



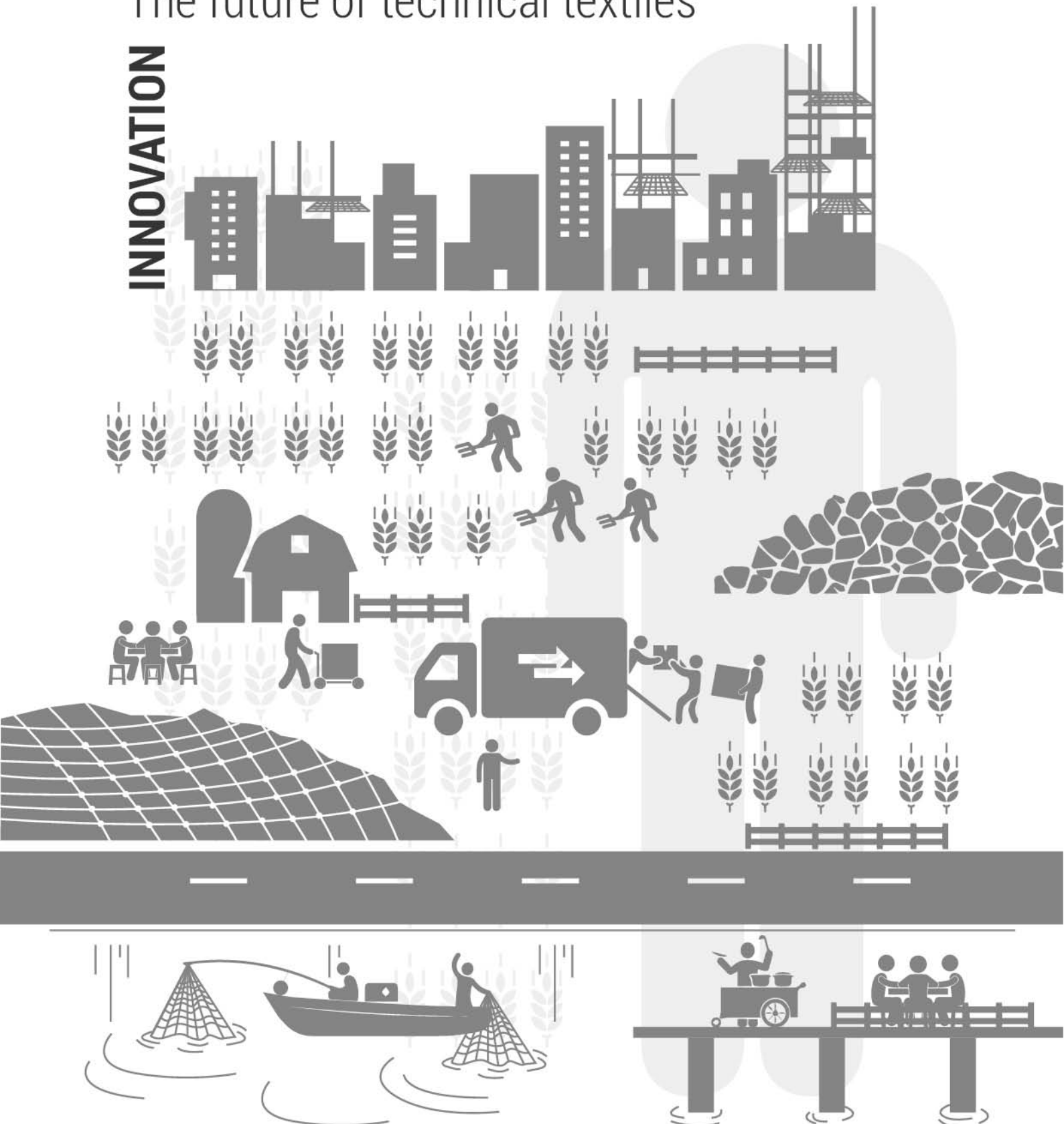
RISHI TECHTEX

Rishi Techtex Limited

33rd Annual Report 2016-2017

The future of technical textiles

INNOVATION



Agro-tech Pack-tech Geo-tech Protect-tech Build-tech

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to fully appreciate our prospects and take informed investment decisions. This report and other communicate - written and oral - that we periodically make, contain forward-looking statements that set our anticipated results based on management plans and assumptions.

We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance.

We cannot, of course, guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. Achievement of results is subject to risks, uncertainties, and potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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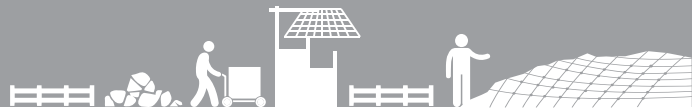
Notes forming part of
the Financial Statements

98

Circular for Inviting Deposits

103

Proxy form & Attendance Slip



At a Glance

OUR EXPERIENCE



Over **3**
decades

OUR QUALITY CERTIFICATE



BIS IS 16008

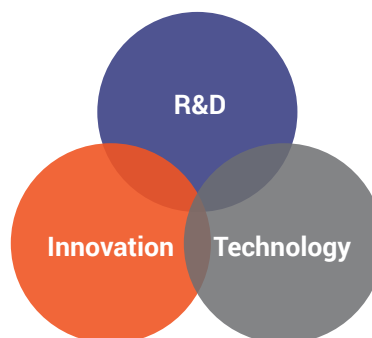
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OUR EXPERTISE

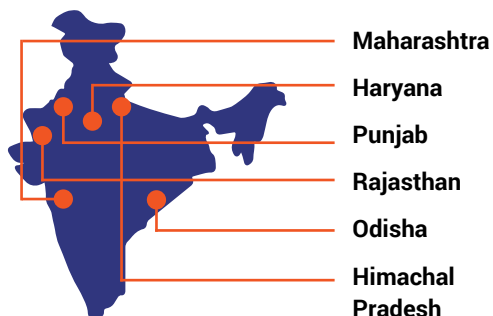


- > **Agro**tech
- > **Pack**tech
- > **Build**tech
- > **Geo**tech

OUR ADVANTAGE



OUR PRESENCE



INTERNATIONAL BUSINESS



- > Qatar
- > UAE
- > South America
- > Africa
- > UK



Board of Directors

Mr. Abhishek Patel- Managing Director

Mr. Pranav J. Patel - Director

Mr. Arvind N. Nopany - Director

Ms. Sheela Ayyar - Director

Company Secretary

Ms. Nidhi Shah

Auditors

Alladi Krishnan & Kumar

4. Marshal, Mogal Lane, Mahim, Mumbai- 400006.

Bankers

Canara Bank,

Tamarind Lane Branch, Calcot House, Fort,

Mumbai – 400 023.

Registrars and transfer agents

Adroit Corporate Services Pvt. Ltd.,

19/20, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road,

Marol Naka, Andheri (E), Mumbai – 400 059.

Registered Office

612, Veena Killedar Industrial Estate,

10/14, Pais Street, Byculla (W),

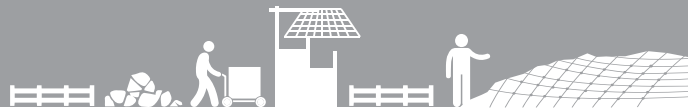
Mumbai – 400 011.

Works

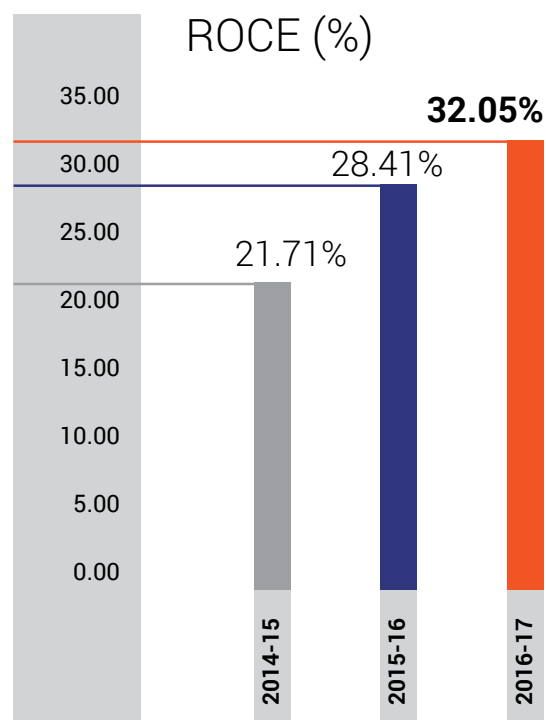
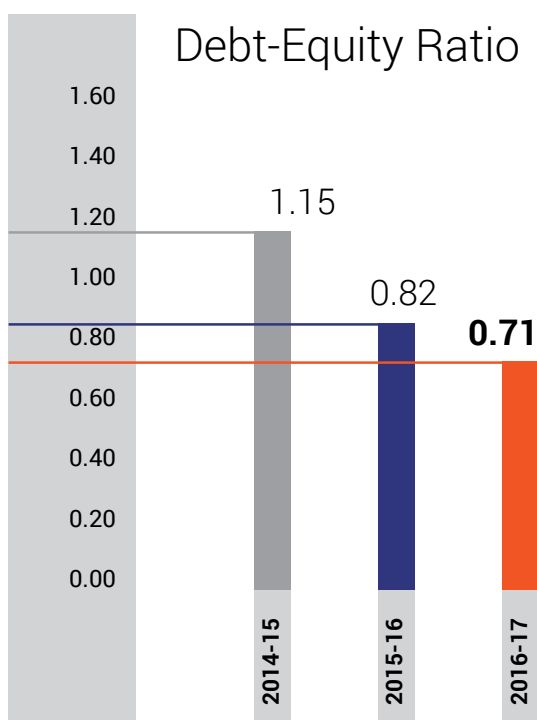
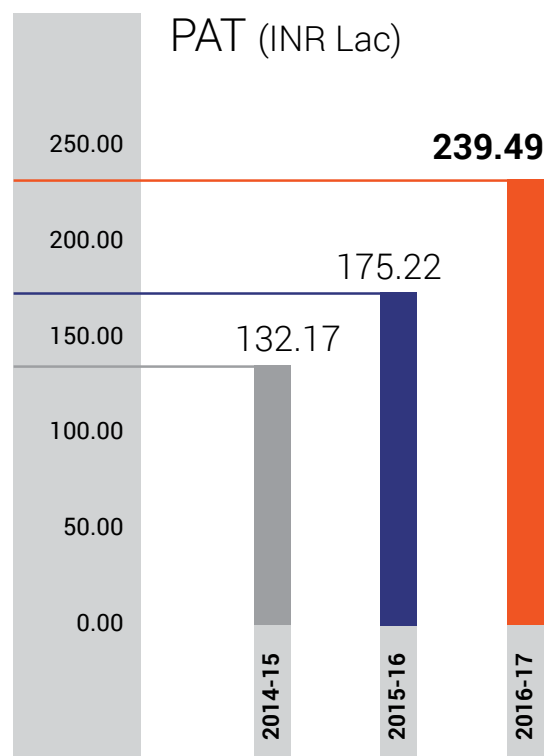
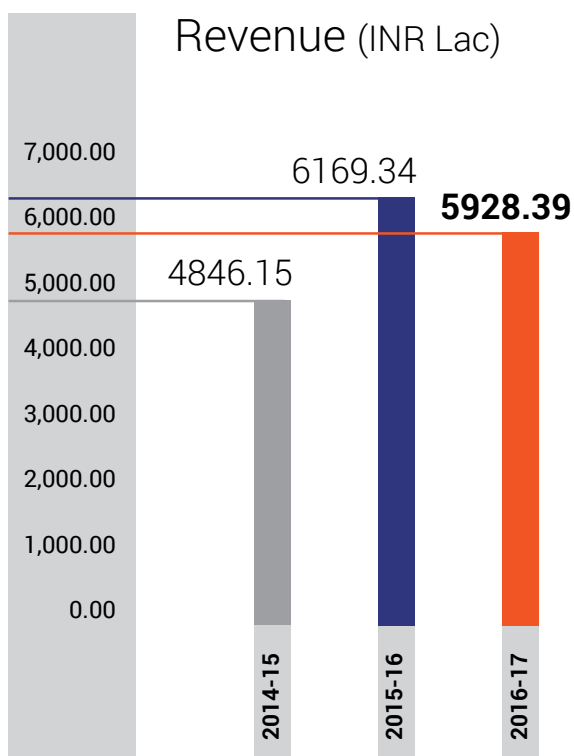
Causeway Road,

Village Kachigam, Taluka Daman

Union Territory of Daman & Diu.



Performance Metrics





Key Highlights



PAT Margin

4.04%

(increase of **37%** over last year)



Debt-Equity Ratio

0.71

(decrease of **0.11** pts over last year)



Earnings per share

INR **3.38**

(increase of **11.92%** over last year)



Return on Capital Employed

32.05%

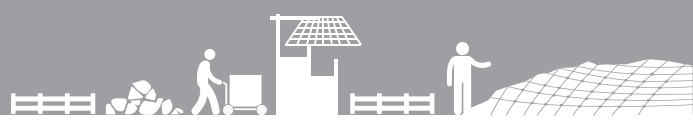
(increase of **3.65%** over last year)



Reserves & Surplus

INR **1446.57** lac

(increase of **33%** over last year)



Mission & Values

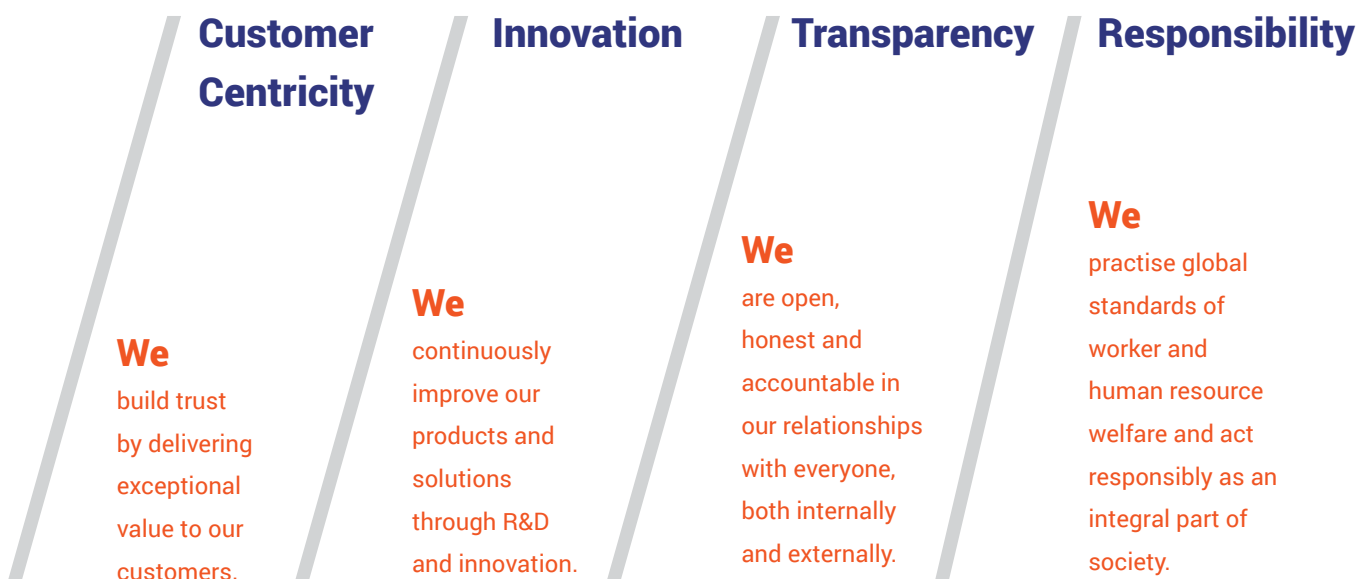
MISSION

“To develop world-class technical textiles that give our customers a competitive advantage through superior quality, state-of-the-art technology and continuous innovation.”

Our three-pronged mission aims to create value for our customers, stakeholders and employees:



OUR VALUES





Message from the Managing Director

Profitable Growth. Innovation for Tomorrow.

Dear Shareholders,

I write to you as I complete two years of my journey at the helm of your Company. At the outset, let me thank you for your unstinted support; it has helped me and my team withstand the turbulence faced by the Indian economy in the recent past. I am proud to report that we performed rather well, improving our profits significantly while protecting our top line from severe degrowth. As we move forward, your Company continues to be driven by three principles: profitable growth, innovation-led focus and gold standards of governance.

Permit me to discuss your Company's performance in my letter first and then share with you our macro-economic viewpoint. I believe that as stakeholders all of us need to understand how our strategy of focussing on high-margin, high-end science-led product solutions that I spoke of last year, has started yielding positive results. Indeed, by the fundamentals of our business, we are now more competitive, disciplined and excellence-oriented.

Our Performance: Value Creation through Value Addition

During the past year, we continued with our strategy of driving our product mix towards high value-addition items and move away

As we move forward, your Company continues to be driven by three principles: **profitable growth, innovation-led focus and gold standards of governance.**





from the high volume, low margin manufacturing approach of earlier years. We had anticipated an initial slowdown of revenues during the first few quarters and sales to pick up steam during the quarters thereafter. However, early in the 3rd quarter, demonetization almost brought business to a standstill, especially with our exposure to the agriculture and rural markets where cash transactions dominate. Sales plummeted and slowdown was experienced for the second half of the year.

We had two choices. We could either return to high volume low margin job work manufacturing to make up for lost sales or stick our neck out and remain steadfast with our innovation-led R&D strategy. We plumped for the latter for two reasons: Firstly, we believe demonetization was worth the

During the past year, we continued with our strategy of driving our **product mix towards high value-addition items** and move away from the high volume, low margin manufacturing approach of earlier years.

short-term pain for long-term gains. Secondly, we felt it is prudent to pursue a 'profitable growth' strategy to protect our bottom line rather than chase growth at all cost. I personally believe that chasing growth at the cost of profits is not a great idea for our stakeholders. It reminds me of an old saying, "Revenue is Vanity but Profit is Sanity".

During FY2017, your Company's revenues stood at Rs. 5928.39 lac as compared to Rs. 6169.35 lac for FY2016. However, PAT registered a significant Y-o-Y jump of 37% to Rs. 239.49 lac in the year from the previous year's Rs. 175.22 lac. Despite our sales falling behind by a few inches as compared to last year, our profitability increased by 37%! We believe our customers appreciate the fact that we have introduced new-age, scientific applications and custom solutions both in knitted and woven products, and therefore willingly pay a premium. Another factor worth noting is that per unit profitability has gone up significantly and should continue to grow as we move towards becoming an IPR-driven science-led technical textiles player.

I accept that we missed our revenue targets as per our plans. But, I hope you will appreciate the fact that it was not entirely our doing. However, we upped our profits significantly thanks to a focus on cost rationalization, automation and high-end computerized production. Indeed, our ability to garner premium prices while simultaneously bringing down input costs through higher productivity and

a complete organizational revamp led to improved performance during the year despite top line stagnation. We will continue with our focus on profitability and bring back our top line growth projections to a 20% CAGR for the next 3 years. However, with the introduction of GST, we have a wait-and-watch policy to understand its implications and whether it will affect our top line in the short term.

Global Overview – Uncertainty & Disruption is the New Normal

Two seminal events during the last year demonstrated that uncertainty and unpredictability are the new normal! UK's exit from the European Union and the US election results conclusively showed how even the best predicted and planned outcomes could be overturned by mandates bordering on socio-economic fallacies. The Middle East crisis is another example where business leaders were left helpless due to geopolitical events. (Incidentally, we learnt this first hand when a large shipment for a Qatari customer was delayed).

However, on the positive side, innovation-led thinking, disruptive technology-driven solutions and science-based customer applications are sprouting across the world regularly. Entrepreneurship is being realized through private money that is promoting more experimentation. In our business, chemical science and its applications and solutions are a key focus area for innovation