



RICHA INDUSTRIES LIMITED



www.richa.in

*Innovation
for Speed..*

18th Annual Report
2011-12

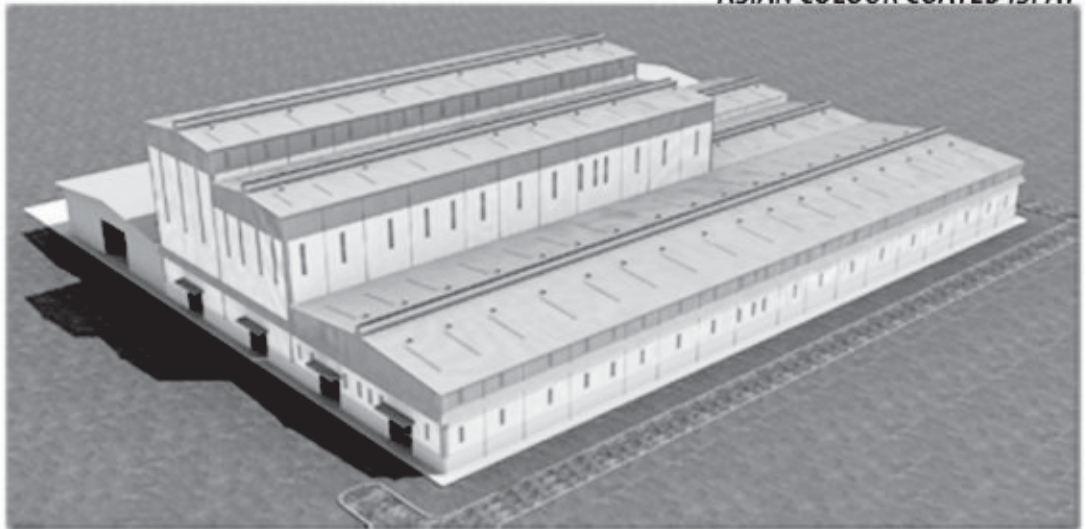
**Textiles & Pre-Engineered
Building Solutions..**



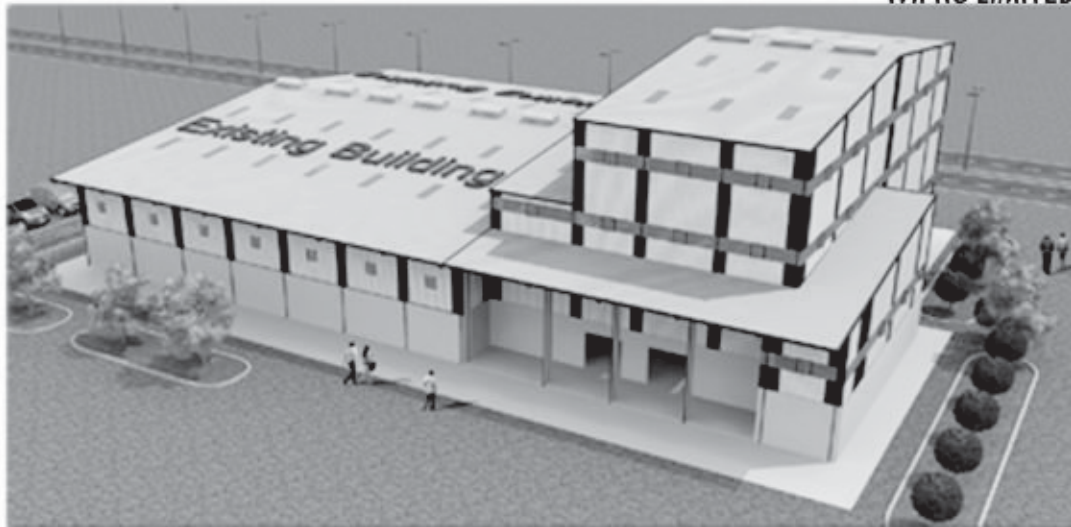
CROMPTON GREAVES

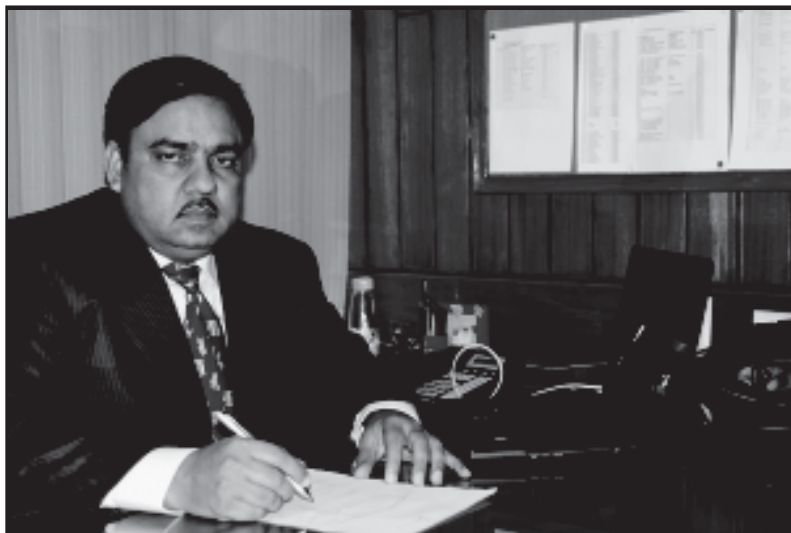


ASIAN COLOUR COATED ISPAT



WIPRO LIMITED





Chairman's Speaks

When you are inspired by some great purpose, some extraordinary projects, all your thoughts break their bonds- your mind transcends limitations, your consciousness expands in every direction, and you find yourself in a new, great and wonderful world.

- By Patanjali

Dear Shareholders,

It is my immense pleasure to present before you the 18th Annual Report of your Company. The growth of a company is invariably determined not just by its strategy but on how it responds to the challenges it encounters. Over the decades of 19 years the company has successfully countered several challenges that have come its way with innovative responses and continuous improvements which have enable it to remain stable and even convert some of these challenges into opportunities.

There is an impressive growth of 8.4% in the preceding two financial years. But, according to the official data the India growth rate for the fourth quarter in 2011-12 stood at 5.3%, the lowest in nine years while it was 6.5% for the full fiscal year.

At Richa, We believe in the power of words. At the core of our Existence, as one of the fastest growing building solution Companies. The strength of our products, which allow us to sculpt the future of building solution across the globe.

We remain committed to our long term strategy and will continue to allocate capital towards our existing operation and new projects that are of strategic importance. We continue to work closely with industry partners, suppliers, customers to map the future path for the industry and hence our own business.

In the current competitive environment, it is not easy even to endure. But Richa, in view of its promises made to you, is continuously striving to serve you in the best possible manner, it can. During the year, your company has earned total revenues of Rs. 31814.73 Lacs and it is far better than the previous year.

We are happy to announce that the board of Richa has recommended a final dividend of 5% on the paid up value of shares. The dividend is payable to the equity shareholders whose names appear in the records of our share Transfer Agent i.e. Link Intime India Private Limited as on the date of Book Closure. The payment of dividend is subject to approval by the shareholders on the Annual General Meeting.

In Textile, we are in the process of merging of our IMT Manesar Unit to the Kanwara Unit for better operation. This major decision was taken by the board of the directors for the benefit of your Company because in present financial year your Company faced many difficulties and to overcome from those difficulties the management has taken this decision. Now, Despite such difficulties your Company has a stable growth and increasing profitability and also the graph of the sales of your Company is going upward.

We have remained committed to protecting of our employees, ensuring their safety, supporting local community and safeguarding the Environment. Our employees have been a source of strength for us. The entire workforce worked as a team to fulfill the stretch targets that they set for themselves. Suppliers of materials and services responded positively to our request by offering better terms and reducing prices to the extent they could.

Looking forward, we see exciting opportunities for growth in the PRE- Engineered Building and we had long way to go in this area.

I would also like to thank our Board of Directors for their support and inputs. At the same time, I would like to pay my heartfelt thanks to our Bankers whose faith and cooperation helps us to climb the stairs of success. Their dedication and hard work are invaluable contribution to your company's performance.

In ending, I would like to thank my colleagues for their support and understanding through the year. They have collectively made the company what it is today, and will help lead the company into tomorrow. I would also like to thank our shareholder for their trust they have responds in the company over years.

With best wishes,

Sushil Gupta

Chairman & Managing Director

Company Information

Board of Directors

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

Company Secretary

Gaurav Yadav

Statutory Auditors

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

Secretarial Auditors

AGB & Associates, Company Secretaries
970, Sector 21D, Faridabad-121001
Phone : 0129-4080970

Bankers

Indian Overseas Bank
Corporation Bank
State Bank of India

Board Committees:

Audit Committee

Sh. Neeraj Bajaj	Chairman
Sh. J. P. Malhotra	Member
Dr. Sandeep Gupta	Member

Shareholders' / Investors' Grievance Committee

Sh. Neeraj Bajaj	Chairman
Sh. J. P. Malhotra	Member
Sh. Nitin Agarwal	Member

Remuneration Committee

Sh. Neeraj Bajaj	Chairman
Sh. J. P. Malhotra	Member
Sh. Nitin Agarwal	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

Dyeing & Processing Division

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

Knitting Division

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

E-mail

cs@richa.in

Web site

www.richa.in

Contents

Management Discussion and Analysis	4-7
Directors' Report	8-13
Corporate Governance Report	14-32
Declaration of Chairman & Managing Director & Joint Managing Director	33
Auditors' Certification on Corporate Governance	34
Certification by Chief Executive Officer & Chief Financial Officer	35
Declaration regarding Compliance with Code of Conduct	36
Auditors' Report	37-40
Balance Sheet	41
Profit & Loss Account	42
Cash Flow Statement	43
Notes to accounts forming part of the Balance Sheet & Profit & Loss A/c	44-52
Significant Accounting Policies	53-59
Performance Highlights	60

Management Discussion and Analysis

Forward Looking Statements

This report contains forward-looking statements, which may be identified by the 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

Richa Industries Limited was incorporated in 1993 under the dynamic leadership of Mr. Sushil Gupta who is Chairman Cum Managing Director of the Company with the vision to work as a catalyst in the growth of the industry, Company to be identified with the main objects of manufacturing and processing of fabric, readymade garments and to export fabric or garments. He has been awarded with **Udyog patra** for self made industrialist by Mr. Sharad Yadav, the Hon'ble Union Minister for Food & Supply, Government of India. He also got **Udyog Vibhushan Award** for excellence in industrial performance by the institute of Trade & Industrial Development.

Richa Industries Limited in its himself is already a trusted name in Indian Textile Industry before and after an Initial public offering in 2006 it's ramped up its manufacturing and production facilities to almost two and half times and currently is one of the largest single manufacturing facilities in Northern India in the segment of dyeing, processing and finishing of knitted fabric. The Key of the Company is experience in the field of knitted fabric from last 19 Years and has good reputation and it is known for its quality standards and competitive rates.

Now, Richa has diversified their Business from last four years from Textile to Pre-Engineered Steel Building (hereinafter referred as PEB in year 2008-09 and become one of the leading companies in utilizing the most Hi-Tech solutions. PRE ENGINEERED BUILDING sector was established with the sole vision of using latest technology to achieve best quality standards and provide value for money to its customers.

Richa Industries realizes that the Indian economy has great need of quality improvement in pre engineered steel buildings. There is a huge gap between economical pre-engineered steel buildings and best quality pre-engineered building. Richa Industries intent to bridge the gap by innovating design and systems in pre engineered steel buildings. The most aesthetical PEB can also be the most economical solution to PEB requirement in India.

Richa has employed the most efficient and competitive professional team to give a technological edge to pre engineered steel buildings in India. This will give the most competitive edge for small medium enterprises requirement for pre-engineered building needs with perfection in personalized and professionalized service.

Economic Scenerio

After an impressive growth of 8.4% in the preceding two financial year, the economy is estimated to grow at 6.9 per cent in 2011-12 and is expected to be around 7.6 per cent in the next fiscal year. The growth has been broad based with a rebound in the agriculture sector which is expected to grow around 2.5 per cent. Manufacturing and Services sector also have registered impressive gains. The Survey reports that the industrial output growth rate was 3.9 per cent while the services sector registered a growth rate of 9.4 per cent in 2011-12.

India's macro economic enviornment has been impacted by the concerns emerging from higher inflation, rising interest rates, fall in investments, higher fiscal & current account deficit, rising oil prices, depreciation of rupee, putting pressure on the growth of the economy.

Exports recorded during 2011-12 (April-January) stood at US\$ 242.8 billion, registering a growth of 23.5 per cent, while Imports in 2011-12 (April-January) at US\$ 391.5 billion registered a growth of 29.4 per cent. Services sector grew by 9.4 per cent, its share in gross domestic product (GDP) goes upto 59 per cent Industrial growth is estimated to be 3.9 per cent, expected to improve as economic recovery resumes. Foreign trade performance to remain a key driver of growth. Net capital flows stood at US\$ 41.1 billion in the first half of 2011-12 remained higher as compared to US\$ 38.9 billion in the first half of 2010-11.

Textile

Industry Overview

Indian Textile Industry is one of the leading textile industries in the world. The Textile Industry is one of the most important sectors in the Indian Economy and the second largest generator of employment after agriculture. It contributes more than 4% to the GDP and 17% to the country's export earnings.

The Indian textile industry has a great legacy, which is perhaps unmatched in the history of India's industrial development. India's textile industry evolved and developed at a very early stage and its manufacturing technology was amongst the best. Prior to colonization, India's manually operated textile machines were among the best in the world and served as a model for production of the first textile machines in newly industrialized Britain and Germany.

The government proposes to increase the investment in this sector to generate more employment through various schemes viz. Scheme for Integrated Textile Parks (SITP), Technology Upgradation fund Scheme (TUFS), Technology Mission on Technical Textiles (TMTT).

Textiles have historically formed an important component of India's exports. Marco Polo's records show that Indian textiles used to be exported to China and South-East Asia. Textiles have also comprised a significant portion of the Portuguese trade with India.

Opportunities and Threats

The implementing integration of the global textile industry is expected to generate opportunity in terms of access to unrestricted markets, but it may also pose a threat to our industry unless the necessary corrective action is taken in time.

Some keen observers of our textile scene are of the view that looking to the present weaknesses of our industry in general and the prevailing indifference to the need for their elimination, the free trade forces may not only pose serious problems for most of our textile units (barring some exceptions) in the overseas markets, but in the domestic markets as well.

The main reason for such fears is that most of our textile mills have been indifferent to the need for continuous modernisation. Some new machinery exists side by side with out-dated equipment. On the other hand, China has been modernising its textile industry at break-neck speed by installing the latest machinery. It has been importing the latest machinery for the purpose for quite some time.

Risk and Concerns

Indian textile industry in India face many risk which were in the short term, will moderate growth Inflation, high interest rates, depreciating rupees, delays in policy initiatives to boost investments and capital flows.

India's textile industry also urgently needs to diversify beyond its traditional markets of the US and Europe to remain competitive in the wake of the global economic downturn.

Pre Engineered Buildings

Industry Overview

PEBs, 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.

Due to its various advantages like quality, aesthetics, economy and environmental conditions. This concept can have lot of scope in India, which can actually fill up the critical shortage of housing, educational and health care institutions, airports, railway stations, industrial buildings & cold storages etc. Pre-engineered Metal building concept forms an unique position in the construction industry in view of their being ideally suited to the needs of modern Engineering Industry. It would be the only solution for large industrial enclosures having thermal and acoustical features. The major advantage of metal building is the high speed of design and construction for buildings of various categories. The range of application has expanded with improved material, products and design capabilities and with the availability of computer aided design software pre-fabricated buildings are highly economical.

PEB systems are extensively used in industrial and many other non-residential constructions worldwide, it is relatively a new concept in India. These concepts were introduced to the Indian markets lately in the late 1990's with the opening up of the economy and a number of multi nationals setting up their projects. The market potential of PEB's is 1.2 million tons per annum. The current pre-engineered steel building manufacturing capacity is 0.35 million tons per annum. The industry is growing at the compound rate of 25 to 30 %.

With respect to design of the structure and aesthetic appearance India is way behind. Indian manufacturers are trying to catch up; comparatively PEB's is a new concept in India. Beside, in fabrication and other areas of PEB India is very good. As compared to other countries Indian codes for building design are stringent but safer.

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, labor 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 PEBs 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.

This is a highly competitive market but any company which has aligned itself to the precise demands of this growing industry has an edge. The challenge here is to educate the builders and end users, the benefits of steel structures vis-a-vis conventional structures. They need to be aware that in times of increasing natural calamities, steel structures are more resistant to seismic activity.

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 it 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 and to minimizing the environmental impact on its business operations. A safe and healthy environment is maintained, and appropriate steps are taken with the object of minimizing the environmental impact on all 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 mite 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: May30, 2012

Sushil Gupta
(Chairman & Managing Director)

Directors' Report

Dear Shareholders,

Your Directors are delighted to present Eighteen Annual Report of your Company with the audited statement of accounts for the year ended March 31, 2012.

Financial Results

Highlights of financial results for the year are as follows:

(Rs. In Lacs)

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Gross Sales	30141.48	22858.12
Other Income	75.62	32.33
Increase/(Decrease) in Stock	1597.62	987.19
Total Revenue	31814.73	23877.64
Profit before Interest, Depreciation & Tax	3789.60	3433.41
Interest	1969.57	1621.97
Depreciation	690.16	550.14
Profit before Tax	1129.87	1261.30
Tax including Deferred Tax/Fringe Benefit Tax	521.25	416.49
Profit after Tax	608.61	844.82
Balance brought forward from previous year	3597.22	2893.66
Amount available for distribution	4205.83	3738.47
Proposed Dividend	84.63	84.63
Tax on Dividend	13.72	14.38
Transfer to Reserves	30.43	42.24
Balance carried to Balance Sheet	4077.06	3597.23

OPERATIONS

The total income of the Company during the year was Rs. 31814.73 lacs against Rs. 23877.64 Lacs in the previous financial year. The increase in total income was mainly due to increase in domestic sales and exports. The total expenditure during the year was Rs. 30622.06 Lacs against Rs. 22611.50 Lacs in the previous financial year. The increase in total expenditure was mainly due to increase in consumption of raw material, increase in manufacturing expenses, interest and so on.

The profit before tax for the year under review was lower at Rs. 1129.87 Lacs from Rs. 1261.30 Lacs in the previous financial year and the same was the case of the profit after tax for the year under review at Rs. 608.61 lacs compared to Rs. 844.82 Lacs in the previous financial year.

The basic and diluted earning per share (EPS) computed in accordance with the Accounting Standard- 20 issued by the Institute of Chartered Accountants of India was Rs. 3.60 per share respectively as against Rs. 4.99 per share (basic & diluted) for the previous year.