





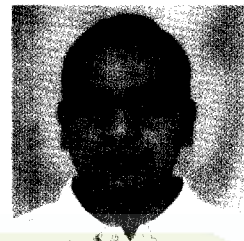
Sushil Gupta



Late Sh. Chet Ram Gupta



Subhash Gupta



Manish Gupta



Sandeep Gupta

A Tribute

There are no words to tell how much we will miss our beloved Late Sh. Chet Ram Gupta. We will remember him forever, not only as the best organist around, but also for his dedication to "RICHA FAMILY" and his love for his employees. Our thoughts and prayers are with you, and will continue to be in coming weeks, months & years. He is playing in Heaven now and we are sure that the angles are thrilled to finally have a good accompanist. All our love.

Chairman's Letter To Shareholders

Dear Shareholders

I am extremely delighted to share with you the milestones of our repeated exciting year at Richa Industries Limited. With the successful execution of our project at Faridabad, we have established our selves as one of the biggest processors of knitted fabrics. We are also in the news of diversification, which is possible and strengthen by our performance in fiscal 2008.

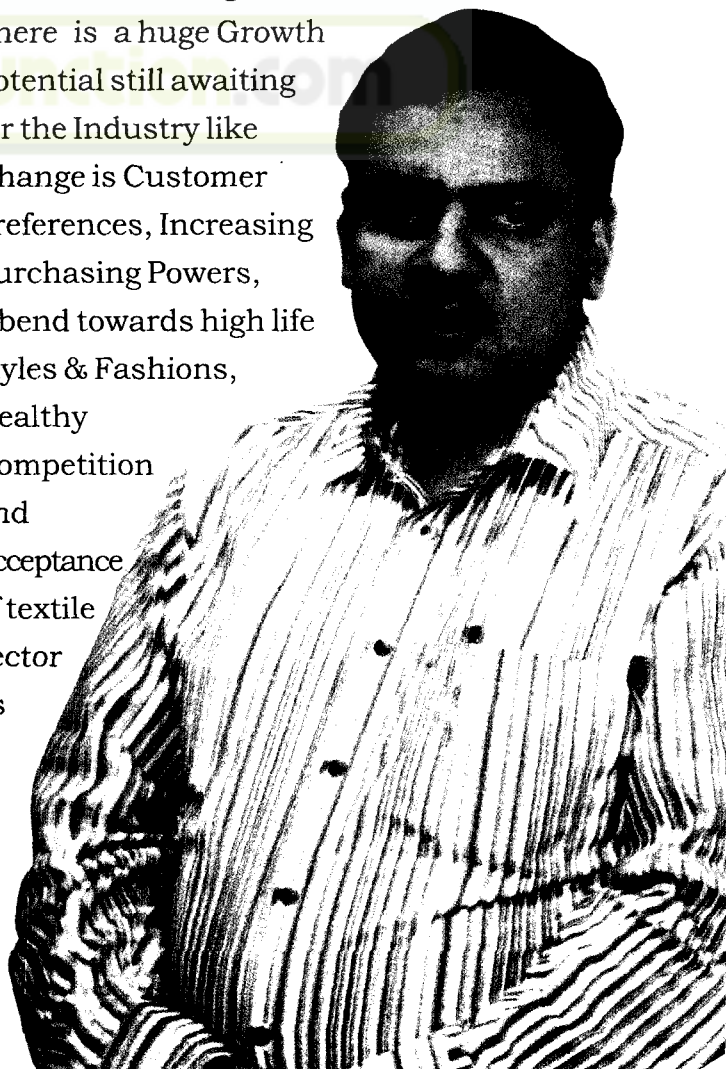
Our growth speaks high confidence of our partners, who are the instruments to our growth, like our customers, shareholders, employees, investors, bankers and community members. The relationship has opened the doors for future and continues growth. Their trust has given sustainability, with which we are playing an integral role in the society. We will continue to penetrate and capture the markets, by making substantial investments, using the domestic resources, and will prove ourselves to be world class by investing in human resources, managing our costs with timely delivery of outputs.

During the fiscal year 2007-08 the company repeated the history itself and

achieved a growth of 56% in sales to RS 9755.80 Lac from RS 6255.05 Lac. The progress in profits is much higher, surprisingly, profits before taxes has been increased to 9.25% of revenues from 7.90% in 2006-07

The textile sector is a major contributor to the exchequer of Indian economy as well as employment. Certainly Natural advantages, as availability of cotton, yarns and abundant labour potential has geared the growth of textile sector and external factors including progress on WTO have fueled growth.

There is a huge Growth Potential still awaiting for the Industry like Change is Customer Preferences, Increasing Purchasing Powers, a bend towards high life styles & Fashions, Healthy Competition and Acceptance of textile sector as



Organized sector.

A step forward, I am delighted to share that your company is going for diversification in the era of Pre-Engineered Building (PEB) and the new unit is expected to function in the current fiscal year 2008-09 itself. PEB is a solution to provide low cost, non conventional substitute to residential / dwelling units, sheds, godowns and platforms. We will also cater to the industries, institutions, medical houses and societies at large to provide full fledged solutions to structural buildings. Your is also expected to set the same records as in textile industry.

We are very dedicated towards the development of our people especially employees and investing a lot towards their technical development. We have achieved a zero accidents in our factory, as employees' health and safety is of

paramount importance to us. Our optimization lies in strong workforce, the potential of which we have to realize.

Further I promise to continue to be a good global citizen, along with my instrumental partners, to work alike where we can achieve better, better..... a hand towards the best. I thank all of you for your overwhelming support and assure a bright future. I also express my gratitude to the Board for their unstinting support and guidance.

With best wishes
Sincerely,

sd/

Sushil Gupta
Chairman & Managing Director



Company Information

Board of Directors

Sh. Sushil Gupta	Chairman & Managing Director
Sh. Sandeep Gupta	Joint Managing Director
Sh. Manish Gupta	Whole-Time Director
Sh. Neeraj Bajaj	Non-Executive Director
Sh. J. S. Chaudhary	Non-Executive Director
Sh. J. P. Malhotra	Non-Executive Director

Auditors

Tayal & Company
Chartered Accountants
49, B. P., First Floor
Neelam Bata Road,
Near Syndicate Bank
Faridabad-121001

Company Secretary

Sh. Gagan Singhal

Registered Office

VPO Kanwra
Old Faridabad to Kheri-Jasana Road,
Near Lingayas Inst. of Mgmt. & Tech.
Faridabad- 121101
Haryana

Board Committees:

Audit Committee

Sh. Neeraj Bajaj	(Chairman)
Sh. J. P. Malhotra	Member
Sh. Sandeep Gupta	Member

Corporate Office

Plot No. 5, Sector-7
IMT Manesar,
Gurgaon-122050
Haryana

Shareholders' / Investors'

Grievance Committee

Sh. Neeraj Bajaj	(Chairman)
Sh. J. P. Malhotra	Member
Sh. J. S. Chaudhary	Member

Registrar & Transfer Agent

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

Remuneration Committee

Sh. Neeraj Bajaj	(Chairman)
Sh. J. P. Malhotra	Member
Sh. J. S. Chaudhary	Member

Stock Exchange Where

Company's Securities are listed
Bombay Stock Exchange

Bankers

Indian Overseas Bank
State Bank of India

Web site

www.richa.in

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Management Discussion And Analysis

Forward Looking Statement

This Report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to statements about the company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company can not guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on basis of any subsequent developments, information or events.

Overview

The Company is one of the successful corporation in the textiles sector in India, has a powerful brand 'Richa' and strong export business in the foreign market. While focusing on its vision of being the leader in fashion and lifestyle segment your Company is now also establishing itself as a preferred supplier of value-added premium fabric in the international market. The Company has also forayed into the women's wear segment with offering in the corporate and smart clothing category. The Company is on its way to become a lifestyle solution for discerning customers with an offering of a range of fabrics, garment and accessories in a premium shopping environment.

The financial statements have been prepared in compliance with the requirement of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. There are no material departures from prescribed accounting standards in the adoption of the accounting standards. The management of Richa Industries Limited accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. These

estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions and state of affairs and profits for the year.

Industry Structure and Development

The Indian economy has shown vigorous growth with strong macro economic fundamentals. The GDP is estimated to have grown by 9.2 % in 2007-08 compared to 9.0 % in 2005-06, as per "Economic Survey 2006-2007". The notable feature of the current growth phase is the sharp rise in the investment rate in the economy which reflect a high degree of business optimism and reinforces the outlook for growth.

The Indian textile industry plays a vital role in the India's economy by contributing to Gross Domestic Product, earning exchange and generating employment. As per estimate around 38 million are employed in the textile Industry in India and contributes to 4% of GDP and 20% of the total export earnings. Indian textile exports are expected to grow from the current levels to USD 50 billion by 2010 consequent to quota removal. After dismantling of quota, India is likely to benefit due to the raw material, design skills and skilled labour advantages. On the other hand there would be pricing pressures, as new small and medium manufacturers would grow not only in India but also in other countries where similar quotas were imposed earlier. Appreciation of Rupee is also a major concern for the growth of the textile industry.

Financial Performance:

Revenues

During the year under review, the Company earned total revenue of Rs. 10307.92 lac compared with Rs. 6358.95 lac during the last year registering a growth of 62.10%. The income from sales and job work at Rs. 10007.26 lac registered a growth of 57.69% compared with Rs. 6346.01 lac earned in the last year. Income from sales increased by 55.97% from Rs. 6255.05 lac to Rs. 9755.80 lac while income from job work increased by 176.44% from Rs. 90.96 lac to Rs. 251.45 lac.

Expenditure

During the year under review, the operating expenses at Rs. 8225.87 lac increased by 49.97% compared with Rs. 5485.12 lac incurred in the previous year in line with 54.97% increase in operating revenues. As a percentage of total operating revenue, these expenses registered a decline from 87.70% to 84.32%. The profit before taxes has been increased to 9.25% in 2007-08 from 7.90% from 2006-07. The manpower cost as a percentage of operating revenue has declined from 4.16% to 5.86%.

The interest cost increased by 134.48% to Rs. 479.18 lac during the current year compared with Rs. 204.36 lac incurred in the last year as a result of increase in borrowing from Rs. 5926.71 lac to Rs. 8622.78 lac. Depreciation charge increased by 56.16% from Rs. 129.11 lac to Rs. 294.45 lac.

Opportunities and Challenges

The opportunities thrown open by the buoyant market for textiles in India is good for those companies, such as your that are geared with strong brand positioning, fully integrated production facilities, and the technical innovation capabilities to deliver the kind of patterns, weaves and designs that are demanded by the growing consumer class.

On the exports side, the soaring value of the rupee, took textile exporters in India by surprise in 2007. The rupee rose more than 10% against the US dollar on an average during the year, resulting in many smaller units facing difficulties.

Apart from the escalating rupee firms also had to cope with higher interest rates, high raw material prices especially wool, and continued lack of infrastructure.

Delay in processing and disbursements of TUF loan subsidies also hamper investment in the sector and drives up the cost of funds.

Internal Controls systems and their Adequacy

The Company has a defined organization structure and has developed well documented policy guidelines with predefined authority levels. An extensive system of internal controls to ensure optimal utilization of resources an accurate reporting of financial transactions and strict compliance with applicable laws and regulations has also been implemented. The Company has put in place sufficient systems to ensure that assets are safeguarded against loss from unauthorized use or disposition, and that transactions

are authorized, recorded, and reported correctly. Also, it has an exhaustive budgetary control system to monitor capital related as well as other costs, against approved budgets on an ongoing basis.

A qualified and independent Audit Committee of the Board of Directors reviews the internal audit reports and the adequacy of internal controls.

Risk Management

The Company is exposed to risks from market fluctuations of foreign exchange, interest rates and commodity prices and business risk.

Foreign Exchange Risk

The company's policy is to systematically hedge its long term foreign exchange risks as well as short term exposures in line with its hedging policies.

Interest Rate Risk

The Company is proactively using derivatives for foreign currency borrowings to hedge interest rate risk and minimizes interest cost.

Given the interest rate fluctuations, the Company has adopted a prudent and conservative risk mitigating strategy, as a result of which interest rate fluctuations are not expected to pose a significant risk nor they are likely to have any material impact on the Company's profitability.

Commodity Price Risk

The Company is exposed to the risk of price fluctuation on raw materials as well as finished goods in all its products. The Company proactively manages these risks in inputs through forward booking, inventory management, proactive management of vendor development and relationships. The Company's strong reputation for quality, product differentiation and service and the existence of a strong brand image and a strong marketing network mitigates the impact of price risks on finished goods.

Risk Element in Individual Businesses

Apart from the risks on account of interest rate, foreign exchange and regulatory change, various businesses of the Company are exposed to certain operation business risks, which are managed by regular monitoring and corrective actions.

Health Safety and Environment

Health

The Company has built a proper channel for good health of the employee within the project site. These channels is capable of providing intensive care with

round-the-clock. Preventive medication through comprehensive examination of all new workers and studies and audits for health risk assessment are conducted periodically.

Safety

The Company believes that safety is integral to efficient business management and has benchmarked its processes to the highest standards of safety at the project site. For this the Company established a safety facility consisting safety professionals. Sound safety systems and procedures are in place with well laid out standards that are accredited and enhanced by good safety professionals. Their implementation and compliance is strictly monitored. Regular audits are also conducted by internal and external experts.

Environment

The Company is committed to ensuring the highest standards of environment management and strict compliance with regulatory requirement at all times. The objective is to create an environmentally conducive eco-system at the location. Towards this end, the Company has taken utmost care at various stages of project implementation viz. planning, design, construction towards compliance with applicable laws.

Human Resource Development

One of the "Key" reasons for the exponential growth of Richa is undoubtedly its "People". Given the right environment and nurturing that is provided, time and time again seemingly "Ordinary" people surprise the company as they deliver "extraordinary" results. The Company has always provided an open and challenging work environment wherein the staff members get an opportunity to rapidly gain and assimilate knowledge. Creativity and dedication of all the employees represent the most precious assets of the Company. For the growth of the organization, the human resources function has an important role to play not only in identifying and recruiting suitable individuals but also in developing and rewarding its employees. As such, we have remained focused on strengthening human capital through continuous training and development and by upgrading skills of employees to meet the Company's objectives. The Company has a union free environment and the industrial relations scenario continued to be stable during the year.

Cautionary Statement

Statement in this Directors' Report & Management Discussion and analysis describing the Company's objectives, estimates, expectations or predictions

may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include raw material availability and prices, cyclical demand and pricing in the Company's principal market, changes in Government regulations, tax regimes, economic developments within India and the Company conducts business and other incidental factors.

Appreciation

Your directors express their warm appreciation to all the employee at various Units for their diligence and contribution. Your Directors also wish to record their appreciation for the support and co-operation received from the joint venture partners, dealers, agents, suppliers and the banks.

By order of the Board of Directors
for Richa Industries Limited

Faridabad
September 01, 2008

(Sushil Gupta)
Chairman & Managing Director

Directors' Report

Dear Shareholders,

Your Directors have the pleasure in presenting the Fourteenth Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2008.

Financial Highlights

Particulars	31.03.2008	31.03.2007
Gross Sales	9755.80	6255.05
Other Income	251.45	90.96
Increase/(Decrease) in Stock	300.66	12.94
Total Revenue	10307.91	6358.95
Profit before Interest, Depreciation & Tax	1781.39	860.91
Interest	533.71	229.88
Depreciation	294.45	129.11
Profit before Tax	953.23	501.92
Tax including Deferred Tax/ Fringe Benefit Tax	230.16	195.30
Profit after Tax	723.07	306.62

Change of Name

As approved by you through Postal ballot in last Meeting, your company had changed its name from "Richa Knits Limited" to "Richa Industries Limited".

Performance

The Indian garment segment is on a growth mode because of dismantling of quotas from January, 2005. This is the main factor which propels the growth of the Indian garment industry. Added to this favorable position, one more big advantage is that quotas have been re-imposed on China by both the trading blocks, namely EU and U.S. for three more years. This gave an additional impetus to the Indian apparel export industry. The elimination of quota restriction will also open the way for India to develop stronger clusters of textile expertise, enabling textile Companies to handle all stages of the production chain from growing natural fibers to producing finished clothing.

For giving boost to the apparel industry, the

government has extended Technology Up gradation Fund (TUF) Scheme for another period of five years.

The overall performance of the Company is good. During the year, the Company has scaled new heights and set several new benchmarks in terms of sales, profits, networth and assets. Turnover for the year was Rs. 9755.80 lac against Rs. 6255.05 lac in the previous year, reflection a growth of 55.97%.

Profit after tax, including exceptional item, for the year is Rs. 723.07 Lac as against Rs. 306.62 lac for the previous year, registering an increase of 135.82%.

Future Prospects

Your Company is all set to improve its performance by improving the capacity utilization, increasing sales, generating better margins and employing cost reducing measures. This would help the Company in getting better operational efficiency and value added products.

The new plant of the Company for manufacturing of pre fabricated steel sheets is being set up in Distt. Kashipur, Uttarakhand is going to be operational by March, 2009. With this the Company foresees a lot of growth and business opportunities. The Company has firm plans for expansion of its business apart its existing activities i.e. going to be engage in manufacturing of Pre Fabricated Steel Sheets, Infrastructure, Hotel, Restaurant and Entertainment activities etc. Once the new plant is successfully commissioned and becomes fully operational.

Management's Discussion & Analysis Report

A detailed review of the progress of the Project and the future outlook of the Company and its business, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report



Directors

Under the Provisions of Section 260 of the Companies Act, 1956 and Article 123 of Articles of Association of the Company, Sh. Jagbir Singh Chaudhary was appointed as an Additional Director, with effect from May 14, 2008. He shall hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member proposing the candidature of Sh. Jagbir Singh Chaudhary for the office of a Director, liable to retire by rotation.

Under the Provisions of Section 260 of the Companies Act, 1956 and Article 123 of Articles of Association of the Company, Sh. Jai Parkash Malhotra was appointed as an Additional Director, with effect from June 16, 2008. He shall hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member proposing the candidature of Sh. Jai Parkash Malhotra for the office of a Director, liable to retire by rotation.

Sh. Subhash Gupta, resigned from the office of the Director of the Company with effect from May 14, 2008. The Board records its appreciation for the valuable contribution made by him during his tenure as Director of the Company.

Sh. Subhash Chand Gupta, resigned from the office of the Director of the Company with effect from June 16, 2008. The Board records its appreciation for the valuable contribution made by him during his tenure as Director of the Company.

In terms of Article 138 of the Articles of Association, Sh. Neeraj Bajaj, retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Addition to the Object Clause

As approved by you through Postal ballot in last Meeting, your company had modified and made addition to the object clause from clause no. 8 to 16 of the company as follows:

8. To carry on the business as contractors, sub-contractors, real estate developers, promoters, builders, colonizers and to lay out, develop, construct, build, erect, demolish, re-erect,

alter, repair, re-model or do any activities relating to construction of any building or building scheme, roads, highways, docks, ships, sewers, bridges, canals, wells, springs, serais, dams power plants, wharves, ports, reservoirs, embankments, tramways, railways, irrigations, reclamations, improvements, sanitary, water, gas, electric light, telephonic, telegraphic and power supply works or any other structural or architectural work of any kind whatsoever.

9. To purchase, acquire, take on lease, or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same dispose of or maintain the same and to build townships, commercial complex, or other buildings or conveniences thereon and to equip the same or any part thereof with all or any amenities or conveniences and to deal with the same in any manner whatsoever.
10. To carry on the business as planners, designers, architects, engineers; promoters, consultants, advisors, interior decorators, real estate agents in all matters connected with real estate and building construction or any activity for constructing, manufacturing, trading, distribution either wholesale or retail of any product in connection with construction item like grit ballast, other mining items, cement, steel, sand, bitumen including their crushing, grinding, mixing or any other activity in connection therewith
11. To carry on the business of hotels, motels, restaurant, resorts, flight kitchen, café, tavern, beer house, refreshment room and lodging house, canteens, caterers, pubs, bars, clubs, shopping complex, house keepers and organizing dances, musical and other entertainment shows of all kinds, organizers of games and sports, both indoor and outdoor, cinema houses, theaters, concert halls, picture places, studios amusement park, health resort, water park, theme park, sports club, adventure sports, skiing, tracking water sports, recreation centre, holiday camps, guest houses, banquets halls, picnic spot, casinos, discotheques, swimming pools, health clubs, baths, dressing rooms, health centre, conference centre, gymnastics, yoga centre, beauty parlors, in and