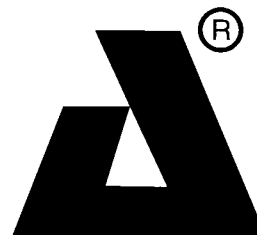
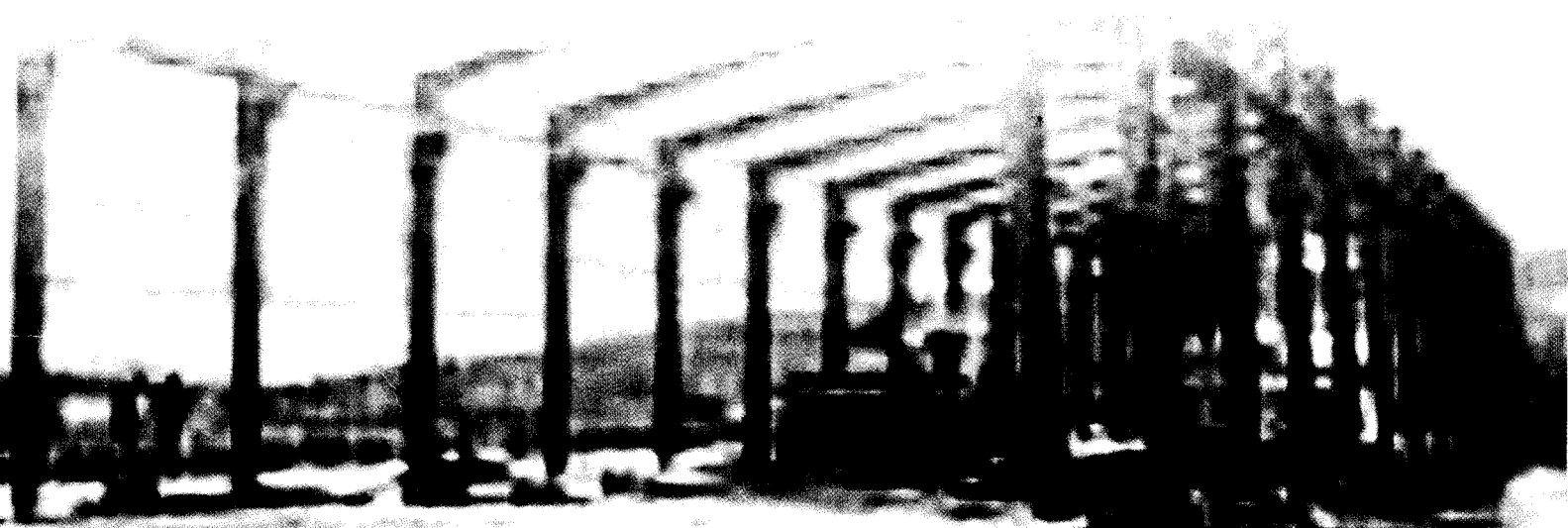


**RICHA INDUSTRIES LIMITED**

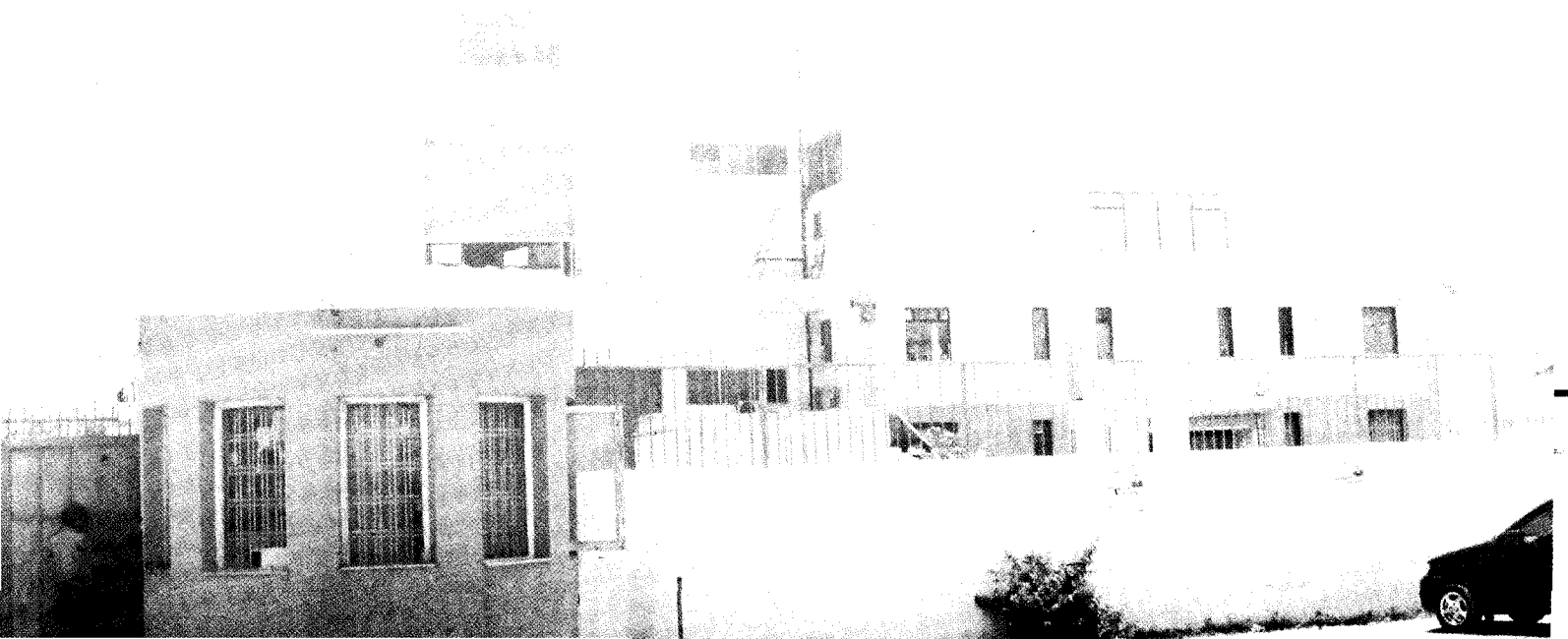
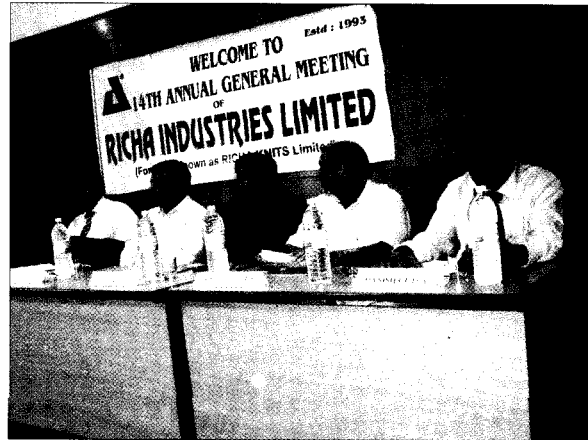
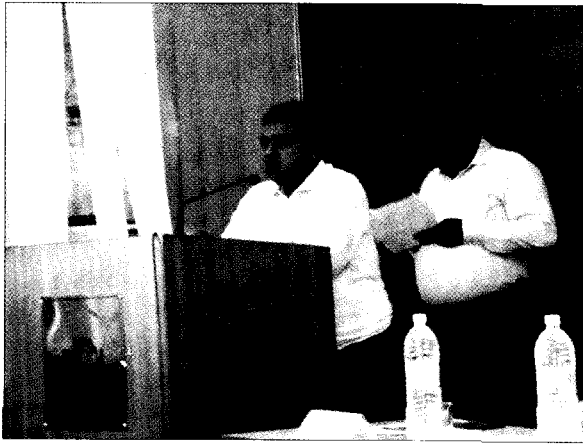
(Formerly known as Richa Knits Limited)

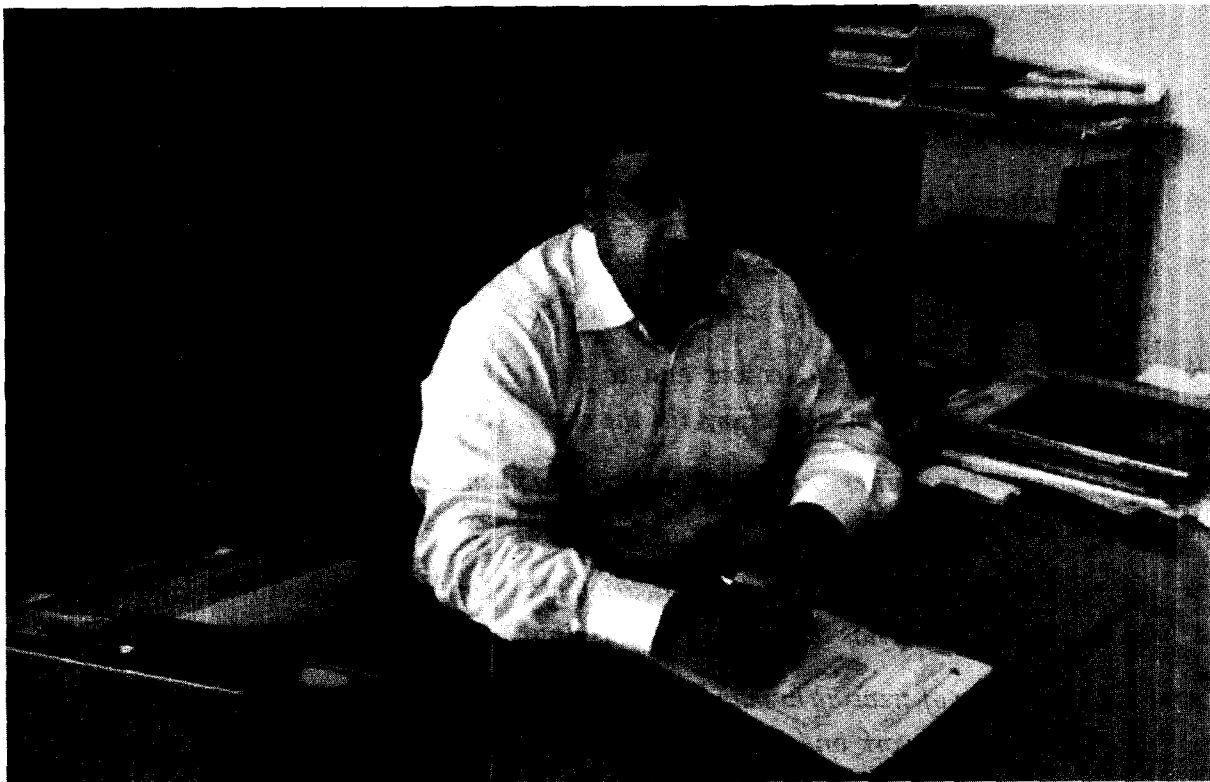


**Annual Report 2008-09**



# 14th ANNUAL GENERAL MEETING





### ***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

### Company Secretary

Sh. Gagan Singhal

### Auditors

Tayal & Company  
Chartered Accountants

### 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

### PEB Division

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

### Registered Office

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

### Corporate Office

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

### Registrar & Transfer Agent

Link Intime India Private Limited  
(Formerly Intime Spectrum Registry Ltd.)  
A-40, 2<sup>nd</sup> 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](http://www.richa.in)

Contents	Company Information	3
	Management Discussion and Analysis	4
	Directors' Report	8
	Corporate Governance Report	13
	Certificate on Corporate Governance	34
	Managing Director & Chief Financial Officer Certification	35
	Compliance with Code of Conduct	35
	Auditors' Report	36
	Balance Sheet	39
	Profit & Loss Account	40
	Schedules forming part of the Balance Sheet	41
	Significant Accounting Policies and Notes to Accounts	49
Cash Flow Statement	58	

## **Management Discussion and Analysis**

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### **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

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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.

The Company has firm plans for expansion of its business apart its existing activities i.e. engaged in Manufacturing of Pre Fabricated Steel Sheets, etc.

#### **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**

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

#### **Subsidiaries**

Your company had formed a subsidiary company for undertaking specific business activities. The name of this company was "Richa Infrastructure Limited" and the percentage of your company's stake was approximately 59%. With the approval of the shareholders of Richa Infrastructure Limited in an Extraordinary General Meeting held on 25<sup>th</sup> February, 2009, its board decided to issue 1,00,000 (One Lac) equity shares of Rs. 10/- (Rupees Ten Only) each to either existing or other than existing shareholders at a premium of Rs. 115/- (Rupees One Hundred and Fifteen Only) per share. After discussion, the Board of Directors of your company has decided against subscribing additional shares in forthcoming preferential offer due to high price of share. On 25<sup>th</sup> March, 2009, Richa Infrastructure Limited has allotted 96,000 (Ninety Six Thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each at a premium of Rs. 115/- (Rupees One Hundred and Fifteen Only) per share. Accordingly, after allotment the shareholding of your Company has reduced to approximately 33% in Richa Infrastructure Limited.

Now pursuant to Section 4(1)(b)(ii) of the Companies Act, 1956 Richa Infrastructure Limited is not Subsidiary Company of your Company.

#### **Garment Division**

During the year under review the exports sales accounted for Rs. 248.38 Lac in compared with Rs. 613.29 Lac in the last year. Due to Global recession in the foreign market and increase the expenditure over profit, the garment division of the Company is closed down. Lot of studies is being under taken for its revival. The Company expects to re-start it in future, over the management becomes assured that it will contribute to the growth of the Company.

#### **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 Non-Banking Financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposit) Rules, 1975.

#### **No Default**

The Company has not defaulted in payment of interest and/or repayment of loans to any of the financial institutions and/or banks during the year under review. The Company is not in default in payment of interest and/or re-payment of loan to any Financial Institution and/or Bank at the close of the year under review.

#### **Dividend**

Keeping in view the ongoing expansion, modernization and other future investment possibilities in order to meet competition, your directors have decided to plough back profits and hence, do not recommend any dividend for the year under review.

### **Exports**

The exports sales accounted for 6.28% of total sales during the year 2007-08 and 1.68% of total sales i.e. Rs. 248.38 Lac during the year 2008-09. But due to Global recession in the foreign market and increase the expenditure over profit, your Company has stopped exports sale for the time being. The Company will again start the same operation shortly.

### **Corporate Governance**

Your Company is committed to adhere to the best practice of governance. It is always ensured, that the practices being followed by the Company are in alignment with its philosophy towards Corporate Governance. Your Company believes that the Corporate Governance is all about effective management of relationship among constituents of the system and always work towards strengthening this relationship through corporate fairness, transparency and accountability. In your Company, prime importance is given to reliable financial information, integrity, transparency, fairness, empowerment and compliance with law in letter and spirit.

Your Company proactively follows Government principles and practices as to meet the business and regulatory needs, which has enabled it to emerge as one of the best corporate governed companies of India.

Detailed compliances with the provisions of Clause 49 of the Listing Agreement for the year ended 2008-09 has been given in Corporate Governance Report, which is attached and forms part of this report.

Certificate from the Auditor of the Company, M/s Tayal & Co. Chartered Accountants, confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report.

### **Secretarial Audit Report**

Your Company appointed M/s Ajay Garg & Associates, Practicing Company Secretaries, to conduct Secretarial Audit of the Company for the Financial Year ended March 31, 2009. The Secretarial Audit Report addressed to the Board of Directors of the Company is not attached to this Annual Report. 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 Stock Exchanges, Securities Contract (Regulation) Act, 1956 and all the regulations of SEBI as applicable to the Company including SEBI (Disclosure and Investor Protection) Guidelines, 2000 and SEBI (Prohibition of Insider Trading) Regulation, 1992.

### **Auditors and Auditors' Report**

M/s Tayal & Co., Chartered Accountants, Auditors of the Company 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 Auditors of the Company.

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

### **Expansions / Modernisation**

Your Company has set up its plant (PEB Division) with in house designing, manufacturing and erection from scratch with rich experience of top management with in a short span of time in Central Notified Area at Uttarakhand. The plant is spread in an area of over 13 acres of land with built up shed over 10000 sq. mt. located in NH – 121 at Kashipur, Uttarakhand. The Project has started its production from June, 2009.

### **Junior Junction Programme**

On January 21, 2009, your Company has organized a Junior Junction Programme (the dance and comedy show) for the welfare of Thalassaemic Children in association with Foundation Against Thalassaemia at MCF Auditorium, N.I.T.

Faridabad. Under this programme the foundation upgrades physical activities, social and emotional development, confidence-building activities and presentation skill development. Lot of children participated in programme and show their presentation before the audience. Foundation Against Thalassemia is purely voluntary organization dependent entirely on public charities for all its activities. The contribution received from the participants, audience and organizers has given in to the Foundation Against Thalassemia.

#### **Human resource development and industrial relation**

Your company strives to provide the best work 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 has buy-in of all its employees. The human resources development function of the Company is guided by a strong set of values and policies. The details of initiatives taken by the Company for development of human resources are given in Management Discussion and Analysis Report

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

#### **Particulars of employees**

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 is drawing more than Rs. 24,00,000/- p.a. or Rs. 2,00,000/- p.m. for the part of the year.

#### **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. Certification by GOTS;
2. Export House status by Director General of Foreign Trade, Ministry of Finance, Government of India (GOI);
3. 2nd Runner up under Textile Category for CNBC TV-18 ICICI emerging India Award 2008;
4. Outstanding SME Entrepreneur 2008 to Mr. Sandeep Gupta, Jt. Managing Director by FCCI;

#### **Directors' Responsibility Statement**

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 your Directors hereby state and confirm that:

- a) in the presentation of the annual accounts, the applicable Accounting Standards have been followed. There are no material departures from the applicable Accounting Standards;
- b) such accounting policies have been selected and applied them consistently and such judgments and estimates have been made as are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2009 and of the profit or loss of the Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the statement of accounts for the year ended March 31, 2009 have been prepared on a going concern basis.

#### **Energy Conservation, Technology Absorption and Foreign Exchange Earning and outgo**

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forms part of this report. However, as per the provisions of Section 219(1)(b)(iv), the report and accounts are being sent to all shareholders of the Company excluding the information relating to conservation of energy, technology absorption and foreign exchange

earning and outgo. Any shareholder interested in obtaining such particulars may inspect the same at the registered office of the Company or write to the Company Secretary of the Company for a copy.

**ACKNOWLEDGEMENT**

The Board of Directors wishes to place on record its appreciation for the commitment, dedication and hard work done by the employees in the Company and the cooperation extended by Banks, Government Authorities, Customers, Shareholders and Employees of the Company and looks forward to a continued mutual support and co-operation.

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

Faridabad  
July 31, 2009

**Sandeep Gupta**  
*Jt. Managing Director*

**Sushil Gupta**  
*Chairman & Managing Director*

## Corporate Governance Report

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Corporate Governance is the set of policies, processes and practices governing the affairs of a company in pursuit of its business goals. Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. As stakeholders across the globe evince keen interest in the practices and performance of companies, Corporate Governance has emerged on the centre stage.

Over the years, governance processes and systems have been strengthened and institutionalized at Richa. Effective implementation of these policies underpins the commitment of the Company to uphold highest principles of Corporate Governance consistent with the Company's goal to enhance shareholders' value.

Keeping in view the Company's size, complexity, global operations and corporate traditions, the Company's Governance framework is based on the following main principles:

- ❖ Constitution of a Board of Directors of appropriate composition, size, varied expertise and commitment to discharge their responsibilities and duties.
- ❖ Ensuring timely flow of information to the Board and its Committees to enable them discharge their functions effectively.
- ❖ A sound system of risk management and internal control.
- ❖ Independent verification and safeguarding integrity of the Company's financial reporting.
- ❖ Timely and balanced disclosure of all material information concerning the Company to all stakeholders.
- ❖ Transparency and accountability.
- ❖ Fair and equitable treatment of all stakeholders including employees, customers, shareholders and investors.
- ❖ Compliance with all the rules and regulations.

The Company recognizes that good Corporate Governance is a continuing exercise and is committed to follow the best practices in the overall interest of the stakeholders.

In accordance with clause 49 of the Listing Agreement with the Stock Exchange in India and the best practices followed internationally on corporate governance, the details of governance systems and processes are as under:

### 1. Company's philosophy on Code of Governance

Corporate Governance at Richa cares for the overall well-being and welfare of all constituent of the system and takes into account the stakeholders' interest at every business decision.

The Company is committed to pursue growth by adhering to the highest National and International standards of Corporate Governance. The Company's philosophy on corporate Governance is based on following principles.

- ❖ Lay solid foundation for management
- ❖ Structure the Board to add value
- ❖ Promote ethical and responsible decision-making
- ❖ Safeguard integrity in financial reporting
- ❖ Make timely and balanced disclosures
- ❖ Recognize and manage business risks
- ❖ Respect the rights of the shareholders
- ❖ Encourage enhanced performance
- ❖ Remunerate fairly and responsibly
- ❖ Recognize the legitimate interest of the stakeholders
- ❖ Legal and Statutory compliances in its true spirit.

The Board of company has adopted 'Code of Conduct for prohibition of Insider Trading' based on the principles of good corporate governance and best management practices being followed globally besides complying with the needs of the law of land. The Code of Conduct for prohibition of Insider Trading is available on the official website of the Company – [www.richa.in](http://www.richa.in).

## 2. Board of Directors

### Composition and category

The Board of Directors of the Company ("the Board") consists of 6 Directors, out of which 50% are executive directors and 50% are Independent Directors. The Chairman is Executive and the number of Independent Directors i.e. those who have no business relationship with the Company is 50%. None of directors on the Board is member of more than five Board level Committees as required under the Code.

### Board's definition of independent director

Independent director shall mean Non-executive director of the Company who:

- apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its senior management or its holding Company, its subsidiaries and associated companies.
- is not related to Promoters, Chairman, Managing director, Whole time director, Secretary, CEO or CFO and of any person in the management at one level below the board.
- has not been an executive of the company in the immediately preceding three financial years.
- is not a partner or any executive of the statutory audit firm or the internal audit firm that is associated with the Company, and has not been a partner or an executive of such firm for the last three year. This will also apply to legal firm(s) and consulting firm(s) that have a material association with the entity.
- is not a supplier, service provider or customer of the Company. This should include lessor-lessee type relationships also; and
- is not a substantial shareholder of the Company, i.e. owning two percent or more of the block of voting shares.

The Board of the Company has also decided that materiality of relationship with directors shall be ascertained on the following basis:

- The concept of materiality is relevant from the recipient's point of view and onto from that of Company;
- The term material needs to be defined in percentage. Ten percentage (10%) or more of recipient's gross revenue / receipt for the preceding year should form a material conditions affect in independence.

Based on the above test of independence, Mr. Neeraj Bajaj, Mr. J. S. Chaudhary and Mr. J. P. Malhotra are categorized as Independent directors.

Other details relating to the Board are as follows:

Name	Designation	Category	Shareholding in Company (No. of Shares)	(No. of Directorship held in all public companies #	No. of Board Committees Memberships held in all public companies	No. of Board Committees Chairmanships held in all public companies@
Mr. Sushil Gupta	Chairman and Managing Director	Executive Non-Independent	1055706	3	NIL	NIL
Mr. Sandeep Gupta	Jt. Managing Director	Executive Non-Independent	1152968	4	1	NIL
Mr. Manish Gupta	Whole Time Director	Executive Non-Independent	168954	3	NIL	NIL
Mr. Neeraj Bajaj	Director	Non- Executive Independent	NIL	2	3	3
Mr. J. S. Chaudhary	Director	Non- Executive Independent	NIL	1	2	NIL
Mr. J. P. Malhotra	Director	Non- Executive Independent	NIL	1	3	NIL

# including Richa Industries Limited and excluding alternate directorship, Directorships in private and foreign companies.

@ Board Committee for this purpose includes Audit Committee and Shareholders/Investors' Grievance Committee (including Board Committees of Richa Industries Limited).



None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

#### **Directors' Profile**

Brief resume of all the Directors, nature of their expertise in specific functional areas and name of companies in which they hold Directorship and Membership/Chairmanship of Board Committees are provided below:

#### **Sh. Sushil Gupta** (DIN 00035854)

Shri Sushil Gupta, aged 44 years is the Chairman & Managing Director of M/s Richa Industries Limited, having more than 20 years of experience in the industry. He has got wide experience in Information technology, project engineering and textiles. He is associated with the Company since its inception. He has been the driving force behind the Company's evolution. He completed his B.Tech. (Mechanical) from NIT, Kurukshetra in 1986 and M. Tech. from IIT- Delhi in 1988.

He started his career in the year 1988 as CAD Engineer in Axis Cottex Private Limited and worked there for ten months. He served as computer science lecturer for few months in Vaish College (Rohtak) in the year 1989. With the background of business and to continue the family business, he decided to leave the job and put the milestone of the business in the year 1991 in the name of 'Usha Processing Mill'. Later on the business of Usha Processing Mill' was taken over by Richa Knits Ltd in 1993. Since then he is in this business and is known for his technical capabilities in the industry. His far-sightedness and firm commitment enabled our company to achieve the present status. He is In-charge of overall activities of our Company. His core area of focus remains on R&D, cost effectiveness and customer service. His responsibility includes exercising overall control and supervision of various activities of the Company.

He was conferred with Udyog Patra & later on Udyog Vibhushan award for self-made industrialist from Institute of Trade and Industrial Development for his entrepreneurship & contribution to the industry.

#### **Sh. Sandeep Gupta** (DIN 00035751)

Shri Sandeep Gupta aged 31 years is the Joint Managing Director of your Company w.e.f. 29.12.05. He has more than 9 years of experience in the textile and garment industry. He is actively involved in the corporate affairs of your company and looks after the customer relations and marketing aspects. He has done his MBA in marketing from University of Bhartiya Vidyapeeth, Pune, Graduate in Industrial Relations and Personal Management from Delhi University. He also holds a Diploma in Apparel Production Technology from Pearl Institute, Diploma in Sales & Marketing from NIS (National Institute of Sales) and Diploma in Information Technology from C-DAC, Pune. He joined us after completing his Graduation in 2000, he has been groomed under the able guidance of Mr. Sushil Gupta, your Chairman & Managing Director and in the atmosphere of business with the common goal.

Ever since joining the Company, he has assumed responsibilities of activities involved in manufacturing to marketing. Having attained thorough experience of the trade, he is now looking after the Marketing and Finance of the Company.

He was conferred with Outstanding SME Entrepreneur FCCI Excellence Award 2008 presented by Hona'ble Ch. Birender Singh, Minister Finance, Excise & taxation Govt. of Haryana in August, 2008. He has also represented Richa during SME Emerging India Awards at London during 2008.

#### **Sh. Manish Gupta** (DIN 0003582)

Shri Manish Gupta, aged 30 years is the Whole Time Director of your Company w.e.f. 29.12.2005. He joined our company on July 1, 2002. He is in charge of overall working of plant including Knitting, Processing, Dyeing and administration. He is also on the Board of other group Companies.

He has 7 years experience in the line of textile industry. He has done - B.Tech in Textile Chemistry from DKTE, Ichalkaranji, Maharashtra, Shivaji University.

**Sh. Neeraj Bajaj**  
 (DIN 00035778)

Sh. Neeraj Bajaj aged 40 years, has an experience of over 18 years in Accounts and Finance related matters. He is a Qualified Chartered Accountant and is a Fellow Member of The Institute of Chartered Accountants of India. He is an expert in Project Finance. He joined us in December 2005. He is a Non-Executive, Independent Director.

**Sh. J. S. Chaudhary**  
 (DIN 02215168)

Sh. Jagbir Singh Chaudhary aged 48 years, has an experience of over 23 years in the field of polymers, and chemicals. He has done M. Tech. (Chemical Engg.) from IIT Mumbai in 1983 and done Diploma in Paints Technology from UD City Bombay. He is also an MBA Marketing from USA. He started his career as R&D Engineer from Bombay and move to the post of GM, Vice President and CEO. He is an expert in insulating polymer, Chemical and Engineering field. He joined us in May, 2008. he is a Non-Executive, Independent Director.

**Sh. J. P. Malhotra**  
 (DIN 00597704)

Sh. Jai Parkash Malhotra aged 60 years, has an experience of over 39 years in manufacturing industry. He has done - B.E. (Mechanical) from Delhi University. He is an expert in Manufacturing of Valves and related activities. He is awarded with Outstanding Small Scale industry for the State of Haryana by President of India and also awarded by eminent Engineer by Institution of Engineers in 2006. He joined us in June, 2008. He is a Non-Executive, Independent Director.

**Board Procedure**

The Board meets at least once in a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled in advance and the notice of each Board Meeting is given in writing to each Director. All the items on the agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations are made.

The information as specified I Annexure (I) (A) to the Clause 49 of the Listing Agreement is regularly made available to the Board.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed of every Board Meeting, on the overall performance of the Company, with presentations by Business Heads. Senior management is invited to attend the Board Meeting so as to provide additional inputs to the items being discussed by the Board.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutory requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investment, details of joint ventures, sale of business unit/division, compliance with statutory/regulatory requirements, major accounting provisions and write-offs are considered by the Board.

Attendance of each director at the meetings of the Company

The detail of attendance of each director of the Company in Board and Committee meetings held during the financial year 2008-09 is given below:

Name of the Director	Attendance of meetings during 2008-09	
	Board Meetings	Last AGM
Sh. Sushil Gupta	10	Yes
Sh. Sandeep Gupta	9	Yes
Sh. Manish Gupta	10	Yes
Sh. Neeraj Bajaj	9	No
Sh. J. S. Chaudhary	6	No
Sh. J. P. Malhotra	7	Yes

**Number of Board Meetings held and the dates on which held**

Ten Board Meetings were held during the year. The Company has held at least one Board Meeting in every three months and the maximum time gap between any such two meetings was not more than four months. The details of the Board Meetings are as under:

Date	Board Strength	Number of Directors Present
May 14, 2008	6	6
June 16, 2008	6	5
June 30, 2008	6	5
July 19, 2008	6	5
July 30, 2008	6	5
September 1, 2008	6	6
September 16, 2008	6	5
October 15, 2008	6	6
January 30, 2009	6	5
March 24, 2009	6	6

**Agenda and Minutes**

All the departments in the Company communicate to the Company Secretary well in advance with regard to matters requiring approval of the Board/Committees of the Board to enable him to include the same in the agenda for the Board/Committee meeting(s). Agenda papers are generally circulated to the Board members well in advance before the meeting of the Board.

The Company Secretary while preparing the agenda and minutes of the Board/Committee meeting is required to ensure adherence to the applicable provisions of the law including the Companies Act, 1956. The applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) are also being complied by the Company. The draft minutes of the proceeding of each meeting duly initialed by the Chairman of the meeting are circulated to the members for their comments and thereafter, confirmed by the Board/Committee in its next meeting. The Board also takes note of the minutes of the Committee meetings duly approved by their respective Chairman.

All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. The information regularly supplied to the Board inter-alia includes the following:

- ❖ Annual operating plans and budgets and any updates thereon.
- ❖ Capital budgets and updates, if any.
- ❖ Quarterly results for the Company and its operating divisions or business segments.
- ❖ Minutes of meetings of Audit Committee and other committees of the Board.
- ❖ Legal compliances report and certificate.
- ❖ Information on recruitment, resignation and remuneration of senior officers.
- ❖ Show cause, demand, prosecution notices and penalty notices issued against the Company having material impact.
- ❖ Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
- ❖ Any material default in financial obligations to and by the Company, or substantial non-recoveries against sale, if any.
- ❖ Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed structures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implication on the Company, if any.

- ❖ Details of any joint venture or collaboration agreement, if any.
- ❖ Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property, if any.
- ❖ Significant labour problems and their proposed solutions. Any significant development in Human resources/ Industrial Relations front like signing of wage agreement, implementation of voluntary Retirement Scheme etc. if any.
- ❖ Sale of material, nature of investment, subsidiaries, assets, which is not in normal course of business, if any.
- ❖ Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- ❖ Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as delay in share transfer, etc.

**Directorships of board members in other companies as on 31.03.2009**

Name of Director	Name of companies/Firm	Position held/interest
Mr. Sushil Gupta	Richa Infrastructure Ltd.	Director on the Board, Shareholding > 2%
	Richa Building Systems Ltd.	Director on the Board, Shareholding > 2%
	S. N. K. Garments (P) Ltd.	Director on the Board, Shareholding > 2%
	SMS Infotech	Partner
Mr. Sandeep Gupta	CSB Capital Ltd.	Director on the Board, Shareholding > 2%
	Richa Infrastructure Ltd.	Director on the Board, Shareholding > 2%
	Richa Building Systems Ltd.	Director on the Board, Shareholding > 2%
	Richa Clothing (P) Ltd.	Director on the Board, Shareholding > 2%
	Richa Capital (P) Ltd.	Director on the Board, Shareholding > 2%
	S. N. K. Garments (P) Ltd.	Director on the Board, Shareholding > 2%
	Jewel Garments (P) Ltd.	Director on the Board, Shareholding > 2%
	Tusker Fabrics (P) Ltd.	Director on the Board, Shareholding > 2%
SMS Infotech	Partner	
Mr. Manish Gupta	Richa Infrastructure Ltd.	Director on the Board, Shareholding > 2%
	Richa Building Systems Ltd.	Director on the Board, Shareholding > 2%
	Richa Capital (P) Ltd.	Director on the Board
	S. N. K. Garments (P) Ltd.	Director on the Board, Shareholding > 2%
	SMS Infotech	Partner
Mr. Neeraj Bajaj	Gallium Industries Ltd.	Director on the Board (Alternate Director)
	SPM Autocomp Systems (P) Ltd.	Director on the Board
Mr. J. S. Chaudhary	Startech Polymers Industries	Partner
Mr. J. P. Malhotra	Bhartiya Valves (P) Ltd.	Director on the Board, Shareholding > 2%
	Gautam Engineering Works	Partner

**3. Audit Committee**

The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

The terms of reference/powers of the Audit Committee has been specified by the Board of Directors as under:

- A. The Audit Committee shall have the following powers:-
- i. To investigate any activity within its terms of reference.
  - ii. To seek information from any employee.
  - iii. To obtain outside legal or other professional advice.
  - iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.
- B. The role of the audit Committee shall include the following:
- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
  - ii. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.
  - iii. Approval of payment to the statutory auditors for any other services rendered by the Statutory Auditors.
  - iv. Reviewing, with the management, the annual financial statement before submission to the Board for approval, with particular reference to:
    - ❖ Matters required to be included in the Directors' Responsibility statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
    - ❖ Changes, if any in accounting policies and practices and reasons for the same.
    - ❖ Major accounting entries involving estimates based on the exercise of judgment by the management.
    - ❖ Significant adjustments made in the financial statements arising out of audit findings.
    - ❖ Compliance with listing and other legal requirements relation to financial statements.
    - ❖ Disclosure of related party transactions, if any.
    - ❖ Qualifications in the draft Audit Report.
  - v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
  - vi. Reviewing, with the management, performance of Statutory and Internal Auditors and adequacy of the internal control systems.
  - vii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits.
  - viii. Discussion with Internal Auditors regarding any significant findings and follow up thereon.
  - ix. Reviewing the findings of any internal investigation by the Internal Auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - x. Discussion with Statutory Auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
  - xi. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  - xii. To review the functioning of the Whistle Blower mechanism, if and when introduced.
  - xiii. Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and / or other Committee(s) of Directors of the company.

**C. Information for Review:**

- i Management discussion and analysis of financial condition and results of operation.
- ii Statement of significant related party transactions (as may be defined by the audit committee), submitted by management.
- iii Management letters/ letters of internal control weaknesses issued by the Statutory Auditor(s).
- iv Internal audit reports relating to internal control weaknesses.
- v Appointment, removal and terms of remuneration of the Chief Internal Auditor.
- vi Uses / application of funds raised through public issues, rights issues, preferential issues, etc.
- vii Review of uses/ application of funds raised through an issue (public issue, right issue, preferential issue, etc.)

The Audit Committee met 4 times during the year ended under consideration 30.06.2008, 30.07.2008, 15.10.2008 and 30.01.2009. The constitution of Audit Committee and attendance of each member is as given below:

Name of Member	Designation	Category	No. of Meeting attended
Sh. Neeraj Bajaj	Chairman	Non Executive Director	4
Sh. J. P. Malhotra	Member	Non Executive Director	4
Sh. Sandeep Gupta	Member	Executive Director	4

The Company Secretary Shri Gagan Singhal acts as Secretary to the Committee.

Shri Sandeep Gupta, who acts as member of the Audit Committee Meetings was present at the Fourteenth Annual General Meeting of the Company held on September 29, 2008 to answer the shareholders' queries.

**4. Remuneration Committee****Terms of Reference**

- ❖ Reviewing the overall compensation policy, service agreements and other employment conditions of Managing / Whole-time Director(s).
- ❖ Reviewing the performance of the Managing / Whole-time Director and recommending to the Board, the quantum of annual increments and annual commission.

**Composition**

The Remuneration Committee met twice during the year on 30.06.2008 and 30.01.2009. The constitution of the Committee and attendance of each member is as given below:

Name of Member	Designation	Category	No. of Meeting attended
Sh. Neeraj Bajaj	Chairman	Non Executive Director	2
Sh. J. P. Malhotra	Member	Non Executive Director	2
Sh. J. S. Chaudhary	Member	Non Executive Director	2

The Company Secretary Shri Gagan Singhal acts as secretary to the Committee.

The function of the Remuneration Committee includes recommendation of appointment of Whole-time Director(s)/ Managing Director/Joint Managing Director and recommendation to the Board of their remuneration.

**Remuneration Policy**

Payment of remuneration to the Managing Director/Whole-time Director(s) is governed by resolution passed by the Board of Directors and shareholders of the Company, which covers the terms of such appointment and remuneration, read with the service rules of the company. Payment of remuneration to Chairman and Managing Director and Whole-time Director(s) is governed by the respective agreements executed between them and the Company. Remuneration paid to Chairman and Managing Director and Whole-time Director(s) is recommended

by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders at the Annual General Meetings. The remuneration package of Chairman and Managing Director and Whole-time Director(s) comprises of salary, perquisites and allowance, commission and contributions to Provident fund as approved by the shareholders at the Annual General Meeting. Annual increments are linked to performance and are decided by the Remuneration Committee and recommended to the Board for approval thereof.

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent.

There are no separate provisions for payment of severance fees under the resolutions governing the appointment of Chairman and Managing Director and Whole-time Director(s).

Presently, the Company does not have a scheme for grant of stock or performance linked incentives for its Directors.

Name	Salary#	Perquisites	Provident Fund	Total
Sh. Sushil Gupta	Rs. 9,00,000/-	—	—	Rs. 9,00,000/-
Sh. Sandeep Gupta	Rs. 9,00,000/-	—	—	Rs. 9,00,000/-
Sh. Manish Gupta	Rs. 7,20,000/-	—	Rs. 9,360/-	Rs. 7,29,360/-

# excludes provision for gratuity and leave encashment.

#### Equity Shares held by the Directors

Except as stated hereunder, none of the directors, held any shares in the Company as on 31st March, 2009:

NAME OF THE DIRECTOR	NO. OF SHARES HELD
Sh. Sushil Gupta	1055706
Sh. Sandeep Gupta	1152968
Sh. Manish Gupta	168954

#### 5. Shareholders'/ Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee, inter alia, oversees and reviews all matters connected with the investor services in connection with applications received and shares allotted in the Initial Public Offer, status of refund account, conversion of partly paid shares into fully paid shares, rematerialization and dematerialization of shares and transfer of shares of the Company. The Committee monitor performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The Board has delegated the power of approving transfer of securities to the officers of the Company.

Four Committees were held during the year 30.06.2008, 30.07.2008, 15.10.2008 and 30.01.2009. The constitution of the Committee as at 31<sup>st</sup> March, 2009 and attendance of each member is as given below:

Name of Member	Designation	Category	No. of Meeting attended
Sh. Neeraj Bajaj	Chairman	Non Executive Director	4
Sh. J. P. Malhotra	Member	Non Executive Director	4
Sh. J. S. Chaudhary	Member	Non Executive Director	4

#### Compliance Officer

Sh. Gagan Singhal, Company Secretary is the Compliance Officer for complying with the requirements of the Listing Agreement with the Stock Exchanges and requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992.

**Complaints from Investors**

No. of complaints pending at the beginning of the year	: Nil
No. of complaints received by correspondence during the year ended 31.03.2009	: 04
No. of complaints received for Refund Instrument correction during the year	: Nil
No. of complaints received from B.S.E during the year	: Nil
No. of complaints received from SEBI during the year	: 03
No. of complaints resolved / replied during the year	: 07
*No. of Investors complaints pending at the ending of the year 31.03.2009	: Nil

We confirm that No complaints remained unattended / pending for more than 30 days.

\*There were no share transfers pending for registration for more than 15 days as on the said date.

**6. Corporate Governance Manual**

The Board of Directors of the Company approved and adopted a comprehensive Corporate Governance Manual setting out the procedures for effective functioning of the Board and its Committees. It also incorporates the Code of Business Conduct and Ethics for Directors and Senior Management, Code of Ethics for Employee and Policy on Prohibition of Insider Trading. These policies are regularly monitored and reviewed.

**7. Legal Compliance Reporting**

As required under Clause 49 of the Listing agreement, the Board periodically reviews compliances of various laws applicable to the Company.

**8. Annual general body meetings**

The details of last three Annual General Meetings of the Company are given hereunder:

Year	AGM	Date	Time	Venue	Special Resolution passed
2005-06	12 <sup>th</sup> AGM	August 10, 2006	11.00 a.m.	Registered Office: Plot NO. 5, Sector – 7, IMT Manesar, Gurgaon Haryana - 122050	One
2006-07	13 <sup>th</sup> AGM	September 13, 2007	4.00 p.m.	Registered Office : Plot NO. 5, Sector – 7, IMT Manesar, Gurgaon Haryana - 122050	None
2007-08	14 <sup>th</sup> AGM	September 29, 2008	4.00 p.m.	FCCI Center Near Tubewell No.4 Sector-11B, Faridabad Haryana-121006	None

**9. Postal Ballot**

In 2006-2007

One Special Resolution under section 372A and three Ordinary Resolutions under section 293(1)(a) and 293(1)(d) and other applicable provisions of the Companies Act, 1956 were passed through Postal Ballot on 21<sup>st</sup> March, 2007. Detail of the voting pattern was:

Sr. No.	Description of Ballot Papers received	No.
1.	Votes in favour	40
2.	Votes against	NIL
3.	Invalid votes	NIL



Persons who conducted the postal ballot exercise:

Mr. Rajesh Gupta  
 M/s. Ajay Garg & Associates  
 Company Secretaries  
 970, Sector-21D  
 Faridabad  
 Haryana

**In 2008-2009**

Four Special Resolution under section 17(1), 372A, 21, 81(1) & 81(1A) and three Ordinary Resolutions under section 293(1)(a), 293(1)(d) & 94 and other applicable provisions of the Companies Act, 1956 were passed through Postal Ballot on 19<sup>th</sup> July, 2008. Detail of the voting pattern was:

**Resolution 1:** Result of the voting conducted through Postal Ballot on the Special Resolution for modify and make additions to the object clause of the Company.

Particulars	Number
Total number of postal ballot forms received	111 (One Hundred and Eleven)
Number of invalid postal ballot forms received	5 (Five)
Votes in favour of the Resolution	106 (One Hundred and Six)
Votes against the Resolution	NIL

The Resolution has, therefore, been approved by the shareholder with the requisite majority.

**Resolution 2(a):** Result of the voting conducted through Postal Ballot on the Ordinary Resolution for increase in the borrowing powers of the Company.

Particulars	Number
Total number of postal ballot forms received	111 (One Hundred and Eleven)
Number of invalid postal ballot forms received	5 (Five)
Votes in favour of the Resolution	105 (One Hundred and Five)
Votes against the Resolution	1 (One)

The Resolution has, therefore, been approved by the shareholder with the requisite majority.

**Resolution 2(b):** Result of the voting conducted through Postal Ballot on the Ordinary Resolution for charge of mortgage of moveable or immovable property of the Company.

Particulars	Number
Total number of postal ballot forms received	111 (One Hundred and Eleven)
Number of invalid postal ballot forms received	5 (Five)
Votes in favour of the Resolution	103 (One Hundred and Three)
Votes against the Resolution	3 (Three)

The Resolution has, therefore, been approved by the shareholder with the requisite majority.

**Resolution 3:** Result of the voting conducted through Postal Ballot on the Ordinary Resolution for Inter Corporate Loan and investment.

Particulars	Number
Total number of postal ballot forms received	111 (One Hundred and Eleven)
Number of invalid postal ballot forms received	5 (Five)
Votes in favour of the Resolution	104 (One Hundred and Four)
Votes against the Resolution	2 (Two)

The Resolution has, therefore, been approved by the shareholder with the requisite majority.

**Resolution 4:** Result of the voting conducted through Postal Ballot on the Special Resolution for change of name of the Company from "Richa Knits Limited" to "Richa Industries Limited".

Particulars	Number
Total number of postal ballot forms received	111 (One Hundred and Eleven)
Number of invalid postal ballot forms received	5 (Five)
Votes in favour of the Resolution	105 (One Hundred and Five)
Votes against the Resolution	1 (One)

The Resolution has, therefore, been approved by the shareholder with the requisite majority.

**Resolution 5:** Result of the voting conducted through Postal Ballot on the Ordinary Resolution for increase Authorised Capital of the Company.

Particulars	Number
Total number of postal ballot forms received	111 (One Hundred and Eleven)
Number of invalid postal ballot forms received	5 (Five)
Votes in favour of the Resolution	106 (One Hundred and Six)
Votes against the Resolution	NIL

The Resolution has, therefore, been approved by the shareholder with the requisite majority.

**Resolution 6:** Result of the voting conducted through Postal Ballot on the Special Resolution for further issue of capital of the Company.

Particulars	Number
Total number of postal ballot forms received	111 (One Hundred and Eleven)
Number of invalid postal ballot forms received	5 (Five)
Votes in favour of the Resolution	106 (One Hundred and Six)
Votes against the Resolution	NIL

The Resolution has, therefore, been approved by the shareholder with the requisite majority.

Persons who conducted the Postal Ballot exercise:

Mr. Ajay Garg  
 M/s. Ajay Garg & Associates  
 Company Secretaries  
 970, Sector-21D  
 Faridabad (Haryana)

As on date the Company does not have any proposal for Postal Ballot.

***Extraordinary General Meeting***

No Extraordinary General Meeting was held during the year 2008-09.

**10. Subsidiaries:**

The Company has subsidiary named Richa Infrastructures Limited. Due to right issue of share by Richa Infrastructures Limited and disinclination of such offer by Richa Industries Limited, the subject subsidiary has lost its status to be as a subsidiary of Richa Industries Limited. As on date of the accounts, the company does not have any subsidiary company. Hence no consolidated accounts has been prepared.

**11. Disclosure**

- ❖ There are no materially significant related party transactions made by the Company with its Promoters, Directors or management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large. The transactions with related parties as per requirements of Accounting Standard (AS-18) – ‘Related Party Disclosures’ are disclosed in Note No. 7 of Schedule 23 of the Accounts in the Annual Report.
- ❖ In the preparation of the financial statements, the Company has followed the Accounting Standards referred in Section 211(3)(c) of the Companies Act, 1956. The significant accounting policies which are consistently applied are set out in Annexure to Notes to the Accounts.
- ❖ Business risk evaluation and management is an ongoing process within the Company. During the year under review, a detailed exercise on ‘Risk Assessment and Management’ was carried out covering the entire gamut of business operation and the Board was informed of the same.
- ❖ The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no structures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market since the Company be listed.
- ❖ Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

**12. Means of Communication**

- ❖ The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results, the Performa prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective period.
- ❖ The approved financial results are forthwith sent to the listed Stock Exchanges and are published in the leading National English Newspapers namely ‘The Financial Express’. In addition, the same are published in Local language Newspaper namely ‘Jansatta’ (Haryana), with in forty-eight hours of approval thereof. The same are not sent to the shareholders separately.
- ❖ The Company’s financial results and official news releases are displayed on the Company’s website [www.richa.in](http://www.richa.in).
- ❖ No formal presentations were made to the institutional investors and analysis during the year under review.
- ❖ Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

**13. Management 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.

**14. Corporate Ethics**

As a reasonable corporate citizen, the Company consciously follows corporate ethics in both business and corporate interactions. The Company has framed various codes and policies, which act as guiding principles for carrying business in ethical way. Some of our policies are:

- ❖ Code of Conduct for Directors and Senior Management Personnel;
- ❖ Code of conduct for prevention of Insider Trading;
- ❖ Whistle Blower Policy.

#### 15. Compliance status with mandatory and non-mandatory requirements of clause 49 of Listing Agreement

##### Mandatory requirements

The Company has complied with all the mandatory requirement of clause 49 of Listing Agreements entered into with Stock Exchange.

##### Non-Mandatory requirements

Compliance status with non-mandatory requirements is given below:

- a) Chairman of the Company is entitled to seek any advice and consultancy in relation to the performance of his duties and is also entitled to claim reimbursement of the expenses incurred in this regard and other office facilities.
- b) Independent directors of the Company do not have a term exceeding a period of nine years in aggregate on the Board of Company.
- c) The Company has constituted a Remuneration Committee. Relevant details of the Remuneration Committee are provided in separate section in this report.
- d) Presently, Quarterly/half yearly financial performance is not being sent to each household to shareholders.
- e) The Company believes and maintains its Accounts in transparent manner and aims at receiving unqualified report from the Auditors on the financial statement of the Company.
- f) As regards training of Board members, the Directors on the Board are seasoned professionals having wide range of expertise in diverse fields. They keep themselves abreast with the latest developments in the field of Management, Technology and Business Environment through various symposiums, seminars, etc.
- g) The Company has adopted "Whistle Blower Policy". No personnel have been denied access to the Audit Committee.

#### 16. General Shareholder Information

##### Registered Office

VPO Kawnra  
 Old Faridabad to Kheri-Jasana Road  
 Near Lingayas Institute of Mgmt. & Tech.  
 Faridabad-121101  
 Haryana (India)

##### Annual General Meeting

Day, Date, Time	Saturday, 26 <sup>th</sup> Septmber, 2009, 4.00 p.m.
Venue	FCCI Centre, Near Tubewell No. 4, Sector-11B, Faridabad-121006, Haryana (India)

##### Financial Calendar

- ❖ Financial reporting for the quarter ending June 30, 2009 : End July, 2009
- ❖ Financial reporting for the half year ending September 30, 2009 : End October, 2009
- ❖ Financial reporting for the quarter ending December 31, 2009 : End January, 2010
- ❖ Financial reporting for the year ending March 31, 2010 : End April, 2010

##### Book Closure Period

September 21<sup>st</sup>, 2009 to September 25<sup>th</sup>, 2009 (Both days inclusive)

**Dividend**

Your Directors consider it prudent to not to recommend any dividend for the year 2008-09 keeping in view the need of resources for the new plant as well as further expansion plans of the Company.

**Listing of Equity Shares on Stock Exchanges and Payment of Listing Fee**

Bombay Stock Exchange Limited, (BSE)  
P. J. Towers,  
25<sup>th</sup> Floor, Dalal Street,  
Mumbai-400001

**Listing Fees**

Annual Listing Fee for the year 2009-10 has been paid to the Stock Exchange where the equity shares of the Company are listed in the Month of April, 2009 i.e. within the stipulated time.

**Listing of Equity Shares in NSE**

Your Company has filed an application before NSE for listing and trading the equity shares of your Company, and the matter is in progress.

**Stock Code**

Scrip Code – Bombay Stock Exchange – ‘532766’  
ISIN for Equity Shares – INE516H01012

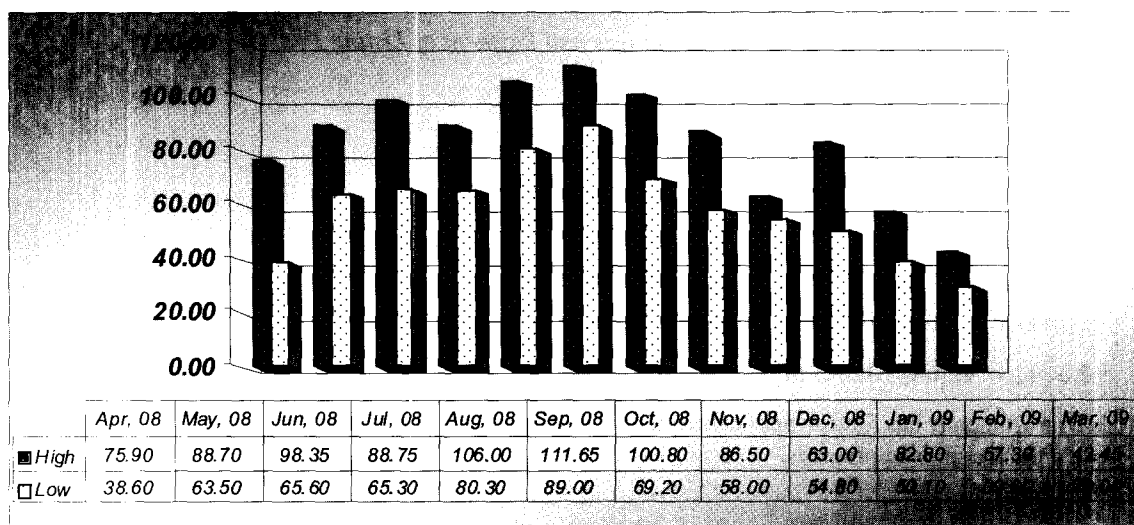
**Stock Market Data**

Monthly high and low prices of equity shares of Richa Industries Limited at the Bombay Stock Exchange Limited (BSE) during the year under review in comparison to BSE (Sensex) are given hereunder:

MONTH	RICHA		SENSEX	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2008	75.90	38.60	17480.74	15297.96
May, 2008	88.70	63.50	17735.70	16196.02
June, 2008	98.35	65.60	16632.72	13405.54
July, 2008	88.70	65.30	15130.09	12514.02
August, 2008	106.00	80.30	15579.78	14002.43
September, 2008	111.65	89.00	15107.01	12153.55
October, 2008	100.80	69.20	13203.86	7697.39
November, 2008	86.50	58.00	10945.41	8316.39
December, 2008	63.00	54.80	10188.54	8467.43
January, 2009	82.80	50.10	10469.72	8631.60
February, 2009	57.30	39.00	9724.87	8619.22
March, 2009	42.45	29.00	10127.09	8047.17

**Stock Performance (Indexed)**

The performance of the Company's Shares during the year is given in the graphical chart below:



**Registrar & Share Transfer Agent**

M/s Link Intime India Private Limited, (Formerly known as Intime Spectrum Registry Limited) Mumbai has been appointed as the Registrar and Share Transfer Agent of the Company for handling the share transfer work both in physical and electronic form. All correspondence relating to share transfer, transmission, dematerialization, rematerialisation etc. can be made at the following address:

**Mumbai Office**

LINK INTIME INDIA PRIVATE LIMITED  
(Formerly known as Intime Spectrum Registry Limited)  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup  
West Mumbai-400 078  
Tel.: 022-2596 3828  
Contact Person – Mr. Ganesh Kumar  
Email: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)

Time: 10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m. (Monday to Friday)

**Delhi Office**

LINK INTIME INDIA PRIVATE LIMITED  
(Formerly known as Intime Spectrum Registry Limited)  
A-40, 2<sup>nd</sup> Floor, Naraina Indl. Area  
Phase-II, Near Batra Banquet Hall,  
New Delhi-110 028  
Tel.: 011-4141 0592, 93, 94  
Contact Person – Mr. Bharat Bhushan  
Email: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

Time: 10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m. (Monday to Friday)

*Share Transfer System*

Shares sent for transfer in physical form is processed and completed by our Registrar and Share Transfer Agents within a period of 15 days from the date of receipt provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. Shares under objection are returned within two weeks.

*Share Transfer System*

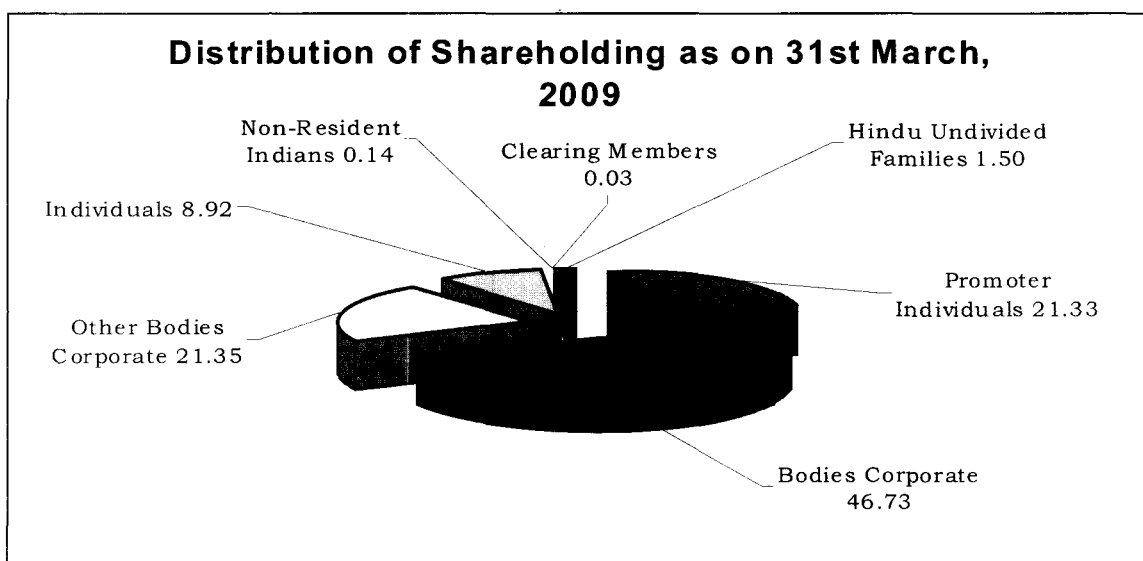
Shareholders can trade in the Company's share only in electronic form. The process for getting the shares dematerialised is as follows:

- ❖ Shareholder submits the shares certificate along with Dematerialisation request Form (DRF) to Depository Participant (DP).
- ❖ DP processes the DRF and generates a unique Dematerialisation Request No.
- ❖ DP forwards DRF and share certificates to Registrar and Share Transfer Agents (RTA).
- ❖ RTA after processing the DRF confirms or rejects the request to Depositories.
- ❖ If confirmed by the RTA, depositories give credit to shareholder in his account maintained with DP.

This process takes approximately 10-15 days from the date of receipt of DRF.

As trading in shares of the Company can be done only in electronic form, it is advisable that the shareholders who have shares in physical form get their shares dematerialised.

*Distribution of Shareholding as on March, 31, 2009*



	CATEGORY	NO. OF SHARE HELD	PERCENTAGE OF SHAREHOLDING
(A)	<b>Shareholding of Promoter and Promoter Group</b>		
1	<b>Indian</b>		
(a)	Individuals/ Hindu Undivided Family	3,611,109	21.33
(b)	Bodies Corporate	7,908,760	46.73
	<b>Sub Total(A)(1)</b>	<b>11,519,869</b>	<b>68.06</b>
2	<b>Foreign</b>		
	<b>Sub Total(A)(2)</b>	<b>....</b>	<b>....</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>11,519,869</b>	<b>68.06</b>
(B)	<b>Public shareholding</b>		
1	<b>Institutions</b>		
	<b>Sub-Total (B)(1)</b>	<b>....</b>	<b>....</b>
2	<b>Non-Institutions</b>		
(a)	Bodies Corporate #	3,614,063	21.35
(b)	Individuals		
I	i. Individual shareholders holding nominal share capital up to Rs 1 lakh*	483,646	2.86
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	1,025,474	6.06
(c)	Any Other		
(c-i)	Non-Resident Indians	23,121	0.14
(c-ii)	Clearing Members	4,992	0.03
(c-iii)	Hindu Undivided Families	254,389	1.50
	<b>Sub-Total (B)(2)</b>	<b>5,405,685</b>	<b>31.94</b>
(B)	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>5,405,685</b>	<b>31.94</b>
	<b>TOTAL (A)+(B)</b>	<b>16,925,554</b>	<b>100.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	....	....
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>16,925,554</b>	<b>100.00</b>

**Note :** 5036 partly paid shares are lying with company which were forfeited on 13.02.2008 due to non payment of allotment money. The Management is considering to issue these shares to the employees of the Company. A Committee has been constituted for the same & decision will be taken on the basis of recommendation of the Committee.

#### Shareholding Pattern by Size

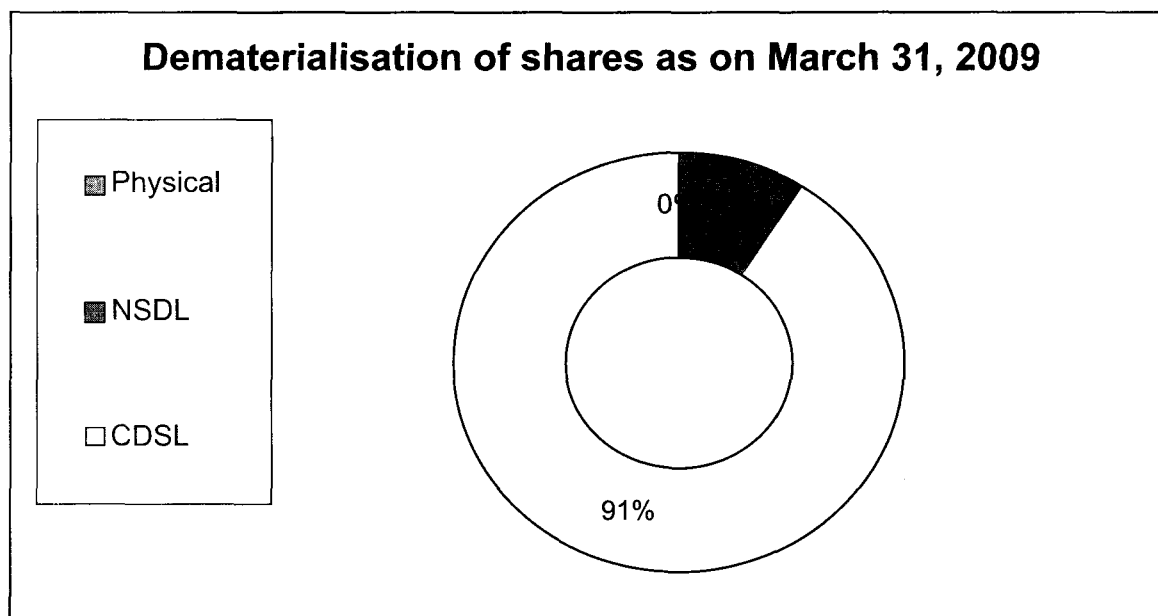
The distribution of shareholding as on 31st March, 2009 is given below:

Shares holding of nominal value of		Share holders		Physical	SHARES AMOUNT		Total	
Rs.	Rs.	Number	% of total	(In Rs.)	NSDL Demat (In Rs.)	CDSL Demat (In Rs.)	(In Rs.)	% to total
Upto	2,500	1044	63.504	650	864410	183780	1048840	0.620
2,501	— 5,000	255	15.511		838160	140290	978450	0.578
5,001	— 10,000	171	10.401		1009640	262220	1271860	0.751
10,001	— 20,000	66	4.015		792710	222770	1015480	0.600
20,001	— 30,000	16	0.973		229560	126850	356410	0.211
30,001	— 40,000	13	0.791		397490	63820	461310	0.273
40,001	— 50,000	3	0.182		140540	0	140540	0.083
50,001	— 1,00,000	12	0.730		637360	302840	940200	0.555
1,00,001 & Above		64	3.893		10555970	152486480	163042450	96.329
<b>** TOTAL **</b>		<b>1644</b>	<b>100</b>	<b>650</b>	<b>15465840</b>	<b>153789050</b>	<b>169255540</b>	<b>100.00</b>



### Dematerialization of Shares and Liquidity

99.99% of the company's paidup capital is in the dematerialized form as on March, 31, 2009.



### Details of share held more than 1 % as on March 31, 2009

Name of shareholder	No. of shares held	% of shareholding
SUSHIL GUPTA	1055706	6.237
GEETA DEVI	275570	1.628
SUBHASH GUPTA	481667	2.846
USHA GUPTA	346498	2.047
SANDEEP GUPTA	1152968	6.812
RICHA CLOTHING PVT. LTD.	1510000	8.921
RICHA CAPITAL PRIVATE LIMITED	2390000	14.121
CSB CAPITAL LIMITED	3721156	21.985
JEWEL GARMENTS PRIVATE LIMITED	287604	1.699
GURU SECURITIES SOLUTIONS PVT LTD	325606	1.923
SUBHLABH GARMENTS PRIVATE LIMITED	173055	1.022
SUNVISION INFOTECH PVT LTD	821919	4.854
AUREOLE SOFTWARES PRIVATE LIMITED	843334	4.981
MARKUP TRADING PRIVATE LIMITED	170720	1.008

### Outstanding GDRs/Warrants and Convertible Instruments

The Company has not issued any GDRs / Warrants or any other instruments, which is convertible into Equity Shares of the Company.

**Nomination**

Shareholders holding shares in physical form and desirous of making nomination in respect of their shareholding in the Company are requested to submit their request to Company in Form 2B.

**Plant Locations**

The company's manufacturing facilities are located at the following locations:

Dyeing and Processing Division	Knitting and Processing Division	PEB Division
Plot No. 4 & 5, Sector-7, IMT Manesar, Gurgaon-122050, Haryana	Village Kawnra, Kheri-Jasana Road, Near Lingayas University, Faridabad, Haryana	8 <sup>th</sup> km Stone, NH 121, Ram Nagar Road, Kashipur, Uttarakhand

**Address for Correspondence**

(a) **Investor Correspondence:** For any query relation to the shares of the Company.

**For Shares held in Physical Form:****Mumbai Office**

Link Intime India Private Limited  
 (Formerly known as Intime Spectrum Registry Limited)  
 C-13, Pannalal Silk Mills Compound  
 L.B.S. Marg, Bhandup  
 West Mumbai-400 078  
 Tel.: 022-2596 3828  
 Contact Person – Mr. Ganesh Kumar  
 Email: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)  
 Website : [www.linkintime.co.in](http://www.linkintime.co.in)  
 Time: 10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m. (Monday to Friday)

**Delhi Office**

Link Intime India Private Limited  
 (Formerly known as Intime Spectrum Registry Limited)  
 A-40, 2<sup>nd</sup> Floor, Naraina Indl. Area  
 Phase-II, Near Batra Banquet Hall,  
 New Delhi-110 028  
 Tel.: 011-4141 0592, 93, 94  
 Contact Person – Mr. Bharat Bhushan  
 Email: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)  
 Time: 10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m. (Monday to Friday)

**For Shares held in Demat Form:**

To the Investors' Depository participant(s) and / or Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited) at the above address

**(b) For grievance redressal and any query on Annual Report**

Secretarial Department  
 Richa Industries Limited  
 VPO Kawnra, Old Faridabad to Kheri Jasana Road  
 Near Lingayas Institute of Management & Technology  
 Faridabad, Haryana-121101  
 Phone No. 91 129 2201132  
 Fax No. 91 129 2201137  
 e-mail ID: [cs@richa.in](mailto:cs@richa.in)  
 Website: [www.richa.in](http://www.richa.in)

**17. Compliance Certificate of the Auditors**

The Statutory auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange and the same is annexed to the Directors' Report and Management Discussion and Analysis.

The Certificate from the Statutory Auditors will be sent to the Listed Stock Exchange alongwith the Annual Report of the Company.

**18. Secretarial Audit for reconciliation of capital**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried every quarter and the report thereon is submitted to the Listed Stock Exchange. The audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

**19. Observance of the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI)**

The Institute of Company Secretaries of India (ICSI) has issued Secretarial Standards on important aspects like Board Meetings, General meetings, Maintenance of Registers and Records, Minutes of meetings and transmission of Shares, etc. though these standards are recommendatory in nature, the company adheres to the standards voluntarily.

**Declaration of the Chairman & Managing Director and Joint Managing Director**

We, Sushil Gupta, Chairman & Managing Director and Sandeep Gupta, Joint Managing Director of Richa Industries Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account and all its schedules and notes to accounts, as well as the Cash Flow Statements and the Directors' Report;
2. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
3. Based on our knowledge and information, these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the company during the year which is fraudulent, illegal or violative of the company's code of conduct;
5. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Further we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify these deficiencies;
6. We have indicated to the Company's Auditors and the Audit committee significant changes in internal control over financial reporting during the year and significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.

**Sushil Gupta**  
Chairman and Managing Director

**Sandeep Gupta**  
Jt. Managing Director

Place: Faridabad  
Date: July 31, 2009

# **CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
Richa Industries Limited  
(formerly Richa Knits Limited)

We have examined the compliance of conditions of Corporate Governance by Richa Industries Limited (formerly Richa Knits Limited), for the year ended on 31<sup>st</sup> March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of Management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the requirements & conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Tayal & Co**  
Chartered Accountants

Faridabad  
Date : 11-06-2009

**(R.A. Gupta)**  
**Partner**  
Membership No 080997

## **MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION**

We have reviewed the financial statements and cash flow statement for the year 2008-09 and to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
2. These statement together present a true & fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year, which is fraudulent, illegal or in violation to the Company's Code of Conduct.
4. We accept the responsibility to establishing and maintaining Internal Controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal control, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies;
5. We further certify that :
  - a) There have been no significant changes in internal control during the year;
  - b) There have been no significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - c) There have been no instances of significant fraud of which we have become aware, involving management or any employee having a significant role in the Company's internal control system.

Place: Faridabad  
Date: June 11, 2009

**CA Manju Mangla**  
Sr. Manager

**Sushil Gupta**  
Managing Director

## **COMPLIANCE WITH CODE OF CONDUCT**

The Company has adopted "Code of Conduct for Directors and Senior Management Personnel" which is available on the Company's website i.e. [www.richa.in](http://www.richa.in).

It is hereby affirmed that during the year 2008-09, all the Directors and Senior Managerial Personnel have complied with the Code of Conduct and have given a combination in this regard.

Place: Faridabad  
Date: June 11, 2009

**Gagan Singhal**  
Company Secretary

**Sushil Gupta**  
Managing Director

## Auditors' Report

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To the Members of  
Richa Industries Limited  
(formerly Richa Knits Limited)

1. We have audited the attached Balance Sheet of Richa Industries Limited (formerly Richa Knits Ltd) as at March 31, 2009 and the Profit & Loss Account and also the Cash Flow Statement for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards Generally Accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of Sub Section (4A) of Section of the Companies Act, 1956. We enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in Annexure referred to in paragraph (3) above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956;
  - e) On the basis of written representation received from the Directors, as on 31<sup>st</sup> March 2009 and taken on records by the Board of Directors, we report that none of the Director is disqualified as on 31<sup>st</sup> March 2009 from the being appointed as directors in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and notes thereon give the information required by the Companies Act 1956, in the manner so required and true and fair view in conformity with the accounting principal generally accepted in India;
    1. in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
    2. in the case of Profit & Loss Account, of the profit for the year ended on the date; and
    3. in the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

For Tayal & Co  
Chartered Accountants

(R.A. Gupta)  
Partner  
Membership No 080997

Faridabad  
Date : 11-06-2009

## Annexure to Auditors' Report

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The annexure referred to in the Auditors' Report to the members of Richa Industries Limited (Formerly Richa Knits Limited) (the Company) for the year ended 31<sup>st</sup> March 2009, we report that:

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) As explained to us, the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification;
  - (c) No substantial part of fixed assets has been disposed during the year;
- (ii) In respect of Inventories
  - (a) The inventory has been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable;
  - (b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
  - (c) The Company is maintaining proper records of inventory. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the books records;
- (iii)
  - (a) The company has not granted any loan, secured or unsecured to Companies, firms or other parties covered in the register maintained under Sec 301 of the Act. Accordingly Clause 3(b), 3(c) and 3(d) of the Companies (Auditors' Report ) Order, 2003 are not applicable to the Company;
  - (b) The Company has taken unsecured loan from company, firms, parties covered in register maintained under section 301 of the Act. The number of parties is one and amount involved is Rs. 926 Lac. The Company has not taken any secured loan from company, firms, parties covered in register maintained under section 301 of the Act;
  - (c) Rate of interest is Nil and other terms and conditions of loans taken by the company, secured or unsecured, are not prima facie prejudicial to the interest of the company; and
  - (d) Repayment of principal amount is not yet started ;
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any weaknesses in internal controls;
- (v)
  - (a) In respect of contracts or arrangements referred to in Section 301 of the Act all particulars have been entered in the register required to be maintained under that section; and
  - (b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to RS 500000/- (Rupees Five Lac Only) or more in respect of each party;
- (vi) The Company has not accepted any deposits from public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Orders are not applicable to the Company;
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business;
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the manufacturing activities of the Company;

- (ix) In respect of statutory dues:
- (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Service Tax and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date of becoming payable;
- (b) As per the records of the Company, the Company has no disputed dues of Sales Tax/ Income Tax/ Custom Duty/Excise Duty/Education Cess / Service Tax / Wealth Tax as on 31-03-2009;
- (x) The Company does not have accumulated losses as at the end of financial year. The Company has not incurred any cash losses in the financial year covered by the audit and in the immediately preceding financial year;
- (xi) The Company has not defaulted in repayment of dues to any financial institution or bank or debentures holder as on the Balance Sheet date;
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities;
- (xiii) In our opinion, the company is not a chit fund / nidhi / mutual benefit fund / societies. Therefore, the provisions of clause (xiii) of paragraph 4 of the Orders are not applicable to the Company;
- (xiv) The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures, and other investments have been held by the Company in its own name;
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions during the year;
- (xvi) In our opinion and according to information and explanations given to us, term loans had been applied for the purpose for which the loans were obtained;
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investments;
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of Act;
- (xix) The Company has not issued any debentures;
- (xx) The Company has not raised any money by way of public issue during the year under audit;
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

**For Tayal & Co**  
Chartered Accountants

**(R.A. Gupta)**  
**Partner**  
Membership No 080997

Faridabad  
Date : 11-06-2009



## Balance Sheet

(Amount in Rs.)			
PARTICULARS	Schedule No.	Current Year 31 March, 09	Previous Year 31 March, 08
<b>I. SOURCES OF FUNDS</b>			
<i>(1) Share Holder's Fund</i>			
(a) Share Capital	1	170,124,580.00	170,124,580.00
(b) Reserve & Surplus	2	438,384,994.65	355,201,116.03
(c) Deferred Tax		57,300,193.00	40,600,193.00
		<u>665,809,767.65</u>	<u>565,925,889.03</u>
<i>(2) Loan Funds</i>			
(a) Secured Loans	3	1,103,690,080.88	862,278,136.07
(b) Un- Secured Loans	4	92,600,000.00	-
		<u>1,196,290,080.88</u>	<u>862,278,136.07</u>
<b>Total</b>		<u>1,862,099,848.53</u>	<u>1,428,204,025.10</u>
<b>II APPLICATION OF FUNDS</b>			
<i>(1) Fixed Assets</i>			
(a) Gross Block	5	936,042,139.80	853,539,924.70
(b) Less Depreciation		93,000,069.66	56,562,182.88
(c) Net Block		843,042,070.14	796,977,741.82
(d) Capital Work in Progress		292,719,308.51	18,755,211.00
		<u>1,135,761,378.65</u>	<u>815,732,952.82</u>
<i>(2) Investments</i>			
	6	7,200,000.00	9,200,000.00
<i>(3) Current Assets, Loans &amp; Advances</i>			
(a) Inventories	7	497,727,399.27	486,143,868.06
(b) Sundry Debtors	8	325,239,012.08	242,645,314.17
(c) Cash & Bank Balances	9	7,690,889.01	7,323,106.07
(d) Loans & Advances	10	44,936,589.26	74,952,147.16
<b>Total (A)</b>		<u>875,593,889.62</u>	<u>811,064,435.46</u>
<i>Less Current Liabilities &amp; Provisions</i>			
(a) Sundry Creditors	11	133,195,077.10	190,274,680.92
(b) Current Liabilities	12	10,830,442.64	7,621,164.26
(c) Provision for Taxation		13,000,000.00	10,350,000.00
<b>Total (B)</b>		<u>157,025,519.74</u>	<u>208,245,845.18</u>
		<u>718,568,369.88</u>	<u>602,818,590.28</u>
<i>(4) Miscellaneous Expenditure</i>			
(To extent not written off or adjusted)	13	570,100.00	452,482.00
		<u>1,862,099,848.53</u>	<u>1,428,204,025.10</u>

Significant accounting policies & notes on accounts. (as per Schedule 23)  
As per separate Report of even date attached

for Tayal & Co  
Chartered Accountants

(R A Gupta)  
Partner  
M No 080997

Gagan Singhal  
Company Secretary

Sandeep Gupta  
Jt Managing  
Director

for and on the behalf of the Board of  
Directors of Richa Industries Limited

Sushil Gupta  
Chairman cum  
Managing Director

Place :- Faridabad  
Date : 11.06.2009

**Profit & Loss Account**

(Amount in Rs.)

PARTICULARS	Schedule No.	Current Year 31 March, 09	Previous Year 31 March, 08
<b>INCOME</b>			
Gross Sales	14	1,474,943,937.77	975,580,422.02
Other Income	15	13,273,029.42	25,145,079.93
Increase/(Decrease) in Stocks	22	(44,465,715.99)	30,066,367.79
<b>TOTAL</b>		<b>1,443,751,251.20</b>	<b>1,030,791,869.74</b>
<b>EXPENDITURE</b>			
Raw Material Consumed	16	1,065,557,191.23	746,722,406.68
Manufacturing Expenses	17	50,186,359.27	43,630,971.84
Staff Expenses	18	37,798,671.00	40,582,016.68
Administrative & Other Expenses	19	21,405,767.81	17,231,667.25
Selling & Distribution Expenses	20	11,753,922.89	4,485,938.22
Financial Expenses	21	105,470,852.27	53,370,821.72
Depreciation	5	39,293,572.11	29,445,198.22
		<b>1,331,466,336.58</b>	<b>935,469,020.61</b>
<b>Profit Before Tax</b>		<b>112,284,914.62</b>	<b>95,322,849.13</b>
<b>LESS :</b>			
Provision for Taxation - Current Year		12,700,000.00	10,000,000.00
Provision for FBT		300,000.00	350,000.00
Fringe Benefit Tax		-	372,429.00
Provision for Taxation - Deferred		16,700,000.00	11,000,000.00
Income Tax/ Wealth tax		1,694,536.00	1,293,579.63
<b>Profit After Tax</b>		<b>80,890,378.62</b>	<b>72,306,840.50</b>
Balance Brought Forward from Last Year		<b>72,306,840.50</b>	<b>30,662,165.61</b>

Significant accounting policies & notes on accounts. (as per Schedule 23)  
 As per separate Report of even date attached

for **Tayal & Co**  
 Chartered Accountants

for and on the behalf of the Board of  
 Directors of Richa Industries Limited

(R A Gupta)  
 Partner  
 M No 080997

**Gagan Singhal**  
 Company Secretary

**Sandeep Gupta**  
 Jt Managing  
 Director

**Sushil Gupta**  
 Chairman cum  
 Managing Director

Place :- Faridabad  
 Date : 11.06.2009

**Schedules forming part of the Balance Sheet**

(Amount in Rs.)		
Schedule annexed to & forming part of Balance Sheet	Current Year 31 March, 09	Previous Year 31 March, 08
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
	300,000,000.00	200,000,000.00
Authorized	=====	=====
Issued, Subscribed and paid up		
Equity Share Capital	169,255,540.00	169,255,540.00
{16925554 (16925554) Eq. shares of 10/- each fully paid up}		
(Out of which 2188681 Equity Shares issued as Bonus Shares without consideration in cash & 8826192(8826192) Equity Shares of Rs. 10/ each issued at a premium of Rs 20/- each fully paidup)		
Share Allotment Money Forfeiture		
(173808 Equity Shares @ RS 5/- each forfeited)	<u>869,040.00</u>	<u>869,040.00</u>
	<u>170,124,580.00</u>	<u>170,124,580.00</u>
 <b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SUPLUSES</b>		
<i>(A) Capital Reserves</i>		
Opening Balance	44,632,480.00	8,470,480.00
Addition during the year	2,507,500.00	36,162,000.00
Written Back during the year	214,000.00	-
	<u>46,925,980.00</u>	<u>44,632,480.00</u>
<b>(A)</b>		
<i>(B) Reserves &amp; Surpluses</i>		
Opening Balance	164,579,469.99	92,272,629.49
Addition during the year	80,890,378.62	72,306,840.50
	<u>245,469,848.61</u>	<u>164,579,469.99</u>
<b>(B)</b>		
<i>(C) Security Premium Account</i>		
Opening Balance	145,989,166.04	145,041,826.04
Addition during the year	-	947,340.00
	<u>145,989,166.04</u>	<u>145,989,166.04</u>
<b>(C)</b>		
<b>(A)+(B)+(C)</b>	<u>438,384,994.65</u>	<u>355,201,116.03</u>

(Amount in Rs.)

Schedule annexed to & forming part of Balance Sheet	Current Year 31 March, 09	Previous Year 31 March, 08
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<i>Loans &amp; Advances from Banks</i>		
1. Term Loan	560,675,261.00	382,867,321.00
2. FCL(Demand Loan)	-	94,999,996.00
3. WCFC (Demand Loan)	-	121,600,000.00
4. Working Capital Limits	542,207,828.88	249,100,829.07
5. Packing Credit	-	7,404,557.00
6. Foreign Bill Purchase	-	6,015,467.00
7. Bills payable under LC	806,991.00	218,117.00
(The above loans are secured with Indian Overseas Bank & State Bank of India against following Securities: Primary-Hypothecation of present and future stocks, Plant & Machinery, Land & Building and book debts. Collateral : Equitable Mortgage of factory Land & Building of Plot 4-5, Sec-7, Manesar (Gurgaon), VPO -Kawnra Faridabad, 8th KM Stone, Kashipur, Utranchal & Personal Guarantees of Sh. Sushil Gupta, Sh Sandeep Gupta, Sh. Manish Gupta		
8. Loan against Specific Assets (Secured against hypothecation of Specific Assets)	0.00	71,849.00
	<u>1,103,690,080.88</u>	<u>862,278,136.07</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
<i>Loans from Associate Companies</i>		
Richa Building Systems Ltd	<u>92,600,000.00</u>	<u>0.00</u>
	<u>92,600,000.00</u>	<u>-</u>
<b>SCHEDULE - 6</b>		
<b>INVESTMENT- Long Term</b>		
<b>Unquoted, at Cost Price</b>		
Share with Moksh Leisure Entertainment Pvt Ltd	-	2,000,000.00
Share with Richa Infrastructures Ltd.	<u>7,200,000.00</u>	<u>7,200,000.00</u>
	<u>7,200,000.00</u>	<u>9,200,000.00</u>

Annual Report 2008-2009



SCHEDULE - 5  
FIXED ASSETS

Sr. No	Particulars	Cost as on	Additions		Subtraction		Total Cost as	Dep. Upto	Depreciation	Depreciation	Toal Dep.	W.D.V. as	W.D.V. as
		01.04.08	Purchase	Transfer	Sale	Transfer	31.03.09	31.03.2008	for the year	W/ Back	31.03.09	31.03.09	31.03.2008
1	Land	45,539,304.50	95,500.00	-	229,220.00	-	45,405,584.50	-	-	-	-	45,405,584.50	45,539,304.50
2	Building	116,030,351.66	2,038,176.00	-	207,824.40	-	117,860,703.26	5,986,440.35	3,923,139.83	6,941.33	9,902,638.85	107,958,064.41	110,043,911.31
3	Plant & Machinery	662,286,675.27	88,843,888.00	13,806,450.00	8,618,846.00	13,806,450.00	742,511,717.27	44,250,210.28	32,700,729.19	1,730,142.00	75,220,797.47	667,290,919.80	618,036,464.99
4	Vehicles	8,979,758.00	1,509,210.00	-	2,170,937.00	-	8,318,031.00	2,415,901.59	783,110.63	1,108,467.00	2,090,545.22	6,227,485.78	6,563,856.41
5	Office Equipment	7,038,393.39	850,269.50	10,000.00	-	11,050.00	7,887,612.89	759,733.34	358,894.16	-	1,118,627.50	6,768,985.39	6,278,660.06
6	Furniture & Fixture	6,194,461.93	70,000.00	210,835.00	-	209,785.00	6,265,511.93	702,658.83	384,550.50	-	1,087,209.33	5,178,302.60	5,491,803.10
7	Computer/CC TV	6,778,049.95	354,236.00	320,740.43	51,987.00	320,740.43	7,080,298.95	2,192,446.81	1,118,441.26	10,135.00	3,300,753.07	3,779,545.88	4,585,603.14
8	Fax/EPABX/Telephone	513,119.00	19,750.00	3,000.00	-	3,000.00	532,869.00	74,980.69	24,706.54	-	99,687.23	433,181.77	438,138.31
9	Temporary Structure	179,811.00	-	-	-	-	179,811.00	179,811.00	-	-	179,811.00	-	-
		<b>853,539,924.70</b>	<b>93,781,029.50</b>	<b>14,351,025.43</b>	<b>11,278,814.40</b>	<b>14,351,025.43</b>	<b>936,042,139.80</b>	<b>56,562,182.89</b>	<b>39,293,572.10</b>	<b>2,855,685.33</b>	<b>93,000,069.66</b>	<b>843,042,070.14</b>	<b>796,977,741.82</b>
	Previous Year	527,125,291.81	381,032,228.39	33,379,600.66	54,617,595.50	33,379,600.66	853,539,924.70	38,600,909.38	29,445,198.22	11,483,924.72	56,562,182.88	796,977,741.82	-

43

for **Tayal & Co**  
Chartered Accountants

**(R A Gupta)**  
Partner  
M No 080997

**Gagan Singhal**  
Company Secretary

**Sandeep Gupta**  
Jt Managing  
Director

for and on the behalf of the Board of  
Directors of Richa Industries Limited

**Sushil Gupta**  
Chairman cum  
Managing Director

Place :- Faridabad  
Date : 11.06.2009

(Amount in Rs.)

Schedule annexed to & forming part of Balance Sheet	Current Year 31 March, 09	Previous Year 31 March, 08
<b>SCHEDULE - 7 INVENTORIES</b>		
Raw Materials	449,833,568.31	393,784,321.11
Consumables	1,912,502.11	2,584,516.95
Finished Goods	10,985,297.68	6,085,334.00
Work in Progress	34,996,031.17	83,689,696.00
(Cost or net realizable value whichever is lower Verified Physically as to quantity & Value by management)		
	<b>497,727,399.27</b>	<b>486,143,868.06</b>
<b>SCHEDULE - 8 SUNDRY DEBTORS</b>		
(Unsecured and considered good)		
Less than Six Months	317,693,358.04	237,114,808.28
Others	7,545,654.04	5,530,505.89
	<b>325,239,012.08</b>	<b>242,645,314.17</b>
<b>SCHEDULE - 9 CASH &amp; BANK BALANCES</b>		
(Bank Balance with Scheuled Banks)		
Fixed Deposit A/c	6,677,957.00	3,146,889.00
(Pledged against Bank Guarantees)		
Current Accounts	148,530.37	3,264,036.43
Cash In Hand	864,401.64	912,180.64
	<b>7,690,889.01</b>	<b>7,323,106.07</b>
<b>SCHEDULE - 10 LOANS &amp; ADVANCES</b>		
(Recoverable in cash or in kind for the value received)		
Balance in CENVAT/Service Tax Account	4,064,083.81	2,535,131.30
Duty Drawback/DEPB Receivable	1,356,702.00	1,757,223.00
TUFS(Capital) Subsidy Receivable	2,507,500.00	36,162,000.00
Other Advance	617,000.00	151,375.00
Advances to Suppliers	3,985,350.27	1,811,897.45
Security Deposits	3,647,341.00	4,923,102.00
TDS/Provision of TDS	6,607,873.76	4,297,053.69
EMD with AEPC	460,461.00	460,461.00
Sales Tax Receivable (Input Tax)	193,417.42	755,261.72
Insurance Claim Receivable	322,901.00	322,901.00
Prepaid Expenses	1,205,082.00	1,423,182.00
TUFS(Interest) Subsidy Receivable	19,922,797.00	20,069,309.00
Advance FBT (2008-2009)	-	283,250.00
I Tax /FBT Refundable 2008-09	46,080.00	-
	<b>44,936,589.26</b>	<b>74,952,147.16</b>

(Amount in Rs.)

Schedule annexed to & forming part of Balance Sheet	Current Year 31 March, 09	Previous Year 31 March, 08
<b>SCHEDULE - 11</b>		
<b>SUNDRY CREDITORS</b>		
Creditors for Trade	125,339,983.32	136,604,812.79
Creditors for Capital Goods	5,382,609.78	2,296,019.12
Creditors for Expenses	2,472,484.00	51,373,849.01
(SSI Balance overdue more than 30 days from Credit Term = NIL)	-	-
	<u>133,195,077.10</u>	<u>190,274,680.92</u>
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITIES</b>		
Advances from Customers	2,056,172.26	432,085.40
Other Liabilities	39,550.00	-
Duties & Taxes Payable	798,685.38	463,879.00
Expenses Payable	7,003,838.00	5,154,413.86
Provision for Gratuity/Leave Encashment	932,197.00	1,570,786.00
	<u>10,830,442.64</u>	<u>7,621,164.26</u>
<b>SCHEDULE - 13</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
<i>Pre-operative Expenses</i>		
Opening Balance	452,482.00	734,863.00
Add : Addition during the year	500,000.00	-
Less : Written Off during the year	382,382.00	282,381.00
<b>CLOSING BALANCE</b>	<u>570,100.00</u>	<u>452,482.00</u>
<b>SCHEDULE - 14</b>		
<b>GROSS SALES</b>		
Sales	1,176,976,288.97	791,204,483.65
Jobwork	273,129,921.40	123,046,707.11
Exports	24,837,727.40	61,329,231.26
	<u>1,474,943,937.77</u>	<u>975,580,422.02</u>
<b>SCHEDULE - 15</b>		
<b>OTHER INCOME</b>		
Discount Received	666,308.00	2,198.00
Duty Drawback/DEPB	2,485,904.00	5,810,648.00
Interest Received - Alloment money	-	61,712.95
Interest Received	423,062.38	2,898,787.78
Interest received others	6,192,244.00	-
Interest on FDR	300,879.00	278,153.00
Rental Income	-	240,000.00
Bad debts Recoveries account	386,102.20	-
Misc. Receipts	83,955.91	5,300.60
Foreign Exchange Fluctuation (Net)	-	852,102.09
Profit on sale of Fixed Assets	2,538,437.93	3,173,631.51
Commission Received	196,136.00	11,822,546.00
	<u>13,273,029.42</u>	<u>25,145,079.93</u>

(Amount in Rs.)

Schedule annexed to & forming part of Balance Sheet	Current Year 31 March, 09	Previous Year 31 March, 08
<b>SCHEDULE - 16</b>		
<b>RAW MATERIAL CONSUMED</b>		
<i><b>DYES &amp; CHEMICALS</b></i>		
Opening Stock	7,187,060.74	2,982,630.33
Add : Purchases during the year	96,005,527.59	65,062,088.81
	<u>103,192,588.33</u>	<u>68,044,719.14</u>
Less Closing Stock	7,916,437.51	7,187,060.74
Consumed	<u>95,276,150.82</u>	<u>60,857,658.40</u>
<i><b>PACKING MATERIAL</b></i>		
Opening Stock	134,128.93	109,667.79
Add : Purchases during the year	3,814,687.92	4,251,894.50
	<u>3,948,816.85</u>	<u>4,361,562.29</u>
Less Closing Stock	370,760.41	134,128.93
Consumed	<u>3,578,056.44</u>	<u>4,227,433.36</u>
<i><b>FUEL</b></i>		
Opening Stock	1,715,758.10	846,662.96
Add : Purchases during the year	34,702,642.76	24,190,793.02
	<u>36,418,400.86</u>	<u>25,037,455.98</u>
Less Closing Stock	2,387,069.46	1,715,758.10
Consumed	<u>34,031,331.40</u>	<u>23,321,697.88</u>
<i><b>FABRIC</b></i>		
Opening Stock	379,437,981.37	108,249,357.46
Add : Purchases during the year	847,160,856.33	817,958,314.45
	<u>1,226,598,837.70</u>	<u>926,207,671.91</u>
Less Closing Stock	402,775,075.64	379,437,981.37
Consumed	<u>823,823,762.06</u>	<u>546,769,690.54</u>
<i><b>YARN</b></i>		
Opening Stock	5,257,196.97	9,664,697.12
Add : Purchases during the year	137,952,897.30	100,731,709.00
	<u>143,210,094.27</u>	<u>110,396,406.12</u>
Less Closing Stock	35,967,668.52	5,257,196.97
Consumed	<u>107,242,425.75</u>	<u>105,139,209.15</u>
<i><b>ACCESSORIES</b></i>		
Opening Stock	52,195.00	315,794.15
Add : Purchases during the year	1,670,919.53	5,296,137.55
	<u>1,723,114.53</u>	<u>5,611,931.70</u>
Less Closing Stock	416,556.77	52,195.00
Consumed	<u>1,306,557.76</u>	<u>5,559,736.70</u>
Cartage/Freight & Octroi	298,907.00	846,980.65
<b>TOTAL CONSUMPTION</b>	<b>1,065,557,191.23</b>	<b>746,722,406.68</b>



(Amount in Rs.)

Schedule annexed to & forming part of Balance Sheet	Current Year 31 March, 09	Previous Year 31 March, 08
<b>SCHEDULE - 17</b>		
<b>MANUFACTURING EXPENSES</b>		
Knitting, Brushing, Stitching Etc	12,548,583.31	12,316,953.46
Power & Electricity	27,437,365.89	22,576,879.60
Water & Sewarage Charges	376,732.00	406,644.00
Consumable Stores/sampling	1,154,767.71	3,193,026.89
Repair & Maintenance - Mach	8,668,910.36	5,137,467.89
	<b>50,186,359.27</b>	<b>43,630,971.84</b>
<b>SCHEDULE - 18</b>		
<b>STAFF EXPENSES</b>		
Salary, Wages & Bonus	33,761,172.00	35,387,183.00
Workman & Staff Welfare	1,032,533.00	1,512,135.68
Contribution & Other Benefits	1,551,268.00	2,111,912.00
Gratuity & Leave Encashment-Provision	1,453,698.00	1,570,786.00
	<b>37,798,671.00</b>	<b>40,582,016.68</b>
<b>SCHEDULE - 19</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Auditors Remuneration	300,000.00	337,080.00
Auditors Out of Pocket Expenses	3,400.00	13,170.00
Books & Preodicals	12,689.00	21,308.00
Charity & Donation	539,540.00	97,800.00
Claims & Compensations	-	1,113,000.00
Cleaing & Sanitation	37,990.00	265,171.36
Directors Remuneration & Commission	2,520,000.00	2,880,000.00
Directors' Travelling & Conveyance	477,109.55	1,203,100.08
Diwali Expenses	283,979.00	138,736.00
General Expenses	65,830.00	105,547.00
Insurance Others	2,070,575.40	2,026,156.10
Insurance on Cars	88,074.00	114,293.00
Legal & Professional Charges	5,054,273.00	1,278,555.78
Meeting Expenses	62,926.00	33,524.00
Postage Expenses	419,957.69	400,606.60
Pre-operative Expenses W/off	382,382.00	282,381.00
Printing & Stationery Expenses	1,260,827.07	1,156,538.97
Rates & Taxes	485,111.00	428,084.00
Rent Paid	232,200.00	232,200.00
Forex gain/loss	45,743.98	-
Repair & Maintenance - Building	953,438.96	191,044.99
Repair & Maintenance - Computer/Others	627,829.00	401,716.80
Repair & Maintenance - Electricals	247,725.05	47,402.71
Repair & Maintenance - Vehicle Commercial	1,561,729.17	1,052,559.71
Repair & Maintenance - Vehicle-Others	620,834.00	286,857.40
Repair & Maintenance - Furniture	-	59,625.00
Short & Excess-Net	-	931.28
Watch/Ward/Security Expenses	678,591.00	-
Subscription Fee	27,091.00	522,348.47
Telephone, Modem & Internet Expenses	493,132.10	490,475.45
Testing Charges	127,112.83	260,411.55
Travelling & Conveyance Expenses	1,606,092.76	1,564,299.00
Office Maintenance Expenses	119,584.25	226,743.00
	<b>21,405,767.81</b>	<b>17,231,667.25</b>

(Amount in Rs.)

Schedule annexed to & forming part of Balance Sheet	Current Year 31 March, 09	Previous Year 31 March, 08
<b>SCHEDULE - 20</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Sales Promotion Expenses	43,398.00	213,134.26
Freight paid on Sales	625,452.45	296,851.39
Advertisement Expenses	60,000.00	10,000.00
Commission on Sales	-	889,000.51
Export Freight & Clearance Charges	1,459,400.88	2,144,116.74
Bad Debts	9,565,671.56	932,835.32
	<u>11,753,922.89</u>	<u>4,485,938.22</u>
<b>SCHEDULE - 21</b>		
<b>FINANCIAL EXPENSES</b>		
<i>(A) Interest Paid</i>		
Interest on Bank Loans	100,651,001.00	47,644,784.61
Interest on Vehicle Loans	2,903.00	13,451.00
Interest on Other Accounts	149,731.00	260,760.10
	<u>100,803,635.00</u>	<u>47,918,995.71</u>
<i>(B) Bank Charges</i>	4,667,217.27	5,451,826.01
<b>GRAND TOTAL (A)+(B)</b>	<u>105,470,852.27</u>	<u>53,370,821.72</u>
<b>SCHEDULE - 22</b>		
<b>INCREASE/DECREASE IN WIP/FINISHED GOODS</b>		
<i>Closing Stocks</i>		
WIP	34,996,031.17	83,689,696.00
Consumable Store	1,912,502.11	2,584,516.95
Finished Goods	10,985,297.68	6,085,334.00
Repairs & Maintenance	-	-
	<u>47,893,830.96</u>	<u>92,359,546.95</u>
<i>Opening Stocks</i>		
WIP	83,689,696.00	56,023,689.70
Consumable Stores	2,584,516.95	4,289,958.99
Finished Goods	6,085,334.00	1,979,530.47
	<u>92,359,546.95</u>	<u>62,293,179.16</u>
<b>INCREASE/DECREASE IN WIP/FINISHED GOODS</b>	<b>(44,465,715.99)</b>	<b>30,066,367.79</b>

**SCHEDULE 23**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**(A) SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Preparation of Financial Statements**

The Financial Statements are prepared in accordance with Indian Generally Accepted Accounting Principals (“GAAP”) under the historical cost convention on accrual basis. GAAP Comprises Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2007, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied, unless otherwise stated, on going concern basis.

The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis, unless otherwise stated otherwise.

**2. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**3. Fixed Assets and Capital Work in Progress**

Fixed Assets are stated at cost net of CENVAT/Value Added Tax less accumulated depreciation. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized. Capital work in progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the Balance Sheet date.

**4. Depreciation**

Depreciation on fixed assets is applied on the straight – line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 over the useful life of the assets.

**5. Foreign Currency Transactions**

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- (b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by foreign exchange contracts, the transaction is recorded at the rate when the same was incurred. The premium paid on forward contracts is recognized only when the forward contract is matured.
- (c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit or loss account except in cases where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such asset.

**6. Investments**

Current Investments are carried at the lower of cost or quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

**7. Inventories**

Inventories are valued at lower of cost or net realizable value after providing for obsolescence, if any. In case of raw materials, packing material, stores and spares, the cost includes duties and taxes (Net of

CENVAT/VAT, wherever applicable) and is arrived on FIFO basis. Finished goods & WIP cost includes the cost of raw materials, an appropriate share of fixed and variable overheads on the basis of standard cost method and other costs bringing them to their respective present location and condition. Obsolete, defective and unserviceable stocks are provided for wherever required.

#### 8. Turnover

Turnover includes sale of goods, services, adjusted for discounts, net of returns, sales Tax, Service Tax and Excise Duty. Sales are recognized when goods are supplied and are recorded freight charges realized from customers but exclude trade discounts and rebates. Export incentive receivable in cash are recognized as income on export being made. Export sales include goods invoiced against confirmed orders /LC.

#### 9. Employees' Retirement Benefits

The Company is making regular contribution to PF and other statutory funds and their contribution is charged to P&L A/c. Provision has been made in accounts with respect of liability for future gratuities only for eligible employees and leave encashment payable to the employees of the company on the basis of Payment of Gratuity Act, 1972.

#### 10. Revenue Recognition

The income & expenditure are accounted for on accrual basis.

#### 11. Deferred revenue Expenditure

Pre-operative expenditure/Deferred Revenue Expenditure are being amortized over a period of 5 Years.

#### 12. Provision of Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "Timing Differences" between taxable and accounting incomes is accounted for using the tax rates and laws that are substantively enacted as on the balance sheet date. The deferred tax is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

The major components of deferred tax assets / liabilities arising on account of timing differences as at 31<sup>st</sup> March 2009 are as follows:

	AS AT 31 <sup>st</sup> March (Rs in Lac)	
	2009	2008
Deferred Tax Liabilities :-		
Timing differences	573.00	406.00

#### 13. Amounts to SSI

The amount due to Small Scale Industrial Undertakings (SSIs) is furnished under the relevant head, on the basis of information available with the company regarding small scale industry status of the supplier under the "Industries (Development and Regulation) Act, 1951". There is no amount outstanding to such suppliers which are due for more than 30 days beyond the credit period.

#### 14. Sales / Transfers

Inter-Unit transfers of finished goods for captive consumption are valued at market price. The value of such inter-unit transfers is included in the materials consumption of consuming units. The year end stock of such transferred goods is valued at cost.

#### 15. Sundry Debtors

Sundry debtors are stated after writing off- bad debts.

**16. Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed on the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**17. Expenditure during Construction**

In respect of new projects, all expenses including interest incurred up to the date of commencement of commercial production are capitalized. In respect of substantial expansion of business at existing location only direct costs are capitalized together with interest on the funds related to them up to the date of commercial production.

**18. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**(B) NOTES ON ACCOUNTS**

- The previous year's figures have been reworked, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year
- The disclosures required under Accounting Standards 15 "Employee Benefits" notified in the Companies (Accounting Standard) Rules 2007, are given below:

**Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

	<b>2008-09</b>	<b>2007-08</b>
Employer's Contribution to Provident Fund	504,459.00	43,021.00
Employer's Contribution to Pension Fund	628,480.00	97,648.00

**Defined Benefit Plan**

The provision for gratuity is made as per the Payment of Gratuity Act, 1972. The obligation for leave encashment is recognized on the basis of amounts due for leaves outstanding to the credit of the employees at end of the year.

**3. Payment to Auditors: (Amount in Rs)**

(Exclusive of Service Tax / Education Cess)	<b>2008-09</b>	<b>2007-08</b>
(i) Audit Fees	260,000-00	260,000-00
(ii) Tax Audit Fees	40,000-00	40,000-00
(iii) Expenses Reimbursed	3,400-00	13,170-00
	<u>303,400-00</u>	<u>313,170-00</u>

**4. Managerial Remuneration**

(a) Remuneration to Managing Director / Executive Directors

Particulars	<b>2008-09</b>	<b>2007-08</b>
(i) Salaries and Allowances	25.20	28.80
(ii) Contribution to Provident Fund	0.09	0.20
(iii) Provision for Gratuity	5.08	4.36
(iv) Provision for Leave Encashment	1.88	3.00
<b>TOTAL</b>	<u>32.25</u>	<u>36.36</u>
No. of Directors	6	6

- (b) Commission to Non-Executive Directors  
 (included under the head "Directors Remuneration")  
 Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956

	<b>2008-09</b>	<b>(Rs in Lac)</b> <b>2007-08</b>
Profit Before Taxation	1122.85	953.23
Add : Depreciation as per accounts	392.93	294.45
Managerial Remuneration	25.20	28.80
Less: Depreciation as per Sec 350 of the Act	392.93	294.45
Premium on Investments in Shares	0.00	92.00
Profit/(Loss) on Sale of Fixed Assets	25.38	31.74
<b>Net Profit for the year</b>	<b><u>1122.67</u></b>	<b><u>858.29</u></b>
Eligibility (10% of the Net Profit)	112.27	85.83
Paid or payable for the year	25.20	28.80

5. Expenditure on account of premium on forward exchange contracts to be recognized in the profit and loss account of subsequent period aggregate to NIL (Previous year 2,526,015.00 )

	<b>2008-09</b>	<b>(Rs in Lac)</b> <b>2007-08</b>
(i) Net Profit after tax as per P&L Account	825.85	736.01
(ii) Excess / (short) provision for tax of earlier years	16.95	12.94
(iii) Net Profit attributable to shareholders	808.90	723.07
(iv) Weighted Average number of equity Shares used as denominator for calculating EPS	169.26	169.26
(v) Basic and Diluted Earning Per Shares	4.78	4.27
(vi) Face Value per equity Share (Rs)	10.00	10.00

7. As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:  
 (i) List of related parties where control exists and related parties with whom transactions have taken place and relationship:

List of Related Parties and their Relationship

a) Key Managerial Personnel

1. Sh. Sushil Gupta
2. Sh. Manish Gupta
3. Sh. Sandeep Gupta

b) Enterprise over which Key Managerial Personnel (KMP) or their Relatives have significant influence

1. Richa Building Systems Limited

**Transactions with Related Party**

Particulars	Subsidiary Companies	Associates	Key Management Personnel	Relatives Key Management Personnel	Enterprises over which KMP & their relatives have significant influence	Grand Total
Remuneration			32.35			32.35
Unsecured Loans Received					926.00	926.00
Sale/Jobwork	-	-	-	-	-	-
Purchase/Jobwork	-	-	-	-	-	-
<b>Outstanding</b>						
Receivables	-	-	-	-	-	-
Payable (Gross)	-	-	9.05	-	926.00	935.05

8. As per the Accounting Standard (AS) – 17 “**Segment Reporting**” the information is submitted as below :

a) **Primary Segment Reporting by Business Segment**

Company’s primary business segments are

**Manufacture in Textiles** - The textile business incorporate the product group namely: Dyeing & Processing of Knitted Fabrics and Processing / Knitting of Yarn and Manufacture of Knitted Fabric & Ready made Garments, which mainly have similar risks and returns.

b) **Secondary Segment Reporting (By Geographical Segments)**

The following is the distribution of the Company’s consolidated sales by geographical segment, regardless of where the goods were produced

Particulars	(Rs. in Lac)	
	2008-09	2007-08
i. Sales to Overseas Market	248.37	613.29
ii. Sales to Domestic Market	14,501.06	9,142.51

The company has common fixed assets for producing goods for overseas markets and domestic markets. Hence separate figures for fixed assets / additions to fixed assets etc can’t be furnished.

The company new unit for stife fabrication is under installation and capital expenditure to the tune of 2,929.87 has already incurred.

9. **Additional Information**

(i) Particulars of Capacity, Production, Turnover, Consumption

Particulars	2008-09	2007-08
(a) Licensed Capacity(As per IEM)(at the close of Year)		
Knitting (M.T.)	3,058	3,058
Processing of Fabrics (M.T.)	13,200	13,200
Garments ('000 Pcs)	3,900	3,900
(b) Installed Capacity		
- Knitting	2,500 Tons*	1,390 Tons pa*
-Processing of Fabrics	13,200 Tons pa*	7,500 Tons pa*
-Garments	900,000 Pcs pa*	900,000 Pcs pa*
(Equivalent to Polo T-Shirts)		

\*Capacities are calculated on the basis of weighted average basis and the expansion of 9,000 Tons pa in 2007-08 in processing of fabrics & 500,000 Pcs in 2007-08 in Garment had been implemented during the year. In Knitting capacity is calculated on prorated/ weight average basis for the machines instead during the year at different points of time.

(ii) Production			
-Knitting		2,160 Ton	1,230 Ton
-Processing of Fabrics		11,680 Ton	6,013 Ton
-Garments Pcs		353.21 '000	860.91 '000
(Equivalent to Polo T-Shirts)			

(iii) Sales in respect of each class of goods with quantity

Particulars	Unit	2008-09		2007-08	
		Qty	Value (Rs Lac)	Qty	Value(Rs Lac)
Fabric Sales	Ton	5,716.98	11,723.92	2,985.83	7,861.47
Garments(Eqvl to Polo T-Shirts)	'000Pcs	264.17	294.22	817.64	654.48
Jobwork	Ton	2,731.30	2,731.30	2,297.82	1,231.35
Yarn	Ton	-	-	0.60	1.28
Fuel & Others	-	-	-	-	7.22
<b>TOTAL</b>	-	-	<b>14,749.44</b>	-	<b>9755.80</b>

(iv) The value of raw material consumed item wise break up indicating the quantity

Particulars	Unit	2008-09		2007-08	
		Qty	Value (Rs Lac)	Qty	Value(Rs Lac)
Dyes & Chemicals	Ton	4,175.89	952.76	2,644.87	608.58
Fabric	Ton	6,471.49	8,238.24	2,466.55	5,467.69
Yarn	Ton	1,178.70	1,072.43	1,311.59	1,051.39
Fuel	Ton/'000Ltr	4,711.60	340.31	5,468.62	233.22
Packing Material	-	29.58	35.78	-	42.27
Accessories	-	-	13.07	-	55.60
<b>TOTAL</b>			<b>10,652.59</b>		<b>7,458.75</b>

(v) Inventories in respect of each class of raw material with quantity

Particulars	Unit	2008-09		2007-08	
		Qty	Value (Rs Lac)	Qty	Value(Rs Lac)
Dyes & Chemicals	Ton	179.71	79.16	140.41	71.87
Fabric	Ton	1,047.25	4,027.75	1,480.21	3,794.38
Yarn	Ton	335.27	359.67	39.20	52.57
Fuel	Ton/'000Ltr	410.66	23.88	174.40	17.16
Packing Material	-	4.33	3.71	-	1.34
Accessories	-	-	4.16	-	0.52
<b>TOTAL</b>			<b>4,498.33</b>		<b>3,937.84</b>

	<b>2008-09</b>	<b>2007-08</b>
10. Number of Employees in receipt of or entitled to receive employment (including perks of Rs 200000/- pm or more during the year)	NIL	NIL
11. Outstanding commitments for capital expenditure on capital structure & machinery(approx) (INR)	32,486,000.00	49,200,000.00



**12. Contingent Liabilities**

(i) Custom duty which may if obligation for exports not fulfilled against import of raw material & machinery	49,889,446.00	28,288,521.00
(ii) Bank Guarantees issued by Bank	2,060,000.00	3,410,000.00
(iii) Outstanding Letter of Credit	47,846,000.00	3,040,644.00
(iv) Value of assets taken on lease, future obligations	NIL	NIL

<b>13. Commission paid to selling agents</b> (Not sole selling agents)	NIL	889,000.51
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**14.** The current assets, loans and advances are stated at the value, which in the opinion of the management is not less than the amount of realization of such assets, loans and advances in the ordinary course of business and provision for all known liabilities have been made.

**15.** The Company has claimed capital subsidy of Rs. 25.07 Lac. After appraisal, the same is forwarded by Indian Overseas Bank, NIT, Faridabad, to their Nodal Agency under the TUFS. The amount receivable is credited to Capital Reserve account during the year under consideration.

**16.** Sundry Debtors and Sundry Creditors are reconciled by the company. However this is subject to our direct conformation from the parties.

**17. Financial and Derivatives Instruments**

- (a) Nominal Value of Derivative Contracts (Currency Swaps) entered into by the Company and outstanding as on 31<sup>st</sup> March 2009 amount to Rs 3958.60 Lac maturing on 17-09-2010. (Previous Year Rs 3958.60 Lac maturing on 17.09.2010)
- (b) Foreign Currency exposures that are not hedged by derivatives instruments or forward contracts as at 31<sup>st</sup> March 2009 amount to RS NIL (Previous year NIL )

**18. Value of Imports on CIF Basis in respect of (Rs)**

	2008-09	2007-08
Raw Material Including Accessories	328,609.00	1,034,038.00
Stores and Spares	578,417.00	410,543.00
Capital Goods	10,670,730.00	30,014,315.00

**19. Expenditure in Foreign Currency (Rs )**

	2008-09	2007-08
On Subscriptions/Exhibitions/Seminars	NIL	186,327.00
On Foreign Traveling	288,268.00	691,427.00
On Forthcoming GDR	2,147,500.00	NIL

**20. Value of Raw Material Consumed including Accessories**

	2008-09		2007-08	
	Rs. Lac	% of Consumption	Rs. Lac	% of Consumption
Imported	03.28	0.04%	10.34	0.14%
Indigenous	10,652.29	99.96%	7,456.88	99.86%
	<u>10,655.57</u>	<u>100.00%</u>	<u>7,467.22</u>	<u>100.00%</u>

**21. Value of Stores, Spares (shown under Repair & Maintenance)**

	2008-09		2007-08	
	Rs Lac	% of Consumption	Rs Lac	% of Consumption
Imported	05.78	6.67%	4.11	8.00%
Indigenous	80.91	93.33%	47.26	92.00%
	<u>86.69</u>	<u>100.00%</u>	<u>51.37</u>	<u>100.00%</u>

**22. Earnings in Foreign Exchange (RS)**

	2008-09	2007-08
(i) Value of Exports	24,837,727.40	61,329,231.26
(ii) Royalties, know how, professional & Consultation fees	NIL	NIL
(iii) Interest and dividends	NIL	NIL
(iv) Other income, indicate the nature thereof	NIL	NIL

**23. Remittance in Foreign Currency on Account of Dividend**

The Company has not paid any interim / final dividend in respect of any shares held by the residents or non residents. Hence the dividend remitted by company is nil during the year. (Previous Year NIL)

**24. Detail of Investments as on 31-03-2008**

Name of company	No. of Shares	Quoted/Unquoted	Amount (Rs)	
			2008-09	2007-08
1. Richa Infrastructure Ltd* (Equity Shares of Rs 10/- each Fully paid up at a premium of Rs 90/- each)	72,000	Un-Quoted	7,200,000	7,200,000
* The Company holds 59% Equity Shares in Richa Infrastructure Ltd				
2. Moksh Leisure &# Entertainment Pvt Ltd (Equity Share of Rs 10/- each)	20,000	Un-Quoted	—	2,000,000

#The Company has sold the whole of the Equity Shares of M/s Moksh Leisure & Entertainment Pvt Ltd at the acquisition cost.

25. The Company had a subsidiary named Richa Infrastructures Limited. Due to right issue of shares by Richa Infrastructures Limited and inclination of such offer by Richa Industries Limited, the subject subsidiary had lost its status to be as a subsidiary of Richa Industries Limited. As on the date of the accounts, the company does not have any subsidiary company. Hence no consolidated accounts has been prepared.

Significant accounting policies & notes on accounts. (as per Schedule 23)  
As per separate Report of even date attached

for Tayal & Co  
Chartered Accountants

for and on the behalf of the Board of  
Directors of Richa Industries Limited

(R A Gupta)  
Partner  
M No 080997

Gagan Singhal  
Company Secretary

Sandeep Gupta  
Jt Managing  
Director

Sushil Gupta  
Chairman cum  
Managing Director

Place :- Faridabad  
Date : 11.06.2009

**RICHA INDUSTRIES LIMITED (Formerly Richa Knits Limited )**  
**PROFILE AS PER SCHEDULE VI, PART-IV OF THE COMPANIES ACT, 1956**
**I REGISTRATION DETAILS**
 Registration No. **L17115HR1993PLC032108**  
 State Code **05**
**II CAPITAL RAISED DURING THE YEAR**

	RS '000	
	AS ON 31-MAR-09	AS ON 31-MAR-08
Public Issue	NIL	NIL
Right Issue	NIL	NIL
Bonus Issue	NIL	NIL
Private Placement	NIL	NIL

**III POSITION ON MOBILISATION AND DEVELOPMENT OF FUNDS**

Total Liabilities	1862100	1428204
Total Assets	1862100	1428204

**SOURCES OF FUNDS**

Paid up Capital	170125	170125
Reserves & Surpluses	495685	395801
Secured Loans	1103690	862278
Unsecured Loans	92600	0

**APPLICATION OF FUNDS**

Net Fixed Assets	1135762	815733
Investments	7200	9200
Net Current Assets	718568	602819
Misc Expenditure	570	452
Accumulated Losses	0	0

**IV PERFORMANCE OF THE COMPANY**

Turnover including others Income	1443751	1030792
Total Expenditure	1331466	935469
Profit / Loss Before Tax	112285	95323
Earning Per Shares ( Rs)-Weighted	4.78	4.27
Dividend Rate (%)	0.00	0.00

**V GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY**

Item Code No. (ITC Code)	2353
Product Description	KNITTED & PROCESSING OF FABRICS
Item Code No. (ITC Code)	2352
Product Description	COTTON SPINNING & WEAVING IN MILLS
Item Code No. (ITC Code)	2650
Product Description	MANUFACTURE OF ALL TYPE OF TEXTILE GARMENT AND CLOTHING ACCESSORIES
Item Code No. (ITC Code)	2365
Product Description	BLEACHING, DYEING AND PRINTING OF CLOTH OTHER THAN BY HAND

 for Tayal & Co  
 Chartered Accountants

 for and on behalf of the board of  
 Directors of Richa Industries Limited

 (R A Gupta)  
 Partner  
 M. No. 080997

 Place :- Faridabad  
 Date :- 11.06.2009

 Gagan Singhal  
 Company Secretary

 Sandeep Gupta  
 Jt Managing Director

 Sushil Gupta  
 Chairman cum Managing Director

**Cash Flow Statement for the Year Ended 31 March, 2009**

	(Amount in Rs.)	
	Year Ended 31 March, 09	Year Ended 31 March, 08
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	112,284,914.62	95,322,849.13
Adjustment for :		
Depreciation	39,293,572.11	29,445,198.22
Interest Paid	100,803,635.00	47,918,995.71
Bad Debts Written Off	9,565,671.56	932,835.32
Unrealized Foreign Exchange Gain/(Loss)	(45,743.98)	852,102.09
(Profit)/Loss on sale of fixed assets	(2,538,437.93)	3,173,631.51
Pre-operative Exps Written Off/Added(Net)	(117,618.00)	282,381.00
	146,961,078.76	82,605,143.85
Previous Year Expenses		
Operating profit before working capital changes	259,245,993.38	177,927,992.98
Adjustment for :		
Trade and other receivables	(64,093,161.59)	(158,298,606.24)
Inventories	(11,583,531.21)	(301,681,879.09)
Trade Payable & Other Liabilities	(53,870,325.44)	158,412,445.20
Cash generated from Operations	129,698,975.14	(123,640,047.15)
Income Tax / FBT Paid	7,755,942.00	6,666,008.63
<b>NET CASH FROM/(USED IN OPERATING ACTIVITIES)</b>	<b>121,943,033.14</b>	<b>(130,306,055.78)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(75,025,818.50)	(152,907,367.96)
Work in Progress/Advances for Capital Goods	(292,719,308.51)	(18,755,211.00)
Sale of fixed assets	10,961,567.00	39,960,039.27
Investments (Purchase)/Sale	2,000,000.00	(9,200,000.00)
<b>NET CASH FROM/(USED IN INVESTING ACTIVITIES)</b>	<b>(354,783,560.01)</b>	<b>(140,902,539.69)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Equity Shares	0.00	1,421,010.00
IPO Expenses	0.00	0.00
Proceeds from Long Term Bank Borrowings	177,736,091.00	(54,687,011.50)
Proceeds/(Repayment) of Unsecured Loans	92,600,000.00	0.00
Proceeds from/(Repayment of) Short Term Borrowings	63,675,853.81	324,293,826.12
Interest Paid	(100,803,635.00)	(47,918,995.71)
<b>NET CASH FROM/(USED IN FINANCING ACTIVITIES)</b>	<b>233,208,309.81</b>	<b>223,108,828.91</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>367,782.94</b>	<b>(48,099,766.56)</b>
Cash and Cash Equivalent as the opening of Year	7,323,106.07	55,422,872.63
Cash and Cash Equivalent as the Close of Year	7,690,889.01	7,323,106.07

Significant accounting policies & notes on accounts. (as per Schedule 23)  
As per separate Report of even date attached

for Tayal & Co  
Chartered Accountants

for and on behalf of the Board of  
Directors of Richa Industries Limited

(R A Gupta)  
Partner  
M No 080997

Gagan Singhal  
Company Secretary

Sandeep Gupta  
Jt Managing  
Director

Sushil Gupta  
Chairman cum  
Managing Director

Place :- Faridabad  
Date : 11.06.2009





**NOTICE OF 15TH ANNUAL GENERAL MEETING OF THE COMPANY  
FOR THE YEAR ENDED 2008-2009**

**15th Annual General Meeting**

**Date** : Saturday, 26th September, 2009  
**Time** : 4.00 p.m.  
**Venue** : FCCI Centre,  
Near Tubewell No. 4,  
Sector-11B, Faridabad-121006  
Haryana (India)

**Notice**

**NOTICE** is hereby given that the Fifteenth Annual General Meeting of the Members of Richa Industries Limited will be held on Saturday, the 26<sup>th</sup> day of September, 2009 at 4.00 p.m. at FCCI Centre, Near Tubewell No. 4, Sector-11B, Faridabad-121006, Haryana (India), to transact the following businesses:

**Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sandeep Gupta, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Manish Gupta, who retires by rotation and being eligible, offers himself for reappointment.
4. To re-appoint Statutory Auditor to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

**Special Business**

5. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

**“RESOLVED THAT** pursuant to provision of Section 31 of the companies Act, 1956 and other applicable provision of the act and subject to the approval from the shareholder in next forthcoming Annual General Meeting of the Company, after Article 129 (l) on page 44 of the existing Articles of Association of the Company following new article be inserted as Article 129 (m):

**129 (m)** he is identified as a wilful defaulter as per RBI Direction/Guidelines or Bank's Guidelines as a Director in the Board.

**“RESOLVED FURTHER THAT** if any director, who is wilful defaulter is on the Board of the company or becomes so while being a director on the Board of the Company, the Company undertake to get him removed from the Board.”

**“RESOLVED FURTHER THAT** Mr. Sandeep Gupta, Jt. Managing Director of the Company, be and is hereby authorized to take all necessary action and to do all the acts which are necessary for the same. “

6. **To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**“RESOLVED THAT** pursuant to Section 81(1) and 81(1A) and all other applicable provisions of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company and the listing Agreements entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and subject to the approval of the Financial Institutions (FIs), Securities Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them in granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (Hereinafter referred to as the “Board”) and/or duly authorized Committee thereof for the time being exercising the powers conferred by the Board, consent of the Company be and is hereby accorded to the Board to issue/offer Equity Shares/Convertible Debenture, fully or partly, and/or non-convertible debentures, with or without detachable or non-detachable warrants, Secured Premium Notes and/or other financial instruments (hereinafter for brevity's sake referred to as ‘Securities’) as the Board at its sole discretion may at any time hereafter decide for an amount not exceeding Rs. 500 Crores (Rupees Five Hundred Crores) to the members, debenture-holders, employees, non-resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities and to such other persons through public issue, right issue, private placement or preferential allotment, preferential placement through QIP Program or conversion of term loans at the option of the term lenders or by any one or more or a combination of the above modes/methods or otherwise and at such time or times and in one or more tranches as the Board of Committee thereof may in its absolute discretion think fit, in consultation with the lead managers, underwriters otherwise, and/or such terms and condition including the number of Equity shares and/or Debentures to be issued, the face value, rate of interest, redemption period, manner of redemption, amount of premium on redemption, the number of equity share to be allotted on redemption/conversion, the ratio, period of conversion, fixing of record date or book closure; provided that the issue price of the equity shares to

be issued on conversion of debentures or upon exercising the rights of entitlement attached to the warrants or on conversion of term loan(s), shall be allotted at a price not exceeding Rs. 100 (Rupees Hundred) per equity share."

**"RESOLVED FURTHER THAT** the increase in the paid-up equity share capital as aforesaid, shall be in addition to the increase in the paid up equity share capital which will take place in respect of securities already issued/committed to be issued by the Company and approved by the members earlier."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized to take all such actions and to give all such directions as may be necessary or desirable and also settle any questions or difficulty that may arise with regard to the creation, offer, issue and allotment of the Equity Shares / Securities / any other instruments permissible under the law and further to do all such acts, deeds, matters and things, including for the purpose of getting the shares or securities listed on the Stock Exchanges, and to execute all such deeds, documents and writings and to affix the Common Seal there to in such manner and fashion as provided in the Articles of Association of the Company as may be necessary, desirable or expedient in connection with the issue of Equity Shares / Securities / any other instruments permissible under the law."

**"RESOLVED FURTHER THAT** the new Equity Shares / Securities / any other instruments permissible under the law referred to herein above shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respect with the existing Equity Shares of the Company including the entitlement to pro rata dividend which may be declared or paid thereon from the date of allotment for the financial year in which the same are allotted."

**"RESOLVED FURTHER THAT** such of these securities to be issued as are not subscribed may be disposed of by the Board/Committee thereof in its absolute discretion, in such manner and/or on such terms as it may deem fit including offering or placing them with Banks/ Financial Institutions/ Investment Institutions/ Mutual Funds/ or otherwise as the Board or Committee thereof may in its absolute discretion deem fit and proper."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to decide other terms and conditions including the amount to be paid on application, allotment and calls (if any) to be made, and to add, vary, modify, alter any or all of the conditions of the issue of the shares/ securities to be created, offered and issued including the aggregate nominal value thereof, alter their face value and their entitlement thereto, in the best interest of the Company and to include in the said Prospectus or such other Documents of Offer for subscription as may be issued by the Company, such other terms and conditions of offer as are necessary or expedient in the discretion of the Board and / or may have to be incorporated on account of any modification(s) required by any concerned Authority."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate to a committed of Directors or any of the Directors whom the Board may authorize all or any of its powers and authorities vested in terms of this resolution as may be permitted by law."

**7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution:**

**"RESOLVED FURTHER THAT** the consent of the members of the Company be and is hereby granted in terms of section 293(1)(a) and all

other applicable provisions of the Companies Act, 1956 to the Board to mortgage and/or charge in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertakings(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default in favor of the Agent(s) and Trustees, for securing the Securities (in they comprise fully/partly Convertible Debentures and/or Non-Convertible Debentures with or without detachable or non-detachable Warrants or secured premium notes or other debt instruments) referred to herein together with interest, further interest thereon, compound interest in case of default, accumulated interest, remuneration of the Trustees premium (if any) on redemption, all other cost, charges and expenses payable by the Company in terms of the Trust Deed to be finalized and executed between the Company and the Agents and Trustees/Trustees and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board or Committee thereof and the Trustees."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board/Committee be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilization of the proceeds of issue of the securities towards the Company's projects/other business and finalize such documents for creating mortgages/charges as it may deem fit."

**Registered Office:**  
VPO Kawnra,  
Old Faridabad to Kheri-Jasana Road  
Near Lingayas Institute of Mgmt. & Tech.  
Faridabad-121101  
(Haryana)

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

**Gagan Singhal**  
Company Secretary

**Date:** Faridabad  
**Place:** 31<sup>st</sup> July, 2009

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting ("the meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing proxy in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the Meeting.
2. Corporate Members intending to send their authorized representative to attend the meeting are required to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In terms of Article 138 of the Articles of Association of the Company, Shri Sandeep Gupta, Director, liable to retire by rotation at the ensuing Annual General Meeting and being



- eligible offers himself for re-appointment. A brief resume of Shri Sandeep Gupta, nature of his expertise in specific functional areas, and names of companies in which he holds directorship and membership/chairmanship of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends his re-appointment.
4. In terms of Article 138 of the Articles of Association of the Company, Shri Manish Gupta, Director, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. A brief resume of Shri Manish Gupta, nature of his expertise in specific functional areas, and names of companies in which he holds directorship and membership/chairmanship of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends his re-appointment.
  5. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Notice duly filled in and signed and handover the same at the entrance at place of the Annual General Meeting. Proxy/representative of a member should mark on the Attendance Slip as "Proxy" or "Representative" as the case may be. Members holding shares in electronic form and desirous of attending the meeting are required to bring alongwith them Client ID and DP ID Numbers for easy identification.
  6. Members who hold shares in dematerialized mode are requested to intimate any changes pertaining with their bank account details, ECS mandates, nominations, power of attorney, change of address/name etc. to their Depository Participant only and not to the Company's Registrar & Share Transfer Agent. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar & Share Transfer Agent to provide efficient and better service to the members.
  7. Members holding shares in physical form are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to the Company's Registrar & Share Transfer Agent quoting their registered folio number.
  8. Register of Members and Share Transfer Books of the Company will remain closed from Monday, 21<sup>st</sup> September, 2009 to Friday, 25<sup>th</sup> September, 2009 (both days inclusive).
  9. Members desirous of having any information regarding accounts are requested to address their queries to the Sr. Manager (Accounts) at the registered office of the Company at least seven days before the date of the meeting, so that the requisite information is made available at the meeting.
  10. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
  11. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out all material facts relating to the special business is annexed hereto.

**Explanatory statement pursuant to section 173(2) of the Companies Act, 1956**

**Item No. 5**

The Company has received a sanction letter from the Indian Overseas Bank sanctioning financial assistance for the project being put up by the Company for manufacturing steel sheets for pre engineered building system at Kashipur under said loan schemes.

One of the conditions of the said loan is that the company shall have a provision in its Articles of Association that the Company will not induct on the Board, a person, who has been identified as a Wilful Defaulter as per RBI Directions / Guidelines or Bank's Guidelines as a Director on the Board. If any director, who is wilful defaulter, is on the Board of the Company or becomes so while being a director on the Board of the company, the Company undertakes to get him removed from the Board.

The present Article 129 provides for the vacation of office of director under sub clause 129(a) to 129(l). Therefore, it is proposed to insert sub-article 129(m) just after sub-article 129(l).

Members are, therefore, requested to pass this resolution as a Special Resolution.

None of the Directors of the company is concerned or interested in the said resolution.

**Item No. 6**

The Company needs to augment long-term resources to strengthen its financial position, to meet its growth objectives, to invest in the areas of textile and Pre-Fabricated Engineering works.

It is accordingly proposed to issue securities in Indian or international markets as contemplated in the resolution set out above, as may be decided by the Board and found to be expedient and in the interest of the Company.

The detailed terms and conditions of the Issue as and when made will be determined by the Board of directors in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with the terms of approval of the Government of India, Reserve Bank of India and such other authorities as may be required.

The Proposed issue of Securities as above may be made in one or more tranches, which may result in an increase of the issued and subscribed equity of the Company by not more than as specified in the Authorised Capital Clause of Memorandum of Association of the Company.

Section 81 of the Companies Act, 1956, provides, inter alia, that where it is proposed to increase the Subscribed Share Capital of the Company by allotment of further shares, such further shares shall be offered to the persons who at the date of the offer are holders of the Equity Share of the Company, in proportion to the capital paid up on those shares as of that date unless the shareholders decide otherwise. The Listing Agreements executed by the Company with the Stock Exchange also provide that the Company shall issue or offer in the first instance all Securities to the existing Equity Shareholders of the Company unless the Shareholders decided otherwise. The Special Resolution seeks the consent of the Shareholders authorizing the Board of directors to make the proposed issue of Securities and in the event it is decided to issue Securities convertible into Equity and /or Preference Shares, to issue to the holders of such Convertible Securities in such manner and such number of Equity and/or Preference Share on conversion as may be required to be issue in accordance with the terms of the issue.

This Special Resolution gives (a) adequate flexibility and discretion to the Board to finalize the terms of the issue, in consultation with the Lead Managers, Underwriters, Legal Advisors and experts or such other authority (ies) as need to be consulted including in relation to the pricing of the Issue which will be a free market pricing and may be at premium or discount to the market price in accordance with the normal practice and (b) powers to issue and market any securities issued including the power to issue such Securities in such tranche (s) with/without voting rights or with differential voting rights.

Your directors commend the resolution for your approval. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

**Item No. 7**

The Securities of the Company are, in general, required to be secured by suitable mortgage or charge on all or any of the moveable and/or immovable properties of the Company in such form manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in consultation with the lender(s).

The mortgage and/or charge by the Company of its movable and / or immovable properties and/or the whole or any part of the undertaking(s) of the Company in favor of the agent(s) and trustee(s), with a power to the charge holders to take over the management of the business and concern of the Company in certain events of default, may be regarded of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956.

Your directors commend the resolution for your approval. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors  
for Richa Industries Limited

Faridabad  
July 31, 2009

Gagan Singhal  
Company Secretary

<b>Details of Director retiring by rotation and seeking reappointment (in pursuance of Clause 49 of the Listing Agreement)</b>	
<b>Name</b>	<b>Shri Sandeep Gupta</b>
<b>Date of Birth</b>	June 15, 1978
<b>Date of Appointment</b>	January 17, 2000
<b>Qualification</b>	MBA (Marketing) Graduate in Industrial Relations and Personal Management Diploma in Apparel Production Technology Diploma in Sales & Marketing Diploma in Information Technology
<b>Expertise in specific functional areas</b>	Marketing and Personal Management
<b>Chairman/ Director of other Companies</b>	1. CSB Capital Limited 2. Richa Infrastructure Limited 3. Richa Building Systems Limited 4. S.N.K. Garments Private Limited 5. Jewel Garments Private Limited 6. Tusker Fabrics Private Limited
<b>Chairman/ Member of Committees of the Board of other Companies of which he is a Director</b>	NIL

<b>Details of Director retiring by rotation and seeking reappointment (in pursuance of Clause 49 of the Listing Agreement)</b>	
<b>Name</b>	<b>Shri Manish Gupta</b>
<b>Date of Birth</b>	November 1, 1979
<b>Date of Appointment</b>	December 29, 2005
<b>Qualification</b>	B.Tech in Textile Chemistry
<b>Expertise in specific functional areas</b>	Textile Engineering
<b>Chairman/ Director of other Companies</b>	1. Richa Infrastructure Limited 2. Richa Building Systems Limited 3. S.N.K. Garments Private Limited
<b>Chairman/ Member of Committees of the Board of other Companies of which he is a Director</b>	NIL

# RICHA INDUSTRIES LIMITED

(Formerly known as Richa Knits Limited)

Registered Office: VPO Kawnra, Old Faridabad to Kheri-Jasana Road, Faridabad- 121101

## ATTENDANCE SLIP

Fifteenth Annual General Meeting

Saturday, 26<sup>th</sup> September, 2009 at 4.00 P.M.

DP ID No.	LF. No.
Client ID No.	No. of Shares held

I/We hereby record my/our presence at the Annual General Meeting of the Company held at FCCI Centre, near Tubewell No.-4, Sector 11-B, Faridabad,-121006, on Saturday 26<sup>th</sup> September, 2009 at 4.00 p.m.

\_\_\_\_\_  
Name of Attending Member

\_\_\_\_\_  
Name of the Attending Proxy

\_\_\_\_\_  
Signature of the Attending Member

\_\_\_\_\_  
Signature of the Attending Proxy

**Note:** Please fill up this attendance slip and hand it over at the entrance of the meeting hall, Members are requested to bring this slip for the meeting.

# RICHA INDUSTRIES LIMITED

(Formerly known as Richa Knits Limited)

Registered Office: VPO Kawnra, Old Faridabad to Kheri-Jasana Road, Faridabad- 121101

DP ID No.	LF. No.
Client ID No.	No. of Shares held

## FORM OF PROXY

I/We \_\_\_\_\_ R/o \_\_\_\_\_ being Member/Members of Richa Industries Limited hereby appoint \_\_\_\_\_ R/o \_\_\_\_\_ falling him/her \_\_\_\_\_ R/o \_\_\_\_\_ as my/our Proxy to attend and vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company, to be held on Saturday, 26<sup>th</sup> September, 2009 at 4.00 p.m. and at any adjournment thereof.

\_\_\_\_\_  
Name of the Member/Proxy

\_\_\_\_\_  
Signature of the Member/ Proxy

Affix  
15 Paisa  
Revenue  
Stamp

### Notes:

1. The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company.
2. The Proxy Form duly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
3. A Proxy need not be a member of the Company.



# CERTIFICATE

Awarded to

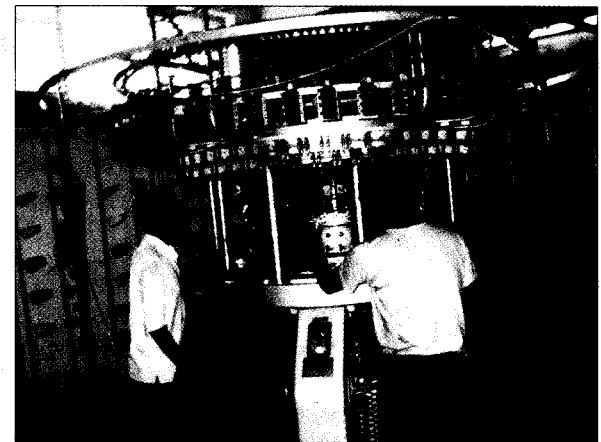
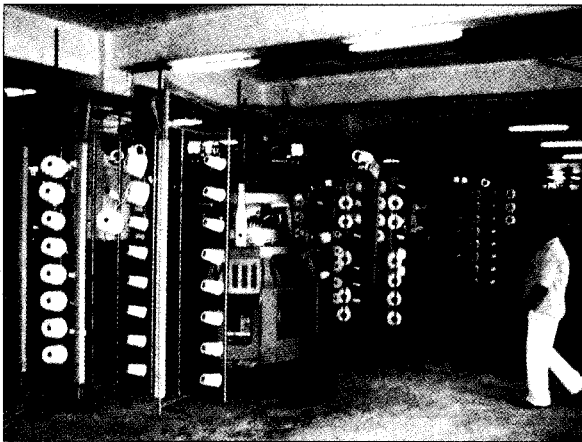
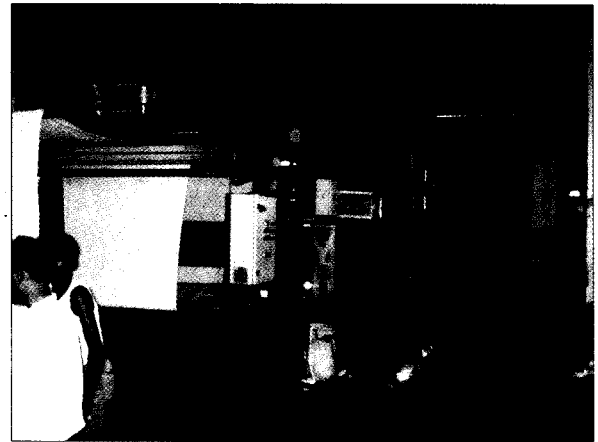
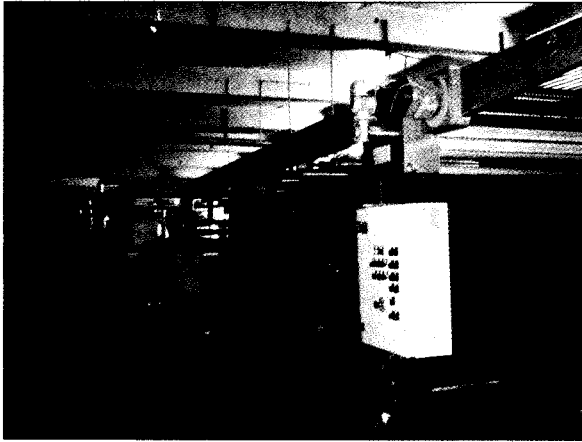
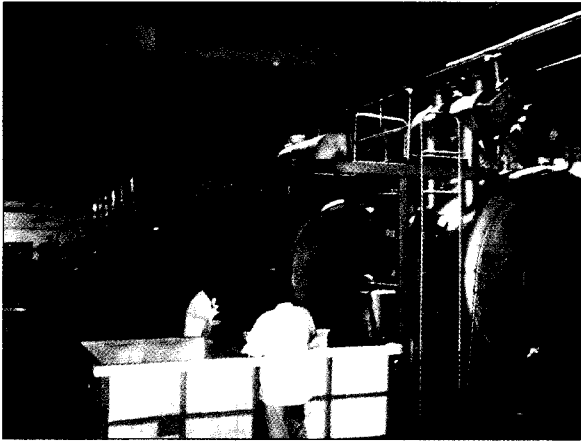
**Richa Knits Ltd.**

Second runner up in the category

**Textiles and Apparels**

at the Emerging India Awards London 2008





## **RICHA INDUSTRIES LIMITED**

(Formerly known as Richa Knits Limited)

### **Manesar Plant :**

Plot No. 5, Sector-7, IMT Manesar, Gurgaon - 122 050  
Tel. : 91-124-4175800, 02, Fax : 91-124-2290211

### **Faridabad Plant :**

Village Kawnra, Kheri-Jasana Road, Faridabad - 121 101  
Tel. : 91-129-2201132, 34, Fax : 91-129-2201137  
E-mail : richa@richa.in Website : www.richa.in

### **PEB Division :**

7th km Stone, Ram Nagar Road, NH-121, Kashipur,  
Distt. Udham Singh Nagar, Uttrakhand-244713