



Chairman's Letter to Shareholders

Dear Shareholders,

I am pleased to report that the Company has made inroads to achieve the objectives and whilst we are well on the road to delivering increased profitability and value for our shareholders, we still have a long way to travel.

As was detailed in the Annual Report of financial year 2008-09, we have significant achievements to acknowledge, particularly in light of a continued tough economic environment and a changing industry scenario. Financial position of the Company in financial year 2009-10 was stronger than ever before. This is a clear and confident signal for the future performance of this organization.

The financial year 2009-10 was by all accounts, a challenging year. Considering the financial crises that boosted up in the financial year 2008-09, it seemed almost impossible to recover in the financial year under review. But the Indian economy had shown good signs of recovery. One of the main reasons behind such recovery was the active response to the crisis by RBI and Government of India that boosted market sentiment and anticipated greater reforms in the economy.

Considering the surrounding somber and difficult circumstances, the performance of your Company is satisfactory. I feel proud to state that not only did we meet the diverse challenges of this tough year head-on but in fact succeeded in defying the negative momentum that these challenges unleashed across businesses.

It gives me immense pleasure to present before you the highlights of your Company's robust performance in the financial year 2009-10. The total revenue for the financial year 2009-10 stood at Rs. 17867.66 Lacs (including Rs. 1685.10 Lacs of PEB in the first year of commercial production), as compared to Rs. 14437.51 Lacs of the previous year i.e an increase of 23.76%.

We are happy to announce a final dividend of 5% on the paid up value of shares. The dividend is payable on the equity shares outstanding as on the date of Book Closure, and are subject to approval by the shareholders.

We continue to work closely with industry partners, suppliers, customers and employees to map the future path for the industry and hence our own businesses.

Staying closely in tune with market demand, international and domestic financial indicators, and innovative industry initiatives, allows us to maintain a strong, clear vision for the future of 'Richa'.

We operate in a competitive and rapidly evolving industry. The complexity of working across both regulated and deregulated industry structures ensures that we maintain the ability to react, respond and adapt quickly.

Our strategy of investing in capacity building, research & development and the new markets collectively brought about the robust performance during the financial year 2009-10. Appreciation and accolades from our customers, industry bodies and the media always corroborate the confidence we have in our strengths and capabilities.

The Board has set the strategic direction for Richa's future - in terms of organizational and financial performance goals.

We are firmly focused on driving value and increasing returns for our shareholders. 'Richa' is focused on the fundamentals of the business, delivering consistent and improved results, continuing to invest in people and technology in order to be the best in the industry.

During the year under review, the company has achieved two major milestones i.e. successful commencement of commercial production of PEBs at Kashipur and establishment of corporate office at a conveniently accessible prominent place.

The responsibility for good governance, accountability and transparency is carried by each and every member of the 'Richa's Board'. This is a duty and responsibility that we take seriously. The decisions that are made regarding the strategic direction of the organization are aligned with the vision and strategic objectives that have been established.

As your Chairman and on behalf of your Board members, I am here to serve you. I am here to listen, to take your comments on board and to make strategic business decisions that drive the organization forward, strongly.

We are committed to achieve the goals and objectives set in place for the coming year. Although the financial year 2010-11 will bring with it many challenges, we are well placed to act swiftly and turn these into opportunities as we focus on efficiency gains and a stronger competitive offering.

Your continuous support and confidence in us has inspired us to achieve our goals to enhance shareholders' value. At the end, I would like to thank all the stakeholders for their continued and wholehearted support and encouragement that they have given to us. I assure you that our commitment remains towards building a strong, sustainable and value creating Company.

Wishing you a great time ahead.

Warm regards,

*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

Company Secretary

Ms. Monika Jain

Auditors

Tayal & Company, Chartered Accountants
BP-49, First Floor, Neelam Bata Road,
Near Syndicate Bank, Faridabad
Phone : 0129-2412737

Secretarial Auditors

Ajay Garg & Associates, Company Secretaries
970, Sector 21D, Faridabad-121001

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

Shareholders' / Investors' Grievance Committee

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

Remuneration Committee

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

Registered Office

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

Corporate Office

Plot No. 57, Sector-27C,
13/1, Mathura Road,
Faridabad - 121 003, Haryana, India

Textile Division

- (1) VPO Kawnra
Old Faridabad to Kheri-Jasana Road,
Near Lingayas Inst. of Mgmt. & Tech.
Faridabad- 121101, Haryana, India
- (2) Plot No. 5, Sector-7, IMT Manesar,
Gurgaon-122050, Haryana, India

PEB Division

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

Registrar & Transfer Agent

Link Intime India Private Limited
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

Web site

www.richa.in

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Management Discussion and Analysis

Forward Looking Statements

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 connotation. 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 the basis of any subsequent developments, information or events.

Corporate Overview

The Company is one of the successful Companies in the Textile Sector in India supported by powerful brand 'Richa' and had entered in the field of Pre Engineered Buildings (PEB) in the financial year 2009-2010. The vision of the Company is to be the leader in fashion and life style segment in textile sector and to be the world's most reliable and innovative manufacturer, service and solution provider in the PEB industry.

The Company has textile manufacturing units based in Gurgaon and Faridabad in the state of Haryana. The corporate office of the Company is also located at Faridabad. The Company has set up a new Pre Engineered Buildings project at Kashipur, Uttarakhand. This is the first manufacturing venture of the Company outside the state of Haryana and is now fully operational.

The Company is a recognized player in the textile sector and a new aspirant in the field of Pre Engineered Buildings. With Trademark '**STEEL 2 BUILD**' (registration applied) the PEB of 'Richa' has "**Innovation for Speed**" as its motto. The Company is respected for its professional ethics, state of art technology, innovative concepts and quality management.

Overview of the Economy

In the beginning of the financial year 2008-09, there was greater optimism about India's growth prospects and belief that the strength of domestic demand, particularly investment, would enable India to achieve a real GDP growth of 8.5% in financial year 2009-10. While due consideration was given to the financial turmoil being witnessed in the developed economies, India was not expected to be seriously affected by the unfolding crisis. However, since September, 2008, the scale of crisis intensified and its knock-on effects were felt in all the sectors of the economy.

Consumption demand is expected to receive a boost once the combined effects of the aggressive policy responses by the Government of India and the RBI start unfolding. Rise in consumption demand will in turn provide fillip to industrial production, going forward; however, savings rate will shrink primarily due to erosion in value of physical and financial assets of households and decrease in corporate profitability. The combined impact of lower domestic savings and deferred capital expenditure plans by companies owing to funding pressures will lead to moderation in investment rate in financial year 2010-11.

Textile

Industry Overview

The Indian textile industry is one of the oldest and most significant industries in the country. It is the second major employer in India after agriculture. Its importance is underlined by the fact that it accounts for around 4% of the GDP, 14% of industrial production and over 17% of the country's total export earnings. In fact, it is the largest foreign exchange earning sector in the country.

The Indian textile industry is estimated to be around US \$52 billion and is likely to reach US \$115 billion by 2012. The domestic market is likely to increase from US \$34.6 billion to US \$60 billion by 2012. It is expected that India's share of exports to the world would also increase from current 4% to 7% during this period.

India is speeding towards attaining the status of a global player in textile with its abundant multi-fiber raw material base, well established production bases, design capability and skilled labour force.

Opportunities and Threats

India's strong performance and growth in the textile sector is aided by several key advantages that the country enjoys, in terms of easy availability of labour and material, buoyant and large market demand, presence of supporting industries and supporting policy initiatives from the government. But simultaneously, the Indian textile industry faces a host of constraints:

- Fragmented structure with the dominance of the small scale sector
- High power costs
- Rising interest rates and transaction costs
- Outdated stringent labour laws
- Logistical disadvantages in terms of shipping costs and time pose serious threats to its growth

Risks and Concerns:

During the year under review, exports have declined due to lack of demand and financial crisis worldwide. Further, the high cost of raw material resulted in the increase in the cost of production. This makes it difficult for Indian exporters to compete with those in other countries.

Pre Engineered Buildings

Industry Overview

PEB, as pre-engineered buildings are known in the industry jargon, have been around for a long time, but in India they have taken off only over the last couple of years. PEB consists of a complete steel framed building system, with components pre-designed to fit together in a vast variety of combinations, to meet the unique requirements of specific end-users, to provide design flexibility, cost options and time minimization. PEB construction in factory environment is considered to be much stronger than the traditional structures.

Application of PEB includes warehouses, factories, workshops, offices, aircraft hangers, schools, hospitals, railway stations, show rooms and more. The advantages of PEB are superior product quality, fast project construction, architectural flexibility, low maintenance and operating costs, relatively low design and construction costs, option of single-source responsibility for building etc.

India is fast turning out to be a fertile ground for PEBs as the country is witnessing a boom in the construction sector. Though the concept of PEB is new to India, with an approximate market share of Rs. 4,000 crore it is steadily gaining ground in the country. Since pre-engineered building system is computer assisted and designed to create a building for a specific use – warehouses, factories, workshops, offices, gas stations, vehicle parking sheds, show rooms, aircraft hangers, schools, sports and recreational facilities, hospitals, labour camps and low cost housing – it can be rightly regarded as a new trend or innovation in the Construction sector. The fact that the concept of PEB is gaining ground in India shows the country's inclination to embrace new advancements in the fast emerging Construction sector.

Opportunities and Threats

Today, the traditional construction industry is much more willing to experiment and try out new products and this would increase the scope of applications of our new high tech products.

At the same time, further addition of new capacities through expansion and modernization has resulted in decrease in prices. The situation is becoming more difficult by the increase in cost of freight, power and raw material.

Risks and Concerns

As the Pre Engineered Building industry is relatively new in India, it is not fully exploited and there is lot of scope available. It is expected that the new entrants will enter the market soon and thereby will result in the increased competition. With aggressive marketing and state of art technology, we at 'Richa' are ready for all challenges.

Internal Control Systems and their Adequacy

Richa Industries Limited has a comprehensive system of internal control to safeguard the Company's assets against loss from unauthorized use and ensure proper authorization of financial transactions.

The Company maintains a system of internal control designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls and compliance with laws and regulations as applicable in the various jurisdictions in which the Company operates.

The Company has also implemented suitable control measures to ensure that all resources are utilized optimally, financial transactions are reported with accuracy and all applicable laws and regulations are strictly complied.

The Management of the Company duly considers and takes appropriate action on the recommendations made by the Statutory Auditors, Internal Auditors and the Audit Committee of the Board of Directors.

Health Safety and Environment

'Richa' is fully committed to the safety, health and well-being of its employees. A safe and healthy environment is maintained, and appropriate steps are taken to minimize the environmental impact on all its processes and practices.

The Company has a range of policies, including on quality, safety and health aspects to guide the employees work practices, actions and decisions. The Company strives to continuously improve the effectiveness of its policies and the employees are encouraged to contribute their might in this direction. All employees are obliged to ensure that they fully understand all policies and do fully comply with the requirements.

Human Resource Development

One of the “Key” reasons for the exponential growth of Richa is undoubtedly its “People”. 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 resource 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

Statements in the 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 working 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 dealers, agents, suppliers, bankers and all other stakeholders.

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

Place: Faridabad
Date: May 31, 2010

(**Sushil Gupta**)
Chairman & Managing Director

Directors' Report

Dear Shareholders,

Your Directors are delighted to present Sixteenth Annual Report of your Company with the Audited Statement of Accounts for the year ended March 31, 2010.

Financial Results

Highlights of Financial Results for the year are as follows:

(Rs. in Lacs)

Particulars	Current Year 31.03.2010	Previous Year 31.03.2009
Gross Sales	17456.38	14749.44
Other Income	78.81	132.73
Increase/(Decrease) in Stock	332.47	(444.66)
Total Revenue	17867.66	14437.51
Profit before Interest, Depreciation & Tax	2177.36	2570.49
Interest	954.14	1054.71
Depreciation	478.31	392.93
Profit before Tax	744.91	1122.85
Tax including Deferred Tax/Fringe Benefit Tax	178.62	313.95
Profit after Tax	566.29	808.90
Balance brought forward from previous year	2454.70	1645.80
Amount available for distribution	3020.99	2454.70
Proposed Dividend	84.63	—
Tax on Dividend	14.38	—
Transfer to Reserves	28.31	—
Balance carried to Balance Sheet	2893.66	2454.70

FINANCIAL HIGHLIGHTS

In the environment of the financial crisis witnessed in the previous financial year and the subsequent fallout, financial year 2009-10 was an extremely challenging year. However, the resilience and inherent strengths of your Company's brands, quality manufacturing and deep network relationships enabled your Company to weather the downturn and achieve better performance in financial year 2009-10. A number of rationalizations and initiatives were taken during the year under review to further consolidate its strengths and position itself to take advantage of the upturn.

For the financial year ended March 31, 2010, the gross turnover of your Company was Rs.17456.38 Lacs as compared to Rs.14749.44 Lacs in the previous year. Profit before tax was Rs.744.91 Lacs as against Rs.1122.85 Lacs in the previous year. The net profit, after taxes was Rs. 566.29 Lacs as against Rs. 808.90 Lacs of the last year. Because of continuous inflationary pressures, the operating costs have been rising sharply as against almost static selling prices in the face of stiff competition and the overall declining market.

Your Company continues with its task to build businesses with long-term goals based on its intrinsic strengths in terms of its powerful brands, quality manufacturing prowess, distribution strengths and customer relationships. To accelerate further value creation, your Company continues to evaluate and evolve new areas of growth. The initiatives aimed at rationalizing and streamlining operations, to bring about efficiencies and reducing costs, remain top priority.

Management Discussion & Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, is presented in a separate section forming part of the Annual Report.

Board of Directors

In terms of Article 138 of the Articles of Association, Shri Sushil Gupta, Director, retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting.

Necessary resolution seeking the approval of the shareholders for the reappointment of Mr. Sushil Gupta forms part of the Notice convening the Annual General Meeting. In terms of clause 49 (IV) (G) (i) of the Listing Agreement entered into with the Bombay Stock Exchange Limited, all the requisite details about the Director seeking re-appointment at the ensuing Annual General Meeting form part of the Notice convening the Annual General Meeting.

Further, pursuant to clause 49 (IV) (E) (iv) of the Listing Agreement, the shareholders may take note that none of the Non Executive Directors hold any shares / convertible instruments in the Company as on the date of this report.

Fixed Deposit

During the year, your Company has not accepted any fixed deposits from the public under Section 58A or 58AA of the Companies Act, 1956 and is therefore not required to furnish information in respect of outstanding deposits under Companies (Acceptance of Deposit) Rules, 1975.

Dividend

Your Directors are pleased to recommend a final dividend at the rate of 5 % viz. 50 Paise per share for the financial year under review. The total dividend payout (including dividend tax) would be about 17.48 % of the profit after tax.

The distribution of dividend is subject to declaration of dividend by the shareholders in the ensuing Annual General Meeting.

Corporate Governance

The Company complies with the clauses of Listing Agreement entered into with the Bombay Stock Exchange where the Company's shares are listed. Further, in terms of the provisions of Clause 49 of the Listing Agreement, your Company has complied with the requirements of Corporate Governance and a Report on Corporate Governance together with certificate from the Company's Auditors confirming compliance, is set out in a statement, which forms part of this Annual Report.

Secretarial Audit Report

Your Company has appointed M/s Ajay Garg & Associates, Practicing Company Secretaries, to conduct Secretarial Audit of the Company for the financial year ended March 31, 2010. The Secretarial Audit Report addressed to the Board of Directors of the Company is not attached to this Annual Report. However the same is available on demand. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreement with Bombay Stock Exchange, Securities Contract (Regulation) Act, 1956 and all the regulations of SEBI as applicable to the Company including SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and SEBI (Prohibition of Insider Trading) Regulation, 1992.

Auditors and Auditor's Report

M/s Tayal & Co., Chartered Accountants, Statutory Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the provisions of section 224(1B) of the Companies Act, 1956. The Directors recommend the re-appointment of

M/s Tayal & Co. as Statutory Auditors of the Company.

The observations of Statutory Auditors in their report read with notes to the accounts are self explanatory and do not call for any further explanation or clarification.

Inspection u/s 209A of the Companies Act, 1956

The Company had received a notice u/s 209A of the Companies Act, 1956, from the Ministry of Corporate Affairs, Office of the Regional Director, Northern Region, for inspection of books of accounts and other records of the Company. The Company provided the information, papers, records and documents as demanded, for inspection to the Assistant Director (Inspection), Office of Regional Director. Your Company now awaits the order from the Regional Director.

Human Resource Development and Industrial Relation

Your Company strives to provide the best working environment with ample opportunities to grow and explore. Your Company maintains a work environment that is free from physical, verbal and sexual harassment. Every initiative and policy of the Company takes care of welfare of all its employees. The human resource development function of the Company is guided by a strong set of values and policies. The details of initiatives taken by the Company for the development of human resource are given in Management Discussion and Analysis Report

The Company maintained healthy, cordial and harmonious industrial relations at all levels.

Personnel & Particulars of Employees

The industrial relations with the workers and staff of the Company remained cordial throughout the year. There was unity of objective among all levels of employees, continuously striving for improvement in work practices and productivity. Training and development of employees continue to be an area of prime importance.

Particulars of the employees as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975 are not applicable since, none of the employee of the Company was drawing more than Rs. 24,00,000/- p.a or Rs. 2,00,000/- p.m for the part of the year. Statement to this effect is as follows:

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31st March, 2010

S.No.	Name	Designation & Nature of duties	Remuneration Gross (Rs.)	Qualifications	Date of Commencement of Employment	Age in Years	Last Employment
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NIL

Awards & Certificates

During the year under report, your Company has earned some more recognitions and awards in view of continuously expanding business operations and improved profitability. These included:

1. Certificate from '**DATACOLOR**' on successful completion of Global Accreditation Program for Color Lifecycle Management certifying that the Company has met all colour testing methods, performance standards and procedures.
2. Certificate from Central Union Certification certifying that units and products of Richa Industries Limited are in accordance with standards for the processing of fibres from certified organic agriculture '**GOTS**'.
3. The Company has been ranked 74th in best 400 small cap of industries of India as per the rating done by Dalal Street.