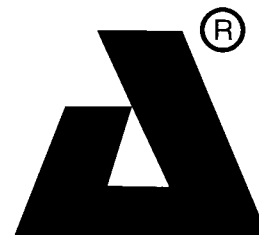


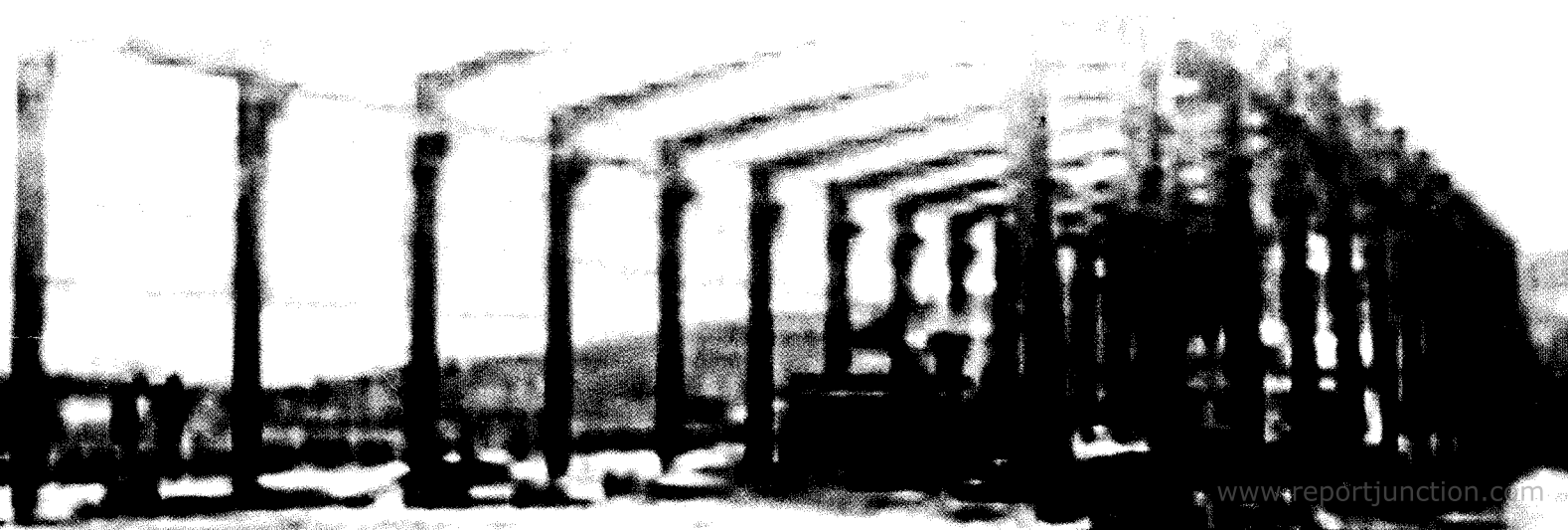
RICHA INDUSTRIES LIMITED

(Formerly known as Richa Knits Limited)

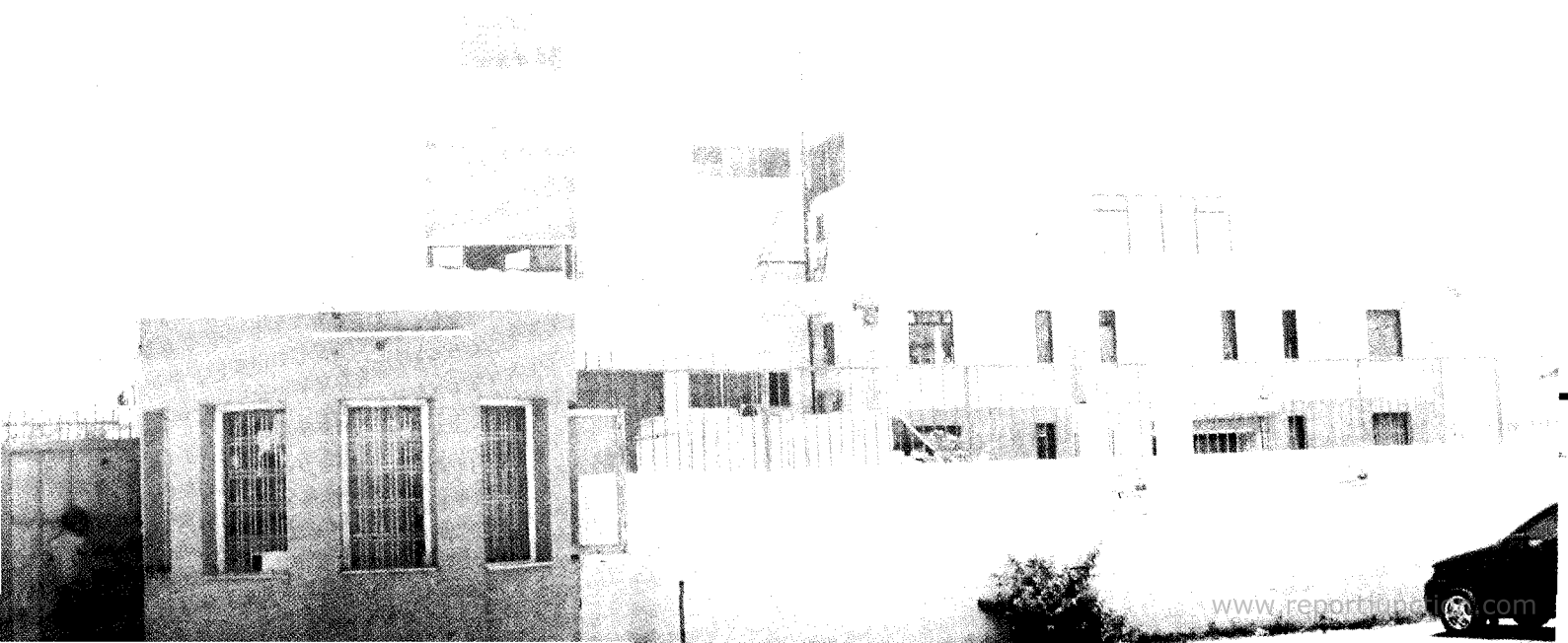
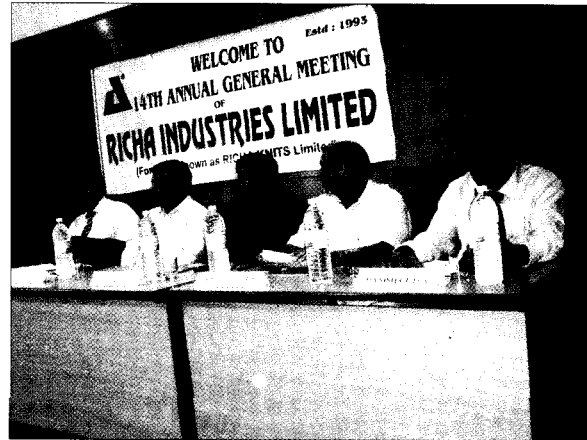


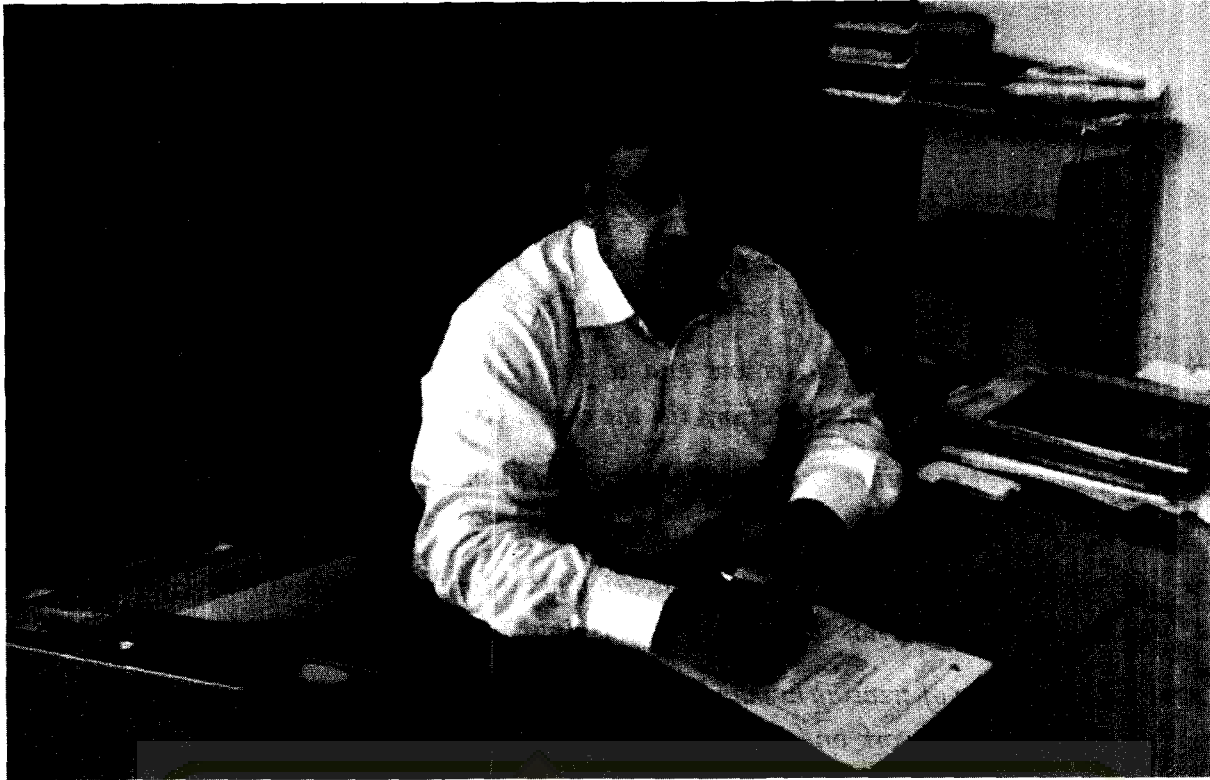
Annual Report 2008-09

Report  junction.com



14th ANNUAL GENERAL MEETING





Report

Chairman's Letter to Shareholders

Dear Shareholders

The year of 2008-09 was a year in which the markets had shown a recession, financial meltdown, continuing inflation across the globe. Really it was a difficult year, particularly second half. The prices of all things especially crude oil, vegetables, FMCGs, metals, alloys, minerals, steel, gas, coal and so on had shown a never thought levels, even economists had never predicted it. Particularly it had happened due to the fact that the economies of developed countries had some structural faults as relaxed monetary policies, low interest rates, excess leverage, under estimation of risks. The developing countries like India which is very near to developed countries have got heat of such fire.

No doubt, the worse which was from September 2008 to February 2009, had come down, and such stoppage we may name as recovery. Every economy has been affected. Such an environment has even shaken the product demand of your company, but thank to the financial measures and monetary policies of our country, cost competitiveness and technology rationalization, the human strength in which your company had invested, and no doubt, with the grace of God, the performance of your company is creditable. See the figures, they

speak itself. In such a difficult times I take an opportunity to share our strengths, plans and visions, far-sightedness of other factors of the company.

- ★ *believe customer to be our part and always focus to increase the customer base.*
- ★ *cost reduction management at micro levels, not at the cost of quality and sharing such reductions with customers to strengthen their beliefs.*
- ★ *work on core competency sectors and to get nectur out of it. Reason that we have discontinued the garment section, till the expert committee gives its revival report.*
- ★ *state of art of machinery and technology upgradation, inturn gives the capabilities and edge to competition.*
- ★ *diversification in the area of Steal Febrication plant for the manufacture of Pre-Engineered Buildings, the plant has been set up in Kashipur with state of art technology.*
- ★ *long term vision of creating human assets, which involves internal improvements, trainings, motivation, team work and participation with management as every level.*

The company has been continue and able to achieve its planned growth, investments in different sectors, funds management, social activities etc. Still the year 2008-09 has given us a lesson that still one should focus on its processes, technologies, human skills and achieve the international cometitiveness. Quality standards, quality chains, product developments, new markets, human resources, technologies have to micro managed. We are very optimistic to accept the challenges.

We look forward with confidence, a profitable growth of the company in every sphere with the co-operation of customers, suppliers, banks, employees and shareholders. I thank to all of employees, customers, suppliers, banks for their unwavering commitment. I am also grateful to you for your support as shareholders.

With best wishes

Sushil Gupta
Chairman & Managing Director

July 31, 2009

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

PEB Division

8th Km. Stone, Ramnagar Road
 NH-121, Kashipur,
 Udam Singh Nagar
 Uttarakhand – 244713
 India

Company Secretary

Sh. Gagan Singhal

Registered Office

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

Auditors

Tayal & Company
 Chartered Accountants

Corporate Office

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

Bankers

Indian Overseas Bank
 State Bank of India

Board Committees:

Audit Committee

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

Registrar & Transfer Agent

Link Intime India Private Limited
 (Formerly Intime Spectrum Registry Ltd.)
 A-40, 2nd Floor, Naraina Indl. Area
 Phase-II, Near Batra Banquet Hall,
 New Delhi-110 028

Shareholders' / Investors'

Grievance 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

Remuneration Committee

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

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.

Corporate Overview

The Company is one of the successful Company in the Textiles Sector in India supported by powerful brand 'Richa'. While focusing on its vision of being the leader in fashion and lifestyle segment, your Company has entered in niche market of value-added premium fabric in the international market. The Company has also forayed into fabrics for women's wear segment with offering in the corporate and smart clothing category. The Company is on its way to become a lifestyle solution with an offering of a range of fabrics, garment and accessories.

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 prudent and reasonable basis, in order that the financial statements reflects a true and fair view, for the form and substance of transactions, state of affairs and profits for the year.

Overview of the Economy

In the past year, markedly during the second half, the Indian as well as the global economy witnessed a high degree of uncertainty and rapid slowdown. The global recession affected the fortunes of corporates across the geographies. The IMF has estimated that world economic growth will fall its lowest since World War II. Although the jury is still out on whether the global recession would potentially turn out to be another great depression like in the 1930s, gaining a strong thought of steady recovery in the year 2010, or some stability could be achieved during the year 2009.

The Indian economy too has not been isolated from what has been happening in the global economy. In fact, it became abundantly clear that the fortunes of the Indian economy are not decoupled from rest of the world. Export demand continued to shrink during the year due to tight external finances, and it is the reason that Indian Economy has also slowed the downward trend.

The good thing though is that the Indian economy is not entirely export dependent, which has worked to its advantage and its large domestic consumption demand has helped prop up the GDP growth rates and has prevented it from slipping into negative territory.

It is expected that once the global economy stabilizes and proves the signs of recovery, the Indian economy will be amongst the first few economies that would led the world on the part of an economic turnaround.

Industry Condition

The Indian Textiles Sector has made a major contributor to the growth of Indian economy in terms of Gross Domestic Product (GDP), industrial production and the country's total export earnings. The sector provides employment to over 35 million people and has direct linkages to the rural economy and the agricultural sector.

The Indian Textile Industry is currently passing through a turbulent phase. With the global downturn ravaging economies, the Textile Sector is one of the worst hit. The effect of demand contraction and credit squeeze resulted in over 7 lac textile workers losing their jobs (by November 2008).

The drop in the levels of discretionary spending along with the credit squeeze spreading to the trade also contributed in no small measure.

However there is a slight thaw in the negative trend and it is expected that the economy may improve from the second half of the Financial Year 2009-10, when the pent up demand of the Indian consumers would come to the fore and provide further fraction to facilitate investment demand.

Financial Performance:

Revenues

During the year under review, the Company earned total revenue of Rs. 14437.51 lac compared with Rs. 10307.91 lac during the last year registering a growth of 40.06%. The income from sales and job work at Rs. 14749.44 lac registered a growth of 51.19% compared with Rs. 9755.80 lac earned in the last year. Income from others sales declined by 47.21% from Rs. 251.45 lac to Rs.132.73 lac.

Expenditure

During the year under review, the operating expenses at Rs. 11867.02 lac increased by 39.18% compared with Rs. 8526.53 lac incurred in the previous year. The operating costs have gone up mainly on account 42.70% increase in raw material consumption and 24.22% increase in administrative & other expenses. The manpower cost as a percentage of operating revenue has declined from 4.16% to 2.56%.

The interest cost increased by 110.36% to Rs. 1008.04 lac during the current year compared with Rs. 479.19 lac incurred in the last year as a result of increase in borrowings from Rs. 8622.78 lac to Rs. 11036.90 lac. Depreciation charge increased by 33.44% from Rs. 294.45 lac to Rs. 392.93 lac.

Opportunities and Challenges

The present global economic scenario put up opportunities for fundamentally strong companies such as your Company. The inherent strengths, in the form of strong domain expertise, powerful brand positioning, strength and resilience of the brands, fully integrated state of the art production facilities, cutting-edge technology and unparalleled product innovation capabilities provide a highly potent platform to seize the opportunities that are bound to arise during cyclical downturns in the form of newer markets, new segments of customers and new channels of distribution, etc.

On the other hand, during the Financial Year 2008-09, the volatility witnessed in the forex markets, credit squeeze, high costs of borrowings, drop in discretionary spending especially in export markets, disbursements of Technology Upgradation Fund (TUF) loan subsidies are some of the challenges facing the Textile Industry at large.

Internal Controls systems and their Adequacy

Your Company believes in formulating adequate and effective internal control systems and implementing the same strictly to ensure that assets and interest of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The internal control systems is modified continuously to meet the dynamics of changing business condition and statutory and accounting requirements.

The Company has engaged a competent firm of Chartered Accountants to conduct internal audit, examine and evaluate the adequacy and effectiveness of the Internal Control System. The internal audit ensures that the systems designed and implemented, provides adequate internal control commensurate with the size and operations of the Company.

The Audit Committee of the Board of Director, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and the corrective actions taken.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal controls systems and suggests improvements for strengthening them. The Company has a strong Management Information System which is an integral part of the control mechanism.

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 risk considering prevalent conditions. Your Company has opted not to follow notification number GSR 225(E) dated March 31, 2009 issued by Government of India in relation to accounting of exchange difference arising on reporting of long term foreign currency items due to currency rate fluctuation, in order to be consistent in application of accounting policies both current and in future.

Interest Rate Risk

Given the interest rate fluctuations, the Company has adopted a prudent and conservative risk mitigating strategy to minimize the interest costs.

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

A part from the risks on account of interest rate, foreign exchange and regulatory changes, 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 are capable of providing round the clock intensive care, preventive medication through comprehensive examination of all new workers.

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 will 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, projections, 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 countries in which the Company conducts business and other incidental factors.

Appreciation

Your directors express their warm appreciation to all the employees 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 bankers and all other stakeholders.

By Order of the Board of Directors
for **Richa Industries Limited**

Faridabad
July 31, 2009

(Sushil Gupta)
Chairman & Managing Director

Directors' Report

Dear Shareholders,

Your Directors are delighted to present their Fifteenth Annual Report of your Company with the Audited Statement of Accounts for the year ended March 31, 2009.

Financial Results

Highlights of Financial Results for the year are as follows:

(Rs. in Lac)

Sr. No.	Particulars	31.03.2009	31.03.2008
a.	Gross Sales	14749.44	9755.80
b.	Other Income	132.73	251.45
c.	Increase/Decrease in Stock	(444.66)	300.66
d.	Total Revenue	14437.51	10307.91
e.	Profit before Interest, Depreciation & Tax	2570.49	1781.39
f.	Interest	1054.71	533.71
g.	Depreciation	392.93	294.45
h.	Profit before Tax	1122.85	953.23
i.	Tax including Deferred Tax/Fringe Benefit Tax	313.95	230.16
j.	Profit after Tax	808.90	723.07

Performance

The Indian Textile Industry is currently passing through a turbulent phase. With the global downturn ravaging economies, the Textile Sector is one of the worst hit. The effect of demand contraction and credit squeeze resulted in over 7 lac textile workers losing their jobs (by November 2008).

The drop in the levels of discretionary spending along with the credit squeeze spreading to the trade also contributed in no small measure.

However there is a slight thaw in the negative trend and it is expected that the economy may improve from the second half of the Financial Year 2009-10, when the pent up demand of the Indian consumers would come to the fore and provide further fraction to facilitate investment demand.

The overall performance of the Company was good. During the year, the Company has scaled new heights and set several new benchmarks in terms of sales, profits, networth and assets. Gross Sales/Turnover for the year was Rs. 14749.44 lac against Rs. 9755.80 lac in the previous year, reflection a growth of 51.18%.

Profit after tax, excluding exceptional item, for the year was Rs. 808.90 Lac as against Rs. 723.07 Lac for the previous year, registering an increase of 11.87%.

Future Prospects

Your Company is all set to improve its performance by improving the capacity utilization, increasing sales, generating better margins, employing cost reducing measures coupled with product diversification.

The new plant of the Company for manufacturing of Pre Fabricated Steel Sheets set up in Distt. Kashipur, Uttarakhand had started its operation from June, 2009. With this the Company foresees a lot of growth and business opportunities.