



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 : 11/5B, 1st Floor, Pusa Road,
New Delhi - 110005

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NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the company will be held on Wednesday, 28th September 2005 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 2005 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. S.P. Kathuria who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that in accordance with the provisions of section 198, 269, 309 and other applicable provisions, if any, of the companies Act, 1956, and schedule XIII of the Companies Act, 1956 and subject to such sanctions, approvals as may be necessary the company hereby approves the re-appointment of Sh. Rajiv Arora as a Managing Director of the company for the period of 5 year with effect from 01/08/05 with liberty to either party to terminate the appointment on three month notice in writing to the other, within the following terms as to remuneration as mentioned below and with further liberty to the Board from time to time to alter the said terms in such manner as may be agreed to between the board and Sh. Rajiv Arora in the best interest of the company within the limitation in that behalf as contained in Schedule XIII of the Companies Act 1956:

- (a) Salary : Rs. 35000/- (Rupees Thirty Five Thousand Only) per month, in the pay Scale of Rs. 35,000-3500-49,000.
- (b) Perquisites: In addition to above salary, he shall entitled for following perquisites:
 1. Medical Reimbursement : Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three month salary over a period of three year.

2. Leave Travel Concession: For self and family, once in a year incurred in accordance with the rules of the Company.
3. Club Fees: Fees for the club subject to a maximum of two clubs. This will not include a admission and life membership fees.
4. Personal accident insurance: Premium not to exceed Rs. 5000/- Per annum.
5. Contribution to provident fund, Superannuation fund or Annual Fund will not be included in computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the income Tax Act. The Gratuity payable shall not exceed half month salary for each completed year of service.
6. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the company to Sh. Rajiv Arora.

"Resolved further that the Board of Directors be is hereby authorised to take such steps as may be required to give effect to this resolution."

By order of the Board
 For **Ritesh International Ltd.**

Place : Ludhiana
 Dated : 31.08.2005

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 26th September 2005 to 28th September 2005 (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


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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 at least 10 days before the date of meeting.

By order of the Board
 For Ritesh International Ltd.

Sd/-
Rajiv Arora
Managing Director

Place : Ludhiana
 Dated : 31.08.2005

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

Mr. Rajiv Arora is managing Director of the company and his tenure as Managing Director has expired on 31st July, 2005. Therefore the company is require to reappoint him for another period of 5year commencing from 1st August,2005 on such a remuneration as mentioned in the draft resolution being placed before the shareholders in the this Annual General meeting.

The Company shall move, if need arise, to Central Government for the approval of above re-appointment.

Further as per provisions of Schedule XIII read with Section 198, 269 and 309 of Companies Act,1956 the approval of Shareholders is required for such appointment/ reappointment.

None of the Directors except Sh. Rajiv Arora and Mr. Pran Arora are any way concerned or interested in the proposed resolution.

This may be treated as an abstract of the draft agreement the Company and Sh. Rajiv Arora pursuant to 302 of the Companies Act 1956.

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. S.P. Kathuria** is aged about 45 years and has been a Director of the Company since July, 2003. He has over 25 years of experience in Finance and Accounts.
- b) **Mr. Rajiv Arora** whose tenure as Managing Director has expired on 31st july, 2005. He shall be reappointed for another period of five year commencing from 1st August, 2005.


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DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Accounts of the Company for the period ended 31st March, 2005.

FINANCIAL RESULTS:

	2004-2005 (Rs. in lacs)	2003-2004 (Rs. in lacs)
Operating Income	1594.73	2084.59
Profit/(Loss) before Depreciation	(130.88)	(285.07)
Less: Depreciation	43.45	54.18
Profit/(Loss) for the year before Tax	(184.33)	--
Provision for Tax	--	--
Profit/(Loss) after Tax	(184.33)	(339.25)

OPERATIONS:

During the year under review your Company's total income was Rs. 1594.73 Lacs. The Company has incurred total loss of Rs. 184.33 Lacs.

DIRECTORS:

Mr. S.P. Kathuria, Director of the Company retires by rotation and being eligible, offers himself for reappointment. Mr. Rajiv Arora shall be reappointed as Managing Director of the company for next 5 year.

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 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 : 31.08.2005

Sd/-
Pran Arora
 Chairman


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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 2005.

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	<u>2004-2005</u>	<u>2003-2004</u>
1. ELECTRICITY		
a) Purchased		
Units (in Lacs)	18.38	18.28
Total Amount (Rs. in Lacs)	74.39	76.70
Rate/Unit (Rs.)	4.05	4.20
b) Own Generation		
i) Through Diesel Generator		
Units (in Lacs)	1.10	0.29
Units per litre of diesel oil	23.44	19.46
Cost/Unit (Rs.)	5.86	4.86
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	-	-


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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 production of Steric acid, Industrial Hard Oil, Fatty acid etc. The company is self reliant in this field.

Research and Development :

- a. **Specified Areas in which R&D is carried out by the Company** : Company is carrying on R&D for testing of finished products, 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.

b) Total Foreign Exchange used and earned.	Used	NIL	6,58,716.00
	Earned	NIL	39,44,283.00

For & on behalf of the Board

Place : Ludhiana
Dated : 31.08.2005

Sd/-
Pran Arora
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

The Rubber, PVC, Cosmetic industry is growing at a faster pace. Our product range includes Stearic Acid, Fatty Acids; the ultimate users of our products are these industries. Therefore the demand of our products is set to grow at much faster rate. Your company is trying its best to increase the market share of its products and to economize its production.

Opportunities and Threats

OPPORTUNITIES

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

THREATS

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

Outlook

The prospects of oil industry for the fiscal year 2005-06 seem bright and encouraging. The Government is all set to decrease the custom duty on imported raw material, which is mainly oil. Therefore cost of imported raw material shall be less as compared to raw material procured indigenously. Demand and market acceptance of our product is very good and in future also management is optimistic about the prospects of the company.

Risk and Management Perception

The operations of your company are subject to general business risks and competition in the industry, which can effect the growth of the company. Your company continuously

updates its systems and procedures to reduce uncertainties and risks and explore new market to cope with the competition.

Internal control and their adequacy

The Company has adequate system of internal control and internal audit system and management has access of all its assets and proper procedure is adopted for disposal of any assets of the company. The company has constituted an audit committee, which 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. 184.33 lacs during the year 2004-05.

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 39 employees as on 31st March, 2005.

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.


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2. Shares Transfer and Shareholders' Grievance Committee

The Shares Transfer Committee was reconstituted on the 24th May 2002 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. 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	31	31
Mr. Rajiv Arora	Member	31	31

- 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, 2005.

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

Financial Year : 1st April to 31st March

Dates of Book : 26th September till 27th 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
2003-2004	Ritesh Industries Ltd. Focal Point, Phase-VIII, Chandigarh Road, Ludhiana-141010.	28th September, 2004 at 10.00 a.m.
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.

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 is trying to find out suitable candidate for the post of independent director.

Means of Communication

The Company sent the annual report to its shareholders annually and further quarterly Unaudited results also generally published.

General Shareholder Information

1. Annual General Meeting

Date and Time : 28th September, 2005 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 already filed and complied with all necessary formalities for delisting of shares from Ludhiana stock exchange. The company is awaiting the action from their side.

3. Market Price Data

Date	High (Rs.)	Low (Rs.)
April 2004	1.66	1.00
May 2004	1.50	0.97
June 2004	1.80	1.50
July 2004	1.80	1.50
August 2004	1.80	1.30
September 2004	1.80	0.94
October 2004	2.14	1.20
November 2005	3.60	1.62
December 2005	3.40	2.00
January 2005	3.60	2.17
February 2005	3.60	2.28
March 2005	3.30	2.09

Source : www.bseindia.com