

22nd
Annual Report
2003- 2004



RITESH INTERNATIONAL LIMITED


RITESH
INTERNATIONAL LIMITED

Board of Directors :

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

Banker : Punjab National Bank,
Industrial Area, Ludhiana.

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

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

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

Share Department : 111, Tribhuvan Complex,
Ishwar Nagar, Mathura Road,
New Delhi-110065

CONTENTS	
NOTICE	2
DIRECTORS' REPORT	3 - 5
MANAGEMENT DISCUSSION AND ANALYSIS	6
CORPORATE GOVERNANCE REPORT	7 - 10
AUDITORS' REPORT	11 - 13
BALANCE SHEET	14
PROFIT & LOSS ACCOUNT	15
ANNEXURE TO THE ACCOUNTS	16 - 26
CASH FLOW STATEMENT	27
BALANCE SHEET ABSTRACT	28



NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the company will be held on 28th September 2004 at C/o Ritesh Industries Ltd., Focal Point, Phase VIII, Chandigarh Road, Ludhiana-141010 at 10.00 a.m. to transact the following business as:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2004 and Profit and Loss Account for the period ended on that date and report of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. B.B. Jindal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 314 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby consents to the appointment of Mr. Ritesh Arora, who is a relative of Mr. Rajiv Arora, the Managing Director and Mr. Pran Arora, Chairman of the Company, as Manager (Administration) on a monthly remuneration of Rs. 27500/- for a period of three years with effect from the 1st September, 2004."

By order of the Board
For Ritesh International Ltd.

Place : Ludhiana
Dated : 30.08.2004

Sd/-
Rajiv Arora
Managing Director

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the meeting. A blank copy of the proxy form is enclosed herewith.
2. The register of members and the share transfer book of the company will remain closed from 25th September 2004 to 28th September 2004 (both days inclusive).
3. Any member of the Company on demand shall be entitled to be furnished free of cost, a copy of the Balance Sheet of the Company and of every document required by the law to be annexed thereto including the Profit & Loss Account and the Auditor's Report. Copies of these documents will also be kept open for inspection for 21 days before the date of the meeting.
4. Members are requested to bring their copies of Annual Reports alongwith them as copies of the report will not be distributed at the meeting.
5. Members/proxies are requested to bring their attendance slips sent herewith duly filled in for attending the meeting.
6. Any queries regarding the Annual Accounts or otherwise must be sent to the Registered Office if the Company atleast 10 days before the date of meeting.

By order of the Board
For Ritesh International Ltd.

Place : Ludhiana
Dated : 30.08.2004

Sd/-
Rajiv Arora
Managing Director

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

APPOINTMENT OF MR. RITESH ARORA

Mr. Ritesh Arora is a graduate. He has sharp business mind and has aptitude to work in industry. Moreover he is from a business family and he is son of managing director of the company and his grand father is chairman of the company. As per provision of section 314 of the Companies Act, 1956 the approval of shareholders is required for appointment of relative of director for any office or place of profit. Therefore necessary resolution has been included in the notice convening the Annual General Meeting for your approval.

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

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

- a) Mr. B.B. Jindal, aged about 62 years has been a Director of the Company since August, 1988. He has over 40 years of experience in various industrial sectors.


RITES
 INTERNATIONAL LIMITED

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 period ended 31st March, 2004.

FINANCIAL RESULTS:

	2003-2004 (Rs. in lacs)	2002-2003 (Rs. in lacs)
Operating Income	2084.59	2723.75
Profit/(Loss) before Depreciation	(284.89)	(264.12)
Less: Depreciation	54.18	56.71
Profit/(Loss) for the year before Tax	(339.07)	(320.83)
Provision for Tax	-	-
Profit/(Loss) after Tax	(339.07)	(320.83)

OPERATIONS:

During the year under review your Company's total income was Rs. 2084.59 Lacs. The Company has incurred total loss of Rs. 339.07 Lacs.

DIRECTORS:

Mr. B.B. Jindal, Director of the Company retires by rotation and being eligible, offers himself for reappointment and Mr. R. D. Ahluwalia resigned on 06.03.2004.

DIVIDEND:

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

PUBLIC DEPOSITS:

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

AUDITORS:

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

DIRECTOR'S RESPONSIBILITY STATEMENT:

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

- The applicable accounting standards have been followed and wherever required, proper explanations relating to material departures have been given.
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company

at the end of the financial year and of the profit and loss account of the Company for that period.

- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Accounts have been prepared on going concern basis.

COMPOSITION OF AUDIT COMMITTEE:

Directors formed a Committee comprising the following Directors :

- Mr. Pran Arora.
- Mr. Rajiv Arora.
- Mr. B. B. Jindal
- Mr. S. P. Kathuria

PAYMENT OF LISTING FEE:

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

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

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

PERSONNEL:

The Management-Employees relations remained very cordial throughout the year. Your Directors wish to place on record their appreciation of sincere and devoted services rendered by all the workers and staff at all levels.

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

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

ACKNOWLEDGEMENT:

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

For & on behalf of the Board

Place : Ludhiana
 Dated : 30.08.2004

Sd/-
Pran Arora
 Chairman



INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2004.

I. CONSERVATION OF ENERGY

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

A. POWER AND FUEL CONSUMPTION		2003-2004	2002-2003
1. ELECTRICITY			
a) Purchased			
Units (in Lacs)		18.28	17.75
Total Amount (Rs. in Lacs)		76.70	70.19
Rate/Unit (Rs.)		4.20	3.95
b) Own Generation			
i) Through Diesel Generator			
Units (in Lacs)		0.29	1.24
Units per litre of diesel oil		19.46	18.49
Cost/Unit (Rs.)		4.86	4.62
ii) Through Steam Turbine generator			
Units		-	-
Units per litre of fuel/oil/gas		-	-
Cost per Unit (Rs.)		-	-
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		-	-
Total Cost		-	-

**B. CONSUMPTION PER UNIT OF PRODUCTION/PRODUCT***

Product	-	-
Electricity	-	-
Furnace Oil	-	-
Coal	-	-
Others	-	-

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

II. TECHNOLOGY ABSORPTION

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

Research and Development :

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

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports, initiatives taken to increase export markets for products and services and export plans. The Company is trading in garments and mainly exporting to USA market.

b) Total Foreign Exchange used and earned.	Used	Rs. 6,58,716.00	50,000.00
	Earned	Rs. 39,44,283.00	1,18,77,357.00

For & on behalf of the Board

Place : Ludhiana
Dated : 30.08.2004

Sd/-
Pran Arora
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

Our product range includes Stearic Acid, Fatty Acids; the ultimate users of our products are Rubber, PVC & Cosmetic Industries. The demand of our products will grow with growth of these industries. Your company is trying its best to increase the market share of its products and to economize its production.

Opportunities and Threats

OPPORTUNITIES

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

THREATS

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

Outlook

Demand and market acceptance of our product is good and in future management is optimistic about the prospects of the company.

Risk and Management Perception

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

Internal control and their adequacy

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

Financial performance with respect to operational performance

The Company has incurred losses of Rs. 339.07 lacs during the year 2003-04.

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

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

The Company had 48 employees as on 31st March, 2004.

Cautionary statement

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



CORPORATE GOVERNANCE REPORT

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

Board of Directors

1. Composition of the Board

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

Meetings and attendance:

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

Name of Director	Category	No. of Board Meetings		No. of other companies in which a director	*No of other Committees in which a member	*No of Board other Committee in which a Chairperson
		Held	Attended			
Mr. Pran Arora	Promoter	10	8	7	2	2
Mr. Rajiv Arora	Promoter	10	10	4	2	--
Mr. D. S. Dhaliwal	Nominee of PSIDC	10	--	--	--	--
Mr. R. D. Ahluwalia	Independent	10	7	--	--	--
Mr. B. B. Jindal	Independent	10	8	1	1	--
Mr. S. P. Kathuria	Independent	10	7	--	--	--

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

- The last Annual General Meeting held on the 27th September 2003 was attended by Mr. Pran Arora, Mr. Rajiv Arora, Mr. R. D. Ahluwalia, Mr. B. B. Jindal, Mr. S.P. Kathuria and Mr. D.S. Dhaliwal.

Committees of the Board

1. Audit Committee

The Audit Committee was re-constituted on 30/7/03, consisting of Mr. Pran Arora, Mr. R. D. Ahluwalia, Mr. B. B. Jindal and Mr. S. P. Kathuria. The Committee met four times during the last year on 30/4/03, 31/7/03, 25/8/03, 31/10/03, 30/1/04, the details of which are as under :

Composition and Attendance

Name of Director	Position held in the Committee	No. of meetings held during the year	No. of meetings attended
Mr. Pran Arora	Chairman	5	5
Mr. R. D. Ahluwalia	Member	5	5
Mr. B. B. Jindal	Member	5	5
Mr. S. P. Kathuria	Member	5	4

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



2. Shares Transfer and Shareholders' Grievance Committee

The Shares Transfer Committee was reconstituted on the 30th Jan, 2004 and on that date the duty of dealing with matters related to Shareholders' Grievances were delegated to the committee. The committee consists of Mr. Pran Arora, Mr. Rajiv Arora and Mr. S. P. Kathuria. The details of the meetings are as under:

Name of Director	Position held in the Committee	No. of meetings held during the year	No. of meetings attended
Mr. Pran Arora	Chairman	21	21
Mr. Rajiv Arora	Member	21	20
Mr. R. D. Ahluwalia	Member	21	15
Mr. S. P. Kathuria	Member	21	6

- No sitting fee was paid during the year for attending meetings of Shares Transfer and Shareholder Grievance Committee.
- No investor grievance was pending as on 31st March, 2004.
- Mr. R. D. Ahluwalia resigned in committee on 08.03.2004.

Venue : Ritesh Industries Ltd.,
Focal Point, Phase VIII,
Chandigarh Road, Ludhiana-141010.

Financial Year : 1st April to 31st March

Dates of Book : 25th September till 28th September

Closure (both days inclusive)

General Body Meetings

The last three Annual General Meetings of the Company were held as under :

Financial Year	Venue	Date & Time
2002-2003	Ritesh Industries Ltd. Focal Point, Phase-VIII, Chandigarh Road, Ludhiana-141010.	27th September, 2003 at 10.00 a.m.
2001-2002	Ritesh Industries Ltd. Focal Point, Phase-VIII, Chandigarh Road, Ludhiana-141010.	12th September, 2002 at 10.00 a.m.
2000-2001	Ritesh Industries Ltd. Focal Point, Phase-VIII, Chandigarh Road, Ludhiana-141010.	22nd September, 2001 at 10.00 a.m.

Disclosures

- The details of materially significant related party disclosures are contained in the enclosed financial statement.
- The Audit Committee consists of two independent non-executive directors whereas there should have been three such directors. The Company pursued its best to find a suitable candidate for the post but could not succeed. Now, in the next year, the Company has appointed an independent non-executive director and made proper compliances.

Means of Communication

The Company generally published Unaudited Quarterly Accounts in the Financial Express and Veer Arjun.

General Shareholder Information

1. Annual General Meeting

Date and Time : 28th September, 2004 at 10.00 a.m.

2. Listing on Stock Exchanges

The Equity Shares of the Company are presently listed at the following Stock Exchanges

Ludhiana Stock Exchange Association Ltd,
Feroze Gandhi Market,
Ludhiana- 141001.

The Delhi Stock Exchange Association Limited,
DSE House, 3/1, Asaf Ali Road,
New Delhi- 110 002.

The Calcutta Stock Exchange Association Limited,
7-Lyons Range,
Calcutta-700 001.

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

- It has been proposed to get the Equity shares of the Company delisted from Ludhiana, Delhi and Calcutta Stock Exchanges and a resolution to the effect has been included in the notice to the Annual General Meeting.

3. Market Price Data

Date	High (Rs.)	Low (Rs.)
April 2003	1.20	0.85
May 2003	1.20	0.70
June 2003	1.80	1.09
July 2003	1.50	1.00
August 2003	1.79	1.20
September 2003	1.57	1.00
October 2003	1.06	1.00
November 2003	1.32	0.83
December 2003	1.75	1.00
January 2004	1.98	1.02
February 2004	1.48	1.01
March 2004	1.25	0.97

Source : www.bseindia.com