

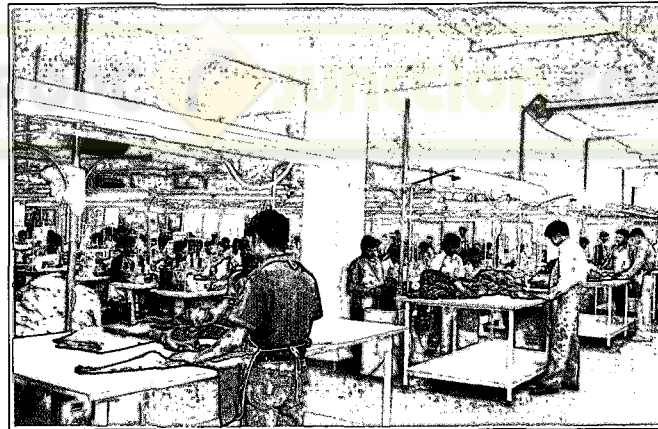
Annual Report 2006 - 2007



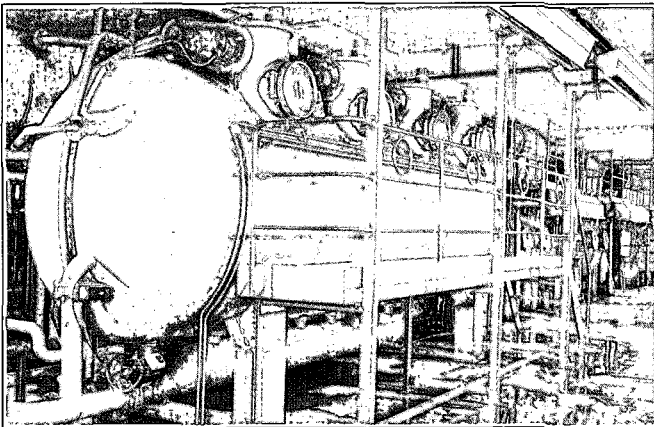
RICHA KNITS LIMITED



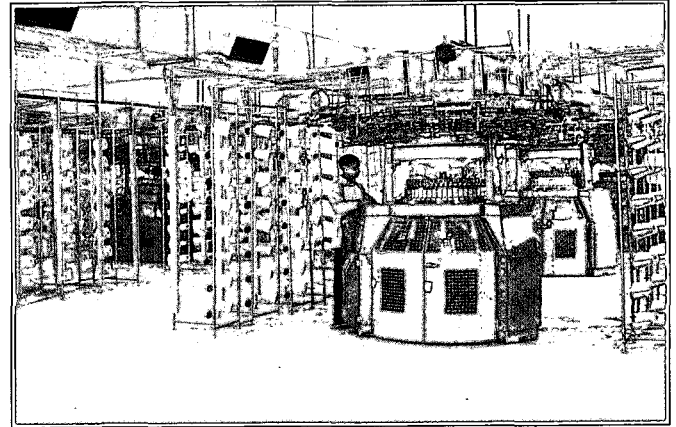
Manesar Plant, Gurgaon



Garment Division



Processing Division



Knitting Division

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Corporate Information

Board of Directors

Mr. Subhash Gupta (Chairman)
Mr. Sushil Gupta (Managing Director)
Mr. Sandeep Gupta (Joint Managing Director)
Mr. Manish Gupta
Mr. Neeraj Bajaj
Mr. S.C. Gupta

Company Secretary

Mr. Sanjeev Sharma

Bankers

Indian Overseas Bank
ABN Amro Bank N.V.

Statutory Auditors

M/s. Tayal & Co.
Chartered Accountants

Registered Office

Plot No. 5, Sector-7
IMT Manesar, Gurgaon-122050
Haryana
Tel.: 0124-4175800 / 02
Fax: 0124-2290211

Audit Committee

Mr. Neeraj Bajaj
Mr. S.C. Gupta
Mr. Sandeep Gupta

Shareholders'/Investors Grievance Committee

Mr. Neeraj Bajaj
Mr. S.C. Gupta
Mr. Subhash Gupta

Remuneration Committee

Mr. Neeraj Bajaj
Mr. S.C. Gupta
Mr. Subhash Gupta

Registrar & Share Transfer Agents

Intime Spectrum Registry Ltd.
A-40, 2nd Floor, Naraina Indl.
Area, Phase- II, Near Batra
Banquet Hall, New Delhi-110 028

Stock Exchange where Company's Securities are listed

Bombay Stock Exchange Ltd.

Web site

www.richaknits.com

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of Richa Knits Limited will be held on Thursday, the 13th day of September, 2007 at 4.00 p.m. at the registered office of the Company at Plot No. 5, Sector-7, IMT Manesar, Gurgaon to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2007 and Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S.C. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Manish Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any modification or re-enactment thereof, the remuneration payable to Mr. Sushil Gupta, Managing Director be and is hereby upwardly revised with effect from 1st April, 2007 for remaining tenure, on the following terms & conditions as approved by duly constituted Remuneration Committee in its meeting held on 28th June, 2007.

- a) **Salary** – Rs. 75,000/- per month.
- b) **Perquisites** – Subject to a ceiling of Rs. 8,00,000/- per annum.

Category A

- a) Reimbursement of medical expenses for self and family, the total cost of which to the Company shall not exceed one month salary in a year or three months salary in a block of three years.
- b) Leave Travel Assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- c) Club Fees: Subject to a maximum of two clubs.
- d) Personal accident and medical insurance premium: Not exceeding Rs. 20,000/-p.a.
- e) Contribution to Provident Fund as per Rules of the Company.

Category B

- a) Car with Driver: The Company shall provide a car and driver for use on Company's business.
- b) Telephone: Free use of telephone at his residence.
- c) Gratuity: As per rules of the Company, subject to a maximum ceiling as may be prescribed under the Payment of Gratuity Act from time to time.
- d) Earned Privilege Leave: As per the rules of the Company subject to the condition that leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed service at the end of the tenure.

- e) Fully furnished accommodation the fair rental value of which should not exceed 40% of the annual salary.

RESOLVED FURTHER THAT Mr. Sushil Gupta shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as may from time to time, be available.

RESOLVED FURTHER THAT Mr. Sushil Gupta shall be entitled to the salary and perquisites not exceeding the limits specified in Clause A of Section II of Part II of Schedule XIII to the Companies Act, 1956 in respect of such financial year(s) till losses or inadequate profits continues."

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any modification or re-enactment thereof, the remuneration payable to Mr. Sandeep Gupta, Joint Managing Director be and is hereby upwardly revised with effect from 1st April, 2007 for remaining tenure, on the following terms & conditions as approved by duly constituted Remuneration Committee in its meeting held on 28th June, 2007.

- a) **Salary** – Rs. 75,000/- per month.
b) **Perquisites** – Subject to a ceiling of Rs. 8,00,000/- per annum.

Category A

- a) Reimbursement of medical expenses for self and family, the total cost of which to the Company shall not exceed one month salary in a year or three months salary in a block of three years.
b) Leave Travel Assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
c) Club Fees: Subject to a maximum of two clubs.
d) Personal accident and medical insurance premium: Not exceeding Rs. 20,000/-p.a.
e) Contribution to Provident Fund as per Rules of the Company.

Category B

- a) Car with Driver: The Company shall provide a car and driver for use on Company's business.
b) Telephone: Free use of telephone at his residence.
c) Gratuity: As per rules of the Company, subject to a maximum ceiling as may be prescribed under the Payment of Gratuity Act from time to time.
d) Earned Privilege Leave: As per the rules of the Company subject to the condition that leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed service at the end of the tenure.
e) Fully furnished accommodation the fair rental value of which should not exceed 40% of the annual salary.

RESOLVED FURTHER THAT Mr. Sandeep Gupta shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as may from time to time, be available.

RESOLVED FURTHER THAT Mr. Sandeep Gupta shall be entitled to the salary and perquisites not exceeding the limits specified in Clause A of Section II of Part II of Schedule XIII to the Companies Act, 1956 in respect of such financial year(s) till losses or inadequate profits continues."

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7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any modification or re-enactment thereof, the remuneration payable to Mr. Manish Gupta, Whole-time Director be and is hereby upwardly revised with effect from 1st April, 2007 for remaining tenure, on the following terms & conditions as approved by duly constituted Remuneration Committee in its meeting held on 28th June, 2007.

- a) **Salary** – Rs. 60,000/- per month.
- b) **Perquisites** – Subject to a ceiling of Rs. 6,50,000/- per annum.

Category A

- a) Reimbursement of medical expenses for self and family, the total cost of which to the Company shall not exceed one month salary in a year or three months salary in a block of three years.
- b) Leave Travel Assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- c) Club Fees: Subject to a maximum of two clubs.
- d) Personal accident and medical insurance premium: Not exceeding Rs. 20,000/-p.a.
- e) Contribution to Provident Fund as per Rules of the Company.

Category B

- a) Car with Driver: The Company shall provide a car and driver for use on Company's business.
- b) Telephone: Free use of telephone at his residence.
- c) Gratuity: As per rules of the Company, subject to a maximum ceiling as may be prescribed under the Payment of Gratuity Act from time to time.
- d) Earned Privilege Leave: As per the rules of the Company subject to the condition that leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed service at the end of the tenure.
- e) Fully furnished accommodation the fair rental value of which should not exceed 40% of the annual salary.

RESOLVED FURTHER THAT Mr. Manish Gupta shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as may from time to time, be available.

RESOLVED FURTHER THAT Mr. Manish Gupta shall be entitled to the salary and perquisites not exceeding the limits specified in Clause A of Section II of Part II of Schedule XIII to the Companies Act, 1956 in respect of such financial year(s) till losses or inadequate profits continues."

By order of the Board
for **Richa Knits Limited**

Registered Office:
Plot No. 5, Sector-7,
IMT Manesar,
Gurgaon-122050
Dated : 29th June, 2007

(Sushil Gupta)
Managing Director

Annual Report 2006-07**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 on a poll only and a proxy need not be a member of the Company.
2. A proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the registered office not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 8th September, 2007 to Thursday, 13th September, 2007 (both days inclusive).
4. Members holding shares in dematerialized mode are requested to intimate any changes pertaining to their bank account details, ECS mandates, nominations, power of attorney, change of address/name etc. to their Depository Participant only and not to the Company's Registrar & Share Transfer Agent. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar & Share Transfer Agent to provide efficient and better service to the members.
5. Members holding shares in physical form are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to the Company's Registrar & Share Transfer Agent quoting their registered folio number.
6. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of place of the meeting. Proxy/representative of a member should mark on the Attendance Slip as "Proxy" or "Representative" as the case may be. Members holding shares in electronic form and desirous of attending the meeting are required to bring alongwith them Client ID and DP ID Numbers for easy identification.
7. Members desirous of having any information regarding accounts are requested to address their queries to the Manager (Finance) at the registered office of the Company at least seven days before the date of the meeting, so that the requisite information is made available at the meeting.
8. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
9. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out all material facts relating to the special business is annexed hereto.

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ANNEXURE TO NOTICE
Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

Item No. 5

The Remuneration Committee in its meeting held on 28th June, 2007 has approved revision in the remuneration payable to Mr. Sushil Gupta, Managing Director of the Company for remaining period of his tenure with effect from 01.04.2007. Mr. Sushil Gupta was appointed as Managing Director of the Company at a salary of Rs. 75,000/- along with perquisites for a period of five years w.e.f. 29.12.2005. It has been proposed by the remuneration committee to revise his remuneration by change in the perquisites only. Considering the tremendous efforts put by Mr. Sushil Gupta in setting up of the new plant, it has been proposed to revise the perquisites portion of his remuneration and increase it to the extent of Rs. 8.00 lac per annum.

Your Directors recommend passing of resolution as set out at Item No. 5 of the notice.

None of the Directors except Mr. Sushil Gupta and Mr. Subhash Gupta, is concerned or interested in this resolution.

Item No. 6

The Remuneration Committee in its meeting held on 28th June, 2007 has approved revision in the remuneration payable to Mr. Sandeep Gupta, Joint Managing Director of the Company for remaining period of his tenure with effect from 01.04.2007. Mr. Sandeep Gupta was appointed as Joint Managing Director of the Company at a salary of Rs. 75,000/- along with perquisites for a period of five years w.e.f. 29.12.2005. It has been proposed by the remuneration committee to revise his remuneration by change in the perquisites only. Considering the tremendous efforts put by Mr. Sandeep Gupta in setting up of the new plant, it has been proposed to revise the perquisites portion of his remuneration and increase it to the extent of Rs. 8.00 lac per annum.

Your Directors recommend passing of resolution as set out at Item No. 6 of the notice.

None of the Directors except Mr. Sandeep Gupta, Mr. Subhash Gupta and Mr. Manish Gupta is concerned or interested in this resolution.

Item No. 7

The Remuneration Committee in its meeting held on 28th June, 2007 has approved revision in the remuneration payable to Mr. Manish Gupta, Whole-time Director of the Company for remaining period of his tenure with effect from 01.04.2007. Mr. Manish Gupta was appointed as Whole-time Director of the Company at a salary of Rs. 60,000/- along with perquisites for a period of five years w.e.f. 29.12.2005. It has been proposed by the remuneration committee to revise his remuneration by change in the perquisites only. Considering the tremendous efforts put by Mr. Manish Gupta in setting up of the new plant, it has been proposed to revise the perquisites portion of his remuneration and increase it to the extent of Rs. 6.50 lac per annum.

Your Directors recommend passing of resolution as set out at Item No. 7 of the notice.

None of the Directors except Mr. Manish Gupta, Mr. Subhash Gupta and Mr. Sandeep Gupta is concerned or interested in this resolution.

By order of the Board
for **Richa Knits Limited**

Registered Office:
Plot No. 5, Sector-7, IMT Manesar,
Gurgaon-122050
Dated : 29th June, 2007

(Sushil Gupta)
Managing Director

**Details of Directors retiring by rotation and seeking reappointment
(in pursuance of Clause 49 of the Listing Agreement)**

Name	Mr. S.C. Gupta	Mr. Manish Gupta
Date of Birth	28.08.1961	01.11.1979
Date of Appointment	29.12.2005	29.12.2005
Qualification	Chartered Accountant	B. Tech in Textile Chemistry
Expertise in specific functional areas	Business and Finance Management	Production
Chairman/Director of other Companies	Nil	Richa Capital Private Limited
Chairman/Member of Committees of the Board of Companies of which he is a Director	Richa Knits Limited 1. Audit Committee 2. Remuneration Committee 3. Shareholders/Investors Grievance Committee	Nil

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