



## ***Chairman's Letter to Shareholders***

*Dear Shareholders,*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Wishing you a great time ahead.*

*Warm regards,*

*Sushil Gupta  
Chairman & Managing Director*

## Company Information

### Board of Directors

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

### Company Secretary

Ms. Monika Jain

### Auditors

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

### Secretarial Auditors

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

### Bankers

Indian Overseas Bank  
State Bank of India

### Board Committees:

#### Audit Committee

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

#### Shareholders' / Investors'

#### Grievance Committee

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

#### Remuneration Committee

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

### Registered Office

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

### Corporate Office

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

### Textile Division

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

### PEB Division

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

### Registrar & Transfer Agent

Link Intime India Private Limited  
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

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## Management Discussion and Analysis

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### Forward Looking Statements

This Report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar connotation. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company can not guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent developments, information or events.

### Corporate Overview

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

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

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

### Overview of the Economy

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

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

## **Textile**

### **Industry Overview**

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

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

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

### **Opportunities and Threats**

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

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

### **Risks and Concerns:**

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

## **Pre Engineered Buildings**

### **Industry Overview**

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

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

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

### **Opportunities and Threats**

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

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

### **Risks and Concerns**

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

### **Internal Control Systems and their Adequacy**

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

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

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

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

### **Health Safety and Environment**

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

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

#### **Human Resource Development**

One of the “Key” reasons for the exponential growth of Richa is undoubtedly its “People”. The Company has always provided an open and challenging work environment wherein the staff members get an opportunity to rapidly gain and assimilate knowledge. Creativity and dedication of all the employees represent the most precious assets of the Company. For the growth of the organization, the human resource function has an important role to play not only in identifying and recruiting suitable individuals but also in developing and rewarding its employees. As such, we have remained focused on strengthening human capital through continuous training and development and by upgrading skills of employees to meet the Company's objectives. The Company has a union free environment and the industrial relations scenario continued to be stable during the year.

#### **Cautionary Statement**

Statements in the Directors' Report & Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be “forward-looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include raw material availability and prices, cyclical demand and pricing in the Company's principal market, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

#### **Appreciation**

Your Directors express their warm appreciation to all the employees working at various units for their diligence and contribution. Your Directors also wish to record their appreciation for the support and co-operation received from the dealers, agents, suppliers, bankers and all other stakeholders.

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

Place: Faridabad  
Date: May 31, 2010

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

## Directors' Report

Dear Shareholders,

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

### Financial Results

Highlights of Financial Results for the year are as follows:

(Rs. in Lacs)

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

### FINANCIAL HIGHLIGHTS

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

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

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

### **Management Discussion & Analysis Report**

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

### **Board of Directors**

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

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

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

### **Fixed Deposit**

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

### **Dividend**

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

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

### **Corporate Governance**

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

### **Secretarial Audit Report**

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

### **Auditors and Auditor's Report**

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

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

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

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

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

#### **Human Resource Development and Industrial Relation**

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

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

#### **Personnel & Particulars of Employees**

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

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

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

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

#### **Awards & Certificates**

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

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

4. Certificate to Mr. Sandeep Gupta, Managing Director by World Council For Corporate Governance for successful completion of '**Masterclass for Directors**' leading to certified Directorship conducted by Institute of Directors.

#### **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 preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures is made from the same.
- b) we have selected such accounting policies and applied them consistently and made judgments and estimates that 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, 2010 and of the profit or loss of the Company for that period;
- c) we have taken proper and sufficient care 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) we have prepared the annual accounts on a going concern basis.

#### **Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo**

A statement giving details of conservation of energy, technology absorption and foreign exchange earnings and outgo, in accordance with Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given as Annexure I hereto and forms part of this report.

#### **Subsidiaries**

During the year under review the Company did not own any subsidiary. Hence, Section 212 of the Companies Act, 1956 relating to consolidated accounts of holding and subsidiary is not applicable.

#### **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 and shareholders 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**

Place: Faridabad  
Date: May 31, 2010

**Sushil Gupta**  
Chairman & Managing Director

## Annexure I to Director's Report

Information as per section 217 (1) (e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended March 31, 2010 are given as under :

### 1. CONSERVATION OF ENERGY

#### 1.1 Energy Conservation measures taken during the year 2009-10:

By installing Capacitor bank and other devices, the power factor maintained to the maximum extent with uniformity.

During the year, automatic power factor controller with power capacitor along with variable frequency drives were installed. Diesel Generators have been modified for usage of LDO instead of High Speed Diesel.

#### 1.2 Impact of measures taken at 1.1 above for reduction of energy consumption and consequent impact on the cost of production of goods

- Increase in Productivity.
- Reduction in energy consumption.
- Optimum use of captive water sources and re-use of steam and water.
- Saving Energy and effective use of raw materials

#### 1.3 Total energy consumption per unit of production as per Form A:

Particulars		Year ended 31.03.2010		Year ended 31.03.2009	
		Textile	PEB	Textile	PEB
1.4.1					
1.4.1.1	Power & Fuel Consumption				
a)	Electricity				
	Purchased				
	No. of Units (in Lacs)	43.49	0.54	39.64	---
	Cost (Rs. in Lacs)	195.87	2.69	177.86	---
	Cost per unit (in Rs.)	4.50	4.96	4.49	---
b)	Own generation				
	Through diesel generator				
	Units generated (in Lacs)	15.48	1.22	11.27	---
	Diesel consumed (000 ltrs.)	452.14	34.60	322.63	---
	Units per ltr of diesel	3.42	3.53	3.49	---
	Cost (Rs. in Lacs)	131.62	12.42	96.51	---
	Cost per unit (in Rs.)	8.50	10.18	8.56	---
1.4.1.2	Coal				
	Quantity (tons)	5516.14	---	4342.85	---
	Cost (Rs. in Lacs)	308.48	---	280.70	---
	Cost per ton (in Rs.)	5592.34	---	6463.50	---

## 2. TECHNOLOGY ABSORPTION

### Form B for disclosure of particulars with respect to Technology Absorption 2009-10

#### Research & Development (R & D)

##### 2.1.1(a) Specific areas in which R & D carried out by the Company:

Development in the quality of fabric was the special focus of R & D efforts for the year under review, new products were developed based on synergy with our core expertise.

##### 2.1.1(b) Benefits derived as a result of the above R & D;

Continuous improvement in terms of quality, energy efficiency as well as the development of eco-friendly processes enabled the company's products to be competitive in the market.

##### 2.1.1(c) Expenditure incurred on R & D: Inhouse and continuous improvements. No separate cost centre.

##### 2.1.2 Technology absorption, adaptation & innovation:

##### 2.1.2(a) Efforts, in brief, made towards technology absorption, adaptation & innovation:

Our existing products as well as further growth and diversification plans are primarily based on in house R & D work. Continuous interaction of R & D team with all the manufacturing divisions ensures successful absorption and adaptation of these technologies.

##### 2.1.2(b) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.:

- Improved productivity and cost reduction
- Air pollution abatement
- Development of new market segment
- Improvement in product quality

##### 2.1.2(c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

The Company has purchased Metal Building Softwares for its PEB unit at Kashipur in 2009. For Textiles, imported Time Dispensers and Dye House Controlled Centres are also installed in the year 2007 and 2009.

## 3. FOREIGN EXCHANGE EARNINGS AND OUTGO

### Total Foreign Exchange Used and Earned

(Rs. in Lacs)

Particulars	Current Year 2009-10	Previous Year 2008-09
Earnings	1.63	248.38
Outgo	319.03	140.14

## 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 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 to 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 Bombay Stock Exchange 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 deals with the complex set of relationships between the corporation and its Board of Directors, Management, Shareholders, and other stakeholders. Your Company believes that changes are inevitable in the corporate world, whether relating to Laws, Rules, Regulations, Standards, Procedures, Public Disclosures, thereby constantly posing challenges for the corporate to meet with the highest set of standards of business ethics and fair play. However adherence to Corporate Governance practices at each such time shall lead the way to transparent and just business operations.

Corporate Governance encompasses good practices, adherence to laws, procedures, standards and implicit rules that enable the Management to take wise and sound decisions, whose results will have an impact not only on its shareholders, creditors, associates, employees and the government but society at large. The core objective of Corporate Governance is to maximize shareholder value through an open and transparent disclosure regime. Corporate Governance practice enables every stakeholder to have access to fullest information about the Company and its functioning thereby achieving stakeholder's satisfaction.

In view of the above statement, your Company reaffirms its commitment to excellence in Corporate Governance and constantly strives and endeavors to attain the high standards of business ethics and fair play, by employing the

finest practices of corporate values and ethics. Your Company also believes that Good Corporate Governance will also help to translate into being a responsible Corporate Citizen.

## 2. Board of Directors

### Composition and category

The Board of Directors of the Company (“the Board”) provides leadership and guidance to the Company's Management and also supervises, directs and manages the performance of the Company. The Board has constituted various committees of Directors, for the matters requiring special attention and their effective and efficient disposal.

Your Company's Board is represented by professionally qualified Executive, Non-Executive and Independent Directors. The Board as on date is comprised of three Executive Directors and three Non-executive Directors.

Details of the Directors constituting the Board, their category, shareholding in the Company, number of Directorships in other public limited companies etc. 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	4	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	4	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 and nature of their expertise in specific functional areas are provided below:

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

Shri Sushil Gupta, aged 45 years is the Chairman & Managing Director of Richa Industries Limited, having more than 21 years of experience in the industry. He is an awardee of Udyog Patra and Udyog Vibhushan. 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 a 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 Industries 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 the 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.

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

Shri Sandeep Gupta aged 32 years is the Joint Managing Director of your Company w.e.f. 29.12.05. He has more than 10 years of experience in the textile and garment industry. Ever since joining the Company, he has assumed responsibilities of activities involved in all areas from manufacturing to marketing. Having attained thorough experience of the trade, he is now looking after the marketing and finance functions of the Company. He has done his MBS from University of Bhartiya Vidyapeeth, Pune, Graduate in Industrial Relations and Personnel 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 was groomed under the guidance of Mr. Sushil Gupta, your Chairman & Managing Director and in the atmosphere of business with the common goal.

During the year he has also been awarded by World Council for Corporate Governance for successful completion of 'Masterclass for Directors' leading to certified Directorship conducted by Institute of Directors.

**Sh. Manish Gupta**  
**(DIN 00035828)**

Shri Manish Gupta, aged 31 years is the Whole Time Director of your Company w.e.f. 29.12.2005. He joined the Company on July 1, 2002. He is in charge of overall working of plant including knitting, processing, dyeing and administration.

He has 8 years experience in the line of textile industry. He has done - B.Tech in Textile Chemistry from Shivaji University, DKTE, Ichalkaranji, Maharashtra.

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

Sh. Neeraj Bajaj aged 41 years, has an experience of over 19 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 your Company in December 2005. He is a Non-Executive, Independent Director.

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

Sh. Jagbir Singh Chaudhary aged 49 years, has an experience of over 24 years in the field of polymers, and chemicals. He has done M. Tech. (Chemical Engineering) from IIT Mumbai in 1983 and done Diploma in Paints Technology from UD City Mumbai. He has also done MBA Marketing from USA. He started his career as R&D Engineer in Mumbai and moved to the post of GM, Vice President and CEO. He is an expert in insulating polymer and Chemical Engineering field. He joined your Company in May, 2008. He is a Non-Executive, Independent Director.

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

Sh. Jai Parkash Malhotra aged 61 years, has an experience of over 40 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 was awarded as outstanding entrepreneur small scale industry for the State of Haryana by President of India and also awarded as eminent Engineer by Institution of Engineers in 2006. He was the president of Faridabad Chamber of Commerce & Industries. At present, he is the president of DLF, Association, Faridabad. 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 in 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 statutory matters requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, 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 Meetings held during the financial year 2009-10 is given below:

Name of the Director	Attendance of meetings during 2008-09	
	Board Meetings	Last AGM
Sh. Sushil Gupta	6	Yes
Sh. Sandeep Gupta	5	Yes
Sh. Manish Gupta	6	Yes
Sh. Neeraj Bajaj	6	Yes
Sh. J. S. Chaudhary	5	No
Sh. J. P. Malhotra	4	No

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

Six 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 two such meetings was not more than four months. The details of the Board Meetings are as under:

Date	Board Strength	Number of Directors Present
April 20, 2009	6	6
June 11, 2009	6	5
July 31, 2009	6	5
October 30, 2009	6	4
January 29, 2010	6	6
March 22, 2010	6	6

### Agenda and Minutes

All the departments of 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 / her to include the same in the agenda for the Board/Committee meeting(s). Agenda papers are generally circulated to the Board/Committee members well in advance before the meeting.

The Company Secretary while preparing the agenda and minutes of the Board/Committee meeting has ensured 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 followed by the Company. The draft minutes of the proceedings of each meeting duly initiated by the Chairman of the meeting are being 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 of 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, if any against the Company having material impact.
- ❖ Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any.
- ❖ Any material default in financial obligations to or 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 judgment or order which, may have passed strictures 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 the 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

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%
	Richa Holdings Ltd.	Director on the Board, Shareholding > 2%
Mr. Sandeep Gupta	Richa Holdings Ltd.	Director on the Board, Shareholding > 2%
	Richa Building Systems Ltd.	Director on the Board, Shareholding > 2%
	Richa Infrastructure Ltd.	Director on the Board, Shareholding > 2%
	Jewel Garments (P) Ltd.	Director on the Board, Shareholding > 2%
Mr. Manish Gupta	Richa Infrastructure Ltd.	Director on the Board, Shareholding > 2%
	Richa Building Systems Ltd.	Director on the Board, Shareholding > 2%
	Richa Holdings Ltd.	Director on the Board
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

#### Composition:

The Company's Board of Directors has also constituted an Audit Committee comprising of Executive and Non Executive Directors. The members of this Committee are well versed with finance & accounts / legal matters and general business practices.

#### Terms of Reference

The Committee is involved in reviewing :

- ❖ various matters including audited / un-audited financial results for the quarter/ year ended of the Company,
- ❖ internal Auditor's Report relating to internal control strengths and weaknesses,
- ❖ disclosures in respect of Related Party Transactions, Investments made by the Company,
- ❖ compliance with Listing Agreement, Accounting Standards and other requirements relating to financial statements,
- ❖ discussion with Internal Auditors and Management about the significant internal audit findings and its follow up,
- ❖ Management Discussion and Analysis Report and Director's Report.

### Meetings

The Audit Committee met 4 times during the year under consideration on 11.06.2009, 31.07.2009, 30.10.2009 and 29.01.2010. The constitution of Audit Committee and attendance of each member are 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 acts as Secretary to the Committee.

Shri Sandeep Gupta, who is the member of the Audit Committee, was present at the Fifteenth Annual General Meeting of the Company held on September 26, 2009 to answer the shareholders' queries.

### 4. Remuneration Committee

#### *Composition*

The Remuneration Committee comprises of Non-Executive and Independent Directors. The Committee met once during the year on 30.10.2009. The constitution of the Committee and attendance of each member are as given below :

Name of Member	Designation	Category	No. of Meeting attended
Sh. Neeraj Bajaj	Chairman	Non Executive Director	1
Sh. J. P. Malhotra	Member	Non Executive Director	1
Sh. J. S. Chaudhary	Member	Non Executive Director	1

The Company Secretary 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.

#### *Terms of Reference*

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

#### *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 Meeting.

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 option or performance linked incentives for its Directors.

**Remuneration paid to the Directors during the year 2009-10 :**

Name	Salary#	Perquisites	Provident Fund	Total
Sh. Sushil Gupta	Rs. 9,00,000/-	—	Rs. 9,360/-	Rs. 9,09,360/-
Sh. Sandeep Gupta	Rs. 9,00,000/-	—	—	Rs. 9,00,000/-
Sh. Manish Gupta	Rs. 7,20,000/-	—	—	Rs. 7,20,000/-

# 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, 2010:

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**

**Composition**

The Shareholders'/Investors' Grievance Committee comprises of Non-Executive and Independent Directors.

**Terms of Reference**

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 oversees performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

**Meetings**

Four Committee Meetings were held during the year on 11.06.2009, 31.07.2009, 30.10.2009 and 29.01.2010. The constitution of the Committee as at 31<sup>st</sup> March, 2010 and attendance of each member are 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*

Ms. Monika Jain, the Company Secretary is the Compliance Officer for complying with the requirements of the Listing Agreement with the Bombay Stock Exchange and the 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 31.03.2010	: 02
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	: Nil
No. of complaints resolved / replied during the year	: 02
*No. of Investors complaints pending at the ending of the year 31.03.2010	: Nil

We confirm that no complaint 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 compliance of various laws applicable to the Company.

## **8. Annual General Meetings**

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

Year	AGM	Date	Time	Venue	Special Resolution passed
2006-07	13 <sup>th</sup> AGM	13 <sup>th</sup> September, 2007	4.00 p.m.	Plot NO. 5, Sector – 7, IMT Manesar, Gurgaon Haryana - 122050	None
2007-08	14 <sup>th</sup> AGM	29 <sup>th</sup> September 2008	4.00 p.m.	FCCI Center Near Tubewell No.4	None
2008-09	15 <sup>th</sup> AGM	26 <sup>th</sup> September, 2009	4.30 p.m.	Sector-11B, Faridabad Haryana-121006	Two

## **9. Postal Ballot**

No special resolution was passed through Postal Ballot during the financial year 2009-10.

## 10. Extraordinary General Meeting

No Extraordinary General Meeting was held during the financial year 2009-10.

## 11. Disclosure

### a) **Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large.**

There were 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. 6 of Notes to Accounts of Schedule 23 of the Accounts in the Annual Report.

### b) **Disclosure of Accounting Treatment**

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 Accounts.

### c) **Risk Management**

Business risk evaluation and management is an on going 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 operations and the Board was informed of the same.

### d) **Details of non compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.**

The Company has complied with all the requirements of the Listing Agreement entered into with Bombay Stock Exchange as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchange or any statutory authority for non-compliance of any matter related to the capital market since the Company became listed.

### e) **Non-Mandatory Requirements**

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, in the performat prescribed by Clause 41 of the Listing Agreement within the time prescribed by that clause.
- ❖ The approved financial results are sent forthwith to the Bombay Stock Exchange and are published in a National English Newspaper. In addition, the same are published in a Local language Newspaper, with in forty-eight hours of approval thereof.
- ❖ The Company's financial results and official news releases are being displayed on the Company's website i.e. [www.richa.in](http://www.richa.in).
- ❖ No formal presentations or analysis were made to the institutional investors 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

A detailed review of the progress of the project and the future outlook of the Company and its businesses, as stipulated under Clause 49 of the Listing Agreement with Bombay Stock Exchange, is presented in a separate section forming part of this Annual Report.

### 14. Corporate ethics

As a responsible 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 requirements of Clause 49 of the Listing Agreement entered into with Bombay 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.
- 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 a separate section in this report.
- d) The Company believes and maintains its accounts in a transparent manner and aims at receiving unqualified report from the Auditors on the financial statement of the Company.
- e) As regards training of Board members, the Directors on the Board are seasoned professionals having wide range of expertise in different fields. They keep themselves abreast with the latest developments in the field of Management, Technology and Business Environment through various symposiums, seminars, etc.
- f) 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)

#### *Ensuing Annual General Meeting*

Day, Date, Time	Monday, 13th September, 2010, 4.30 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, 2010	:	End July, 2010
❖ Financial reporting for the half year ending September 30, 2010	:	End October, 2010
❖ Financial reporting for the quarter ending December 31, 2010	:	End January, 2011
❖ Financial reporting for the year ending March 31, 2011	:	End April, 2011

**Book Closure Period**

September 8<sup>th</sup>, 2010 to September 12<sup>th</sup>, 2010 (Both days inclusive)

**Dividend**

Your Directors are pleased to recommend a final dividend at the rate of 5% viz. 50 Paise per share for the financial year under review.

**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, Maharashtra

**Listing Fees**

Annual Listing Fee for the year 2009-10 has been paid to Bombay Stock Exchange where the equity shares of the Company are listed in the Month of April, 2010 i.e. within the stipulated time.

**Stock Code**

Scrip Code – Bombay Stock Exchange – ‘532766’

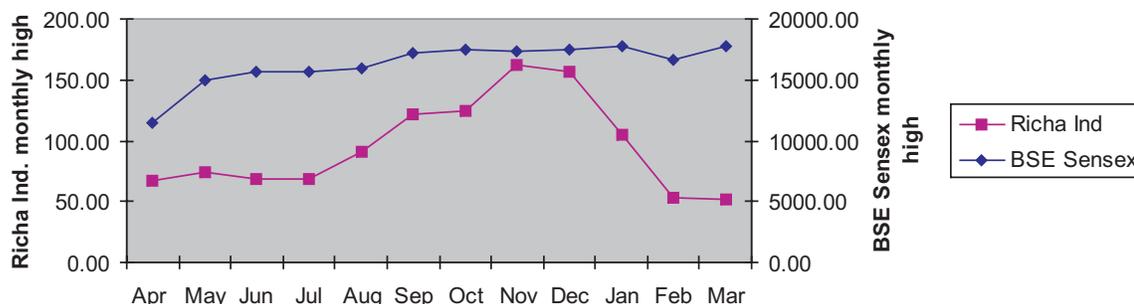
ISIN for Equity Shares – INE516H01012

**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 INDUSTRIES LTD.		BSE (SENSEX)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	67.65	33.00	11,492.10	9,546.29
May, 2009	74.10	55.80	14,930.54	11,621.30
June, 2009	68.50	57.00	15,600.30	14,016.95
July, 2009	67.95	55.65	15,732.81	13,219.99
August, 2009	91.50	56.70	16,002.46	14,684.45
September, 2009	121.80	70.00	17,142.52	15,356.72
October, 2009	125.00	87.25	17,457.26	15,805.20
November, 2009	161.80	110.00	17,290.48	15,330.56
December, 2009	156.00	110.20	17,530.94	16,577.78
January, 2010	104.70	41.90	17,790.33	15,982.08
February, 2010	52.70	35.55	16,669.25	15,651.99
March, 2010	51.40	33.10	17,793.01	16,438.45

### Stock Performance of the Company vis-a-vis BSE Sensex



#### Registrar & Share Transfer Agent

M/s Link Intime India Private 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:

#### LINKINTIMEINDIAPRIVATELIMITED

<b>Address</b>	<b>Mumbai Office</b> C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai-400 078	<b>Delhi Office</b> A-40, 2 <sup>nd</sup> Floor, Naraina Indl. Area Phase-II, Near Batra Banquet Hall, New Delhi-110 028, India
<b>Telephone</b>	022-2596 3828	011-4141 0592, 93, 94
<b>Contact Person</b>	Mr. Ganesh Kumar	Mr. Bharat Bhushan
<b>Email</b>	<a href="mailto:mumbai@linkintime.co.in">mumbai@linkintime.co.in</a>	<a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a>
<b>Timing</b>	Monday to Friday, 10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m.	

#### Share Transfer System

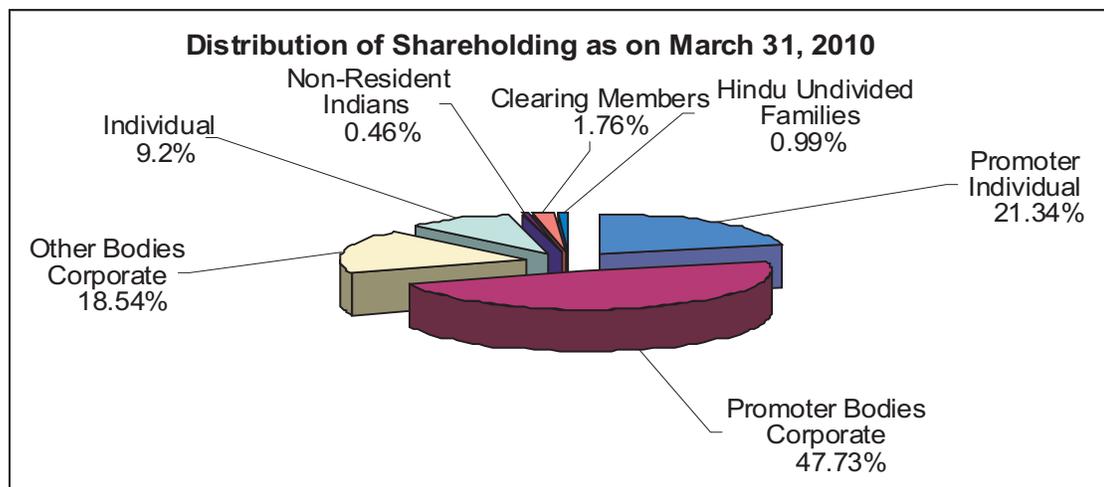
Shares sent for transfer in physical form are processed and transfer is completed by our Registrar and Share Transfer Agents within a period of 15 days from the date of receipt provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through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

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

- ❖ Shareholder submits the share certificates along with Dematerialization request Form (DRF) to Depository Participant (DP).
- ❖ DP processes the DRF and generates a unique Dematerialization Request No.
- ❖ DP forwards DRF and share certificates to Registrar and Share Transfer Agent (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 are holding shares in physical form get their shares dematerialized.



#### Shareholding Pattern as on March 31, 2010

	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	3611109	21.34
(b)	Bodies Corporate	8078774	47.73
	<b>Sub Total(A)(1)</b>	<b>11689883</b>	<b>69.07</b>
2	Foreign		
	<b>Sub Total(A)(2)</b>	....	....
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>11689883</b>	<b>69.07</b>
(B)	<b>Public shareholding</b>		
1	<b>Institutions</b>		
	<b>Sub-Total (B)(1)</b>	....	....
2	<b>Non-Institutions</b>		
(a)	Bodies Corporate	3137800	18.54
(b)	Individuals		
I	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	730422	4.32
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	826094	4.88
(c)	Any Other		
(c-i)	Non-Resident Indians	77178	0.46
(c-ii)	Clearing Members	297297	1.76
(c-iii)	Hindu Undivided Families	166880	0.99
	<b>Sub-Total (B)(2)</b>	<b>5235671</b>	<b>30.93</b>
(B)	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>5235671</b>	<b>30.93</b>
	<b>TOTAL (A)+(B)</b>	<b>16925554</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>16925554</b>	<b>100.00</b>

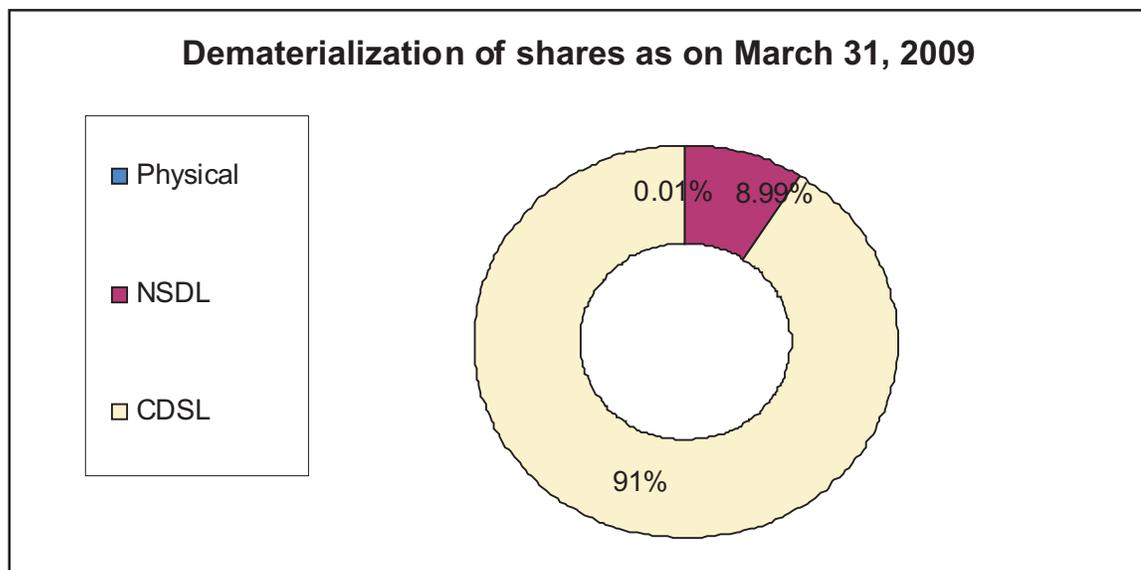
### Shareholding Pattern by Size

The distribution of shareholding as on 31st March, 2010 is given below:

Share holding of nominal value of		Share holders		Physical	SHARES NSDL Demat	AMOUNT CDSL Demat	Total	
Rs.	Rs.	Number	% of total	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)	% to total
Upto	2,500	1415	64.29	800	1013800	323690	1338290	0.79
2,501 —	5,000	327	14.86		999940	278410	1278350	0.76
5,001 —	10,000	203	9.22		1252900	324320	1577220	0.93
10,001 —	20,000	83	3.77		942420	312510	1254930	0.74
20,001 —	30,000	38	1.73		697970	233900	931870	0.55
30,001 —	40,000	25	1.14		542580	364140	906720	0.54
40,001 —	50,000	16	0.73		643470	91450	734920	0.43
50,001 —	1,00,000	24	1.09		1227930	512490	1740420	1.03
1,00,001 & Above		70	3.18		39365390	120177790	159543180	94.23
<b>TOTAL</b>		<b>2201</b>	<b>100.00</b>	<b>800</b>	<b>46686400</b>	<b>122618700</b>	<b>169305900</b>	<b>100.00</b>

### Dematerialization of Shares and Liquidity

99.99% of the Paid up Equity Share Capital of the Company is in dematerialized form as on March, 31, 2010.



**Details of shareholders holding more than 1% of paidup share capital as on March 31, 2010**

Name of shareholder	No. of shares held	% of shareholding
Sushil Gupta	1055706	6.24
Geeta Devi	275570	1.63
Subhash Gupta	481667	2.85
Usha Gupta	346498	2.05
Sandeep Gupta	1152968	6.81
Richa Holdings Limited	7621156	45.03
Jewel Garments Private Limited	457618	2.7
Guru Securities Solutions Private Limited	325606	1.92
Subhlabh Garments Private Limited	173055	1.02
Sunvision Infotech Private Limited	267857	1.58
Aureole Softwares Private Limited	763334	4.51
Arcadia Share and Stock Brokers Private Limited	213370	1.26
BOI Shareholding Limited	291000	1.72

**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 Institute of Management & Technology, Faridabad-121101, Haryana	8th km Stone, Ramnagar Road, NH 121, Kashipur Udham Singh Nagar, Utrakhhand-244713

**Address for Correspondence**

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

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

C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup  
West Mumbai-400 078

**Delhi Office**

A-40, 2<sup>nd</sup> Floor, Naraina Indl. Area  
Phase-II, Near Batra Banquet Hall,  
New Delhi-110 028

**Telephone**

022-2596 3828

011-4141 0592, 93, 94

**Contact Person**

Mr. Ganesh Kumar

Mr. Bharat Bhushan

**Email**

mumbai@linkintime.co.in

delhi@linkintime.co.in

**Website**

www.linkintime.co.in

**Timing**

Monday to Friday, 10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m.

**For Shares held in Demat Form:**

To the Investors' Depository Participant(s) and / or Link Intime India Private Limited at the above mentioned address.

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

Secretarial Department  
Richa Industries Limited  
Plot No. 57, Sector-27C,  
13/1, Mathura Road,  
Faridabad-121003, Haryana

Phone No. 91 129 4133968

Fax No. 91 129 4133969

E-mail : [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 Bombay Stock Exchange and the same forms part of this Annual Report.

The Certificate from the Statutory Auditors will be sent to the Bombay Stock Exchange along with the Annual Report of the Company.

**18. Electronic Clearing Service**

The Securities and Exchange Board of India has made it mandatory for all companies to use the Bank Account details furnished by the depositories and shareholders for crediting dividends through Electronic Clearing Service (ECS) to the investors wherever ECS and bank details are available. In the absence of ECS facility, the Company is required to print the bank account details on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. The Company complies with the SEBI requirement.

**19. 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 out every quarter by M/s Ajay Garg & Associates and the report thereon is submitted to the Bombay 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.

**20. Observance of the Secretarial Standards Issued by the Institute of Company Secretaries of India**

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 these 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 statement 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 were 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 control systems for financial reporting and that we have evaluated the effectiveness of internal control system 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: May 31, 2010

## **AUDITORS' CERTIFICATION ON CORPORATE GOVERNANCE**

To,

The Members of  
Richa Industries Limited

1. We have examined the compliance of conditions of Corporate Governance by Richa Industries Limited, ('the Company') for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).
2. The compliance of conditions of Corporate Governance is the responsibility of Management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and Management, we certify that the Company has complied in all material respects with the requirements and conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Tayal & Co.**  
Chartered Accountants  
(FRN 001845N)

(CA R.A. Gupta)  
Partner  
Membership No. 080997  
Place: Faridabad  
Date: May 31, 2010

To  
**The Board of Directors**  
**Richa Industries Limited**  
Faridabad

**CERTIFICATION BY**  
**CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

We have reviewed the financial statements and cash flow statements for the year 2009-10 and that to the best of our knowledge and belief, hereby certify that :

1. These statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading;
2. These statements 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 ended 31st March, 2010 which are fraudulent, illegal or in violation to the Company's code of conduct;
4. We accept the responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal controls systems of the Company and we have disclosed to the auditors and to the Audit Committee, deficiencies in the design or operation of internal controls, 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 this 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 an employee having a significant role in the Company's internal control systems.

Place: Faridabad  
Date: May 31, 2010

**(CA Manju Mangla)**  
Sr. Manager - Finance

**Sushil Gupta**  
Chairman & Managing Director

**DECLARATION REGARDING COMPLIANCE BY BOARD  
MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH  
THE CODE OF CONDUCT FOR DIRECTORS AND SENIOR  
MANAGEMENT PERSONNEL**

This is to confirm that Company has adopted a Code of Conduct for Directors and Senior Management Personnel, which is available on the Company's website.

I confirm that the company has in respect of the Financial Year ended 31st March, 2010, received from the Members of the Board and Senior Management Personnel a declaration of compliance with the Code of conduct as applicable to them.

Place : Faridabad  
Date : May 31, 2010

**Sushil Gupta**  
Chairman & Managing Director

## Auditors' Report

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To the Members of  
Richa Industries Limited

1. We have audited the attached Balance Sheet of Richa Industries Limited (“the company”) as at March 31, 2010 and also the Profit & Loss Account and 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. These 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 for our opinion.
3. As required by the Companies (Auditor’s Report) Order 2003 (“the Order”), issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said Order, to the extent applicable to the Company.
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 accounts, as required by law, have been kept by the Company, so far as it 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 Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) on the basis of written representation received from the Directors, as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31<sup>st</sup> March 2010 from being appointed as Director 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 give the information required by the Companies Act, 1956, in the manner so required and true and fair view in conformity with the accounting principles 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, 2010;
    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  
(Firm Registration No. 001845N)

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

Place : Faridabad  
Date : 31.05.2010

## Annexure to Auditors' Report

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The Annexure referred to in paragraph 3 of the Auditors' Report of even date to the Members of Richa Industries Limited, on the financial statements for the year ended 31<sup>st</sup> March 2010, 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, except the old obsolete machinery has been disposed off 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 were no material discrepancies noticed on physical verification of inventory as compared to the book 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 Section 301 of the Act. Accordingly Clause 3(b), 3(c) & 3(d) of the Companies (Auditor's 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 three and amount involved is Rs. 418 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;
- (d) Repayment of principal amounts to Rs.215 lac(three parties); and
- (e) Balance outstanding as on 31.03.2010 is Rs.1129 lac( one party),which is repayable on demand.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 weakness 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 this 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. 5,00,000/- (Rupees Five Lac only) or more in respect of each party;
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public, and hence, the directives issued by the Reserve Bank of India and provisions of Section 58A, and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.

- (vii) The Company has an internal audit system, the scope and coverage of which is 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 in respect of Company's activities.
- (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 31st March, 2010 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 31-03-2010;
- (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 our 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 debenture holders 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 Order 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, 1956;
- (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.

**For Tayal & Co**  
Chartered Accountants  
(Firm Registration No. 001845N)

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

Place : Faridabad  
Date : 31.05.2010

**Balance Sheet as at 31st March, 2010**

(Amount in Rs.)			
PARTICULARS	Schedule No.	As at 31 March, 10	As at 31 March, 09
<b>I. SOURCES OF FUNDS</b>			
<b>(1) Share Holders' Fund</b>			
(a) Share Capital	1	170,124,580.00	170,124,580.00
(b) Reserves & Surplus	2	484,997,793.44	438,384,994.65
(c) Deferred Tax		61,200,193.00	57,300,193.00
		<u>716,322,566.44</u>	<u>665,809,767.65</u>
<b>(2) Loan Funds</b>			
(a) Secured Loans	3	1,146,092,019.55	1,103,690,080.88
(b) Un- Secured Loans	4	112,900,000.00	92,600,000.00
		<u>1,258,992,019.55</u>	<u>1,196,290,080.88</u>
<b>Total</b>		<u>1,975,314,585.99</u>	<u>1,862,099,848.53</u>
<b>II APPLICATION OF FUNDS</b>			
<b>(1) Fixed Assets</b>			
(a) Gross Block	5	1,236,501,435.77	936,042,139.80
(b) Less Depreciation		127,358,502.05	93,000,069.66
(c) Net Block		1,109,142,933.72	843,042,070.14
(d) Capital Work-in-Progress		7,797,623.00	292,719,308.51
		<u>1,116,940,556.72</u>	<u>1,135,761,378.65</u>
<b>(2) Investments</b>			
	6	7,200,000.00	7,200,000.00
<b>(3) Current Assets, Loans &amp; Advances</b>			
(a) Inventories	7	620,562,634.43	497,727,399.27
(b) Sundry Debtors	8	425,100,844.92	325,239,012.08
(c) Cash & Bank Balances	9	34,289,515.12	7,690,889.01
(d) Loans & Advances	10	35,136,834.05	44,936,589.26
<b>Total (A)</b>		<u>1,115,089,828.52</u>	<u>875,593,889.62</u>
<b>Less Current Liabilities &amp; Provisions</b>			
(a) Current Liabilities	11	227,323,495.13	135,290,799.36
(b) Provisions	12	36,892,304.12	21,734,720.38
<b>Total (B)</b>		<u>264,215,799.25</u>	<u>157,025,519.74</u>
<b>NET CURRENT ASSETS (A) - (B)</b>		<u>850,874,029.27</u>	<u>718,568,369.88</u>
<b>(4) Miscellaneous Expenditure</b>			
(To extent not written off or adjusted)	13	300,000.00	570,100.00
<b>Total</b>		<u>1,975,314,585.99</u>	<u>1,862,099,848.53</u>

**Significant accounting policies & notes on accounts (as per Schedule 23)**

As per separate report of even date attached for **Tayal & Co.**  
Chartered Accountants  
(FRN 001845N)

**CA Manju Mangla**  
Sr. Manager - Finance

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

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

**CS Monika Jain**  
Company Secretary

**Sandeep Gupta**  
Jt Managing  
Director

**Sushil Gupta**  
Chairman &  
Managing Director

Place : Faridabad  
Date : 31.05.2010

**Profit & Loss Account for the year ended 31st March, 2010**

(Amount in Rs.)

PARTICULARS	Schedule No.	Year ended 31 March, 10	Year ended 31 March, 09
<b>INCOME</b>			
Gross Sales	14	1,745,638,224.06	1,474,943,937.77
Other Income	15	7,881,095.91	13,273,029.42
Increase/(Decrease) in Stocks	22	33,246,877.80	(44,465,715.99)
<b>TOTAL INCOME</b>		<b>1,786,766,197.77</b>	<b>1,443,751,251.20</b>
<b>EXPENDITURE</b>			
Raw Material Consumed	16	1,377,417,809.77	1,065,557,191.23
Manufacturing Expenses	17	66,926,959.17	50,186,359.27
Payment to and Provisions for Employees	18	53,231,806.17	37,798,671.00
Administrative & Other Expenses	19	59,913,476.98	21,405,767.81
Selling & Distribution Expenses	20	11,540,487.55	11,753,922.89
Interest & Financial Expenses	21	95,413,533.94	105,470,852.27
Depreciation	5	47,831,325.40	39,293,572.11
<b>TOTALEXPENDITURE</b>		<b>1,712,275,398.98</b>	<b>1,331,466,336.58</b>
<b>PROFIT BEFORE TAX</b>		<b>74,490,798.79</b>	<b>112,284,914.62</b>
<b>PROVISION FOR TAX</b>			
Provision for Income Tax AY 10-11		13,000,000.00	12,700,000.00
Fringe Benefit Tax		(16,635.00)	300,000.00
Provision for Deferred Taxation		3,900,000.00	16,700,000.00
Tax Paid for Earlier Years		978,408.00	1,694,536.00
<b>TOTAL</b>		<b>17,861,773.00</b>	<b>31,394,536.00</b>
<b>PROFIT AFTER TAX (PAT)</b>		56,629,025.79	80,890,378.62
<b>Balance Brought Forward from previous year</b>		245,469,848.61	164,579,469.99
<b>APPROPRIATIONS</b>			
Proposed final dividend on Equity Shares FY 09-10		8,462,777.00	-
Tax on Proposed Dividends - Provision FY 09-10		1,438,250.00	-
Transfer to General Reserves 5% of PAT		2,831,451.00	-
Balance Carried to Balance Sheet		<b>289,366,396.40</b>	<b>245,469,848.61</b>
Basic and Diluted Earning per Share		3.34	4.78

**Significant accounting policies & notes on accounts (as per Schedule 23)**

As per separate report of even date attached for **Tayal & Co.**  
Chartered Accountants  
(FRN 001845N)

**CA Manju Mangla**  
Sr. Manager - Finance

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

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

**CS Monika Jain**  
Company Secretary

**Sandeep Gupta**  
Jt Managing  
Director

**Sushil Gupta**  
Chairman &  
Managing Director

Place : Faridabad  
Date : 31.05.2010

**Schedule 1 to 23 annexed to and forming part of the Balance Sheet and Profit & Loss Account**

(Amount in Rs.)		
Schedules annexed to & forming part of Balance Sheet & Profit & Loss Account	As at 31 March, 2010	As at 31 March, 2009
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorized Capital</b>		
(30000000 Equity Shares of Rs 10/- each)	300,000,000.00	300,000,000.00
(PY 30000000 Equity Shares of Rs 10/- each)		
<b>Issued Capital</b>		
{17099362 Equity Shares of 10/- each fully paid up}	170,993,620.00	170,993,620.00
<b>Subscribed and Paid up Capital</b>		
{16925554 Eq. shares of 10/- each fully paid up}	169,255,540.00	169,255,540.00
Notes : Of the above Shares		
(a) 2188681 Equity Shares issued as Bonus Shares without consideration in cash & and by capitalizing the profits		
(b) 8826192 Equity Shares of Rs. 10/ each issued at a premium of Rs 20/- each fully paid up		
Share Allotment Money Forfeiture	869,040.00	869,040.00
(173808 Equity Shares paid up @ Rs. 5/- each forfeited)		
	<b>170,124,580.00</b>	<b>170,124,580.00</b>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>(A) Capital Reserves</b>		
Opening Balance	46,925,980.00	44,632,480.00
Addition during the year	-	2,507,500.00
Less : Written Back during the year	115,200.00	214,000.00
	<b>46,810,780.00</b>	<b>46,925,980.00</b>
<b>(B) Share Premium Account</b>		
Opening Balance	145,989,166.04	145,989,166.04
	<b>145,989,166.04</b>	<b>145,989,166.04</b>
<b>(C) General Reserve</b>		
Opening Balance	-	-
Addition during the year	2,831,451.00	-
	<b>2,831,451.00</b>	-
<b>(D) Profit &amp; Loss Account</b>		
Opening Balance	245,469,848.61	164,579,469.99
Addition during the year	43,896,547.79	80,890,378.62
	<b>289,366,396.40</b>	<b>245,469,848.61</b>
<b>Total (A)+(B)+(C)+(D)</b>	<b>484,997,793.44</b>	<b>438,384,994.65</b>

(Amount in Rs.)

Schedules annexed to & forming part of Balance Sheet & Profit & Loss Account	As at 31 March, 2010	As at 31 March, 2009
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<i>Loans &amp; Advances from Banks</i>		
1 Term Loan	519,811,411.00	560,675,261.00
2 WCFC	450,600,770.00	-
3 Working Capital Limits	144,912,998.55	542,207,828.88
4 Bills payable under LC	30,766,840.00	806,991.00
(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, Utrakhand & Personal Guarantees of Sh. Sushil Gupta (CMD), Sh Sandeep Gupta (JTMD), Sh. Manish Gupta (WTD)	<u>1,146,092,019.55</u>	<u>1,103,690,080.88</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
<b>Loans from Associate/Group Companies</b>		
Richa Building Systems Ltd	<u>112,900,000.00</u>	<u>92,600,000.00</u>
	<u>112,900,000.00</u>	<u>92,600,000.00</u>
<b>SCHEDULE - 6</b>		
<b>INVESTMENT- Long Term</b>		
<b>Unquoted, at Cost Price - Long Term</b>		
72000 Equity Shares (72000) of Richa Infrastructure Ltd-fully paid up (PY 72000 Equity Shares fully paid up) (Face Value Rs 10/- each, at a premium of Rs 90/- each)	<u>7,200,000.00</u>	<u>7,200,000.00</u>
	<u>7,200,000.00</u>	<u>7,200,000.00</u>
Note : Aggregate cost of :		
Quoted Investments	-	-
Un-Quoted Investments	7,200,000.00	7,200,000.00

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**SCHEDULE - 5  
FIXED ASSETS**

Sr.No	Particulars	Cost as on		Additions		Substraction		Total Cost as on 31.03.10	Dep. Upto 31.03.2009	Depreciation during 2009-10	Depreciation W/Back	Total Dep. up to 31.03.10	W.D.V. as on 31.03.2010	W.D.V. as on 31.03.2009
		Purchase	Transfer	Transfer	Sale	Transfer								
1	Land	45,405,584.50	-	119,923,816.54	-	-	-	165,329,401.04	-	-	-	-	165,329,401.04	45,405,584.50
2	Building	11,786,070.26	-	13,051,271.81	-	-	-	248,373,425.07	9,902,638.85	6,122,081.19	-	16,024,720.04	232,348,705.03	107,958,064.41
3	Plant & Machinery	7,425,117,172.7	55,492,395.00	10,194,928.25	76,509,838.87	55,492,395.00	-	767,996,806.65	75,220,797.47	36,671,608.83	12,245,664.01	99,646,742.29	668,350,064.36	667,290,919.80
4	Vehicles	8,31,803.10	-	1,47,564.96	45,907.00	-	-	9,749,688.96	2,090,545.22	862,637.33	-	2,953,182.55	6,796,506.41	6,227,485.78
5	Office Equipment	7,887,612.89	40,93,903.00	7,125,335.08	2,88,333.17	40,93,903.00	-	14,724,614.75	1,118,627.50	410,969.72	57,270.00	1,472,327.23	13,252,287.52	6,768,985.39
6	Furniture & Fixture	6,265,511.93	53,200.00	4,642,478.42	-	-	-	10,907,990.35	1,087,209.33	636,325.73	-	1,723,535.04	9,184,455.31	5,178,302.60
7	Computer/CC TV	7,080,298.95	131,720.00	14,397,990.13	2,735,922.00	131,720.00	-	18,742,367.08	3,300,753.07	3,098,978.19	990,148.00	5,409,583.26	13,332,783.82	3,779,545.88
8	Fax/EPA BX/Telephone	532,869.00	10,000.00	144,272.87	-	-	-	677,141.87	99,687.23	28,724.42	-	128,411.65	548,730.22	433,181.77
9	Temporary Structure	1,79,811.00	-	-	1,79,811.00	-	-	-	1,79,811.00	-	1,79,811.00	-	-	-
	<b>Total</b>	<b>93,604,139.80</b>	<b>56,091,218.00</b>	<b>3,80,219,108.01</b>	<b>79,759,812.04</b>	<b>56,091,218.00</b>	<b>56,091,218.00</b>	<b>1,23,65,01,435.77</b>	<b>93,000,069.67</b>	<b>47,831,325.40</b>	<b>13,472,893.01</b>	<b>1,27,353,502.06</b>	<b>1,10,9,14,293.71</b>	<b>84,304,207.14</b>
	Previous Year	85,35,39,924.70	14,35,10,254.43	93,78,10,295.50	11,27,88,144.40	14,35,10,254.43	14,35,10,254.43	93,60,42,139.80	56,50,21,82.89	39,29,3,572.10	2,85,5,685.33	93,00,069.66	84,30,42,070.14	-

(Amount in Rs.)

Schedules annexed to & forming part of Balance Sheet & Profit & Loss Account	As at 31 March, 2010	As at 31 March, 2009
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>SCHEDULE - 7</b>		
<b>INVENTORIES</b>		
(Cost or net realizable value whichever is lower Verified Physically as to quantity & value by Management)		
Raw Materials	539,421,925.67	449,833,568.31
Consumables	5,349,603.65	1,912,502.11
Finished Goods	36,796,257.51	10,985,297.68
Work in Progress	38,994,847.60	34,996,031.17
	<u>620,562,634.43</u>	<u>497,727,399.27</u>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS</b>		
(Considered good)		
Debts outstanding for a period exceeding six months	5,235,558.14	7,545,654.04
Other debts - Fully secured	7,672,746.00	-
Other debts - Unsecured	412,192,540.78	317,693,358.04
	<u>425,100,844.92</u>	<u>325,239,012.08</u>
<b>SCHEDULE - 9</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand	4,165,769.27	864,401.64
Balance with Scheduled Banks		
(i) in Current Accounts	9,817,226.85	148,530.37
(ii) in Fixed Deposit Accounts	20,306,519.00	6,677,957.00
(Kept in Margin for Bank Guarantees and Letter of Credits) (includes interest accrued Rs. 633194)		
	<u>34,289,515.12</u>	<u>7,690,889.01</u>
<b>SCHEDULE - 10</b>		
<b>LOANS &amp; ADVANCES - Unsecured and Considered Goods</b>		
(Recoverable in cash or in kind for the value received)		
Loan to Employees	1,039,937.00	617,000.00
TUFS (Capital) Subsidy Receivable	-	2,507,500.00
TUFS (Interest) Subsidy Receivable	8,759,572.00	19,922,797.00
Security Deposits	4,591,341.00	3,647,341.00
Advances to Suppliers	2,450,068.20	3,985,350.27
Insurance Claim Receivable	2,059,214.43	322,901.00
Prepaid Expenses	2,086,945.00	1,205,082.00
Balance in CENVAT/Service Tax Account	5,236,627.82	4,064,083.81
Duty Drawback/DEPB Receivable	637,067.00	1,356,702.00
EMD with AEPC	460,461.00	460,461.00
Sales Tax Receivable (Input Tax)	-	193,417.42
I Tax /FBT Refundable AY 2008-09	47,285.00	46,080.00
I Tax /FBT Refundable AY 2009-10	46,440.00	-
TDS/Provision of TDS AY 2010-11	7,721,875.60	6,607,873.76
	<u>35,136,834.05</u>	<u>44,936,589.26</u>

(Amount in Rs.)

Schedules annexed to & forming part of Balance Sheet & Profit & Loss Account	As at 31 March, 2010	As at 31 March, 2009
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES</b>		
<b>Sundry Creditors</b>		
(a) total outstanding dues of micro and small enterprises	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		
Creditors for Trade	197,107,470.78	125,339,983.32
Creditors for Capital Goods	9,504,009.00	5,382,609.78
Creditors for Expenses	9,754,737.45	2,472,484.00
Advances from Customers	10,752,319.90	2,056,172.26
Other Liabilities- Advance against sale of Land	-	39,550.00
Security Refundable	204,958.00	
	<u>227,323,495.13</u>	<u>135,290,799.36</u>
<b>SCHEDULE - 12</b>		
<b>PROVISIONS</b>		
Provision for Income Tax AY 2010-11	13,000,000.00	13,000,000.00
Proposed Final Dividend FY 2009-10	8,462,777.00	-
Tax on Proposed Final Dividend FY 2009-10	1,438,250.00	-
Payable Provident Fund	461,317.00	251,566.00
For Insurance, Pension and similar staff benefits	9,696,941.00	6,727,637.00
Sale Tax Payable	2,075,396.12	349,025.38
TDS Payable	322,661.00	174,080.00
Expenses Payable	1,434,962.00	1,232,412.00
	<u>36,892,304.12</u>	<u>21,734,720.38</u>
<b>SCHEDULE - 13</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
<i>Pre-operative Expenses</i>		
Opening Balance	570,100.00	452,482.00
Add : Addition during the year	-	500,000.00
Less : Written Off during the year	270,100.00	382,382.00
<b>CLOSING BALANCE</b>	<u>300,000.00</u>	<u>570,100.00</u>
	<b>Year ended 31 March, 2010</b>	<b>Year ended 31 March, 2009</b>
<b>SCHEDULE - 14</b>		
<b>GROSS SALES</b>		
Sales	1,418,472,712.98	1,176,976,288.97
Jobwork	327,003,009.96	273,129,921.40
Exports	162,501.12	24,837,727.40
	<u>1,745,638,224.06</u>	<u>1,474,943,937.77</u>
<b>SCHEDULE - 15</b>		
<b>OTHER INCOME</b>		
Interest received on FDR (TDS Rs. 88815/-)	746,306.00	300,879.00
Interest received others	6,801,315.76	6,615,306.38
Discount received	-	666,308.00
Duty Drawback Received	-	2,485,904.00
Commission Received	-	196,136.00
Profit on sale of Fixed Assets	-	2,538,437.93
Bad Debts Recoveries Account	5,284.00	386,102.20
Unclaimed balances W/off & Short & Excess	310,329.21	-
Misc. Receipts	17,860.94	83,955.91
	<u>7,881,095.91</u>	<u>13,273,029.42</u>

Schedules annexed to & forming part of Balance Sheet & Profit & Loss Account	Opening as on 1 April, 09	Purchases	Material used in Home Consumption	Consumption during the year	Closing as on 31 March, 10
<b>SCHEDULE - 16</b>					
<b>RAW MATERIAL CONSUMED</b>					
<b>Financial Year 2009 -2010</b>					
<b>TEXTILE UNIT</b>					
—Dyes and Chemicals	7916437.51	116083195.97		113,255,301.02	10744332.46
—Fabrics	402775075.64	985698746.36		987,472,081.69	401001740.31
—Yarn	35967668.52	89425091.00		113,263,483.04	12129276.48
—Fuel	2387069.46	35182581.50		35,584,879.68	1984771.28
—Packing Material	370760.41	4299373.04		4,268,899.71	401233.74
—Accessories	416556.77	0.00	33375.00	383,181.77	0.00
<b>TEXTILE UNIT-TOTAL</b>	<b>449833568.31</b>	<b>1230688987.87</b>	<b>33375.00</b>	<b>1254227826.91</b>	<b>426261354.27</b>
<b>PEB UNIT</b>					
—HR Plates	0.00	118,754,648.47		61,935,955.38	56,818,693.09
—Structures	0.00	7,226,914.10		4,840,588.26	2,386,325.84
—Coils	0.00	102,990,827.09		51,777,510.40	51,213,316.69
—Accessories	0.00	7,037,443.90	13,624.00	4,281,584.12	2,742,235.78
—Loading/Unloading/Cartage etc	0.00	354,344.70		354,344.70	-
<b>PEB-TOTAL</b>	<b>0.00</b>	<b>236364178.26</b>	<b>13624.00</b>	<b>123189982.86</b>	<b>113160571.40</b>
<b>GROSS TOTAL</b>	<b>449833568.31</b>	<b>1467053166.13</b>	<b>46999.00</b>	<b>1377417809.77</b>	<b>539421925.67</b>
<b>Schedules annexed to &amp; forming part of Balance Sheet &amp; Profit &amp; Loss Account</b>					
<b>SCHEDULE - 16</b>					
<b>RAW MATERIAL CONSUMED</b>					
<b>Financial Year 2008 -2009</b>					
<b>TEXTILE UNIT</b>					
—Dyes and Chemicals	7187060.74	96005527.59		95,276,150.82	7916437.51
—Fabrics	379437981.37	847160856.33		823,823,762.06	402775075.64
—Yarn	5257196.97	137952897.30		107,242,425.75	35967668.52
—Fuel	1715758.10	34702642.76		34,031,331.40	2387069.46
—Packing Material	134128.93	3814687.92		3,578,056.44	370760.41
—Accessories	52195.00	1670919.53	0.00	1,306,557.76	416556.77
—Loading/Unloading/Cartage etc	0.00	298,907.00	0.00	298,907.00	0.00
<b>TEXTILE UNIT-TOTAL</b>	<b>393784321.11</b>	<b>1121606438.43</b>	<b>0.00</b>	<b>1065557191.23</b>	<b>449833568.31</b>

(Amount in Rs.)

Schedules annexed to & forming part of Balance Sheet & Profit & Loss Account	Year ended 31 March, 2010	Year ended 31 March, 2009
<b>SCHEDULE - 17</b>		
<b>MANUFACTURING EXPENSES</b>		
Outside Job Work / Erection Charges	10,003,879.50	12,548,583.31
Power & Electricity	34,260,186.80	27,437,365.89
Water & Sewerage Charges	319,787.00	376,732.00
Consumable Stores	8,734,174.00	1,154,767.71
Genset Hiring charges	460,876.50	
Repairs - Plant & Machinery	13,148,055.37	8,668,910.36
	<u>66,926,959.17</u>	<u>50,186,359.27</u>
<b>SCHEDULE - 18</b>		
<b>PAYMENT TO AND PROVISIONS FOR EMPLOYEES</b>		
Salary, Wages & Bonus	46,553,748.17	33,761,172.00
Directors' Remuneration	2,295,000.00	2,520,000.00
Workman & Staff Welfare Expenses	1,259,961.00	1,032,533.00
Contribution to Provident & Other Funds	2,471,926.00	1,551,268.00
Gratuity & Leave Encashment-Provision	651,171.00	1,453,698.00
	<u>53,231,806.17</u>	<u>40,318,671.00</u>
<b>SCHEDULE - 19</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Auditors Remuneration & Out of Pocket Expenses	303,278.00	303,400.00
Books & Periodicals	53,350.00	12,689.00
Charity & Donation	3,600.00	539,540.00
Cleaning & Sanitation	135,121.00	37,990.00
Commission/Sitting fee to Non WTD	22,500.00	-
Directors' Travelling & Conveyance	185,316.00	477,109.55
Diwali Expenses	1,155,793.00	283,979.00
General Expenses	110,006.00	65,830.00
Insurance Others	2,037,424.00	2,070,575.40
Insurance on Cars	44,185.00	88,074.00
Legal & Professional Charges	3,787,557.00	5,054,273.00
Loss on sale of fixed assets	39,523,681.03	-
AGM & Meeting Expenses	51,563.00	62,926.00
Postage Expenses	353,337.57	419,957.69
Pre-operative Expenses W/off	270,100.00	382,382.00
Printing & Stationery Expenses	1,200,988.60	1,260,827.07
Rates & Taxes	676,994.00	485,111.00
Rent Paid	900,587.00	232,200.00
Forex gain/loss	-	45,743.98
Repairs & Maintenance - Building	726,574.00	953,438.96
Repairs & Maintenance - Computer/Others	827,053.06	627,829.00
Repairs & Maintenance - Electricals	388,416.60	247,725.05
Repairs & Maintenance - Vehicle Commercial	2,237,109.00	1,561,729.17
Repairs & Maintenance - Vehicle-Others	611,595.00	620,834.00
Watch/Ward/Security Expenses	1,623,108.00	678,591.00
Subscription Fee	228,288.00	27,091.00
Telephone, Modem & Internet Expenses	535,340.95	493,132.10
Testing Charges	124,285.67	127,112.83
Travelling & Conveyance Expenses	1,150,744.00	1,606,092.76
Office Maintenance Expenses	645,581.50	119,584.25
	<u>59,913,476.98</u>	<u>18,885,767.81</u>

(Amount in Rs.)

Schedules annexed to & forming part of Balance Sheet & Profit & Loss Account	Year ended 31 March, 2010	Year ended 31 March, 2009
<b>SCHEDULE - 20</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Sales Promotion Expenses	1,050,494.00	43,398.00
Freight paid on Sales /Export Sales & Clearance Charges	1,499,873.04	2,084,853.33
Advertisement & Exhibition Expenses	380,370.14	60,000.00
Bad Debts Written Off	8,609,750.37	9,565,671.56
	<u>11,540,487.55</u>	<u>11,753,922.89</u>
<b>SCHEDULE - 21</b>		
<b>FINANCIAL EXPENSES</b>		
Interest on Bank Loans	87,170,314.01	100,651,001.00
Interest on Other Accounts	1,274,043.19	152,634.00
Bank Charges	6,969,176.74	4,667,217.27
	<u>95,413,533.94</u>	<u>105,470,852.27</u>
<b>SCHEDULE - 22</b>		
<b>INCREASE/(DECREASE) IN WIP/FINISHED GOODS</b>		
<i>Closing Stocks</i>		
Consumable Store	5,349,603.65	1,912,502.11
Finished Goods	36,796,257.51	10,985,297.68
Work in Process	38,994,847.60	34,996,031.17
	<u>81,140,708.76</u>	<u>47,893,830.96</u>
<i>Opening Stocks</i>		
Consumable Stores	1,912,502.11	2,584,516.95
Finished Goods	10,985,297.68	6,085,334.00
Work in Process	34,996,031.17	83,689,696.00
	<u>47,893,830.96</u>	<u>92,359,546.95</u>
<b>INCREASE/(DECREASE) IN WIP/FINISHED GOODS</b>	<u>33,246,877.80</u>	<u>(44,465,715.99)</u>

**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 Principles (“GAAP”) under the historical cost convention on accrual basis. GAAP comprises Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006, 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 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. Differences 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 cost 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 & 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 material, 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 material, 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 to 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 supported with convincing evidence 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 2010 are as follows:

	<b>AS AT 31<sup>st</sup> March (Rs in Lac)</b>	
	<b>2010</b>	<b>2009</b>
Deferred Tax Liabilities :-		
Timing differences	612.00	573.00

#### 13. Dues to Micro, Small & Medium Enterprises :

The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the company. No principal amount or interest amount remain unpaid to such Micro and Small Enterprises as on 31.03.2010 and no payments were made to such enterprises beyond the "appointed day" during the year. Also the Company has not paid any interest in terms of Section 16 of the above mentioned Act or otherwise.

#### 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 material 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 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 Profit & Loss Account.

**19. Impairment of Assets**

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the Profit & Loss Account to the extent the carrying amount exceeds recoverable amount.

**20. Leases**

Lease rentals in respect of finance lease are segregated into cost of assets and interest component by applying the implicit rate of return.

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

**(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 2006, are given below:

**Defined Contribution Plan**

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

	(Rs. in lacs)	
	2009-10	2008-09
Employer's Contribution to Provident Fund	8.76	5.04
Employer's Contribution to Pension Fund	10.70	6.28

**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. However no actuarial valuation as required in AS 15 has been done.

**3. Payment to Auditors:**

	(Rs. in lacs)	
(Exclusive of Service Tax / Education Cess)	2009-10	2008-09
(i) Audit Fees	2.60	2.60
(ii) Tax on Audit Fees	0.40	0.40
(iii) Out of Pocket Expenses	0.03	0.03
	<b>3.03</b>	<b>3.03</b>

**4. Managerial Remuneration** (Remuneration paid or payable to Managing Director / Executive Directors)

**(a) Functional Directors** **(Rs in Lacs)**

Particulars	2009-10	2008-09
(i) Salaries and Allowances	25.20	25.20
(ii) Contribution to Provident Fund	0.20	0.09
(iii) Provision for Gratuity	5.82	5.08
(iv) Provision for Leave Encashment	3.66	1.88
<b>TOTAL</b>	<b><u>34.88</u></b>	<b><u>32.25</u></b>

<b>No. of Directors</b>	3	3
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**(b) Independent Directors**

Sitting Fee	0.23	NIL
No. of Directors	3	3

**(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

	2009-10	2008-09
<b>Profit Before Taxation</b>	744.91	1122.85
Add : Depreciation as per accounts	478.31	392.93
Managerial Remuneration	25.20	25.20
Loss on Sale of Fixed Assets	395.23	-
Less: Depreciation as per Section 350 of the Act	478.31	392.93
Profit/(Loss) on Sale of Fixed Assets	0.00	25.38
<b>Net Profit for the year</b>	<b><u>1165.34</u></b>	<b><u>1122.67</u></b>
Eligibility (10% of the Net Profit)	116.53	112.27
Paid or payable for the year	25.20	25.20

**5. Earnings Per Share (EPS)**
**(Rs in Lacs)**

	2009-10	2008-09
(i) Net Profit after tax as per P&L Account	566.29	808.90
(ii) Net Profit attributable to shareholders	566.29	808.90
(iv) Weighted Average number of Equity Shares used as denominator for calculating EPS (Nos in lacs)	169.26	169.26
(v) Basic and Diluted Earning Per Share Rs.	3.34	4.78
(vi) Face Value per Equity Share (Rs)	10.00	10.00

**6. 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 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
  2. Richa Holdings Ltd.
  3. Jewel Garments (P) Ltd.
- c) Relatives of Key Management Personnel
1. Smt. Geeta Devi

**Transactions with Related Parties****(Rs. in Lacs)**

Particulars	Subsidiary Companies	Associates	Key Managerial Personnel	Relatives Key Managerial Personnel	Enterprises over which KMP & their relatives have significant influence	Grand Total
Remuneration			34.88			34.88
Unsecured Loans Received					418.00	418.00
Unsecured Loans Re Paid					215.00	215.00
Sale/Jobwork	-	-	-	-	-	-
Purchase/Jobwork	-	-	-	2.00	-	2.00
<b>Outstanding</b>						
Receivables	-	-	-	-	-	-
Payable (Gross)	-	-	<b>10.80</b>	-	<b>1129.00</b>	<b>1139.80</b>

7. 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

- (i) **Manufacture in Textiles** - The textile business incorporates the product group namely: Dyeing & Processing of Knitted Fabrics and Processing / Knitting of Yarn and Manufacture of Knitted Fabric, which mainly have similar risks and returns.
- (ii) **Manufacturer of Pre Engineering Buildings** - The PEB business incorporate the product group namely : Pre Fabricated Steel Building in CKD Condition, Tubular Steel Poles, Structure and Super Structure for mining, Drop Rods, Angles, Shapes and Section, 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	<b>(Rs. in Lacs)</b>	
	<b>2009-10</b>	<b>2008-09</b>
i. Sales to Overseas Market	1.63	248.37
ii. Sales to Domestic Market	17454.75	14501.06

## Segment Reporting Chart

(Rs. in Lacs)

Particulars	Year Ended	
	31st March, 2010	31st March, 2009
<b>1. Segment Revenue</b>		
(a) Textile	15887.94	14749.44
(b) PEB	1568.45	-
<b>Total</b>	<b>17456.39</b>	<b>14749.44</b>
<b>Less : Inter Segment Revenue</b>	<b>-</b>	<b>-</b>
<b>Sales/Income From Operations</b>	<b>17456.39</b>	<b>14749.44</b>
<b>2. Segment Results</b> Profit/Loss before tax and Interest from Each segment		
(a) Textile	1505.29	2177.55
(b) PEB	193.75	-
<b>Total</b>	<b>1699.04</b>	<b>2177.55</b>
<b>Less : Inter Segment Revenue</b>	<b>-</b>	<b>-</b>
(i) Interest	954.13	1054.70
(ii) Other Un-allocable Expenditure net off Un-allocable income	-	-
(iii) Exceptional Items	-	-
<b>Total Profit Before Tax</b>	<b>744.91</b>	<b>1122.85</b>
<b>Total Capital Employed</b>	<b>19678.14</b>	<b>18543.30</b>

**8. Additional Information**

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

Particulars	2009-10	2008-09
(a) Licensed Capacity(As per IEM)(at the close of Year)		
<b>FOR TEXTILE DIVISION</b>		
Knitting (M.T.)	3,058	3,058
Processing of Fabrics (M.T.)	13,200	13,200
Garments ('000 Pcs)	3,900	3,900
<b>FOR PEB DIVISION</b>		
Manufacturer of Pre Engineering Building of Metals Products	54000 Tons p.a.	NIL
(b) Installed Capacity		
<b>FOR TEXTILE DIVISION</b>		
- Knitting	3058 Tons*	2500 Tons pa*
- Processing of Fabrics	13200 Tons pa*	13200 Tons pa*
- Garments (Equivalent to Polo T-Shirts)	NIL	900000 Pcs pa*
<b>FOR PEB DIVISION</b>		
Manufacturer of Pre Engineering Building of Metals Products	9,000 Tons p.a.#	NIL

## (ii) Production

**FOR TEXTILE DIVISION**

- Knitting	2237 Ton*	2160 Tons*
- Processing of Fabrics	12196 Ton*	11680 Tons*
- Garments (Equivalent to Polo T-Shirts)	Nil	353.21'000*

**FOR PEB DIVISION**

Manufacturer of Pre Engineering Building of Metals Products	3427 Tons#	NIL
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\*Capacities are calculated on the basis of weighted average, on the basis of basic fabrics & knitting. In Knitting, capacity is calculated on prorata/weighted average basis for the machines installed during the year at different points of time.

#Capacities are calculated on the basis of prorata/weighted average, for the machines used during the year at different points of time.

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

Particulars	Unit	2009-10		2008-09	
		Qty	Value (Rs Lac)	Qty	Value(Rs Lac)
Fabric Sales	Ton	7183.58	12609.94	5716.98	11723.92
Garments(Eqvl to Polo T-Shirts)	'000Pcs	27.58	4.25	264.17	294.22
Jobwork	Ton	5553.32	3270.03	4616.54	2731.30
Yarn	Ton	13.50	3.72	-	-
<b>Total Textile (A)</b>	-	-	<b>15887.94</b>	-	<b>14749.44</b>
Pre fabricated Building	Ton	3223.78	1548.11	-	-
Scrap Sales	Ton	31.77	5.23	-	-
Erection Charges	-	-	15.11	-	-
<b>Total PEB (B)</b>	-	-	1568.45	-	-
<b>Gross Total (A+B)</b>	-	-	17456.39	-	14749.44

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

Particulars	Unit	2009-10		2008-09	
		Qty	Value (Rs. in Lacs)	Qty	Value (Rs. in Lacs)
Dyes & Chemicals	Ton	5001.08	1132.55	4175.89	952.76
Fabric	Ton	6303.56	9874.72	6471.49	8238.24
Yarn	Ton	1055.26	1132.63	1178.70	1072.43
Fuel-Diesel	'000Ltr	503.24	144.84	105.33	39.04
Fuel-Coal	Ton	5522.64	211.01	4606.27	301.27
Packing Material	-	44.62	42.69	29.58	35.78
Accessories	-	-	3.83	-	13.07
Loading / Unloading	-	-	-	-	2.98
<b>Total Textile (A)</b>	-	-	12542.27	-	10655.57
HR Plates	Ton	2194.32	667.76	-	-
Coils	Ton	1335.38	517.78	-	-
Accessories	-	-	42.82	-	-
Loading/Unloading	-	-	3.54	-	-
<b>Total PEB (B)</b>	-	-	1231.90	-	NIL
<b>Gross Total (A+B)</b>	-	-	13774.17	-	10655.57

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

Particulars	Unit	2009-10		2008-09	
		Qty	Value (Rs in Lacs)	Qty	Value (Rs in Lacs)
Dyes & Chemicals	Ton	213.57	107.44	179.71	79.16
Fabric	Ton	2500.33	4010.02	2235.09	4027.75
Yarn	Ton	76.40	121.29	335.27	359.68
Fuel (Diesel)	'000Ltr	26.94	8.51	22.36	6.18
Fuel (Coal)	Ton	170.80	11.34	388.30	17.70
Packing Material	-	4.15	4.01	4.33	3.70
Accessories	-	-	-	-	4.16
<b>Total Textile (A)</b>			4262.61		4498.33
H.R. Plates	Ton	1457.85	592.05	-	-
Coils	Ton	1083.77	512.13	-	-
Accessories		-	27.42	-	-
<b>Total PEB (B)</b>			1131.60		NIL
<b>Gross Total (A+B)</b>			5394.21		4498.33

	(Rs. in Lacs)	
	2009-10	2008-09
<b>9.</b> Number of Employees in receipt of or entitled to receive payment (including perks) of Rs. 2400000 p.a. or of Rs 200000/- pm or more during the year	NIL	NIL
<b>10 Contingent Liabilities not provided in respect of:</b>		
(i) Claims against the company not acknowledged as debts.	NIL	NIL
(ii) Uncalled liability on shares partly paid.	NIL	NIL
(iii) Arrears of fixed cumulative dividends.	NIL	NIL
(iv) Estimated amount of contracts remaining to be executed on capital account and not provided for	404.97	324.86
(v) Other money for which the company is contingently liable.	NIL	NIL
(vi) Custom duty liability which may arise if obligation for exports not fulfilled against import of raw material & machinery	481.82	498.89
(vii) Bank Guarantees issued by Bank	23.60	20.60
(viii) Outstanding Letter of Credit	307.67	8.07
<b>11</b> Commission paid to selling agents (Not sole selling agents)	NIL	NIL
<b>12</b> 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		
<b>13</b> Sundry Debtors and Sundry Creditors are reconciled by the company. However this is subject to our direct conformation from the parties.		

**14 Financial and Derivative Instruments**

- (a) Nominal Value of Derivative Contracts (Currency Swaps) entered into by the Company and outstanding as on 31st March 2010 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 derivative instruments or forward contracts as at 31st March 2010 amount to Rs. NIL (Previous year NIL)

**15. Value of Imports on CIF basis in respect of**

	<b>2009-10</b>	<b>(Rs in Lacs)</b> <b>2008-09</b>
Raw Material including Accessories	53.55	3.29
Stores and Spares	12.36	5.78
Capital Goods	251.36	106.71

**16. Expenditure in Foreign Currency**

	<b>2009-10</b>	<b>(Rs in Lacs)</b> <b>2008-09</b>
On Foreign Travelling	NIL	2.88
GDR Issue Expenses	1.76	21.48

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

	<b>2009-10</b>		<b>2008-09</b>	
	<b>Rs. in Lacs</b>	<b>% of Consumption</b>	<b>Rs. in Lacs</b>	<b>% of Consumption</b>
Imported	53.55	0.39	3.28	0.04
Indigenous	13720.62	99.61	10652.29	99.96
	<b><u>13774.17</u></b>	<b><u>100.00</u></b>	<b><u>10655.57</u></b>	<b><u>100.00</u></b>

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

	<b>2009-10</b>		<b>2008-09</b>	
	<b>Rs. in Lacs</b>	<b>% of Consumption</b>	<b>Rs. in Lacs</b>	<b>% of Consumption</b>
Imported	12.36	5.65	5.78	5.88
Indigenous	206.46	94.35	80.91	94.12
	<b><u>218.82</u></b>	<b><u>100.00</u></b>	<b><u>86.69</u></b>	<b><u>100.00</u></b>

**19. Earnings in Foreign Exchange**

	<b>2009-10</b>	<b>(Rs in Lacs)</b> <b>2008-09</b>
(i) Value of Exports	1.63	248.38
(ii) Royalties, Know-how, Professional & Consultation Fees	NIL	NIL
(iii) Interest and Dividends	NIL	NIL
(iv) Other Income, indicate the nature thereof	NIL	NIL

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

The Board of Directors of Company has recommended payment of a final dividend of 5 % (Rs. 0.50 per share) for the year ended 31st March 2010. During the financial year 2009 -10, as no dividend has been distributed, hence no remittance in foreign currency has been made.

**21. Detail of Investments as on 31-03-2010**

Name of company	No. of Shares	Quoted/Unquoted	Amount (Rs)	
			2009-10	2008-09
1. Richa Infrastructure Ltd* (Equity Shares of Rs 10/- each fully paid up at a premium of Rs 90/- each)	72000	Un-Quoted	7,200,000	7,200,000

\* The Company holds 33% Equity Shares in Richa Infrastructure Limited.

**22. Operating Leases:**

The company has taken various premises under cancelable operating lease. These lease agreements are normally renewed on expiry of their term.

Lease rental expenses for 2009-10 in respect of above operating leases are Rs. 900587 (previous year Rs. 232200)

Value of assets taken on lease, future obligations

(FY 2010-11 Rs. 3642329.00) (FY 2011-12 Rs. 3898089.00) (FY 2012-13 Rs. 3342695.00)

**23. Insurance Claims:**

During the year, the company accounted Rs. 1723459.43 as claims receivable from insurance companies towards the expenditure incurred (in excess of deductibles) on damage repairs upto 31st March 2010 on Company's assets

**24.** Old machinery, which has become non useable has been transferred to obsolete machinery worth Rs. 1410.12 Lac, out of which Machines worth Rs 759.01 Lac has been disposed off. Before making it obsolete, Chartered Engineer Certificate to the effect has been taken along with the discussions and opinions of the experts.

As per our report of even date attached

for **Tayal & Co.**  
Chartered Accountants  
(FRN 001845N)

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

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

**CA Manju Mangla**  
Sr. Manager - Finance

**Sandeep Gupta**  
Jt Managing  
Director

**Sushil Gupta**  
Chairman &  
Managing Director

Place :- Faridabad  
Date :- 31.05.2010

**CS Monika Jain**  
Company Secretary

**RICHA INDUSTRIES LIMITED****PROFILE AS PER SCHEDULE VI, PART-IV OF THE COMPANIES ACT, 1956****I REGISTRATION DETAILS**

Registration No. **L17115HR1993PLC032108**  
 State Code **05**

<b>II CAPITAL RAISED DURING THE YEAR</b>	<b>AS ON 31-MAR-10</b>	<b>AS ON 31-MAR-09</b>
Public Issue	NIL	NIL
Right Issue	NIL	NIL
Bonus Issue	NIL	NIL
Private Placement	NIL	NIL

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

Total Liabilities	1975315	1862100
Total Assets	1975315	1862100

**SOURCES OF FUNDS**

Paid up Capital	170125	170125
Reserves & Surplus	546198	495685
Secured Loans	1146092	1103690
Unsecured Loans	112900	92600

**APPLICATION OF FUNDS**

Net Fixed Assets	1116941	1135762
Investments	7200	7200
Net Current Assets	850874	718568
Misc Expenditure	300	570
Accumulated Losses	0	0

**IV PERFORMANCE OF THE COMPANY**

Turnover including other Income	1753519	1488217
Total Expenditure	1679028	1375932
Profit / Loss Before Tax	74491	112285
Earning Per Shares (Rs)-Weighted	4.40	6.63
Dividend Rate (%)	5.00	0.00

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

Item Code No. (ITC Code)	2353
Product Description	KNITTING & 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
Item Code No. (ITC Code)	3400
Product Description	MANUFACTURE OF FABRICATED STRUCTURAL METAL PRODUCTS
Item Code No. (ITC Code)	3402
Product Description	MANUFACTURE OF FABRICATED STRUCTURAL PRODUCTS OF IRON OR STEEL
Item Code No. (ITC Code)	3410
Product Description	PRE FABRICATED ENGINEERED BUILDINGS OF STEEL METAL AND ALLOYS

**for Tayal & Co**  
 Chartered Accountants  
 FRN 001845N

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

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

**CA Manju Mangla**  
 Sr. Manager - Finance

Place :- Faridabad  
 Date :- 31.05.2010

**CS Monika Jain**  
 Company Secretary

**Sandeep Gupta**  
 Jt Managing Director

**Sushil Gupta**  
 Chairman &  
 Managing Director

## Cash Flow Statement for the Year Ended 31 March, 2010

	(Amount in Rs.)	
	Year Ended 31 March, 10	Year Ended 31 March, 09
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	74,490,798.79	112,284,914.62
Adjustment for :		
Depreciation	47,831,325.40	39,293,572.11
Interest Paid	88,444,357.20	100,803,635.00
Bad Debts Written Off	8,609,750.37	9,565,671.56
Unrealized Foreign Exchange Gain/(Loss)	-	(45,743.98)
Profit/(Loss) on sale of fixed assets	39,523,681.03	(2,538,437.93)
Pre-operative Exps Written Off/Added(Net)	270,100.00	(117,618.00)
	184,679,214.00	146,961,078.76
Operating profit before working capital changes	259,170,012.79	259,245,993.38
Adjustment for :		
Trade and other receivables	(72,287,028.00)	(64,093,161.59)
Inventories	(122,835,235.16)	(11,583,531.21)
Trade Payable & Other Liabilities	81,217,831.51	(53,870,325.44)
Cash generated from Operations	145,265,581.14	129,698,975.14
Income Tax / FBT Paid	7,394,361.00	7,755,942.00
<b>NET CASH/(USED IN) FROM OPERATING ACTIVITIES</b>	<b>137,871,220.14</b>	<b>121,943,033.14</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(77,995,790.50)	(75,025,818.50)
Work in Progress/Advances for Capital Goods	(7,797,623.00)	(292,719,308.51)
Sale of fixed assets	263,238.00	10,961,567.00
Investments (Purchase)/Sale	-	2,000,000.00
<b>NET CASH/(USED IN) FROM INVESTING ACTIVITIES</b>	<b>(85,530,175.50)</b>	<b>(354,783,560.01)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(Repayment) from Long Term Bank Borrowings	(40,863,850.00)	177,736,091.00
Proceeds/(Repayment) of Unsecured Loans	20,300,000.00	92,600,000.00
Proceeds from/(Repayment of) Short Term Borrowings	83,265,788.67	63,675,853.81
Interest Paid	(88,444,357.20)	(100,803,635.00)
<b>NET CASH/(USED IN) FROM FINANCING ACTIVITIES</b>	<b>(25,742,418.53)</b>	<b>233,208,309.81</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>26,598,626.11</b>	<b>367,782.94</b>
Cash and Cash Equivalent as the opening of Year	7,690,889.01	7,323,106.07
Cash and Cash Equivalent as the Close of Year	34,289,515.12	7,690,889.01

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

**For Tayal & Co**  
Chartered Accountants  
FRN 001845N

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

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

**CA Manju Mangla**  
Sr. Manager - Finance

Place :- Faridabad  
Date :- 31.05.2010

**CS Monika Jain**  
Company Secretary

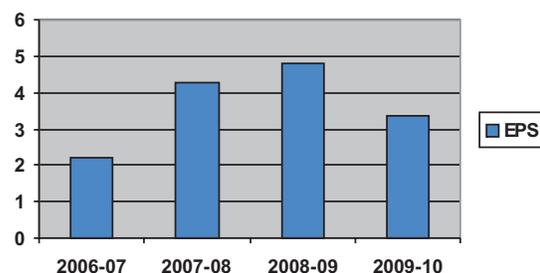
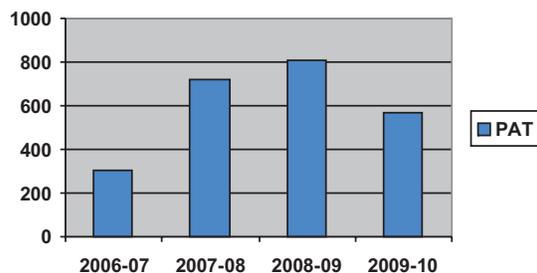
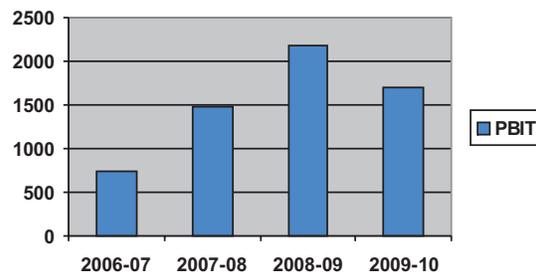
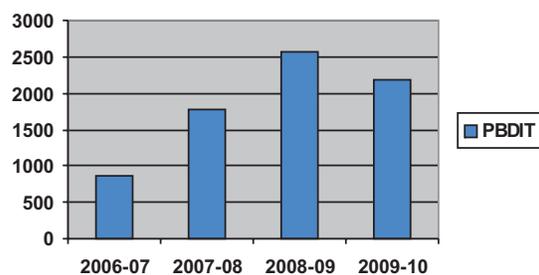
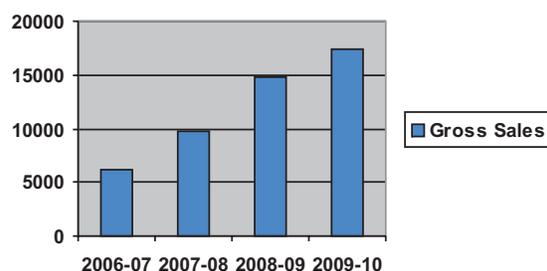
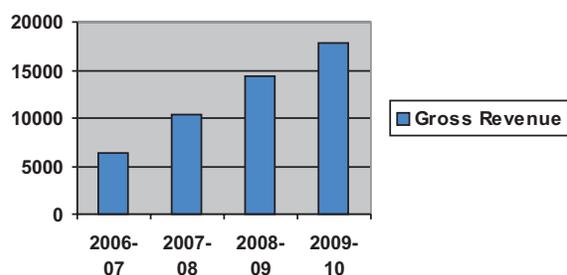
**Sandeep Gupta**  
Jt Managing Director

**Sushil Gupta**  
Chairman &  
Managing Director

## Performance Highlights

(Rs. in Lacs)

Particulars	2006-07	2007-08	2008-09	2009-10
Gross Revenue	6358.95	10307.91	14437.51	17867.66
Gross Sales	6255.05	9755.80	14749.44	17456.38
PBDIT	860.91	1781.39	2570.49	2177.36
PBIT	731.80	1486.94	2177.56	1699.04
PAT	306.62	723.07	808.90	566.29
EPS	2.22	4.27	4.78	3.34



<b>RICHA INDUSTRIES LIMITED</b>		<b>Member's Feedback Form 2009-2010</b>				
Name: .....e-mail id:.....						
Address: .....						
DP ID: .....						
Client ID: .....						
Folio No.: ..... (in case of physical holding)						
No. of Equity Shares held : .....						
(the period for which held)						
		Excellent	Very Good	Good	Satisfactory	Unsatisfactory
<b>Directors' Report and Management Discussion and Analysis</b>	Contents					
	Presentation					
<b>Report on Corporate Governance</b>	Contents					
	Presentation					
<b>Shareholders' Referencer</b>	Contents					
	Presentation					
<b>Quality of Financial and Non-Financial information on the Annual Report</b>	Contents					
	Presentation					
<b>Information on Company's Website</b>	Contents					
	Presentation					

	Excellent	Very Good	Good	Satisfactory	Unsatisfactory
<b>Investor Services</b>					
<b>Turnaround time for response to shareholder query.</b>					
<b>Quality of response</b>					
<b>Timely receipt of Annual Report</b>					
<b>Conduct of Annual General Meeting</b>					
<b>Timely receipt of dividend warrants/ Payment through ECB</b>					
<b>Promptness in confirming demat/ re-mate requests.</b>					
<b>Overall rating</b>					
<p><b>Views/Suggestions for improvement, if any .....</b></p> <p>.....</p> <p>.....</p>					

