284,942.91		176,826,180.13	

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
Advances to Subsidiaries	102,640,806.60		27,564,851.75	
Advance to Supplier	24,739,028.74		45,992,179.47	
Security Deposits	1,195,850.87		2,052,355.87	
Income tax / Tax Deducted at Source	5,875,218.66		5,309,533.66	
Total	297,735,847.78		257,745,100.88	
ANNEXURE "K"				
CURRENT LIABILITIES				
Sundry Creditors				
- Due to Micro, Small and Medium Enterprises		-		-
- Others	56,266,430.55		59,193,690.47	
Other Liabilities	4,061,973.09		4,335,965.59	
Cheque issued but Presented Later on (Net)	135,519.03		134,134.59	
Total	60,463,922.67		63,663,790.65	
ANNEXURE "L"				
PROVISIONS				
Provision for Fringe Benefit Tax	2,086,950.00		859,671.00	
Total	2,086,950.00		859,671.00	
ANNEXURE "M"				
OPERATING AND OTHER INCOME				
Sales & Services	5,673,699.90		5,574,068.18	
Export Incentives	310,244.45		360,103.62	
Sale of Shares	-		12,083,857.21	
Profit on Future Trading	-		810,061.45	
Interest Received	3,619,579.19		4,024,457.09	
Insurance Claim Received	-		5,028.40	
Rent	158,400.00		144,000.00	
Dividend	210.00		-	
Other Income	26,102.84		713.88	
Balance Written off	45,117.34		-	
Total	9,833,353.72		23,002,289.83	
ANNEXURE "N"				
COST OF MATERIAL				
Opening Stock				
Finished Goods	946,022.65		510,195.00	
Others	13,234,402.53		-	
Total	14,180,425.18		510,195.00	
Add : Purchases	4,898,437.34		30,807,521.84	
Total	19,078,862.52		31,317,716.84	
Less : Closing 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	
Net	4,796,408.39		17,137,291.66	

RITESH PROPERTIES AND INDUSTRIES LIMITED

PARTICULARS	AS AT		AS AT	
	31.03.2009		31.03.2008	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "O"				
MANUFACTURING EXPENSES				
Electricity Expenses	345,711.00		158,608.75	
Machinery Repair	-		12,025.00	
Electric Repair	3,620.00		28,720.00	
Consumable Store	-		2,363.00	
Dyeing & Finishing Charges	-		30,780.00	
Generator Expenses	120,175.00		99,940.00	
Others	43,770.75		58,189.43	
Total	513,276.75		390,626.18	
ANNEXURE "P"				
PERSONNEL EXPENSES				
Salary, wages and Other Allowances	2,500,429.00		2,405,653.08	
Welfare Expenses	94,573.00		354,337.00	
Total	2,595,002.00		2,759,990.08	
ANNEXURE "Q"				
ADMINISTRATIVE EXPENSES				
Fees & Taxes	144,431.00		598,574.00	
Printing & Stationery	1,158,948.00		278,457.00	
Travelling & Conveyence	10,739,732.73		7,501,489.67	
(Includes Director's Travelling Rs.9619301.20 (Previous Year Rs. 6044206.81)				
Legal & Professional Charges	1,600,521.00		4,082,662.00	
Postage, Telegram & Telephone	607,478.01		994,139.31	
Charity & Donation	527,997.00		1,645,576.00	
General Expenses including vehicles expenses etc.	873,665.79		590,224.41	
Books & Periodicals	-		55.00	
Auditor's Remuneration				
Audit Fee	150,000.00		168,540.00	
Tax Audit Fee	20,000.00		22,472.00	
General Repair	9,860.00		3,565.00	
Building Repair	8,735.00		2,070,678.00	

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
Diwali Expenses		-		764,500.00
Insurance Charges		215,844.87		255,987.96
AGM Expenses		9,739.00		8,702.00
Rent Rates & Taxes		4,719,235.00		4,207,417.00
Fine & Penalty		-		1,000.00
Others		9,685.47		7,922.00
Subscriptions & Membership		11,995.00		4,172.29
Balances Written off		-		2,457,308.88
Previous Year Expenses		293,751.00		79,316.00
Total		21,101,618.87		25,742,758.52
ANNEXURE "R"				
FINANCIAL EXPENSES				
Interest on Working Capital		615,712.00		308,612.00
Interest to Others		1,198,356.00		10,100,080.81
Bank Charges		110,719.62		90,921.92
Hire Purchase Charges		441,798.19		601,016.70
Total		2,366,585.81		11,100,631.43
ANNEXURE "S"				
SELLING EXPENSES				
Rebate & Discount		-		(244,815.61)
Advertisement		1,223,846.00		3,356,331.00
Sales Promotion Expenses		247,461.25		547,186.00
Freight & Others		38,159.00		33,165.00
Export Expenses		423,021.00		419,709.00
Other Expenses		82,459.00		73,578.00
Total		2,014,946.25		4,185,153.39

**ANNEXURE – ‘T’
NOTES ON 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 as adopted consistently by the Company.

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. Loss on conversion of foreign currency liability for acquisition of fixed assets is added to the assets.

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
realizable Value |
| 3) Others : | At Cost |

d) Revenue Recognition

- 1) Sale is recognized on mercantile basis.
- 2) Foreign currency fluctuations are recognized to revenue at time of realization.
- 3) Sales/Vat tax liability is accounted for on the basis of sales/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) Foreign Exchange Transaction

All the foreign exchange transactions for sale are accounted for at the rate applicable at the time of execution of documents with the bank or dispatch of goods.

f) Depreciation

Depreciation has been calculated as per the Income Tax Act, 1961 on Written down Value Method.

g) 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.

h) Investment

Investments are valued at cost plus incidental expenses, if any. Investments are classified into Current and Long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are/shall be stated at cost. A provision for diminution shall be made to recognize a decline, other than temporary, in the value of long-term investments.

i) 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.

Fringe Benefit Tax (FBT) payable under the provisions of section 115WC of the Income Tax Act, 1961, is in accordance with the Guidance Note on Accounting for

Fringe Benefit Tax issued by the ICAI, regarded as an additional income tax and considered in determination of the profits for the year.

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.170 Lacs
- b) Capital contract (net of Advance) Rs. 3.32 Crore

3. Revision of Financial Statements

- a) The global economy in general and the real estate industry in particular is passing through recession, which has resulted into financial meltdown. During the year under review and also in the earlier financial years ended 31.03.2007 and 31.03.2008, the Company had entered into various agreements to sell on pre launch basis, subject to necessary approvals from Punjab State Government and development by the Developer (viz. Ansal Township & Projects Ltd., since merged with Ansal Properties & Infrastructure Limited) of its real estate project to be constructed/developed on Company's land situated on Ludhiana-Chandigarh Road at Ludhiana for the development of Industrial and Residential Township Project titled as 'Mega Project'/ 'Hampton Court' as Industrial township consisting of Industrial and residential. This was to be developed by the developer and the Company was entitled to its share of the sale proceeds of the area to be developed and sold as per the agreement with the Developer. In accordance with the consistently followed accounting practice

of the Company, sales revenue and profit thereon were recognized at the time of entering into such agreement to sell on mercantile basis. As is the practice in real estate industry and as per the Guidelines for Mega Projects by Punjab State Government, the payments could not have been collected till such time the Company signs the agreement with Punjab State Government. Due to delay in signing of the agreement with Punjab State Government, resulting in non commencement of the development of the project, slowdown in demand, liquidity crunch in real estate and fall in prices, the parties with whom sales had been affected were pressing hard the management of the Company to cancel the agreement to sell as the proposed project had become redundant/non-operational for the time being and other force majeure circumstances beyond the control of the Management. Considering the peculiarity of business and the overall interest of the Company, the management decided to reacquire the properties by mutually terminating the agreements to sell entered into in the year under review and in the earlier financial years ended 31.03.2007 and 31.03.2008. On the doctrine of 'Real Income' and 'Relation Back' basis, the cancellation effect should be affected in the year in which the sales and profits were originally recognized and not in the year in which the actual cancellation has taken place (that is the financial year under review). Accordingly, the Company has revised and recasted its financial statements for financial years ended 31.03.2007 and 31.03.2008, on the above mentioned principle. Consequently during the year under review, the sales return and reversal of profits are not reflected, though the cancellation of sales occurred during the year under review. The aggregate value of gross sales/revenue returns and profit reversal as mentioned above are Rs. 900.00 lacs and Rs. 833.55 lacs respectively for the financial year ended 31.03.2007 and

Rs.8524.00 lacs and Rs.1687.81 lacs respectively for the financial year ended 31.03.2008.

However, for the purposes of publication under 'the Listing Agreement' entered with the Stock Exchanges where the equity shares of the Company are listed, financial figures for the nine months period ended 31.12.2008, duly approved by the Board of Directors in their meeting held on 30.01.2009, have already been submitted showing the gross sales/ revenue of Rs.3770.52 Lacs (out of this sales of Rs.3699.00 Lacs on the basis of agreement to sell, which was cancelled along with the sales for the previous financial year 2006-07 and 2007-08) and profit after tax of Rs.358.63 Lacs.

The Auditors of the Company do not concur with the above view of revising the financial statements of earlier years for the financial years ended 31.03.2007 and 31.03.2008 on the principle of 'Relation Back' and 'Real Income', instead are of the opinion that the sales return and its consequence on the profit and loss account should be reflected in the financial year in which such sales return takes place (cancellation of agreements to sell) and not in the earlier years as done by the Company, and treated as a separate item in the year under review and disclosed as per the requirement of AS5 ('Net profit or loss for the period, Separate Items and Changes in Accounting Policies'). Accordingly in the opinion of the Auditors the sales return and reversal of profit thereon should be accounted/ reflected during the year under review and not in the earlier years as done by the Company.

- b) The revised financial statements for the years ended 31.03.2007 and 31.03.2008 have already been approved by the Board of Directors at its meeting held on 30th September 2009. However, the revised financial statements for financial years 2006-07 & 2007-08 are yet to be adopted and approved by the shareholders. It is

proposed to get the said revised financial statements for financial years 2006-07 & 2007-08 considered and adopted at the forthcoming Annual General Meeting, in substitution for the financial statements already adopted by the shareholders in the earlier Annual General Meeting held on 29.09.2007 and 26.09.2008 respectively, along with the financial statements for March 31, 2009. The act of revision of the Financial Statements for financial years 2006-07 and 2007-08 is in accordance with the General Circular No.1/2003 (No.17/75/2002-CI.V) dated 13-1-2003 issued by the Ministry of Finance and Company Affairs permitting revision of financial statements. The management had relied on the interpretation of the said circular that the proposed revision of the financial statements is in accordance with the letter and spirit of the said circular, thereby the revision of financial statement is in accordance with the provisions of the Companies Act, 1956.

The auditor's do not concur with the above view of revising the financial statements of the earlier financial years 2006-07 and 2007-08, that a company cannot reopen and revise the accounts once adopted by the shareholders at Annual General Meeting, which opinion is also supported by the Institute of Chartered Accountants of India.

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 changed the method of accounting from mercantile to mixed regarding the providing of interest on unsecured loan resulting in the loss has been understated to the extent of Rs. 1,10,66,776/-.

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

Particulars	2008-09	2007-08
Salary to Director- Sh. Roop Kishore Fatehpuria	Rs. 7,10,400/-	Rs. 5,90,400/-
Perks-Conveyance Allowance Sh. Roop Kishore Fatehpuria	Rs.9,600/-	Rs.9,600/-
Sitting Fee to Director- Sh. Surinder K Sood	Rs.5,000/-	Rs.6,000/-

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 31.03.2009	For the Year Ended 31.03.2008
Earnings Loss as per Profit & Loss Account	(Rs. 28482207)	(Rs. 42269018)
Shares -Weighted average Number of Equity share outstanding during the year- Basic	1,15,90,958	97,64,989
-Weighted average Number of Equity share outstanding during the year-Diluted	1,29,51,658	1,11,25,689
Earning per Share –Basic	(2.46)	(4.33)
Earning per Share –Diluted	(2.20)	(3.80)
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 amounting to Rs.23,414,828/- 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.170 Lacs.

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
- o H B Fibres 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 31.03.2009 (Rs. in Lacs)	For the Year Ended 31.03.2008 (Rs. in Lacs)
i) Sale of Fixed Assets to		
- Associate / Allied Concern	Nil	1.30
- Subsidiary Companies	0.06	Nil
ii) Sale to		
- Subsidiary Companies	56.73	52.66
iii) Salary, Perks & Sitting Fee to		
- Key Managerial Personnel	7.25	6.06
iv) Interest Paid to		
- Associate / Allied Concern	Nil	98.52

C) Amount due From/To Related Parties :

Particulars	As on 31.03.2009 (Rs. in Lacs)	As on 31.03.2008 (Rs. in Lacs)
i) Due from Related Parties (included in Loans & Advances & Sundry Debtors)	—	—
-Subsidiary Companies	1268.86	473.13
- Associate/Allied Concern	336.98	523.91
ii) Due to Related Parties (included in Current Liabilities & Unsecured Loans)		
-- Associate/Allied Concern	1253.24	1039.31
-Due to Key Managerial Personnel	0.82	0.82

11. Leases (AS-19):

S. No.	Particulars	31.03.2009	31.03.2008
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.18,28,728/-	Rs.47,08,728/-
2.	later than one year and not later than five year;	Rs.67,66,290/-	Rs.80,69,262/-
3.	later than five years	NIL	Rs.5,25,756/-
b.	The total of future minimum sub-leases payment expected to be received under non-cancelable sub-leases at the balance sheet;	Rs.6,33,600/-	Rs.8,84,400/-
c.	Leases payments recognized in the statement of profit and loss for the period, with separate amounts for minimum leases payments.	Rs.47,08,728/-	Rs.37,71,546/-
d.	Sub-leases payments received (or receivable) recognized in the statement of profit and loss for the period;	Rs.1,58,400/-	Rs.1,44,000/-
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. Unsecured loan from Corporate includes a sum

of Rs.125.00 Lacs raised against the DLF apartment allotted in the magnolias DLF Golf Link Project and also guaranteed by the Managing Director of the Company.

15. The company has yet to revise/modify the Income tax returns for the financial year 2006-07 and 2007-08. However, the tax yet to deposit on the basis of original returns will be null and void on the filing of revised returns. 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.
16. 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.
17. 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.
18. During the previous year the Company has issued partly paid Convertible Warrants, which will be converted into equity within the period of 18 months from the date of its allotment.
19. Corresponding figures of previous year have been regrouped / rearranged wherever deemed necessary.
20. 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 :

Class of Goods	Unit	Licensed Regd. Capacity	Installed Capacity		Actual Production A	
			2008-09	2007-08	2008-09	2007-08
Knitted Cloth	Kgs.	Nil	Nil	Nil	Nil	Nil

B) Particulars of Sales

Class of Goods	Unit	2008-09		2007-08	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Fleece/Knitted Cloth	Mtr/Kgs.	22,400	8848.00	1470,200	91152.00
Garment	Pcs.	30440	5427744.40	32389	5457656.18
Others	-	-	237107.50	-	25250.00

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

Class of Goods	Unit	2008-09		2007-08		2006-07	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Knitted Cloth/Fabric	Mtr/Kgs.	6257880	660967.60	6082370	592172.65	-	-
Garment	Pcs.	2805	329220.00	2896	336225.00	4076	489120.00
Realty Business	-	-	13234402.53	-	13234402.53	-	-
Socks	-	-	17625.00	-	17625.00	-	21075.00

D) Trading Goods Purchased

Class of Goods	Unit	2008-09		2007-08	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Knitted Cloth	Mtr/Kgs.	2477,290	938540.50	6164,200	791075.40
Garment	Pcs.	22728	3694625.84	30243	4508740.00
Shares	-	-	-	-	12198324.91

E) Raw Material Consumed

Class of Goods	Unit	2008-09		2007-08	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Yarn	Kgs.	-	-	-	-
Others	-	-	225032.00	-	74979.00

F) Other Additional Information

a)	2008-09 (Rs.)	2007-08 (Rs.)
1) Personnel Expenses		
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	875,100	165,688
d) Gross Income derived from services rendered as manufacturer	Nil	Nil
e) Earning in foreign exchange on FOB basis	4,496,698	5,225,225

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

Class of Goods	2008-09		2007-08	
	Value (Rs.)	%Age	Value (Rs.)	%Age
i) Raw Material Indigenous Imported	225,032	100.00%	74,979	100.00%
ii) Stores, Spare Parts and Components Indigenous Imported	3,620	100%	43,108	100%

Signature to Annexures 'A' to 'T'
for Bhushan Aggarwal & Co.

On behalf of the Board

Chartered Accountants

For Ritesh Properties and Industries Ltd.

sd/-
(S.B. Aggarwal)
Prop.
M.No. 084005
Place: Ludhiana
Dated: 31.10.2009

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

sd/-
(Roop Kishore Fathepuria)
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	For the year ended 31.03.2009		For the year ended 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax & Extra Ordinary items				
	(27,470,614.62)		(41,409,347.33)	
Adjustments for				
- Depreciation	3,922,130.27		3,229,104.82	
- Interest paid on borrowing	1,814,068.00		10,408,692.81	
- Loss/(Profit) on sale of Assets	(6,000.00)		(133,918.92)	
- Dividend/interest received	(3,619,789.19)		(4,024,457.09)	
	<u>2,110,409.08</u>		<u>9,479,421.62</u>	
Operating profit before working capital charges	(25,360,205.54)		(31,929,925.71)	
Adjustments for				
- Payable	(1,972,588.98)		19,247,871.18	
- Receivable	(3,212,240.43)		25,934,206.08	
- Inventory	(102,028.95)		(13,659,442.18)	
- Loans & Advances	(39,990,746.90)		(124,193,684.20)	
	<u>(45,277,605.26)</u>		<u>(92,671,049.12)</u>	
Cash Generated from operations	(70,637,810.80)		(124,600,974.83)	
Interest paid	(1,814,068.00)		(10,408,692.81)	
	<u>(72,451,878.80)</u>		<u>(135,009,667.64)</u>	
Taxes paid	1,011,592.00		859,671.00	
Net Cash from operating activities (A)	(73,463,470.80)		(135,869,338.64)	
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(147,927.50)		(10,385,393.74)	
Sale of Fixed Assets	6,000.00		14,336,905.76	
Sale/Purchase of Investment	(6,700,000.00)		(15,164,000.00)	
Interest/Dividend Received	3,619,789.19		4,024,457.09	
	<u>(3,222,138.31)</u>		<u>(7,188,030.89)</u>	
Net cash used in investing activities (B)	(3,222,138.31)		(7,188,030.89)	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Share Capital	-		23,734,580.00	
Increase in Share Premium	-		110,195,442.00	
Borrowing (Net)	54,561,022.19		(85,088,223.80)	
	<u>54,561,022.19</u>		<u>48,841,798.20</u>	
Net cash from financing activities (C)	54,561,022.19		48,841,798.20	
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(22,124,586.92)		(94,215,571.33)	
Cash and Cash equivalents as at (Opening Balance)	24,207,352.60		118,422,923.93	
Cash and Cash equivalents as at (Closing Balance)	2,082,765.68		24,207,352.60	

Auditor's Report

As per our report of even date
for **Bhushan Aggarwal & Co.**
Chartered Accountants

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

On behalf of the Board

For Ritesh Properties and Industries Limited

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

Place : Ludhiana
Dated : 31.10.2009

sd/-
(Roop Kishore Fathepuria)
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 2009, 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. 322.21 Lacs as at 31st March, 2009, total revenue of Rs. 18.37 Lacs and cash flows amounting to Rs. 81.53 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. 4(a) regarding non accounting of sales return of Rs. 9424.00 Lacs and cost of sales thereto affected during the year under review pertaining to the earlier financial years ended 31.03.2007 and 31.03.2008 as per the requirement of AS5 ('Net profit or loss for the period, Separate Items and Changes in Accounting Policies') but instead sales return and cost of sales thereto being accounted in the revised financial statements for the respective years on the principle of 'Relation Back' and 'Real Income'. The resulting impact being that the net loss after tax is under stated by Rs. 2521.36 Lacs.
2. Note No. 4(b) regarding the current financial statements for the financial year 2008-09 is subject to the approval of the revised company's financial statements of financial years 2006-07 and 2007-08 at the forthcoming Annual General Meeting of shareholders. As per our opinion, which opinion is also supported by the Institute of Chartered Accountants of India, a company cannot reopen and revise the accounts once adopted by the shareholders at an Annual General Meeting. Contrary to this opinion,

the Board of Directors of the Company has reopened and revised the aforesaid financial statements in terms of the circular of the Ministry of Finance and Company Affairs dated 13.01.2003; and

3. Note No. 7 regarding the change in the accounting policy by the company for the provisioning of interest on unsecured loans from mercantile to mixed, resulting in loss understated to the extent of Rs.110.67 Lacs;
4. Note No.8 regarding the Deferred Revenue Expenditure not written off during the year by the Indian subsidiary, resulting in the loss is understated to the extent of Rs.71.50 Lacs.

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, 2009 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.,**
Chartered Accountants

Place: Ludhiana
Dated: 31.10.2009

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

Consolidated Balance sheet as at 31st March, 2009

PARTICULARS	ANNEXURE	AS AT		AS AT	
		31.03.2009		31.03.2008	
		Rs.	Ps.	Rs.	Ps.
SOURCE OF FUNDS					
Share of Capital	A	115,909,580.00		115,909,580.00	
Reserve & Surplus	B	236,985,147.32		238,039,207.82	
		<u>352,894,727.32</u>		<u>353,948,787.82</u>	
LOAN FUNDS					
Secured Loan	C	7,260,288.96		10,092,004.77	
Unsecured Loans	D	194,160,734.30		136,766,936.30	
		<u>201,421,023.26</u>		<u>146,858,941.07</u>	
	Total	<u>554,315,750.58</u>		<u>500,807,728.89</u>	
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	E	100,693,447.27		95,252,702.46	
Less : Depreciation		36,211,543.14		30,047,983.68	
Net Block		<u>64,481,904.13</u>		<u>65,204,718.78</u>	
INVESTMENT					
	F	12,723,310.00		6,023,310.00	
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	G	36,987,704.70		24,288,936.57	
Sundry Debtors	H	3,447,124.74		4,468,543.93	
Cash & Bank Balances	I	2,771,906.17		24,723,100.81	
Loans & Advances	J	211,108,149.54		234,733,061.73	
		<u>254,314,885.14</u>		<u>288,213,643.04</u>	
LESS CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	K	85,605,309.23		83,694,119.33	
Provisions	L	2,343,790.00		946,089.00	
		<u>87,949,099.23</u>		<u>84,640,208.33</u>	
NET CURRENT ASSETS					
		166,365,785.91		203,573,434.71	
MISCELLANEOUS EXPENDITURE					
	M	33,830,414.20		8,898,573.80	
PROFIT & LOSS ACCOUNT (As Annexed)					
		276,914,336.34		217,107,691.60	
	Total	<u>554,315,750.58</u>		<u>500,807,728.89</u>	
NOTES ON ACCOUNTS					
	U				

Auditor's Report

As per our report of even date
for **Bhushan Aggarwal & Co.**
Chartered Accountants

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

On behalf of the Board

For Ritesh Properties and Industries Limited

sd/-
(Pran Arora)
Chairman

sd/-
(Sanjeev Arora)
Mg. Director

Place : Ludhiana
Dated : 31.10.2009

sd/-
(Roop Kishore Fathepuria)
Director

RITESH PROPERTIES AND INDUSTRIES LIMITED

CONSOLIDATED ANNEXURE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "A"				
SHARE CAPITAL				
Authorised				
15,000,000(P.Y 15,000,000) Equity Shares of Rs. 10/- each	1,500,000,000.00		1,500,000,000.00	
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	78,591,920.52		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	(2,701,465.20)		(1,647,404.70)	
Total	236,985,147.32		238,039,207.82	
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.	4,354,069.50		4,425,443.50	
(2) From Others				
(a). Machinery/Vehicles Purchased under H.P. secured against hypothecation of Plant & Machinery/Vehicles installed/to be installed, purchased under hire purchase agreement and also guaranteed by Managing Director of the Company.	2,906,219.46		5,666,561.27	
Total	7,260,288.96		10,092,004.77	
ANNEXURE "D"				
UNSECURED LOANS				
Convertible Debentures	13,607,000.00		13,607,000.00	
From Others	7,567,255.00		9,066,195.00	
From Companies	172,986,479.30		114,093,741.30	
Total	194,160,734.30		136,766,936.30	

ANNEXURE - "E"
CONSOLIDATED FIXED ASSETS

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
		01.04.2008	Additions during the Year	Sale/ Transfer during the Year	As At 31.03.2009	As on 01.04.2008	For the Year	Written back during the Year	As On 31.03.2009	As At 31.03.2009	As At 31.03.2008
1.	Land	457,100.00	-	-	457,100.00	-	-	-	-	457,100.00	457,100.00
2.	Building	36,401,712.23	-	-	36,401,712.23	22,578,825.99	1,382,288.63	-	23,961,114.62	12,440,597.61	13,822,886.24
3.	Plant & Machinery	5,151,500.76	175,595.00	-	5,327,095.76	2,785,812.03	182,607.15	-	2,968,419.18	2,358,676.58	2,365,688.73
4.	Furniture & Fixture	11,148,571.61	3,782,355.31	-	14,930,926.92	1,819,976.95	875,823.57	-	2,695,800.52	12,235,126.40	9,328,594.66
5.	Office Equipement	2,392,114.87	1,030,385.50	-	3,422,500.37	832,982.26	150,108.64	-	983,090.90	2,439,409.47	1,559,132.61
6.	Vehicles	10,039,786.99	2,420.00	-	10,042,206.99	1,970,936.45	2,077,588.12	-	4,048,524.57	5,993,682.42	8,068,850.54
7.	Computer	419,348.00	389,989.00	-	809,337.00	28,336.00	117,001.24	-	145,337.24	663,999.76	391,012.00
8.	Intangible Assets	155,568.00	60,000.00	-	215,568.00	31,114.00	39,184.83	-	70,298.83	145,269.17	124,454.00
	Total	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	65,204,718.78
	Previous Year	62,095,355.26	49,219,656.90	16,062,309.70	95,252,702.46	28,569,032.70	3,338,273.83	1,859,322.86	30,047,983.67	65,204,718.79	

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	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	
50000 Equity Shares of Rs.10/- each of Master Trust Ltd	6,700,000.00		-	
Unquoted				
580000 Equity Shares of Rs.10/- each of Isabelle Traders Ltd.	5,800,000.00		5,800,000.00	
Total	12,723,310.00		6,023,310.00	
Market value of quoted Investments	1,303,365.00		496,890.00	
ANNEXURE "G"				
INVENTORIES				
(As taken, valued & Certified by the Management)				
Raw Material (at cost)	3,033,612.71		1,946,603.75	
Finished Goods (at estimated realisable value)	20,719,689.46		9,107,930.29	
Others(at cost)	13,234,402.53		13,234,402.53	
Total	36,987,704.70		24,288,936.57	
ANNEXURE "H"				
SUNDRY DEBTORS				
(Unsecured, Considered Good)				
Over six Month old	2,433,034.20		4,388,551.63	
Others	1,014,090.54		79,992.30	
Total	3,447,124.74		4,468,543.93	
ANNEXURE "I"				
CASH & BANK BALANCES				
Cash in Hand	216,439.19		469,569.05	
Bank Balances				
Current Account	2,193,512.33		24,055,296.30	
FDR,s	361,954.65		198,235.46	
Total	2,771,906.17		24,723,100.81	
ANNEXURE "J"				
LOANS & ADVANCES				
(Unsecured, Considered Good)				
Advances recoverable in cash or in knid. for value to be received	174,180,675.57		177,062,656.13	
Advance to Supplier	26,099,091.84		46,768,217.47	
Security Deposits	4,953,163.47		5,592,654.47	
Income tax / Tax Deducted at Source	5,875,218.66		5,309,533.66	
Total	211,108,149.54		234,733,061.73	

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "K"				
CURRENT LIABILITIES				
Sundry Creditors				
- Due to Micro, Small and Medium Enterprises				
-Others	75,044,369.98		75,130,624.52	
Other Liabilities	10,262,096.21		8,195,275.97	
Cheque issued but Presented Later on (Net)	298,843.04		368,218.84	
Total	85,605,309.23		83,694,119.33	
ANNEXURE "L"				
PROVISIONS				
Provision for Income Tax		-		-
Provision for Fringe Benefit Tax	2,343,790.00		946,089.00	
Total	2,343,790.00		946,089.00	
ANNEXURE "M"				
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Preliminary Expenses-As per last B/Sheet	269,505.00			-
Deffered Revenue Expenditure-As per last B/Sheet	8,629,068.80			-
	8,898,573.80			-
Add: Preliminary Expenses		-	299,450.00	
Add: Deffered Revenue Expenditure	24,961,785.40		10,786,336.00	
	33,860,359.20		11,085,786.00	
Less: Written off				
Preliminary Expenses	29,945.00		29,945.00	
Deffered Revenue Expenditure		-	2,157,267.20	
		-	2,187,212.20	
Net	33,830,414.20		8,898,573.80	

ANNEXURE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "N"				
OPERATING AND OTHER INCOME				
Sales & Services	12,938,197.84		7,812,961.35	
Export Incentives	310,244.45		360,103.62	
Sale of Shares	-		12,083,857.21	
Profit on future Trading	-		810,061.45	
Interest Received	3,629,146.19		4,024,457.09	
Insurance Claim Received	-		5,028.40	
Rent	158,400.00		144,000.00	
Dividend	210.00		-	
Other Income	26,536.94		713.88	
Balance Written off	45,117.34		-	
Total	17,107,852.76		25,241,183.00	

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "O"				
COST OF MATERIAL				
OPENING STOCK				
Raw Material	1,946,603.75		-	
Finished Goods	9,107,930.29		-	
Others	<u>13,234,402.53</u>		2,989,889.43	
Total	24,288,936.57		2,989,889.43	
Add : Purchases	<u>16,349,966.76</u>		<u>38,548,346.61</u>	
Total	40,638,903.33		41,538,236.04	
Less : Closing Stock				
Raw Material	3,033,612.71		1,946,603.75	
Finished Goods	20,719,689.46		9,107,930.29	
Others	<u>13,234,402.53</u>		<u>13,234,402.53</u>	
Total	36,987,704.70		24,288,936.57	
Net	3,651,198.63		17,249,299.47	
ANNEXURE "P"				
MANUFACTURING EXPENSES				
Electricity Expenses	345,711.00		158,608.75	
Machinery Repair	-		12,025.00	
Electric Repair	3,620.00		28,720.00	
Consumable Store	-		2,363.00	
Dyeing & Finishing Charges	797,239.26		122,679.00	
Generator Expenses	120,175.00		105,384.00	
Others	<u>43,770.75</u>		<u>98,133.43</u>	
Total	1,310,516.01		527,913.18	
ANNEXURE "Q"				
PERSONNEL EXPENSES				
Salary, wages and Other Allowances	14,155,584.91		8,716,395.80	
Welfare Expenses	<u>329,140.00</u>		<u>525,999.50</u>	
Total	14,484,724.91		9,242,395.30	
ANNEXURE "R"				
ADMINISTRATIVE EXPENSES				
Fees & Taxes	186,711.07		600,439.58	
Printing & Stationery	1,695,762.59		547,094.02	
Travelling & Conveyance	13,188,588.78		11,021,290.49	
(Includes Director's Travelling Rs.9619301.20 (Previous Year Rs. 6044206.81)				
Legal & Professional Charges	1,789,956.76		4,237,435.20	
Postage, Telegram & Telephone	1,840,461.40		1,697,095.39	
Charity & Donation	1,043,997.00		1,653,576.00	
General Expenses including vehicles expenses etc.	1,452,751.42		910,913.27	
Electricity Expenses	891,098.00		235,873.00	
Books & Periodicals	-		55.00	

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
Auditor's Remuneration				
Audit Fee	230,000.00		208,540.00	
Tax Audit Fee	40,000.00		22,472.00	
General Repair	114,543.00		21,385.00	
Expenses Amortised	29,945.00		2,187,212.20	
Building Repair	8,735.00		2,070,678.00	
Diwali Expenses	1,950.00		764,500.00	
Insurance Charges	846,674.57		949,544.44	
AGM Expenses	9,739.00		8,702.00	
Rent Rates & Taxes	16,830,998.57		6,719,735.00	
Fine & Penalty	16,519.00		1,000.00	
Others	262,124.97		192,438.28	
Security Charges	330,470.00		-	
Subscriptions & Membership	32,029.40		52,597.13	
Balances Written off	287.05		2,457,308.88	
Previous Year Expenses	628,082.61		79,316.00	
Total	41,471,425.19		36,639,200.88	
ANNEXURE "S"				
FINANCIAL EXPENSES				
Interest on Working Capital	615,712.00		308,612.00	
Interest to Others	1,268,315.62		10,320,286.65	
Bank Charges	451,205.28		280,733.91	
Hire Purchase Charges	441,798.19		601,016.70	
Total	2,777,031.09		11,510,649.26	
ANNEXURE "U"				
SELLING EXPENSES				
Rebate & Discount	-		(244,815.61)	
Commission & Brokerage	-		354,519.98	
Advertisement	1,515,224.00		3,472,048.00	
Sales Promotion Expenses	1,722,581.25		785,563.00	
Show Room Expenses	1,511,519.50		-	
Packing Expenses	199,962.00		-	
Freight & Others	374,345.47		343,090.97	
Export Expenses	424,394.00		419,709.00	
Other Expenses	82,459.00		73,578.00	
Total	5,830,485.22		5,203,693.34	

ANNEXURE – 'T'
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. Loss on conversion of foreign currency liability for acquisition of fixed assets is added to the assets.

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) Sales/Vat tax liability is accounted for on the basis of sales/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 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

Since the Company 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.

Fringe Benefit Tax (FBT) payable under the provisions of section 115WC of the Income Tax Act, 1961, is in accordance with the Guidance Note on Accounting for Fringe Benefit Tax issued by the ICAI, regarded as an additional income tax and

considered in determination of the profits for the year.

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 31.03.2009	Proportion of ownership interest as at 31.03.2008
Catalina bay USA Inc.	USA	100%	100%
Femella Fashions Private Limited	India	100%	100%

3. Contingent Liabilities-

- a) Bank guarantee of Rs.170 Lacs
- b) Capital contract (net of Advance) Rs. 3.32 Crore

4. Revision of Financial Statements

- a) The global economy in general and the real estate industry in particular is passing through recession, which has resulted into financial meltdown. During the year under review and in the earlier financial years ended 31.03.2007 and 31.03.2008, the Company had entered into various agreement to sell on pre launch basis, subject to necessary approvals from Punjab State Government and development by the Developer (viz. Ansal Township & Projects Ltd., since merged with Ansal Properties & Infrastructure Limited) of its real estate project to be constructed/ developed on company's land situated on Ludhiana-Chandigarh Road at Ludhiana for the development of Industrial and Residential Township Project titled as 'Mega Project'/ 'Hampton Court' as Industrial township consisting of Industrial and residential. This was to be developed by developer and the Company was entitled to its share of the sale proceeds of the area to be developed and sold as per the agreement with the developer.

In accordance with the consistently followed accounting practice of the Company, sales revenue and profit thereon were recognized at the time of entering into such agreement to sell on mercantile basis. As is the practice in real estate industry and as per the Guidelines for Mega Projects by Punjab State Government, the payments could not have been collected till such time the Company signs the agreement with Punjab State Government. Due to delay in signing of the agreement with Punjab State Government, resulting in non commencement of the development of the project, slowdown in demand, liquidity crunch in real estate and fall in prices, the parties with whom sales had been affected were pressing hard the management of the Company to cancel the agreement to sell as the proposed project have become redundant/non-operational for the time being and other force majeure circumstances beyond the control of the Management. Considering the peculiarity of business and the overall interest of the Company, the management decided to reacquire the properties by mutually terminating the agreements to sell entered into in the year under review and in the earlier financial years ended 31.03.2007 and 31.03.2008. On the doctrine of 'Real Income' and 'Relation Back' basis, the cancellation effect should be affected in the year in which the sales and profits were originally recognized and not in the year in which the actual cancellation has taken place (that is the financial year under review). Accordingly, the Company has revised and recasted its financial statements for financial years ended 31.03.2007 and 31.03.2008, on the above mentioned principle. Consequently during the year under review, the sales return and reversal of profits are not reflected, though the cancellation of sales occurred during the year under review. The aggregate value of gross sales/revenue returns and profit reversal as mentioned above are Rs. 900.00 lacs and Rs. 833.55 lacs respectively for the financial year ended 31.03.2007 and

Rs.8524.00 lacs and Rs.1687.81 lacs respectively for the financial year ended 31.03.2008.

However, for the purposes of publication under 'the Listing Agreement' entered with the Stock Exchanges where the equity shares of the Company are listed, financial figures for the nine months period ended 31.12.2008, duly approved by the Board of Directors in their meeting held on 30.01.2009, have already been submitted showing the gross sales/ revenue of Rs.3770.52 Lacs (out of this sales of Rs.3699.00 Lacs on the basis of agreement to sell, which was cancelled along with the sales for the previous financial year 2006-07 and 2007-08) and profit after tax of Rs.358.63 Lacs.

The Auditors of the Company do not concur with the above view of revising the financial statements of earlier years for the financial years ended 31.03.2007 and 31.03.2008 on the principle of 'Relation Back' and 'Real Income', instead are of the opinion that the sales return and its consequence on the profit and loss account should be reflected in the financial year in which such sales return takes place (cancellation of agreements to sell) and not in the earlier years as done by the Company, and treated as a separate item in the year under review and disclosed as per the requirement of AS5 ('Net profit or loss for the period, Separate Items and Changes in Accounting Policies'). Accordingly in the opinion of the Auditors the sales return and reversal of profit thereon should be accounted/ reflected during the year under review and not in the earlier years as done by the Company.

- b) The revised financial statements for the year ended 31.03.2007 for the company and for the Company and its subsidiaries for the year ended 31.03.2008 has already been approved by the Board of Directors at its meeting held on 30th September 2009. However, the revised company's financial statements for financial years 2006-07 & 2007-08 are yet to be adopted

and approved by the shareholders. It is proposed to get the said revised financial statements for financial years 2006-07 & 2007-08 considered and adopted at the forthcoming Annual General Meeting, in substitution for the financial statements already adopted by the shareholders in the earlier Annual General Meeting held on 29.09.2007 and 26.09.2008 respectively, along with the financial statements for March 31, 2009. The act of revision of the Financial Statements for financial years 2006-07 and 2007-08 is in accordance with the General Circular No.1/2003 (No.1775/2002-CI.V) dated 13-1-2003 issued by the Ministry of Finance and Company Affairs permitting revision of financial statements. The management had relied on the interpretation of the said circular that the proposed revision of the financial statements is in accordance with the letter and spirit of the said circular, thereby the revision of financial statement is in accordance with the provisions of the Companies Act, 1956.

The Auditor's do not concur with the above view of revising the financial statements of the earlier financial years 2006-07 and 2007-08, that a company cannot reopen and revise the accounts once adopted by the shareholders at Annual General Meeting, which opinion is also supported by the Institute of chartered Accountants of India.

5. Insurance claims are being accounted for on receipt basis, if any.
6. Debit & Credit balances are subject to confirmation & reconciliation, if any.
7. During the year under review, the company has changed the method of accounting from mercantile to mixed regarding the providing of interest on unsecured loan resulting in the loss has been understated to the extent of Rs. 1,10,66,776/-.
8. In the case of Indian subsidiary, during the current year the expenses incurred on Advertisement, Brand launching expenses have been treated as Deferred Revenue Expenditure, which will be written off within five years as per the previous period. However during the current

year due to insufficient profits the Board of Directors have decided not to write off the Deferred Revenue Expenditure during the current year resulting in the loss is understated to the extent of Rs. 7149624.28.

9. The Company is not complying with the provisions of Section 383A of the Companies Act, 1956 regarding the appointment of Company Secretary.
10. The payment made to the Directors is as under:

Particulars	2008-09	2007-08
Salary to Director - Sh. Roop Kishore Fatehpuria	Rs. 7,10,400/-	Rs. 5,90,400/-
Perks-Conveyance Allowance - Sh. Roop Kishore Fatehpuria	Rs.9,600/-	Rs.9,600/-
Sitting Fee to Director - Sh. Surinder K Sood	Rs.5,000/-	Rs.6,000/-

11. 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 31.03.2009	For the Year Ended 31.03.2008
Earnings (Loss) as per Profit & Loss Account	(Rs.59,843,520)	(Rs.59,282,412)
Shares -Weighted average Number of Equity share outstanding during the year- Basic	11,590,958	97,64,989
-Weighted average Number of Equity share outstanding during the year-Diluted	12,951,658	111,25,689
Earning per Share –Basic	(5.17)	(6.07)
Earning per Share –Diluted	(4.62)	(5.33)
Nominal Value per Share	Rs.10/-	Rs.10/-

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 amounting to Rs.23,414,828/- 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.170 Lacs.

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
- o H B Fibres 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 Fatehpuria Director
- o Sh. Surinder K Sood Director

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

Particulars	For the Year Ended 31.03.2009 (Rs. in Lacs)	For the Year Ended 31.03.2008 (Rs. in Lacs)
i) Sale of Fixed Assets to - Associate / Allied Concern	NII	1.30
ii) Salary, Perks & Sitting Fee to - Key Managerial Personnel	7.25	6.06
iii) Interest Paid to - Associate / Allied Concern	NII	98.52

C) Amount due From/To Related Parties :

Particulars	For the Year Ended 31.03.2009 (Rs. in Lacs)	For the Year Ended 31.03.2008 (Rs. in Lacs)
i) Due from Related Parties (included in Loans & Advances & Sundry Debtors)		
- Associate/Allied Concern	336.98	523.91
ii) Due to Related Parties (included in Current Liabilities & Unsecured Loans)		
- Associate/Allied Concern	1253.24	1039.31
-Due to Key Managerial Personnel	0.82	0.82

14. Unsecured loan from Corporate includes a sum of Rs.125.00 Lacs raised against the DLF apartment allotted in the magnolias DLF Golf Link Project and also guaranteed by the Managing Director of the Company.

15. The company has yet to revise/modify the Income tax returns for the financial year 2006-07 and 2007-08. However, the tax yet to deposit on the basis of original returns will be null and void on the filing of revised returns. 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.

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. 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.

18. Leases (AS-19):

S. No.	Particulars	31.03.2009	31.03.2008
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.47,65,728/-	Rs.1,55,04,859/-
2.	later than one year and not later than five year;	Rs.1,97,07,240/-	Rs.2,04,55,812/-
3.	later than five years	Rs.73,75,583	Rs.1,13,92,739/-

b.	The total of future minimum sub-leases payment expected to be received under non-cancelable sub-leases at the balance sheet;	Rs.6,33,600/-	Rs.8,84,400/-
c.	Leases payments recognized in the statement of profit and loss for the period, with separate amounts for minimum leases payments.	Rs.1,55,04,859/-	Rs.45,50,680/-
d.	Sub-leases payments received (or receivable) recognized in the statement of profit and loss for the period;	Rs.1,58,400/-	Rs.1,44,000/-
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%

19. 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.

20. During the previous year the Company has issued partly paid Convertible Warrants, which will be converted into equity within the period of 18 months from the date of its allotment.

21. The previous year figures are not strictly comparable with the current year figures as the previous year figures of Indian subsidiary is from the date of incorporation i.e 29.06.2007 to 31.03.2008.

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

23. 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. 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: 31.10.2009

sd/-
(Roop Kishore Fathepuria)
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	For the year ended 31.03.2009		For the year ended 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax & Extra Ordinary items	(58,575,087.73)		(58,336,323.33)	
Adjustments for				
- Depreciation	6,163,559.45		3,338,273.82	
- Interest paid on borrowing	1,884,027.62		10,628,898.65	
- Loss/(Profit) on sale of Assets	(6,000.00)		(133,918.92)	
- Dividend/Interest received	(3,629,356.19)	4,412,230.88	(4,024,457.09)	9,808,796.46
Operating profit before working capital charges	(54,162,856.85)		(48,527,526.87)	
Adjustments for				
- Payable	3,308,890.89		54,382,617.86	
- Receivable	1,021,419.19		30,217,420.64	
- Inventory	(12,698,768.13)		(23,767,953.57)	
- Loans & Advances	23,624,912.19	15,256,454.15	(101,099,645.05)	(40,267,560.12)
Cash Generated from operations	(38,906,402.70)		(88,795,086.99)	
Interest paid	(1,884,027.62)		(10,628,898.65)	
	(40,790,430.32)		(99,423,985.64)	
Taxes paid	1,231,557.00		946,089.00	
Net Cash from operating activities (A)	(42,021,987.32)		(100,370,074.64)	
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(5,440,744.81)		(49,219,656.90)	
Sale of Fixed Assets	6,000.00		14,336,905.76	
Sale of Investment	(6,700,000.00)		-	
Interest/Dividend Received	3,629,356.19	(8,505,388.62)	4,024,457.09	(30,858,294.05)
Net cash used in investing activities (B)		(8,505,388.62)		(30,858,294.05)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Share Capital	-		23,734,580.00	
Increase in Capital Reserve	-		-	
Increase in Capital Subsidy	-		-	
Foreign Currency Translation Reserve	(1,054,060.50)		(1,647,404.70)	
Increase in Miscellaneous Expenditure	(24,931,840.40)		(8,898,573.80)	
Increase in Opening Balance of Profit	-		(771,286.13)	
Increase in Share Premium	-		110,195,442.00	
Borrowing (Net)	54,562,082.19	28,576,181.29	(85,084,211.80)	37,528,545.57
Net cash from financing activities (c)		28,576,181.29		37,528,545.57
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(21,951,194.65)		(93,699,823.12)	
Cash and Cash equivalents as at (Opening Balance)	24,723,100.81		118,422,923.93	
Cash and Cash equivalents as at (Closing Balance)	2,771,906.16		24,723,100.81	

Auditor's Report

As per our report of even date
for **Bhushan Aggarwal & Co.**
Chartered Accountants

On behalf of the Board

For Ritesh Properties and Industries Limited

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

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

Place : Ludhiana
Dated : 31.10.2009

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 Inc.
2. Financial year ending of the Subsidiary Company	March 31, 2009	March 31, 2009
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, 2009	Nil	Nil
b) not dealt with in the accounts of the holding company for the period ended March 31, 2009	Loss: Rs 21,869,797.50	Loss : US\$ 234,699.71
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, 2009	Nil	Nil

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

Place : Ludhiana
Dated : 31.10.2009

sd/-
(Pran Arora)
Chairman

sd/-
(Sanjeev Arora)
Managing Director

sd/-
Roop Kishore Fatehpuria
Director

Directors' Report

To the Members,

Your Directors have pleasure in presenting the Second Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	2008-2009	2007-2008
Operating income	108.73	7.30
Profit/(Loss) before Depreciation	(207.10)	(70.92)
Less: Depreciation	9.02	1.09
Profit/(Loss) for the year before Tax	(216.12)	(69.83)
Provision for Fringe Benefit Tax	2.57	0.86
Profit/(Loss) after Tax	(218.70)	(70.70)

REVIEW OF OPERATIONS

During the year under review the Company has incurred a loss of Rs. 218.70 lacs and your Company's operating income was Rs. 108.73 lacs.

DIVIDEND

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

DIRECTORS

Mr. Kavya Arora has been appointed as an Executive Director of the Company during the Financial year under review.

PUBLIC DEPOSITS

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

AUDITORS

The auditor, M/s Bhushan Aggarwal & Co., Chartered Accountants, Ludhiana, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 the Directors confirm:

- That in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and other Statements of Accounts of the Company for the year ended 31st March, 2009.
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors had prepared the annual accounts on a going concern basis.

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

A. Conservation of energy and Technology absorption.

- 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 Particulars 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 2008-2009 but efforts are being made by the Company to develop export markets for its produce.

Total foreign exchange used and earned	2008-09	2007-08
Earned (Rs)	NIL	NIL
Used (Rs)	-	83,250

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 M/s B.K Gupta & Associates, Company Secretaries, Ludhiana certifying that the company has complied with all the

provisions of the Companies Act, 1956 is annexed to the Report.

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**

Place : Ludhiana
Dated : 29.08.2009

sd/
(Pran Arora)
Chairman

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 2009 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, 2009 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2009 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 not written off during the year resulting in the loss is understated to the extent of Rs.71.50 Lacs 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, 2009 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.,**
Chartered Accountants

Place: Delhi
Dated: 29.08.2009

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

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 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.554.85 Lacs (P.Y Rs. 75.00 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.

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/Vat, 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, 2009 for a period of more than six months from the date they become payable.
- d) 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.
10. The company has the accumulated loss of Rs. 289.03 Lacs (P.Y Rs. 70.70 Lacs) at the end of the financial Year. The company has incurred cash losses of Rs. 209.67 Lacs in the financial year under review and Rs. 69.61 Lacs in the financial period immediately proceeding such financial year.
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.
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. 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.
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.
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 neither issued nor had any outstanding debentures during the year.
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.,**
Chartered Accountants

Place: Delhi
Dated: 29.08.2009

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

Balance Sheet as at 31st March, 2009

PARTICULARS	ANNEXURE	AS AT		AS AT	
		31.03.2009		31.03.2008	
		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	55,485,000.00		7,500,000.00	
	Total	<u>70,485,000.00</u>		<u>22,500,000.00</u>	
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	C	14,252,003.31		8,959,186.00	
Less: Depreciation		1,011,640.91		109,169.00	
Net Block	Total	<u>13,240,362.40</u>		<u>8,850,017.00</u>	
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	D	12,062,267.21		5,774,668.75	
Cash & Bank Balances	E	641,950.60		511,261.59	
Loans & Advances	F	4,891,226.72		4,098,499.00	
	Total	<u>17,595,444.53</u>		<u>10,384,429.34</u>	
LESS CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	G	22,827,395.73		12,616,694.25	
Provisions	H	256,840.00		86,418.00	
	Total	<u>23,084,235.73</u>		<u>12,703,112.25</u>	
NET CURRENT ASSETS		(5,488,791.20)		(2,318,682.91)	
MISCELLANEOUS EXPENDITURE	I	33,830,414.20		8,898,573.80	
Profit & Loss Account(As Annexed)		28,903,014.61		7,070,092.11	
	Total	<u>70,485,000.00</u>		<u>22,500,000.00</u>	
NOTES ON ACCOUNTS	Q				

On behalf of the Board

As per our report of even date
for **Bhushan Aggarwal & Co.**
Chartered Accountants

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

sd/-
(Pran Arora)
Director

sd/-
(Sanjeev Arora)
Director

Place : Delhi
Dated : 29.08.2009

RITESH PROPERTIES AND INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

PARTICULARS	ANNEXURE	For the Year ended 31.03.2009		For the period ended 31.03.2008	
		Rs.	Ps.	Rs.	Ps.
INCOME					
Operating and Other Income	J	10,873,488.70		730,829.00	
	Total	10,873,488.70		730,829.00	
EXPENDITURE					
Cost of Material	K	4,972,338.79		433,484.80	
Manufacturing Expenses	L	797,239.26		131,843.00	
Personnel Expenses	M	5,273,059.00		1,792,940.50	
Administrative Expenses	N	16,909,142.17		4,710,608.48	
Financial Expenses	O	93,676.56		11,109.08	
Selling Expenses	P	3,538,518.50		525,348.25	
Depreciation		902,471.91		109,169.00	
	Total	32,486,446.19		7,714,503.11	
Profit before Tax		(21,612,957.50)		(6,983,674.11)	
Provision for Tax		-		-	
Provision for Fringe Benefit Tax		256,840.00		86,418.00	
Profit after Tax		(21,869,797.50)		(7,070,092.11)	
Previous Year Tax Adjustments		36,875.00		-	
Retained Profits		(21,832,922.50)		(7,070,092.11)	
Add: B/d from Last Year		(7,070,092.11)		-	
Balance Carried to Balance Sheet		(28,903,014.61)		(7,070,092.11)	
NOTES ON ACCOUNT	Q				

On behalf of the Board

As per our report of even date
for **Bhushan Aggarwal & Co.**
Chartered Accountants

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

sd/-
(Pran Arora)
Director

sd/-
(Sanjeev Arora)
Director

Place : Delhi
Dated : 29.08.2009

RITESH PROPERTIES AND INDUSTRIES LIMITED

ANNEXURE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	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	55,485,000.00		7,500,000.00	
Total	55,485,000.00		7,500,000.00	

ANNEXURE "C"
FIXED ASSETS

Sr. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION		NET BLOCK		
		As At 01.04.2008	Additions during the Year	As At 31.03.2009	As On 01.04.2008	For the Year	As On 31.03.2009	As At 31.03.2009	As At 31.03.2008
1	Plant & Machinery	841,747.00	117,405.00	959,152.00	7,901.00	66,678.07	74,579.07	884,572.93	833,846.00
2	Furniture & Fixture	6,541,522.00	3,782,355.31	10,323,877.31	24,761.00	588,647.70	613,408.70	9,710,468.61	6,516,761.00
3	Computer	419,348.00	389,989.00	809,337.00	28,336.00	117,001.24	145,337.24	663,999.76	391,012.00
4	Office Equipment	763,642.00	940,648.00	1,704,290.00	5,999.00	68,352.38	74,351.38	1,629,938.62	757,643.00
5	Vehicles	237,359.00	2,420.00	239,779.00	11,058.00	22,607.69	33,665.69	206,113.31	226,301.00
6	Intangible Assets	155,568.00	60,000.00	215,568.00	31,114.00	39,184.83	70,298.83	145,269.17	124,454.00
	Total	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	8,850,017.00
	Previous Year		8,959,186.00	8,959,186.00		109,169.00	109,169.00	8,850,017.00	

ANNEXURE "D"				
INVENTORIES				
(As taken, valued & Certified by the Management)				
Raw Material (at cost)	2,993,373.71		1,946,603.75	
Finished Goods (at estimated realisable value)	9,068,893.50		3,828,065.00	
Total	12,062,267.21		5,774,668.75	

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "E"				
CASH & BANK BALANCES				
Cash in Hand	146,382.14		34,748.00	
Bank Balances				
Current Account	346,001.46		476,513.59	
FDR's	149,567.00		-	
Total	641,950.60		511,261.59	
ANNEXURE "F"				
LOANS & ADVANCES				
(Unsecured, Considered Good)				
Advances recoverable in cash or in kind for value. to be received	244,532.62		154,476.00	
Advance to Supplier	1,360,063.10		776,038.00	
Security Deposits	3,286,631.00		3,167,985.00	
Total	4,891,226.72		4,098,499.00	
ANNEXURE "G"				
CURRENT LIABILITIES				
Sundry Creditors	3,049,940.30		2,362,242.25	
- Due to Holding Company	16,442,186.56		8,947,048.75	
- Other Liabilities	3,171,944.86		1,073,319.00	
Cheque Issued but Presented Lateron (Net)	163,324.01		234,084.25	
Total	22,827,395.73		12,616,694.25	
ANNEXURE "H"				
PROVISIONS				
For Fringe benefit Tax	256,840.00		86,418.00	
Total	256,840.00		86,418.00	
ANNEXURE "I"				
MISCELLANEOUS EXPENDITURE				
Preliminary Expenses-As per last B/Sheet	269,505.00		-	
Deffered Revenue Expenditure-As per last B/Sheet	8,629,068.80		-	
Total	8,898,573.80		-	
Add: Preliminary Expenses	-		299,450.00	
Add: Deffered Revenue Expenditure	24,961,785.40		10,786,336.00	
Total	33,860,359.20		11,085,786.00	
Less: Written Off				
Preliminary Expenses	29,945.00		29,945.00	
Deffered Revenue Expenditure	-		2,157,267.20	
Total	29,945.00		2,187,212.20	
Net	33,830,414.20		8,898,573.80	

ANNEXURE ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDEING 31.03.2009

PARTICULARS	For the Year ended 31.03.2009		For the period ended 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
ANNEXURE "J"				
OPERATING AND OTHER INCOME				
Sales & Services	10,863,487.60		730,829.00	
Interest Received-FDR	9,567.00		-	
Misc. Income	434.10		-	
Total	10,873,488.70		730,829.00	
ANNEXURE "K"				
COST OF MATERIAL				
Opening Stock				
Raw Material	1,946,603.75		-	
Finished Goods	3,828,065.00		-	
Total	5,774,668.75		-	
Add: Purchases	11,259,937.25		6,208,153.55	
	17,034,606.00		6,208,153.55	
Less : Closing 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	
Net:	4,972,338.79		433,484.80	
ANNEXURE "L"				
MANUFACTURING EXPENSES				
Dyeing & Finishing Charges	797,239.26		91,899.00	
Others	-		39,944.00	
Total	797,239.26		131,843.00	
ANNEXURE "M"				
PERSONNEL EXPENSES				
Salary, Wages and Other Allowance	5,038,492.00		1,621,278.00	
Welfare Expenses	234,567.00		171,662.50	
Total	5,273,059.00		1,792,940.50	
ANNEXURE "N"				
ADMINISTRATIVE EXPENSES				
Fees & Taxes	12,900.00		-	
Printing & Stationery	475,430.20		157,767.00	
Travelling & Conveyance	1,108,892.99		614,303.20	
Legal & Professional Charges	160,500.00		30,000.00	
Postage, Telegram & Telephone	797,770.29		310,817.58	
Charity & Donation	516,000.00		8,000.00	

RITESH PROPERTIES AND INDUSTRIES LIMITED

PARTICULARS	For the Year ended 31.03.2009		For the period ended 31.03.2008	
	Rs.	Ps.	Rs.	Ps.
General Expenses including vehicles exp. etc.	263,734.03		176,469.50	
Electricity Expenses	891,098.00		241,317.00	
AUDITORS REMUNERATION				
Audit Fee	80,000.00		40,000.00	
Tax Audit Fee	20,000.00		-	
General Repair	104,683.00		17,820.00	
Expenses Amortised	29,945.00		2,187,212.20	
Diwali Expenses	1,950.00		-	
Insurance Charges	62,998.00		4,802.00	
Rent & Taxes	11,549,577.00		779,134.00	
Fine & Penalty	16,519.00		-	
Others	152,056.00		64,989.00	
Security Charges	330,470.00		77,977.00	
Balances Written Off	287.05		-	
Previous year Expenses	334,331.61		-	
Total	16,909,142.17		4,710,608.48	
ANNEXURE "O"				
FINANCIAL EXPENSES				
Bank Charges	93,676.56		11,109.08	
Total	93,676.56		11,109.08	
ANNEXURE "P"				
SELLING EXPENSES				
Advertisement	291,378.00		115,717.00	
Sales Promotion Expenses	1,475,120.00		238,377.00	
Showroom Expenses	1,511,519.50		-	
Packing Expenses	201,335.00		154,445.00	
Freight & Others	59,166.00		16,809.25	
Total	3,538,518.50		525,348.25	

**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/Vat tax liabilities are accounted for on the basis of Sales/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 31.03.2009. 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

Fringe Benefit Tax (FBT) payable under the provisions of section 115WC of the Income Tax Act, 1961, is in accordance with the Guidance Note on Accounting for Fringe Benefit Tax issued by the ICAI, regarded as an additional income tax and considered in determination of the profits for the year.

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

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

Particulars	Rs. in Lacs	
	For the Year ended 31.03.2009	For the Period ended 31.03.2008
i. Purchase from		
- Holding Company	11.76	0.92
ii Purchase of Fixed Assets		
- Holding Company	0.06	0.00

C) Amount due From/To Related Parties :

Particulars	As on 31.03.2009 (Rs. in Lacs)	As on 31.03.2008 (Rs. in Lacs)
i) Due from Related Parties (included in Current Liabilities & unsecured Loans) - Holding Company	719.27	164.67

5. 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.
6. 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.
7. **Segment Reporting.**
Segment reporting is not given as the company deals in one segment.
8. The previous year financial figures are not strictly comparable with the current year figures as the previous period figures are from the date of incorporation i.e from 29.06.2007 to 31.03.2008
9. During the current year the expenses incurred on Advertisement, Brand launching expenses have been treated as Deferred Revenue Expenditure, which will be written off within five years as per the previous period. However during the current year due to insufficient profits the Board of Directors have

decided not to write off the Deferred Revenue Expenditure during the current year resulting in the loss is understated to the extent of Rs. 7149624.28.

10. Leases (AS-19):

S. No.	Particulars	31.03.2009	31.03.2008
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.29,37,000/-	Rs.1,07,96,131/-
2.	later than one year and not later than five year;	Rs.1,29,40,950/-	Rs.1,23,86,550/-
3.	later than five years	Rs. 73,75,583	Rs.1,08,66,983/-
b.	Leases payments recognized in the statement of profit and loss for the period, with separate amounts for minimum leases payments.	Rs.1,07,96,131/-	Rs.7,79,134/-
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%

11. Preliminary Expenses have been written off within 10 years as per Section 35 D of Income Tax Act, 1961.
13. 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	2008-09		2007-08	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Garments	Pcs.	15390	10,097,938.71	725	684,003
Accessories	Pcs	8416	765,548.89	236	46,826

C) Closing Stock of Goods produced & Goods traded in

Class of Goods	Unit	2008-09		2007-08	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Garment	Pcs.	13703	7324577.50	5280	3156289.00
Accessories	Pcs	23471	1744316.00	2072	671776.00

D) Trading Goods Purchased

Class of Goods	Unit	2008-09		2007-08	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Accessories	Pcs.	29815	993419.53	2308	1053893.80
Garments	Pcs	6532	1176803.00	0	0

E) Raw Material Consumed

Class of Goods	Unit	2008-09		2007-08	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Fabric	Mtr	60445.25	8042944.76	24090.50	3713218.80

F) Other Additional Information

	2008-09 (Rs.)	2007-08 (Rs.)
a) Personnel Expenses -Employees drawing remuneration not less than Rs.2400000/- 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	83,250
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	2008-09		2007-08	
	Value (Rs.)	Value (Rs.)	% Age	% Age
i) Raw Material Indigenous	8042995	100.00%	3,713,219	100.00%
Imported	-	-	-	-
ii) Stores, Spare Parts and Components Indigenous	-	-	-	-
Imported	-	-	-	-

Signature to Annexures 'A' to 'Q'
for Bhushan Aggarwal & Co.
Chartered Accountants

On behalf of the Board

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

sd/-
(Pran Arora)
Chairman

sd/-
(Sanjeev Arora)
Mg. Director

Place: Delhi
Dated: 29.08.2009

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.	Registration Details																										
	Registration No.												1	6	5	3	8	0	State Code			5	5				
	Balance Sheet Date												3	1	-	0	3	-	2	0	0	9					
	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																	
	7 0 4 8 5 . 0 0									7 0 4 8 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 2 4 0 . 3 6						(5 4 8 9 . 7 9)						3 3 8 3 0 . 4 1														
IV.	Performance of Company (Amount in Rs. Thousands)																										
	Turnover									Total Expenditure																	
	1 0 8 7 3 . 4 8									3 2 4 8 6 . 4 5																	
	Profit Before Tax						Basic Earning per Share			Profit After Tax																	
	(2 1 6 1 2 . 9 6)									(2 1 8 6 9 . 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																										

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

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

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

sd/-
(Pran Arora)
Director

sd/-
(Sanjeev Arora)
Director

Place : Delhi
Dated : 29.08.2008

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, 2009.

FINANCIALS

The Company has made a sales of US \$ 36,226.42 and has incurred a net loss of US \$ 234,699.71 during the year under review.

OPERATIONS

The company has set up its retail marketing in USA .The Company is situated in virgina 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 has been acquired 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

30th November,2009.

Balance sheet as at 31st March, 2009

PARTICULARS	CURRENT YEAR US \$	PREVIOUS YEAR US \$
ASSETS		
Current Assets		
Cash & Bank	930.40	111.83
Accounts Recievable- net	12,383.89	9,099.51
Advances	210,000.00	-
Inventory	209,838.00	108,022.00
Total Current Assets	433,152.29	117,233.34
Fixed Assets		
Equipment Embroidery Machine	19,643.00	19,643.00
Intangible Assets		
Goodwill	698,601.00	725,000.00
Other Assets		
Security Deposits	9,280.00	9,280.00
Total Assets	1,160,676.29	871,156.34
LIABILITIES		
Current Liabilities		
Accounts Payable-Shareholder	566,241.06	
Accounts Payable-Related Parties	278,679.25	759,499.35
Accounts Payable - trade	31,415.37	34,079.04
Federal Taxes Payable	59,703.83	69,441.46
Total Current Liabilities	936,039.51	863,019.85
Notes payable		
Notes payables to Shareholder	722,300.00	271,100.00
Notes payables to president	100.00	100.00
	722,400.00	271,200.00
Total Liabilities	1,658,439.51	1,134,219.85
STOCK HOLDER EQUITY		
Common Stock	4,000.00	4,000.00
Retained Earnings		
Opening Balance	(267,063.51)	(19,224.48)
Net Profit/loss for the year	(234,699.71)	(247,839.03)
Retained Earnings at the end of the year	(501,763.22)	(267,063.51)
Total Shareholder Equity	(497,763.22)	(263,063.51)
Total Liabilities	1,160,676.29	871,156.34

For Catalina Bay USA Inc.

sd/-
(Sanjeev Arora)
President

sd/-
(Aarti)
Vice President

RITESH PROPERTIES AND INDUSTRIES LIMITED

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31,2009

PARTICULARS	CURRENT YEAR US \$	PREVIOUS YEAR US \$
Sales & other income	36,226.42	171,138.44
Less: Cost of goods Sold	28,625.24	120,783.70
Gross profit	<u>7,601.18</u>	<u>50,354.74</u>
Operating and Selling Expenses		
Trade Shows & Travel	26,418.83	72420.18
Inland Freight	5,509.20	8836.49
Payroll	120,768.75	903.44
Occupancy	10,800.00	106538.33
Professional Fees	570.50	43200.00
Payroll Taxes	9,685.98	3110.00
Telephone and internet Access	8,086.54	10347.63
Insurance	11,195.42	8797.00
Office Supplies & Expenses	1,168.26	17167.36
Warehouse & Shipping costs	5,461.76	2513.46
Interest on federal Tax	1,379.33	7306.00
Computer Expense	42.00	5488.68
Bank Charges	4,866.11	250.00
Postage Courier & Delievery	494.16	4454.21
Other taxes & license	284.12	977.14
Automobile Expense	6,217.50	1035.65
Godwill W/off	26,399.00	2400.93
Other Expense	1,979.17	1193.77
Fees & taxes	579.26	46.5
Dues & Subscription	395.00	1207.00
Total Operating and Selling Expenses	242,300.89	298,193.77
Net Profit (Loss)	<u>(234,699.71)</u>	<u>(247,839.03)</u>

For Catalina Bay USA Inc.

sd/-
(Sanjeev Arora)
President

sd/-
(Aarti)
Vice President

RITESH PROPERTIES AND INDUSTRIES LIMITED



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 22nd Annual General Meeting of the Company held on Thursday, 24th day of December, 2009 at 10.00 A.M. at Gayatri Hall, Lok Kala Manch, 20 Institutional Area , Lodhi Road New Delhi-110003

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 22nd Annual General Meeting of the Company held on Thursday, 24th day of December, 2009 at 10.00 A.M. at Gayatri Hall, Lok Kala Manch, 20 Institutional Area , Lodhi Road New Delhi-110003 and at any adjournment thereof.

Signed this _____ day of _____ 2009.

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

NOTES

ANSAL API

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