



# RICHA INDUSTRIES LIMITED



[www.richa.in](http://www.richa.in)

*Innovation  
for Speed..*

18<sup>th</sup> Annual Report  
2011-12

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



CROMPTON GREAVES



ASIAN COLOUR COATED ISPAT



WIPRO LIMITED





## *Chairman's Speaks*

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

*- By Patanjali*

*Dear Shareholders,*

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

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

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

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

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

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

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

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

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

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

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

*With best wishes,*

***Sushil Gupta***

*Chairman & Managing Director*

## Company Information

### Board of Directors

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

### Company Secretary

Gaurav Yadav

### Statutory Auditors

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

### Secretarial Auditors

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

### Bankers

Indian Overseas Bank  
Corporation Bank  
State Bank of India

### Board Committees:

#### Audit Committee

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

#### Shareholders' / Investors'

#### Grievance Committee

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

#### Remuneration Committee

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

### Registered Office

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

### Corporate Office

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

### Dyeing & Processing Division

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

### Knitting Division

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

### PEB Division

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

### E-mail

cs@richa.in

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

### Corporate Overview

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

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

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

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

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

### Economic Scenerio

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

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

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

## **Textile**

### **Industry Overview**

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

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

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

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

### **Opportunities and Threats**

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

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

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

### **Risk and Concerns**

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

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

## **Pre Engineered Buildings**

### **Industry Overview**

PEBs, as pre-engineered buildings are known in the industry jargon, have been around for a long time, but in India they have taken off only over the last couple of years. PEB consists of a complete steel framed building system, with components pre-designed to fit together in a vast variety of combinations to meet the unique requirements of specific end-users to provide

design flexibility, cost options and time minimization. PEB construction in factory environment is considered to be much stronger than the traditional structures.

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

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

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

Since pre-engineered building system is computer assisted and designed to create a building for a specific use - warehouses, factories, workshops, offices, gas stations, vehicle parking sheds, show rooms, aircraft hangers, schools, sports and recreational facilities, hospitals, labor camps and low cost housing - it can be rightly regarded as a new trend or innovation in the construction sector. The fact that the concept of PEBs is gaining ground in India shows the country's inclination to embrace new advancements in the fast emerging construction sector.

### **Opportunities and Threats**

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

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

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

### **Risks and Concerns:**

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

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

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

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

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

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

### **Health Safety and Environment**

Richa is fully committed to the safety, health and well-being of its employees and to minimizing the environmental impact on its business operations. A safe and healthy environment is maintained, and appropriate steps are taken with the object of minimizing the environmental impact on all processes and practices. The Company has a range of policies, including on quality, safety and health aspects to guide the employees work practices, actions and decisions. The Company strives to continuously improve the effectiveness of its policies and the employees are encouraged to contribute their mite in this direction. All employees are obliged to ensure that they fully understand all policies and do fully comply with the requirements.

### **Human Resource Development**

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

### **Cautionary Statement**

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

### **Appreciation**

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

By Order of the Board of Directors

For **Richa Industries Limited**

Place: Faridabad  
Date: May30, 2012

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

## Directors' Report

Dear Shareholders,

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

### Financial Results

Highlights of financial results for the year are as follows:

(Rs. In Lacs)

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

### OPERATIONS

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

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

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

### **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 Associations, Mr. Neeraj Bajaj and Dr. Sandeep Gupta, Director, retires by rotation and being eligible, offer himself for reappointment at the ensuring Annual General Meeting.

Necessary resolution seeking the approval of the shareholder for the reappointment of Mr. Neeraj Bajaj and Dr. Sandeep Gupta forms parts 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 detail about the director seeking reappointment at the ensuring 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**

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a final dividend of 5% i.e Rs. 0.50 per share for the financial year 2011-12 on the capital of 16,925,554 Equity Shares of Rs. 10/- each. The final dividend on the Equity Shares, if approved by the members would involve a cash outflow of Rs. 8,462,777/- excluding dividend tax. The total cash outflow on account of dividend including dividend tax for the year 2011-12 would aggregate to Rs. 13, 72,874/ resulting in a payout of 16.22% of the profit after tax.

### **Credit Rating**

On the date of printing of Balance Sheet Company enjoys the Credit rating of BBB- from Fitch Rating which has stable and positive outlook.

### **Transfer to Reserves**

The Company proposes to transfer Rs. 30,43,094.20/- to the General Reserve out of the amount available for appropriations and an amount of Rs. 40,77,06,107.28/- is proposed to be retained in the Profit and Loss Account.

### **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 AGB & Associates (earlier M/s Ajay Garg & Associates), Practicing Company Secretaries, to conduct limited purpose Secretarial Audit of the Company for the financial year ended March 31, 2012. The emphasis of the report is to see the compliance under the applicable provisions of the Companies Act, 1956, Depositories Act, 1991, Listing Agreement with Bombay Stock Exchange, Securities Contract (Regulation) Act, 1956, during a particular quarter with reference to the transaction carried out by the company 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) Regulations, 1992 and the amendments made there under. Observations of the secretarial auditors raised from time to time are being addressed by the management.

### Auditors and Auditors' 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.

### 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 through out the year.

### 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) Amendment Rules, 2011 are not applicable since, none of the employee of the Company was drawing more than Rs. 60,00,000/- p.a or Rs. 5,00,000/- 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) Amendment Rules, 2011 and forming part of the Directors' Report for the financial year ended 31st March, 2012**

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 got it Certificate renewed from 'BSCIC' ISO 9001:2008 for operating a Quality Management System in respect of design, development, manufacture and supply of Pre Engineered Buildings. The company has also received GOTS for its IMT Division. Your Company Richa Industries Limited has ranked 222, India Fastest Growing Mid- Sized Companies as per Inc. India 500.

### **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 had 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, 2012 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.

### **Acknowledgment**

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**

Date: May 30, 2012

Place: Faridabad

**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, 2012 are given as under :

### 1. CONSERVATION OF ENERGY

Energy conservation continued to have high prominence as in previous years. Some of the initiatives taken during the financial year 2011-12 were as follows:

#### 1.1 Energy Conservation measures taken during the year 2011-12:

The Company has got its certificate renewed from BSCIC ISO 9001:2008 for its PEB Unit at Kashipur. It is a certificate granted for quality assurance. It has the effect of reduction in wastage and saving of energy.

The Company has installed compactors both at Kanwara and IMT units. These compactors make it possible for the company to double its output with the existing machinery, same amount of inputs and energy.

Continuous R&D by our R&D Department has made it possible to shorten the manufacturing process by approx 30 minutes. It has resulted in saving of water and energy and increase in productivity.

#### 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 wastage.
- Saving of water sources
- Saving Energy and effective use of raw materials
- Quality Assurance

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

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
	Textile	PEB	Textile	PEB
1.4.1				
1.4.1.1 Power & Fuel Consumption				
a) Electricity Purchased				
No. of Units (in Lacs)	45.98	7.53	54.55	2.94
Cost (Rs. in Lacs)	238.52	38.61	276.05	20.41
Cost per unit (in Rs.)	5.22	5.12	5.06	6.94
b) Own generation				
Through diesel generator				
Units generated (in Lacs)	8.62	3.27	11.24	1.40
Diesel consumed (000 ltrs.)	253.12	40.49	387.83	35.58
Units per ltr of diesel	3.54	4.27	3.43	3.96
Cost (Rs. in Lacs)	89.39	17.30	133.24	14.01
Cost per unit (in Rs.)	10.72	8.69	11.85	10.01
1.4.1.2 Coal				
Quantity (tons)	5402.35	-	6401	-
Cost (Rs. in Lacs)	419.46	-	412.82	-
Cost per unit (in Rs.)	7764.90	-	6499.30	-

## 2. TECHNOLOGY ABSORPTION

### Form B for disclosure of particulars with respect to Technology Absorption 2011-12

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

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

The Company has developed its inhouse ERP for PEB. There is a continuous development in this area due to dedicated team of ERP developers employed in the company.

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

The inhouse development of ERP has resulted in speeding up of working in the purchase and marketing department of the company. Thereby resulted in saving of time and improves efficiency.

##### 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:

As said earlier the company has installed compactors for its textile division and developed Inhouse ERP for its PEB division.

##### 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
- Time saving
- Reduction in wastage

##### 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 Software locks and STAD Pro during the financial year 2010-11. The Company has purchased Metal Building Software for its PEB unit at Kashipur in 2009. For Textiles, imported Time Dispensers and Dye House Controlled Centers are also installed in the year 2007 and 2009.

## ❖ FOREIGN EXCHANGE EARNINGS AND OUTGO

### Total Foreign Exchange Used and Earned

(Rs. in Lacs)

Particulars	Current Year 2011-12	Previous Year 2010-11
Earnings	101.72	261.54
Outgo	248.61	458.38

## 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 Company 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. Corporate Social Responsibility

Social welfare and community development is at core of the Richa's CSR philosophy and this continues to be a top priority. Richa embraces responsibility for impact of its operations and actions on all stakeholders including society and community at large. Richa conduct various programme for the benefit of the poor i.e. free Mass Eye Check up Camps.

These programs, in many cases, are based on a clearly defined social philosophy. Employees become the backbone of these initiatives and volunteer their time and contribute their skills to implement them. These Programs could range from overall development of a community to supporting specific causes like education, environment, healthcare etc. Richa has also made contribution in the areas of the health, education, infrastructure development and also contribute to other social development organization.

## 3. 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	2	NIL	NIL
Dr. Sandeep Gupta	Jt. Managing Director	Executive Non-Independent	1152968	2	1	NIL
Mr. Manish Gupta	Whole Time Director	Executive Non-Independent	168954	4	NIL	NIL
Mr. Neeraj Bajaj	Director	Non- Executive Independent	NIL	1	3	3
Mr. J. P. Malhotra	Director	Non- Executive Independent	NIL	1	3	NIL
Mr. Nitin Agarwal	Director	Non- Executive Independent	NIL	1	2	NIL

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

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

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

### **Directors' Profile**

Brief resume of all the Directors, nature of their expertise in specific functional areas are provided below:

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

Shri Sushil Gupta, aged 47 years is the Chairman & Managing Director of Richa Industries Limited, having more than 23 years of experience in the textile industry and also has the experience of more than 4 years in the area of pre-engineering building 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 had 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 the 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.

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

Dr. Sandeep Gupta aged 34 years is the Joint Managing Director of the Company w.e.f. 29.12.05. He has more than 12 years of experience in the area of textile and garment industry and also has the experience of more than 4 years in the area of pre-engineering building 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 Doctorate in Management, 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.,

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

Shri Manish Gupta, aged 33 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 10 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 43 years, has an experience of over 21 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.P Malhotra**  
**(DIN 00597704)**

Sh. Jai Parkash Malhotra aged 63 years, has an experience of over 42 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.

**Sh. Nitin Aggarwal**  
**(DIN 03447905)**

Sh. Nitin Agarwal aged about 35 years, has an experience of over 10 years in the field of law. He is an Advocate practicing in Supreme Court of India. He mainly deals in matters relating to Company Law etc. He joined us in February, 2011. 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 2011-12 is given below:

Name of the Director	Attendance of meetings during 2011-12	
	Board Meetings	Last AGM
Sh. Sushil Gupta	5	Yes
Dr. Sandeep Gupta	6	Yes
Sh. Manish Gupta	6	Yes
Sh. Neeraj Bajaj	6	Yes
Sh. J. P. Malhotra	6	Yes
Sh. Nitin Aggarwal	6	Yes

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

Six Board Meetings were held during the current financial 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:

<b>Date</b>	<b>Board Strength</b>	<b>Number of Directors Present</b>
May 30, 2011	7	7
August 8, 2011	6	5
September 14, 2011	6	6
November 14, 2011	6	6
February 13, 2012	6	6
March 9, 2012	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 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 initialed 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 compliance 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 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%
	Riyana Infratech (P) Ltd.	Director on the Board, Shareholding > 2%
Dr. Sandeep Gupta	Richa Infrastructure Ltd.	Director on the Board, Shareholding > 2%
	Riyana Infratech (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, Shareholding > 2%
	Jewel Garments (P) Ltd.	Director on the Board
	Vivekanand Educom (P) Ltd.	Director on the Board
Mr. Neeraj Bajaj	Victoria Auto Private Limited	Director on the Board
	SPM Autocomp Systems (P) Ltd.	Director on the Board
	Victoria Hospitalities (P) Ltd.	Director on the Board
Mr. J. P. Malhotra	Bhartiya Valves (P) Ltd.	Director on the Board, Shareholding > 2%
	Gautam Engineers	Partner
Mr. Nitin Aggarwal	NA	NA

#### 4. Audit Committee

##### Broad Terms of Reference

The Audit Committee of the Board of Directors of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The Terms of Reference of the Audit Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956 and inter-alia includes:

- a. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees;
- c. reviewing, with the management, the annual financial statement before submission to the Board for approval;
- d. reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- e. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

- f. discussion with internal auditors any significant findings and follow up thereon;
- g. discussion with statutory auditors before audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

The Audit Committee, while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. Compliance of the Accounting Standards as applicable to the Company has been ensured in the Financial Statements for the year ended March 31, 2012.

### Composition

The Audit Committee comprises of three Directors, two among them are Non-Executive and one is Promoter and Executive. The Audit Committee is constituted in accordance with the provisions of Clause 49 (II) (A) of the Listing Agreement and Section 292A of the Companies Act, 1956. All these Directors possess adequate knowledge of corporate finance, accounts and company law.

The Meetings of the Audit Committee are attended by the Internal Auditors and the Company Secretary. The Company Secretary acts as Secretary to the Committee. The Minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.

The constitution of Audit Committee comprised of the following:

Name of Member	Designation	Category
Sh. Neeraj Bajaj	Chairman	Non Executive Director
Sh. J. P. Malhotra	Member	Non Executive Director
Dr. Sandeep Gupta	Member	Executive Director

Sh. Neeraj Bajaj, Sh. J.P. Malhotra and Dr. Sandeep Gupta all were present at the Seventeenth Annual General Meeting of the Company held on September 13, 2011 to answer the shareholders' queries.

### MEETINGS AND ATTENDANCE

The Audit committee held four meetings during the financial year ended March 31, 2012 and the gap between two meetings did not exceed four months. The Audit Committee Meetings were held on May 30, 2011; August 8, 2011; November 14, 2011 and February 13, 2012.

The attendance of the members at the Audit committee Meetings are as under:

Name of Member	No. of Meetings held during tenure	No. of Meetings attended during tenure	Leave of absence sought
Sh. Neeraj Bajaj	4	4	Nil
Sh. J. P. Malhotra	4	4	Nil
Dr. Sandeep Gupta	4	4	Nil

### Internal Auditors

The Company has appointed a firm of Chartered Accountants as Internal Auditors to review the internal control systems of the Company and to report thereon. The report of the Internal Auditors is reviewed by the Audit Committee.

## 5. Remuneration Committee

### Composition

The Remuneration Committee comprises of Non-Executive Independent Directors. The constitution of the Remuneration Committee comprised of the following:

Name of Member	Designation	Category
Sh. Neeraj Bajaj	Chairman	Non Executive Director
Sh. J. P. Malhotra	Member	Non Executive Director
Sh. Nitin Aggarwal	Member	Non Executive Director

The Company Secretary acts as secretary to the Committee.

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

### MEETINGS AND ATTENDANCE

The Remuneration committee met once during the financial year ended March 31, 2012. The Remuneration Committee meeting was held on August 8, 2011.

The attendance of the members at the Remuneration committee Meeting is as under:

Name of Member	No. of Meetings held during tenure	No. of Meetings attended during tenure	Leave of absence sought
Sh. Neeraj Bajaj	1	1	Nil
Sh. J. P. Malhotra	1	1	Nil
Sh. Nitin Agarwal	1	1	Nil

### Terms of Reference

- Reviewing the overall compensation policy, service agreements and other employment conditions of Managing / Whole-time Director(s).
- Reviewing the performance of the Managing / Whole-time Director and recommending to the Board, the quantum of annual increments and annual commission.
- Structure and design a suitable succession planning policy for board and senior management team of the company.

### 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. 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 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.

**Remuneration paid to the Directors during the year 2011-12:**

Name	Salary#	Perquisites	Provident Fund	Total
Sh. Sushil Gupta	Rs. 12,00,000	—	Rs. 86,400	Rs. 12,86,400
Dr. Sandeep Gupta	Rs. 12,00,000	—	Rs. 10,000	Rs. 12,10,000
Sh. Manish Gupta	Rs. 12,00,000	—	Rs. 55,000	Rs. 12,55,000

# excludes provision for gratuity and leave encashment.

**Equity Shares held by the Directors**

Except as stated hereunder, none of the directors, held any share in the Company as on 31st March, 2012:

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

**6. Shareholders'/ Investors' Grievance Committee****Composition**

The Shareholders'/ Investors' Grievance Committee comprises of Non-Executive and Independent Directors. The composition of Shareholders'/ Investors' Grievance Committee is as follows:

Name of Member	Designation	Category
Sh. Neeraj Bajaj	Chairman	Non Executive Director
Sh. J. P. Malhotra	Member	Non Executive Director
Sh. Nitin Agarwal	Member	Non Executive Director

**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 Agent of the Company and recommends measures for overall improvement in the quality of investor services.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent, Link Intime India Private Limited attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies etc.

The Minutes of the Shareholders'/ Investors' Grievance Committee are noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors.

**Meetings:**

Four Committee Meetings were held during the year on May 30, 2011, August 8, 2011, November 14, 2011 and February 13, 2012. The attendance of each member as at 31st March, 2012 is as given below:

Name of Member	No. of Meetings held during tenure	No. of Meetings attended during tenure	Leave of absence sought
Sh. Neeraj Bajaj	4	4	Nil
Sh. J. P. Malhotra	4	4	Nil
Sh. Nitin Agarwal	4	4	Nil

**Compliance Officer**

Mr. Gaurav Yadav, the Company Secretary is the Compliance Officer for complying with the requirements of the Listing Agreement with the Stock Exchange and requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992.

**Complaints from Investors**

No. of complaints pending at the beginning of the year	: Nil
No. of complaints received by correspondence during the year ended 31.03.2012	: 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 31.03.2012	: 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 21 days as on the said date.

**7. 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 Conduct and Ethics for Directors and Senior Management, Code of Ethics for Employees and Policy on Prohibition of Insider Trading. These policies are regularly monitored and reviewed.

**8. Legal Compliance Reporting**

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

## 9. 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
2008-09	15 <sup>th</sup> AGM	26 <sup>th</sup> September, 2009	4.30 p.m.	FCCI Center Near Tubewell No.4	Two
2009-10	16 <sup>th</sup> AGM	13 <sup>th</sup> September 2010	4.30 p.m.	Sector-11B, Faridabad Haryana-121006	Three
2010-11	17 <sup>th</sup> AGM	13 <sup>th</sup> September, 2011	10.00 a.m.	Hotel Delite, 17-18, Neelam-Bata Road, N.I.T. Faridabad	None

## 10. Postal Ballot

No special resolution was passed through Postal Ballot during the financial year 2011-12.

## 11. Extraordinary General Meeting

No Extraordinary General Meeting was held during the financial year 2011-12.

## 12. 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 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. 3 of Notes to Accounts of 30B 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 Sock Exchange or any statutory authority for non-compliance of any matter related to the capital market since the listing of the Company.

### 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.

### 13. 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 performa 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.

### 14. Management Discussion & Analysis Report

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

### 15. 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

### 16. 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.

### 17. General Shareholder Information

#### *Registered Office*

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

#### *Annual General Meeting*

Day, Date, Time	<i>Saturday, 15th September, 2012, 10.00 a.m.</i>
Venue	Hotel Delite, 17-18, Neelam-Bata Road, N.I.T. Faridabad-121001, Haryana

#### *Financial Calendar*

- ❖ Financial reporting for the quarter ending June 30, 2012 : End July, 2012
- ❖ Financial reporting for the half year ending September 30, 2012 : End October, 2012
- ❖ Financial reporting for the quarter ending December 31, 2012 : End January, 2013
- ❖ Financial reporting for the year ending March 31, 2013 : End April, 2013

#### *Book Closure Period*

September 10<sup>th</sup>, 2012 to September 14<sup>th</sup>, 2012 (Both days inclusive)

#### *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 2012-13 has been paid to Bombay Stock Exchange where the equity shares of the Company are listed in the Month of April, 2012 i.e. within the stipulated time.

**Stock Code**

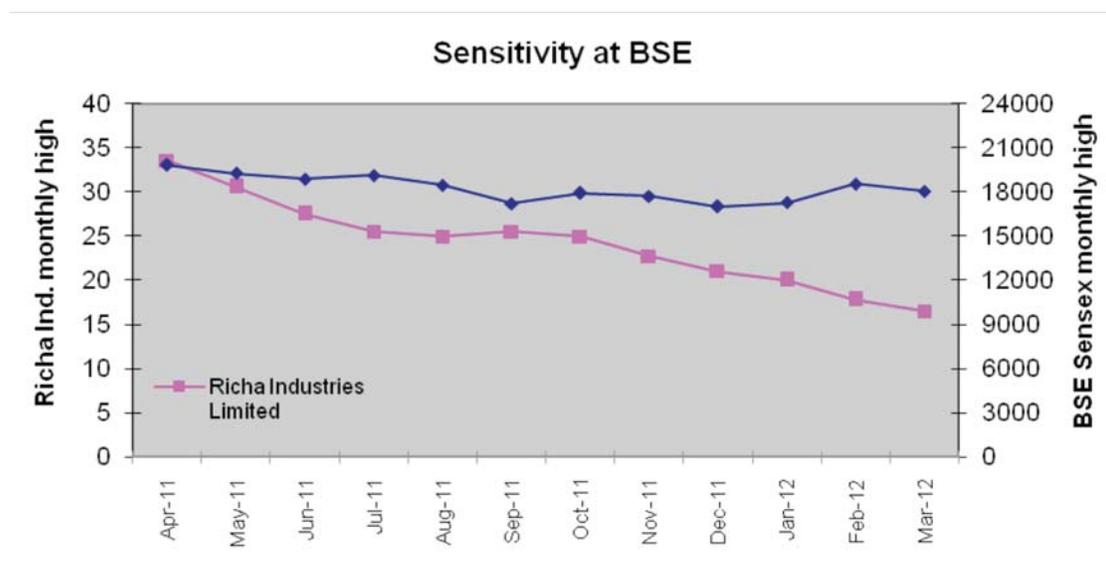
Scrip Code – Bombay Stock Exchange – ‘532766’

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, 2011	33.50	27.30	19,811.14	18,976.19
May, 2011	30.55	23.00	19,253.87	17,786.13
June, 2011	27.50	21.40	18,873.39	17,314.38
July, 2011	25.50	22.10	19,131.70	18,131.86
August, 2011	24.90	20.00	18,440.07	15,765.53
September, 2011	25.45	21.00	17,211.80	15,801.01
October, 2011	24.90	20.40	17,908.13	15,745.43
November, 2011	22.70	14.45	17,702.26	15,478.69
December, 2011	21.00	15.00	17,003.71	15,135.86
January, 2012	20.00	13.35	17,258.97	15,358.02
February, 2012	17.80	14.05	18,523.78	17,061.55
March, 2012	16.45	13.30	18,040.69	16,920.61



**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:

**LINK INTIME INDIA PRIVATE LIMITED**

<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:indelhi@linkintime.co.in">indelhi@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:

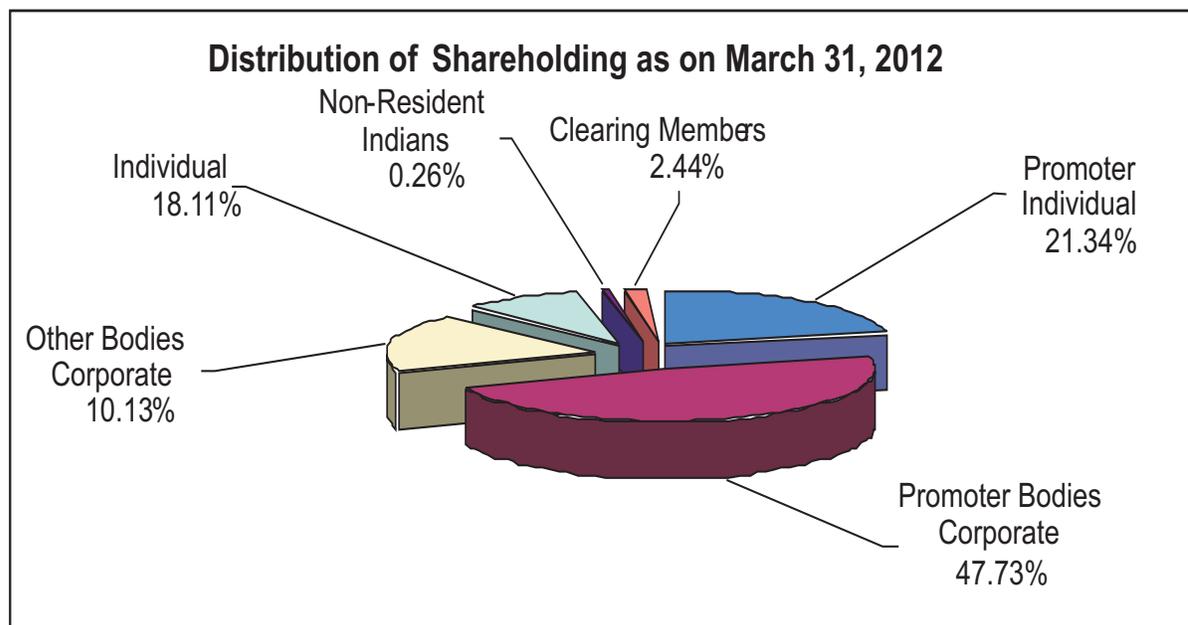
- ❖ Shareholder submits the share certificates along with Dematerialization request Form (DRF) to Depository Participant (DP).
- ❖ DP processes the DRF and generates a unique Dematerialization Request No.
- ❖ DP forwards DRF and share certificates to Registrar and Share Transfer Agent (RTA).
- ❖ RTA 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, 2012

	CATEGORY	NO. OF SHARE HELD	PERCENTAGE OF SHAREHOLDING
(A)	<b>Shareholding of Promoter and Promoter Group</b>		
<b>1</b>	<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>
<b>2</b>	<b>Foreign</b>	.....	.....
	<b>Sub Total(A)(2)</b>	<b>.....</b>	<b>.....</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>11689883</b>	<b>69.07</b>
(B)	<b>Public shareholding</b>		
<b>1</b>	<b>Institutions</b>		
	<b>Sub-Total (B)(1)</b>	<b>....</b>	<b>....</b>
<b>2</b>	<b>Non-Institutions</b>		
(a)	Bodies Corporate	1715768	10.13
(b)	Individuals		
I	i. Individual shareholders holding nominal share capital up to Rs 1 lakh*	1237711	7.31
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	1822514	10.80
(c)	Any Other	.....	.....
(c-i)	Non-Resident Indians	45585	0.26
(c-ii)	Clearing Members	414093	2.44
(c-iii)	Hindu Undivided Families	-	-
	<b>Sub-Total (B)(2)</b>	<b>5235671</b>	<b>30.94</b>
(B)	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>5235671</b>	<b>30.94</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>



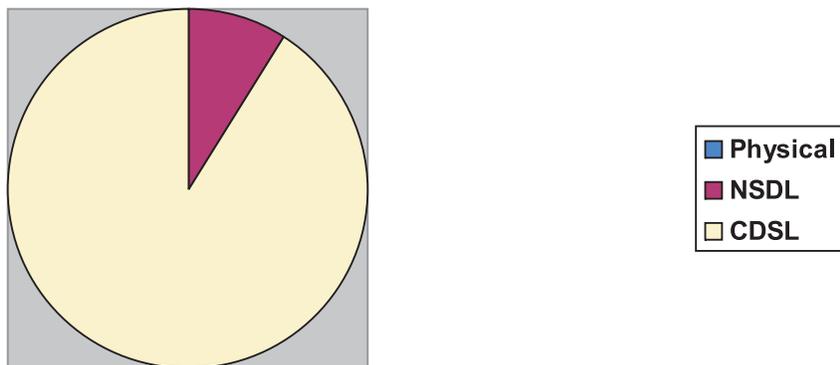
### Shareholding Pattern by Size

The distribution of shareholding as on 31st March, 2012 is given below:

Share holding of nominal value of			Share holders		Physical	SHARES AMOUNT		Total
Rs.	Rs.		Number	% of total	(In Rs.)	NSDL Demat (In Rs.)	CDSL Demat (In Rs.)	% to total
1	--	500	2076	75.16	83	235626	102957	2.0003
501	--	1000	312	11.30		170969	78224	1.4719
1001	--	2000	163	5.90		170827	80113	1.4822
2001	--	3000	58	2.10		111034	32841	0.8498
3001	--	4000	23	0.83		57168	25330	0.4873
4001	--	5000	21	0.77		51947	47300	0.5862
5001	--	10,000	75	1.26		160539	108424	1.5886
10,001	--	-----	74	2.68		1262742	14234466	91.5338
			2762	100.00	83	2220852	14709655	100.00

### Dematerialization of shares and liquidity

99.99% of the Paid up Equity Share Capital of the Company is in the dematerialized form as on March 31, 2012.



**Details of shareholders holding more than 1% of paidup share capital as on March 31, 2012**

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	2.70
Guru Securities Solutions Private Limited	325606	1.92
Sunvision Infotech Private Limited	267857	1.58
Aureole Softwares Private Limited	422448	2.50
Rohtash Sharma	285209	1.68
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:

Knitting Division	Dyeing and Processing Division	PEB Division
Plot No. 5, Sector-7, IMT Manesar, Gurgaon-122050, Haryana	VPO Kawnra, Old Fbd to Kheri-Jasana Road, Near Lingayas Institute of Management & Technology, Faridabad-121101, Haryana	8th km Stone, Ramnagar Road, NH 121, Kashipur Udam Singh Nagar, Uttarakhand-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

**Telephone**

022-2596 3828

**Contact Person**

Mr. Ganesh Kumar

**Email**

mumbai@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.

**Delhi Office**

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

011-4141 0592, 93, 94

Mr. Bharat Bhushan

inddelhi@linkintime.co.in

www.linkintime.co.in

**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)

**18. 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.

**19. Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Reconciliation of Share Capital 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 AGB & 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 Dr. 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 are 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.

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

**Sushil Gupta**  
Chairman & Managing Director

Place: Faridabad  
Date: May 30, 2012

## **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, 2012, 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)**

**(C.A.R.A. Gupta)**  
Partner  
Membership No. 080997  
Place: Faridabad  
Date: May 30, 2012

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 2011-12 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, 2012 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 the year and that the same has been disclosed in the notes to the financial statements; and
  - c) there have been no instances of significant fraud of which we have become aware, involving management or an employee having a significant role in the Company's internal control systems.

Place: Faridabad  
Date: May 30, 2012

**CA Pran Nath Singh**  
Manager - F & A

**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, 2012, 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 30, 2012

**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 31st March, 2012, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis 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 account 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 representations received from the directors as on 31st March, 2012 and taken on records by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2012 from the being appointed as directors in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principal generally accepted in India;
    - 1 In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - 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 : May 30, 2012

## Annexure to Auditors' Report

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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 31st March, 2012, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification;
- (c) No substantial part of fixed assets has been disposed during the year;
- (ii) In respect of Inventories
  - (a) The inventory has been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable;
  - (b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
  - (c) The Company is maintaining proper records of inventory. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the books records;
- (iii) (a) The company has not granted any loan, secured or unsecured to Companies, firms or other parties covered in the register maintained under Sec 301 of the Act. Accordingly Clause 3(b), 3(c) 3(d) of the Companies (Auditors' Report ) Order, 2003 are not applicable to the Company;
- (b) The Company has taken unsecured loan from company, firms, parties covered in register maintained under section 301 of the Act. The number of parties is two (Richa Building Systems Ltd. Rs. 1169.50 Lac and Richa Holdings Ltd. Rs. 1259.89 Lac) amount involved is Rs. 2429.39 Lac. The Company has not taken any secured loan from company, firms, parties covered in register maintained under section 301 of the Act;
- (c) Rate of interest is Nil and other terms and conditions of loans taken by the company, secured or unsecured, are not prima facie prejudicial to the interest of the company; and
- (d) Repayment of principal amounting to Rs.940.17 Lacs (Two parties).
- (e) Balance outstanding as on 31.03.2012 is Rs 2429.39 Lac (Two 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 that section; and
- (b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of The Companies Act, 1956 aggregating during the year to Rs. 500000/- (Rupees Five Lac Only) or more in respect of each party;
- (vi) 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. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

- (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, 2012 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/Custom Duty/Excise Duty/Education Cess / Service Tax / Wealth Tax / as on 31st March, 2012 except Income Tax detail of which are as under :

Assessment Year	Demand Raised	Matter Pending
2006-07	Rs.3518816/- u/s 143(3)	The company has filed an appeal before CIT (Appeal), Faridabad which is pending till date.
2008-09	Rs.1483680/- u/s 143(1)	The company has filed application u/s 154 of the I.T. Act, 1961 which is not disposed off by the ACIT, Range-I, Faridabad.
2009-10	Rs.4205370/- u/s 143(1)	The company has filed application u/s 154 of the I.T. Act, 1961 which is not disposed off by the ACIT, Range-I, Faridabad
2009-10	Rs.4088807/- u/s 143(3)	The company has filed an appeal before CIT (Appeal), Faridabad which is pending till date.

- (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 debentures holder as on the Balance Sheet date;
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities;
- (xiii) In our opinion, the company is not a chit fund / nidhi / mutual benefit fund / societies. Therefore, the provisions of clause (xiii) of paragraph 4 of the Orders are not applicable to the Company;
- (xiv) The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures, and other investments have been held by the Company in its own name;

- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions during the year;
- (xvi) In our opinion and according to information and explanations given to us, term loans have 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 : 30.05.2012

**Balance Sheet as at 31st March, 2012**

(Amount in Rs.)			
PARTICULARS	Schedule No.	As at 31 March, 12	As at 31 March, 11
<b>1 EQUITY AND LIABILITIES</b>			
<b>Shareholders funds</b>			
(a) Share Capital	1	17,01,24,580.00	17,01,24,580.00
(b) Reserves and Surplus	2	56,50,08,902.52	55,95,78,449.47
(c) Money Received against share warrants		-	-
(d) Share application money pending allotment		-	-
<b>2 Non-current liabilities</b>			
(a) Long term borrowings	3	92,35,86,181.00	93,04,36,091.00
(b) Deferred tax liabilities(Net)		10,27,29,184.23	7,76,97,895.00
(c) Other Long term liabilities	4	2,85,93,138.28	26,96,355.00
(d) Long term provisions	5	72,69,738.00	53,72,151.00
<b>3 Current Liabilities</b>			
(a) Short term borrowings	6	92,76,89,815.84	80,12,28,416.96
(b) Trade payables	7	16,43,72,837.75	16,37,39,963.12
(c) Other current liabilities	7(a)	19,80,96,267.82	20,45,91,165.74
(d) Short term provisions	8	5,57,58,192.00	4,59,87,866.00
<b>TOTAL</b>		<b>3,14,32,28,837.44</b>	<b>2,96,14,52,933.29</b>
<b>ASSETS</b>			
<b>1 Non Current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	1,58,62,41,110.12	1,46,83,78,744.54
(ii) Intangible assets	10	1,00,000.00	2,00,000.00
(iii) Capital Work-in-progress		46,60,592.00	1,35,20,034.80
(iv) Intangible assets under development		-	-
(b) Non current investments	11	72,00,000.00	72,00,000.00
(c) Deferred tax assets (NET)		-	-
(d) Long term loans and advances	12	-	-
(e) Other non-current assets	13	-	-
<b>2 Current Assets</b>			
(a) Current investments	14	-	-
(b) Inventories	15	95,66,14,974.94	99,21,58,141.11
(c) Trade receivables	16	49,01,43,498.71	37,19,01,022.03
(d) Cash and cash equivalents	17	4,37,17,778.67	4,10,80,310.42
(e) Short term loans and advances	18	5,45,50,883.00	6,70,14,680.39
(f) Other current assets	19	-	-
<b>TOTAL</b>		<b>3,14,32,28,837.44</b>	<b>2,96,14,52,933.29</b>
Interunit Balance		-	-
<b>TOTAL</b>		<b>3,14,32,28,837.44</b>	<b>2,96,14,52,933.29</b>

See accompanying notes to the financial statements

**As per our report of even date**  
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 Pran Nath Singh  
Manager - F&A

Dr. Sandeep Gupta  
Jt Managing  
Director

Sushil Gupta  
Chairman &  
Managing Director

Place :- Faridabad  
Date :- 30.05.2012

Gaurav Yadav  
Company Secretary

**Form of Statement of Profit and Loss for the year ended 31st March, 2012**

(Amount in Rs.)			
PARTICULARS	Schedule No.	Year ended 31 March, 12	Year ended 31 March, 11
I. Revenue from operations	20	3,01,41,48,550.23	2,28,58,11,697.17
II. Other Income	21	75,62,173.10	32,33,000.86
Increase/Decrease in stocks	22	15,97,62,492.59	9,87,19,347.65
III. Total revenue(I+II)		<b>3,18,14,73,215.92</b>	<b>2,38,77,64,045.68</b>
IV. Expenses:			
Cost of materials consumed	23	2,42,86,25,840.77	1,80,35,29,668.18
Employee benefits expenses	24	13,12,42,188.00	9,00,60,680.00
Finance costs	25	19,69,57,068.53	16,21,96,939.72
Depreciation and amortization expenses	26	6,90,16,144.62	5,50,13,962.49
Other cost	27	23,63,65,582.72	15,03,49,348.26
Total expenses		<b>3,06,22,06,824.64</b>	<b>2,26,11,50,598.65</b>
V Profit before exceptional and extraordinary items and tax(III-IV)		11,92,66,391.28	12,66,13,447.03
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI))		11,92,66,391.28	12,66,13,447.03
VIII. Extraordinary Items	28	62,78,748.00	4,83,193.00
IX. Profit before tax (VII-VIII)		<b>11,29,87,643.28</b>	<b>12,61,30,254.03</b>
X. Tax expenses:			
(1) Current tax		2,40,00,000.00	2,48,00,000.00
(2) Deferred tax		2,50,31,289.23	1,64,97,702.00
(3) Tax Paid for Earlier Years		30,94,470.00	3,50,869.00
XI. Profit(Loss) for the period from continuing Operations(IX-X)		<b>6,08,61,884.05</b>	<b>8,44,81,683.03</b>
XII. Profit(Loss)from discontinuing operations		-	-
XIII. Tax expenses of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing Operations (after tax ) (XII-XIII)		-	-
XV. Profit(Loss) for the period(XI+XIV)		<b>6,08,61,884.05</b>	<b>8,44,81,683.03</b>
XVI. Earnings per equity share:			
(1) Basic	29	7.05	7.45
(2) Diluted	29	3.60	4.99

See accompanying notes to the financial statements as per our report of even date

**As per our report of even date**  
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 Pran Nath Singh**  
Manager - F&A

**Dr. Sandeep Gupta**  
Jt Managing  
Director

**Sushil Gupta**  
Chairman &  
Managing Director

Place :- Faridabad  
Date :- 30.05.2012

**Gaurav Yadav**  
Company Secretary

## Cash Flow Statement for the Year Ended 31 March, 2012

	(Amount in Rs.)	
	Year Ended 31 March, 12	Year Ended 31 March, 11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	112,987,643.28	126,130,254.03
Net Profit Before Tax		
Adjustment for :		
Depreciation	69,016,144.62	55,013,962.49
Rent	-	216,300.00
Interest Paid	182,632,967.07	124,813,968.44
Bad Debts Written Off	1,026,924.61	1,430,344.23
Unrealised Foreign Exchange Loss/(Gain)	(62,431.59)	558,188.21
Profit/(Loss) on sale of fixed assets	6,278,748.00	483,193.00
Pre-operative Expenses written off/Added(Net)	100,000.00	100,000.00
	258,992,352.71	182,615,956.37
Operating profit before working capital changes	371,979,995.99	308,746,210.40
Adjustment for :		
Trade and other receivables	(105,778,679.29)	18,902,183.70
Inventories	35,543,166.17	(371,595,506.68)
Trade Payable & Other Liabilities	12,249,832.49	106,845,792.46
Cash generated from Operations	313,994,315.36	62,898,679.88
Income Tax / FBT Paid	20,029,617.00	5,770,734.00
<b>NET CASH/(USED IN) FROM OPERATING ACTIVITIES</b>	<b>293,964,698.36</b>	<b>57,127,945.88</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(243,813,503.20)	(405,961,447.93)
Work in Progress/Advances for Capital Goods	(4,660,592.00)	(13,520,034.80)
Sale of fixed assets	2,275,000.00	419,999.18
Investments (Purchase)/Sale	-	-
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(246,199,095.20)</b>	<b>(419,061,483.55)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(Repayment) from Long Term Bank Borrowings	(38,088,910.00)	198,924,680.00
Proceeds/(Repayment) of Unsecured Loans	31,239,000.00	98,800,000.00
Proceeds from/(Repayment) from Long Term other Borrowings	27,794,370.28	-
Proceeds from/(Repayment) of Short Term Borrowings	126,461,398.88	205,714,648.41
Dividend paid along with CDT	(9,901,027.00)	(9,901,027.00)
Interest Paid	(182,632,967.07)	(124,813,968.44)
<b>NET CASH/(USED IN) FROM FINANCING ACTIVITIES</b>	<b>(45,128,134.91)</b>	<b>368,724,332.97</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,637,468.25</b>	<b>6,790,795.30</b>
Opening Balance of Cash and Cash Equivalents	41,080,310.42	34,289,515.12
Closing Balance of Cash and Cash Equivalents	43,717,778.67	41,080,310.42

As per our report of even date  
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 Pran Nath Singh**  
Manager - F&A

**Dr. Sandeep Gupta**  
Jt Managing  
Director

**Sushil Gupta**  
Chairman &  
Managing Director

Place :- Faridabad  
Date :- 30.05.2012

**Gaurav Yadav**  
Company Secretary

**Notes to accounts forming part of the Balance Sheet and Profit & Loss A/c as at 31st March, 2012**

		(Amount in Rs.)		
PARTICULARS	As at 31 March, 2012	As at 31 March, 2011		
<b>1) Share Capital</b>				
<b>I) Authorised</b>				
30000000 (30000000) Equity Shares of Rs 10 each	30,00,00,000.00	30,00,00,000.00		
<b>II) Issued</b>				
170993620 (170993620) Equity Shares of Rs 10 each	17,09,93,620.00	17,09,93,620.00		
<b>III) Subscribed and paid up</b>				
16925554(16925554) Equity Shares of Rs 10 each fully paid up out of which 8826192 equity shares of Rs 10 each issued at premium of Rs 20 each fully paid up	16,92,55,540.00	16,92,55,540.00		
<b>IV) Forfeited shares</b>				
(173808 Equity Shares @Rs 5 each) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, In the event of liquidation, the equity share- holders are eligible to received the remaining assets of the company, after distribution of all preferential amount, in proportion of their share holding.	8,69,040.00	8,69,040.00		
<b>TOTAL</b>	<b>17,01,24,580.00</b>	<b>17,01,24,580.00</b>		
<b>Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company :</b>				
Name of the Shareholders	As at 31st March, 2012		As at 31 March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sh. Sushil Gupta	1055706	6.237	1055706	6.237
Dr. Sandeep Gupta	1152968	6.812	1152968	6.812
M/S Richa Holding Limited	7621156	45.028	7621156	45.028
<b>2) Reserve and Surplus</b>				
<b>(a) Capital Reserve</b>				
Opening balance	4,68,10,780.00		4,68,10,780.00	
Addition during the year	-		-	
Less: written back during the year	4,55,95,780.00		-	
	<b>12,15,000.00</b>		<b>4,68,10,780.00</b>	
Note : Capital Tuff Subsidy received from the F.Y. 2004-05 to F.Y. 2009-10 has been written back				
<b>(b) Security Premium Reserve</b>				
Opening balance	14,59,89,166.04		14,59,89,166.04	
Addition during the year	-		-	
Less: deduction during the year	-		-	
	<b>14,59,89,166.04</b>		<b>14,59,89,166.04</b>	
<b>(c) General reserve</b>				
Opening balance	70,55,535.00		28,31,451.00	
Addition during the year	30,43,094.20		42,24,084.00	
Less: deduction during the year	-		-	
	<b>1,00,98,629.20</b>		<b>70,55,535.00</b>	

<b>(d) Surplus of Profit and Loss a/c</b>		
Opening balance	35,97,22,968.43	28,93,66,396.40
Addition during the year	6,08,61,884.05	8,44,81,683.03
Less: Proposed Dividend	84,62,777.00	84,62,777.00
Less: Tax on proposed dividend	13,72,874.00	14,38,250.00
Transfer to General reserves	30,43,094.20	42,24,084.00
<b>TOTAL</b>	<b>40,77,06,107.28</b>	<b>35,97,22,968.43</b>
<b>TOTAL (a+b+c+d)</b>	<b>56,50,08,902.52</b>	<b>55,95,78,449.47</b>

**3) Long Term Borrowings****(a) Secured loan****(i) Term Loan from Bank**

68,06,47,181.00

71,87,36,091.00

**(ii) Term Loan from Others**

-

-

**Nature of Security and terms of repayment for Long Term secured borrowing :****Textile Division****Nature of Security**

- I. Term loan amounting to Rs. 38,49,125.00 ( March 31st 2011 Rs.53,57,280.00) is secure by Hypothecation of machinery purchased and personal guarantee of Sh. Sushil Gupta, Dr. Sandeep Gupta and Sh. Manish Gupta.
- II. Term loan amounting to Rs. 4,11,08292 ( March 31st 2011Rs. 5,53,64000.00) is secure by equitable mortgage of land and building thereon and Hypothecation of machinery purchased and personal guarantee of Sh. Sushil Gupta, Dr. Sandeep Gupta and Sh. Manish Gupta.
- III. Term loan amounting to Rs. 8,27,62,757.00 ( March 31st 2011 Rs.17,19,23030.00) is secure by equitable mortgage of land and building at Kanwara village and plot no. 4, Sector-7, IMT Manesar, Gurgaon, and Hypothecation of machinery ( First charge) personal guarantee of Sh. SushilGupta, Dr. Sandeep Gupta and Sh. Manish Gupta.
- IV. Term loan amounting to Rs. 20,26,23,034.00 ( March 31st 2011 Rs.22,29,52,000.00) is secure by equitable mortgage of building and Hypothecation of Machinery purchased, personal guarantee of Sh. SushilGupta, Dr. Sandeep Gupta and Sh. Manish Gupta.

**Terms of Repayment**

Repayable in 16 quarterly instalment of Rs. 7.50 Lakhs each after 12 month holiday period. Repayment commenced from 31.11.2009.

Repayable in 28 quarterly instalment of Rs. 24.30 Lakhs each repayment commenced from 01.12.2009.

Repayable in 69 monthly instalment detail is as under :  
21 monthly instalment of Rs. 20 Lakhs each, next  
24 monthly instalment of Rs. 50 Lakhs each, next  
24 monthly instalment of Rs. 70 Lakhs each repayment commenced from 31.07.2007

Repayable in 28 quarterly instalment as follows :  
1st 12 quarterly instaments of Rs. 50 Lakhs each,  
2nd 08 quarterly instalment of Rs. 75 Lakhs each,  
3rd 04 quarterly instalment of Rs. 100 Lakhs each and  
4th 03 quarterly instalment of Rs. 162.50 Lakhs each, and final instalment is Rs. 142.50 Lakhs. This quarterly instalment Commenced from 30.06.2011

**PEB Division**

- V. Term loan amounting to Rs. 12,49,73,155.00 ( March 31st 2011 Nil) is secure by first Pari Passu charge on the Project Land, building and other Project assets with Corporation Bank and personal guarantee of Sh. Sushil Gupta, Dr. Sandeep Gupta and Sh. Manish Gupta.

Repayable in 72 monthly instalments of Rs. 30 Lakhs Commencing from July 2012.

VI. Term loan amounting to Rs. 13,17,04,308.00 (March 31st 2011 Rs. 15,80,72,380.00) is secure by Exclusive charge on entire fixed assets of the PEB Division of the company situated at kashipur, Uttarakhand and personal guarantee of Sh. Sushil Gupta, Dr. Sandeep Gupta and Sh. Manish Gupta.

Repayable in 22 quarterly instalments as follows :

		Rs. in Lakhs
Year	No. of Quarters	Amount
FY 2010-11	80 lakhs X Quarter (March 2011)	50.00
FY 2011-16	75 Lakhs X 20 Quarter	1500.00
FY 2016-17	40 Lakhs X 1 Quarter	40.00
	Total	1590.00

VII. Term loan amounting to Rs. 9,36,26,510.00 (March 31st 2011 Rs. 9,73,67,401.00) is secure by Exclusive charge on entire fixed assets of the PEB Division of the company situated at kashipur, Uttarakhand and personal guarantee of Sh. Sushil Gupta, Dr. Sandeep Gupta and Sh. Manish Gupta.

Repayable in 22nd quarterly instalment. First 21 quarterly instalment is Rs.45 Lakhs each and 22nd instalment of Rs. 55 Lakhs.

(b) <b>Deferred Payment Liabilities</b>	-	-
(c) <b>Deposits</b>	-	-
(d) <b>Loans and Advances from Related parties</b>	-	-
<b>Unsecured loan</b>		
Richa Building Systems Ltd	11,69,50,000.00	11,54,50,000.00
Richa Holdings Limited	12,59,89,000.00	9,62,50,000.00
<b>TOTAL (a+b+c+d)</b>	<b>24,29,39,000.00</b>	<b>21,17,00,000.00</b>

The company has taken unsecured loan from the following companies :

Name	31.03. 2012	31.03.2011
Richa Building System Ltd.	11,69,50,000	11,54,50,000
Richa Holding Limited	12,59,89,000	9,62,50,000
<b>Total</b>	<b>24,29,39,000</b>	<b>21,17,00,000</b>

1. As per the resolution of Board of Directors of the company dated have decided that the above loans was taken on long terms basis and no interest is payable on the above loan.

(e) <b>Other Loans and Advances ( Not Applicable)</b>	-	-
<b>TOTAL(a+b+c+d+e)</b>	<b>92,35,86,181.00</b>	<b>93,04,36,091.00</b>

#### 4) Other Long term Liabilities

(a) Trade Payables (security refundable)	1,10,93,138.28	26,96,355.00
(b) Others ( Advance against sale of Land )	1,75,00,000.00	-
<b>TOTAL</b>	<b>2,85,93,138.28</b>	<b>26,96,355.00</b>

Rs. 1.75 Crore is received from Canopy Nirmans Pvt. Ltd. Against sale of agriculture land of the company vide agreement of sale. Sale deed is to be executed.

#### 5) Long Term Provisions

(a) Provision for employee benefit	-	-
(b) Others (Leave encashment & Gratuity )	72,69,738.00	53,72,151.00
<b>TOTAL</b>	<b>72,69,738.00</b>	<b>53,72,151.00</b>

#### 6) Short Term Borrowings

##### Secured loan

(a) <b>Loans repayable on demand</b>	-	-
From Banks		
(i) WCFC	-	33,03,80,759.00
(ii) Working capital Limits	92,76,89,815.84	47,08,47,657.96
<b>SUB TOTAL</b>	<b>92,76,89,815.84</b>	<b>80,12,28,416.96</b>

I.	WCFC with SBI Bank is NIL	(31st March 2011 Rs. 33,03,80,759 )	
II.	SBI C/C is Rs. 19,84,07,745	(31st March 2011 Rs. 65,20,724 Dr.)	
	Secured by first Pari Passu charge on entire current assets of the company's textile unit including Receivables, both present and future and repayable on demand.		
III.	IOB C/C is Rs. 54,14,92,823	(31st March 2011 Rs. 28,48,16,381)	
	Secured by stock and book debts up to 90 days and repayable on demand.		
IV.	Corporation Bank is Rs. 18,76,24,098	(31st March 2011 Rs.19,25,52,001)	
	Secured by first charge (exclusive) on entire current assets of the company's PEB unit including Receivables both present and future and repayable on demand.		
	<b>(b) Loans and Advances from related parties</b>	-	-
	<b>(c) Deposits</b>	-	-
	<b>(d) Other Loans and Advances(Specify nature)</b>	-	-
	<b>TOTAL</b>	<b>92,76,89,815.84</b>	<b>80,12,28,416.96</b>
<b>7) Creditors for trade</b>		<b>16,43,72,837.75</b>	<b>16,37,39,963.12</b>
<b>7(a) Other Current Liabilities</b>			
(a)	<b>Bills payable acceptance under LC</b>	7,15,71,057.00	2,02,62,625.00
(b)	<b>Total outstanding dues of creditors other (than micro enterprises due of creditor others)</b>		
	Creditors for capital goods	40,41,725.00	13,93,894.56
	Creditors for expenses	2,68,33,855.00	11,23,65,271.76
	Advances payment for which value has still to be given	8,89,07,065.30	6,13,17,805.70
	Unpaid final dividend FY 2009-10	20,822.00	44,257.00
	Sales tax payable	53,24,531.52	57,33,336.72
	TDS Payable	10,38,027.00	6,31,083.00
	Expenses payable	3,59,185.00	26,26,592.00
	Rent equilization reserve	-	2,16,300.00
	<b>TOTAL</b>	<b>19,80,96,267.82</b>	<b>20,45,91,165.74</b>
<b>8) Short Term Provisions</b>			
(a)	<b>Provision for employee benefits</b>		
(i)	Payable provident fund & ESI	9,33,834.00	6,28,091.00
(ii)	Insurance,Pension and similar staff benefits	2,09,88,707.00	1,06,58,748.00
(b)	<b>Others(Specify Nature)</b>		
(i)	Proposed final Dividend	84,62,777.00	84,62,777.00
(ii)	Tax on Proposed Dividend	13,72,874.00	14,38,250.00
(iii)	Provision for income tax	2,40,00,000.00	2,48,00,000.00
	<b>TOTAL</b>	<b>5,57,58,192.00</b>	<b>4,59,87,866.00</b>
<b>9) Tangible Assets</b>			
(a)	Land	21,88,29,401.04	16,88,29,401.04
(b)	Buildings	44,55,19,688.37	34,06,33,557.51
(c)	Plant and Machinery	87,59,23,063.65	91,52,87,000.79
(d)	Furniture and Fixtures	79,52,812.01	85,09,859.04
(e)	Vehicles	1,11,07,845.52	86,15,655.35
(f)	Office equipment	1,49,76,387.19	1,35,71,080.91
(g)	Computer/CCTV	1,13,92,521.03	1,24,03,416.24
(h)	Fax/Telephone	539,391.31	5,28,773.66
	<b>TOTAL</b>	<b>1,58,62,41,110.12</b>	<b>1,46,83,78,744.54</b>

Depreciation chart to be specified as per Companies Act

## DEPRECIATION CHART

Sr.No	Particulars	Cost as on		Additions		Substraction		Total Cost as on 31.03.11	Dep. Up to 31.03.2011	Depreciation for period 31.03.12	Depreciation W/ Back	Total Dep. 31.03.12	W.D.V. as on 31.03.2012	W.D.V. as on 31.03.2011
		01.04.11	16882940104	Purchase	Transfer	Sale	Transfer							
1	Land	16882940104	50000000	10,044,365.00	-	10,044,365.00	-	218,829,401.04	-	-	-	-	218,829,401.04	16882940104
2	Building	365517244.15	118,148,460.20	-	-	-	-	483,665,704.35	24,883,686.64	13,262,329.34	-	38,146,015.98	445,519,688.37	340,633,557.51
3	Plant & Machinery	1084491544.21	80281827.00	7,193,200.00	73,963,933.00	7,193,200.00	-	1,060,809,438.21	139,898,612.55	49,190,736.13	3,508,905.00	185,580,443.68	875,923,063.65	914,592,931.66
4	Vehicles	12,716,981.96	3,973,757.00	-	-	-	-	16,690,738.96	4,101,326.61	1,481,566.83	-	5,582,893.44	11,107,845.52	8,615,655.35
5	Office Equipment	16,490,652.60	2,203,535.00	90,000.00	-	90,000.00	-	18,693,387.60	2,224,902.57	798,228.72	-	3,023,131.29	14,976,387.19	14,265,150.03
6	Furniture & Fixture	10,924,390.35	136,484.00	50,000.00	-	50,000.00	-	11,060,874.35	2,414,531.31	693,531.03	-	3,108,062.33	7,952,812.02	8,509,859.05
7	Computer/CC TV	20,580,607.08	2,544,596.00	283,950.00	-	283,950.00	-	23,125,203.08	8,177,190.84	3,555,491.21	-	11,732,682.05	11,392,521.03	12,403,416.24
8	Fax/EPABX/Telephone	689,739.87	44,879.00	-	-	-	-	734,618.87	160,966.21	34,261.36	-	195,227.56	539,391.31	528,773.67
	<b>Total</b>	<b>1,650,239,961.26</b>	<b>257,333,538.20</b>	<b>17,661,515.00</b>	<b>73,963,933.00</b>	<b>17,661,515.00</b>	<b>17,661,515.00</b>	<b>1,833,609,566.46</b>	<b>181,861,216.73</b>	<b>69,016,144.63</b>	<b>3,508,905.00</b>	<b>247,368,456.34</b>	<b>1,586,241,110.12</b>	<b>1,468,378,744.55</b>
	Previous Year	1,26,650,143,577	415,152,965.49	113,972,540.44	1,414,440.00	113,972,540.44	113,972,540.44	1,650,239,961.26	127,358,502.06	55,013,962.49	511,247.82	181,861,216.73	1,468,378,744.53	

**NOTE :- Sale of Plant & Machinery includes the following :**

Capital Tufts Subsidy written off (Up to 31.03.2011)	45,595,780.00
Capital Tufts Subsidy written off during the FY 2011-12	16,305,500.00
Sale of Plant & Machinery	12,062,653.00
Grand Total	73,963,933.00

**10) Intangible Assets****Pre-opening Expenses**

Opening Balance	2,00,000.00	3,00,000.00
Add: Addition during the year	-	-
Less: Written Off during the year	1,00,000.00	1,00,000.00
<b>TOTAL</b>	<b>1,00,000.00</b>	<b>2,00,000.00</b>

**11) Non Current Investments**

(a) Investment In Property	-	-
(b) Investment in Equity Instruments Unquoted, at cost price 72000 equity shares of Richa Infrasstructure Ltd. fully Paid up ( 72000 equity shares ) (Face Value Rs. 10/-each, at a premium of Rs. 90/-each	72,00,000.00	72,00,000.00
<b>TOTAL</b>	<b>72,00,000.00</b>	<b>72,00,000.00</b>

**12) Long term Loans and advances**

NIL NIL

**13) Other Non current Assets**

NIL NIL

**14) Current Investments**

NIL NIL

**15) Inventories**

(a) Raw Material & Consumables	62,82,94,394.14	81,89,20,809.36
(b) WIP	24,62,05,282.47	13,09,41,630.11
(c) Finished goods	8,21,15,298.33	4,22,95,701.64
(d) Stock-in-trade(goods acquired for Trading)	-	-
(e) Stores and Spares	-	-
(f) Loose Tools	-	-
(g) Others(Specify Nature)	-	-
<b>TOTAL</b>	<b>95,66,14,974.94</b>	<b>99,21,58,141.11</b>

**16) Trade Receivables**

(i) Outstanding for period of Six Months	40,60,38,767.60	31,04,60,463.57
(ii) Others	61,203,378.11	69,28,435.48
(iii) Secured Goods (Bill Undercollection)	2,29,01,353.00	5,45,12,122.98
<b>TOTAL</b>	<b>49,01,43,498.71</b>	<b>37,19,01,022.03</b>

**17) Cash and cash Equivalents****(a) Balance with banks**

(i) In current Accounts	1,41,76,174.40	93,49,421.84
(ii) In Fixed Deposit accounts (Kept as margin for bank Gurantees and Letter of Credits)	2,72,36,551.00	2,54,47,751.31
(iii) HDFC Bank LTD. Unpaid Dividend FY 2009-10	20,822.00	44,257.00

**(b) Cheques,Drafts on hand**

- -

**(c) Cash in hand** 22,84,231.27 62,38,880.27**(d) Others(Specify nature)** - -**TOTAL** **4,37,17,778.67** **4,10,80,310.42**

**18) Short Term Loans and Advances**

(a) Loan to employee	12,72,424.00	23,88,000.00
(b) TUFS Interest Subsidy receivable	1,40,57,008.00	1,25,77,361.00
(c) Security deposit	68,24,846.00	52,37,391.00
(d) Advance to supplier	1,03,63,200.03	3,02,68,799.59
(e) Insurance claim Receivable	1,10,433.35	7,73,396.35
(f) Prepaid expenses	20,97,244.00	17,98,341.00
(g) Balance in CENVAT/Service tax account	95,68,234.62	58,47,650.26
(h) Duty drawback/DEPB Receivable	9,38,557.00	7,39,401.00
(i) I tax/FBT Refundable AY 2008-2009	46,011.00	47,285.00
(j) I tax /FBT Refundable AY 2009-2010	46,440.00	46,440.00
(k) I Tax Refundable AY 2010-2011	110.00	110.00
(l) Tds/Provision of TDS AY 2011-12	3,03,135.00	72,90,505.19
(l) Tds/Provision of TDS AY 2012-13	89,23,240.00	-
<b>TOTAL</b>	<b>5,45,50,883.00</b>	<b>6,70,14,680.39</b>

**19) Other Current Assets**

NIL

NIL

**20) Revenue from Operations**

(a) Sale of products		
(i) Domestic sale	2,54,31,18,894.69	1,87,58,30,876.27
(ii) Export sale	1,01,72,059.46	2,61,54,083.52
(b) Sale of services / Job Work	44,95,70,620.49	38,38,26,737.38
(c) Other operating revenues	1,12,86,975.59	-
<b>TOTAL</b>	<b>3,01,41,48,550.23</b>	<b>2,28,58,11,697.17</b>
<b>Less: Excise Duty</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>3,01,41,48,550.23</b>	<b>2,28,58,11,697.17</b>

**21) Other Income**

(a) Interest Received on FDR	20,55,177.69	11,58,868.31
(b) Interest received others	36,67,089.38	2,60,222.00
(c) Duty Drawback Received	3,59,749.00	1,79,816.00
(d) Bad debts Recoveries account	43,593.50	16,10,000.00
(e) Unclaimed balances W/off & short & Excess	40,844.04	2,115.55
(f) Forex Gain/ Loss	62,431.59	-
(g) Miscellaneous Receipts	13,33,287.90	21,979.00
<b>TOTAL</b>	<b>75,62,173.10</b>	<b>32,33,000.86</b>

**22) INCREASE/DECREASE IN WIP/ FINISHED GOODS****Closing Stock**

Consumable Store	1,13,01,968.20	66,22,724.66
Finished Goods	8,21,15,298.33	4,22,95,701.64
Work in process	24,62,05,282.47	13,09,41,630.11
<b>TOTAL</b>	<b>33,96,22,549.00</b>	<b>17,98,60,056.41</b>

**Opening Stock**

Consumable Store	66,22,724.66	53,49,603.65
Finished Goods	4,22,95,701.64	3,67,96,257.51
Work in process	13,09,41,630.11	3,89,94,847.60
<b>TOTAL</b>	<b>17,98,60,056.41</b>	<b>8,11,40,708.76</b>

**Increase/Decrease in WIP/Finished Goods**

	<b>15,97,62,492.59</b>	<b>9,87,19,347.65</b>
--	------------------------	-----------------------

<b>23) (i) Raw Material consumed</b>		
<b>(1) in case of manufacturing companies</b>		
<b>(i) Raw material consumed under broad head</b>		
<b>TEXTILE UNIT</b>		
(a) dyes and chemicals	18,29,53,131.94	13,25,25,169.11
(b) Fabrics	1,27,61,90,347.77	1,01,77,15,005.16
(c) Yarn	14,30,92,622.69	33,24,22,045.11
(d) Fuel	5,05,97,728.36	5,46,05,260.55
(e) Packing Material	94,92,816.91	63,04,937.20
<b>PEB UNIT</b>		
(f) Hr Plates	36,47,69,545.56	7,12,74,275.86
(g) Structures	5,71,59,997.12	1,01,05,456.49
(h) Coils	29,42,40,633.64	16,04,35,519.81
(i) Accessories	5,01,29,016.78	1,81,41,998.89
<b>TOTAL</b>	<b>2,42,86,25,840.77</b>	<b>1,80,35,29,668.18</b>
<b>(ii) Goods purchased under broad heads</b>	<b>NIL</b>	<b>NIL</b>
<b>TOTAL (i+ii)</b>	<b>2,42,86,25,840.77</b>	<b>1,80,35,29,668.18</b>
<b>24) (i) Employee benefits expenses</b>		
Salary, Wages & Bonus	11,51,07,020.00	7,81,78,330.00
Directors Remuneration	36,00,000.00	27,98,709.00
Contribution to PF and other funds	71,93,311.00	52,00,668.00
Staff welfare expenses	17,34,520.00	18,25,093.00
Gratuity & Leave Encashment- Paid	17,09,750.00	20,57,880.00
Gratuity & Leave Encashment- Provision	18,97,587.00	-
<b>TOTAL</b>	<b>13,12,42,188.00</b>	<b>9,00,60,680.00</b>
<b>25) Finance Cost</b>		
(a) Interest expenses		
(i) on bank loan	17,53,04,926.39	12,42,47,867.44
(ii) on other accounts	73,28,040.68	5,66,101.00
(b) Other borrowing costs	-	-
(c) Bank charges	1,43,24,101.46	3,73,82,971.28
<b>TOTAL</b>	<b>19,69,57,068.53</b>	<b>16,21,96,939.72</b>
<b>26) Depreciation and Amortisation</b>	<b>6,90,16,144.62</b>	<b>5,50,13,962.49</b>
<b>27) OTHER COST</b>	<b>23,63,65,582.72</b>	<b>15,03,49,348.26</b>
<b>(A) MANUFACTURING EXPENSES</b>		
Outside Job work/ Erection Charges	6,94,90,628.27	3,16,71,948.50
Power & Electricity	3,99,19,799.60	4,19,15,004.83
Water & Sewearage Charges	7,00,739.00	4,57,238.00
Consumable Stores	3,47,22,378.50	2,30,96,372.64
Genset Hiring Charges	-	40,596.00
Repair - Plant & machinery	1,70,82,849.50	1,07,25,192.71
<b>TOTAL</b>	<b>16,19,16,394.87</b>	<b>10,79,06,352.68</b>

**(B) ADMINISTRATIVE EXPENSES**

(a) Auditors remuneration & Out of pocket Expense	3,40,526.00	3,32,466.00
(b) Books & preiodicals	51,869.00	25,191.00
(c) Charity & Donation	1,16,900.00	28,650.00
(d) Commission / Sitting fee to Non WTD	2,01,837.14	59,793.00
(e) Director Travelling & Conveyance	7,33,168.00	5,96,560.00
(f) Diwali Expenses	4,60,176.00	3,38,020.00
(g) General Expenses	4,56,099.07	4,08,452.00
(h) Insurance Others	25,08,080.00	24,18,489.00
(i) Insurance on cars	82,022.00	55,398.00
(j) Legal & Professional Charges	61,76,399.00	21,13,966.00
(k) AGM & Meeting Expenses	3,96,814.00	57,913.00
(l) Postage Expenses	3,43,102.00	3,64,280.63
(m) Pre operative expenses w/off	1,00,000.00	1,00,000.00
(n) Printing & stationery Expenses	19,36,983.00	16,98,175.47
(o) Rates & Taxes	10,33,562.85	18,95,740.82
(p) Rent Paid	59,16,169.00	38,25,779.00
(q) Forex gain/ Loss	-	5,58,188.21
(r) Repair & Maintenance- Building	9,59,961.80	10,76,150.24
(s) Repair & Maintenance- Computer/others	11,46,993.00	8,66,064.75
(t) Repair & maintenance-Vehicle Commercial	37,01,767.69	33,74,959.20
(u) Repair & Maintenance- Vehicle others	12,16,045.06	11,05,484.78
(v) Watch /Ward/Security	14,57,706.00	19,32,933.00
(w) Repair & Maintenance- Electricals	24,43,204.50	8,75,840.21
(x) Subscription Fee	1,85,280.00	1,22,121.00
(y) Telephone, Modem & Internet Expenses	10,50,918.74	10,79,099.31
(z) Testing Charges	2,61,126.00	35,280.00
(zi) Travelling & Conveyance Expenses	73,28,449.04	34,81,739.44
(zii) Office Maintenance Expenses	6,81,376.00	12,86,083.99
<b>TOTAL</b>	<b>4,12,86,534.89</b>	<b>3,01,12,818.05</b>

**(C) SELLING & DISTRIBUTION EXPENSES**

(a) Sales Promotion Expenses	15,00,961.71	3,85,043.00
(b) Distribution Expenses/ Export sales clearing Expenses	2,90,96,093.64	96,93,053.30
(c) Advertisement / Tender fee & Exhibition Expenses	15,38,673.00	8,21,737.00
(d) Bad Debts written off	10,26,924.61	14,30,344.23
<b>TOTAL</b>	<b>3,31,62,652.96</b>	<b>1,23,30,177.53</b>

**28) Extraordinary Items**

(a) Loss on sale of fixed assets	62,78,748.00	4,83,193.00
<b>TOTAL</b>	<b>62,78,748.00</b>	<b>4,83,193.00</b>

**29) EARNING PER SHARE & DILUTED EARNING PER SHARE**

(i) Net PROFIT after tax as per P & L Account	6,08,61,884.05	8,44,81,683.00
(ii) Weighted Average number of equity Shares used as denominator for calculating EPS (Nos)	1,69,26,000.00	1,69,26,000.00
(iii) Net Profit attributable to shareholders	6,08,61,884.05	8,44,81,683.00
(iv) Diluted Earning Per Share(RS) (iii/ii)	3.60	4.99
(v) Profit before tax	11,92,66,391.28	12,61,30,254.03
(vi) Earning per share	7.05	7.45
(vii) Face Value per equity Share(RS)	10.00	10.00
<b>(a) Payment to Auditors</b>		
(i) Audit fee	1,65,450.00	1,65,450.00
(ii) for taxation matters	1,10,300.00	1,10,300.00
(v) for other services	55,150.00	55,150.00
(vi) for reimbursement of expenses	9,626.00	1,566.00
<b>(b) Detail of items of exceptional and extraordinary nature</b>	NIL	NIL
<b>(c) Prior period item</b>	NIL	NIL

## NOTES 30(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, ongoing 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. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

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

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

**4. Depreciation**

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

**5. Foreign Currency Transactions**

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

**6. Investments**

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

**7. Inventories**

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

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

#### 8. Turnover

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

#### 9. Employees' Retirement Benefits

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

#### 10. Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Interest is recognized on the time proportion basis taking into account amount outstanding and rate applicable. 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 31st March 2012 are as follows:

	<b>AS AT 31<sup>st</sup> March (Rs in Lac)</b>	
	<b>2012</b>	<b>2011</b>
Deferred Tax Liabilities	1027.29	776.98
Timing differences		

#### 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 31.03.2012 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. The Impairment loss recognized in the prior period is reversed if there has been a change in the estimate of 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.

**21. Government Grants**

Any govt grants, subsidy of capital nature is reduced from the cost of respective fixed assets and other grants, subsidies of revenue nature are net off against the respective expenses.

**30.(B) NOTES ON ACCOUNTS**

1. 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.

2. 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)	
	2011-12	2010-11
Employer’s Contribution to Provident Fund	22.82	19.17
Employer’s Contribution to Pension Fund	27.88	23.42

**Defined Benefit Plan**

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

3. 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, CMD
  2. Sh. Manish Gupta, Director
  3. Dr. Sandeep Gupta, JT. MD
- b) Enterprise over which Key Managerial Personnel (KMP) or their Relatives have significant influence
1. Richa Building Systems Limited
  2. Richa Holdings Ltd.
- c) Relatives of Key Management Personnel
1. NIL

**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	-	-	53.86	-	-	53.86
Unsecured Loans Received	-	-	-	-	1252.56	1252.56
Unsecured Loans Re Paid	-	-	-	-	940.17	940.17
Sale/Jobwork	-	-	-	-	-	-
Purchase/Jobwork	-	-	-	-	-	-
<b>Outstanding</b>						
Receivables	-	-	-	-	-	--
Payable (Gross)	-	-	-	-	2429.39	2429.39

4. 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	(Rs. in Lacs)	
	2011-12	2010-11
i. Sales to Overseas Market	101.72	261.54
ii. Sales to Domestic Market	30039.76	22596.54

**Segment Reporting Chart**

(Rs. in Lacs)

Particulars	Year Ended	
	31st March, 2012	31st March, 2011
<b>1. Segment Revenue</b>		
(a) Textile	19040.18	18927.36
(b) PEB	11101.30	4574.05
<b>Total</b>	<b>30141.48</b>	<b>23501.41</b>
<b>Less : Inter Segment Revenue</b>	<b>-</b>	<b>643.29</b>
<b>Sales/Income From Operations</b>	<b>30141.48</b>	<b>22858.12</b>
<b>2. Segment Results</b> Profit/Loss before tax and Interest from Each segment		
(a) Textile	1610.90	2123.25
(b) PEB	1551.32	760.02
<b>Total</b>	<b>3162.22</b>	<b>2883.27</b>
<b>Less : Inter Segment Revenue</b>		
(i) Financial Charges	1969.57	1621.97
(ii) Other Un-allocable Expenditure net off		
Un-allocable income	-	-
(iii) Exceptional Items	-	-
<b>Total Profit Before Tax</b>	<b>1192.65</b>	<b>1261.30</b>
<b>Total Capital Employed</b>	<b>17900.10</b>	<b>25316.66</b>

	(Rs. in Lacs)	
	2011-12	2010-11
5. Number of Employees in receipt of or entitled to receive payment (including perks of Rs. 500000/- pm/Rs. 60 Lac p.a. or more during the year)	NIL	NIL
<b>6. Contingent Liabilities not provided in respect of:</b>		
(i) Claims against the company did not acknowledged as debts*.	1757.91	1757.91
(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	910.26	766.75
(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	405.25	425.57
(vii) Bank Guarantees issued by Bank	600.97	4.95
(viii) Outstanding Letter of Credit	739.50	202.63
*ICICI Bank has crystalized the liability under derivative transaction during the year 2010-11. However, the matter is still subjudice. Company has denied this liability on the basis of A.V. Rajwade & Co. legal opinion and filed the case at Delhi High Court.		
7. 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		
8. Sundry Debtors and Sundry Creditors are reconciled by the company. However this is subject to our direct confirmation from the parties.		
<b>9. Financial and Derivative Instruments</b>		
(a) No Derivatives Contracts are out standing as on 31.03.2012 (Previous Year NIL)		
(b) Foreign Currency exposures that are not hedged by derivatives instruments or forward contracts as at 31st March 2012 amount to Rs. NIL (Previous year NIL)		

	(Rs in Lacs)	
	2011-12	2010-11
Raw Material including Accessories	61.51	86.22
Stores and Spares	0.10	2.74
Capital Goods	184.98	366.80

**Value of imported & indigenous material and percentage thereof :**

	Raw Materials		Stores	
	Percentage	Value	Percentage	Value
Current Year				
i. Indigenous	99.74%	24224.74	100 %	-
ii. Imported	.26%	61.51	Nil	Nil
Previous Year				
i. Indigenous	99.97 %	347.12	100 %	-
ii. Imported	.03%	.10	Nil	Nil

**11. Expenditure in Foreign Currency (Rs in Lacs )**

	2011-12	2010-11
On Royalty	NIL	NIL
Know how	NIL	NIL
Professional & consultation fee	NIL	NIL
Interest	NIL	NIL
Others (Including Foreign Traveling)	2.02	2.62

**12. Earnings in Foreign Exchange**

	2011-12	2010-11
(i) Exports of goods on FOB basis	101.72	261.54
(ii) Royalties, Know-how, Professional & Consultation Fees	NIL	NIL
(iii) Interest and Dividends	NIL	NIL
(iv) Other Income, indicate the nature thereof	NIL	NIL

**13. 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 2012. During the financial year 2010-11, final dividend of 5 % (Rs. 0.50 per share) for the year ended 31.03.2012 was declared & disclosed. No foreign remittance has been made on account of dividend.

**14. Operating Leases:**

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

Lease rental expenses for 2011-12 in respect of above operating leases are Rs. 5916169.00/- (previous year Rs. 3825779/-)

(ix) Value of assets taken on lease, future obligations

Lease Rentals Payabale

0 to 12 Month	-	Rs. 5453144.00
12 to 60 Months	-	Rs. 1625375.00
60 to above	-	NIL

**15. Insurance Claims:**

During the year, the company accounted Rs. NIL (Previous year Rs. NIL/-) as claims receivable from insurance company towards the expenditure incurred (in excess of deductibles) on damage repairs upto 31st March 2012 to a Company's assets

**16. Machinery worth Rs. 651.11 Lac is not used during the year under consideration, as the same had become obsolete during the Financial Year 2009-10, for which Chartered Engineer Certificate had also been obtained.**

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 Pran Nath Singh**  
Manager - F&A

**Dr. Sandeep Gupta**  
Jt Managing  
Director

**Sushil Gupta**  
Chairman &  
Managing Director

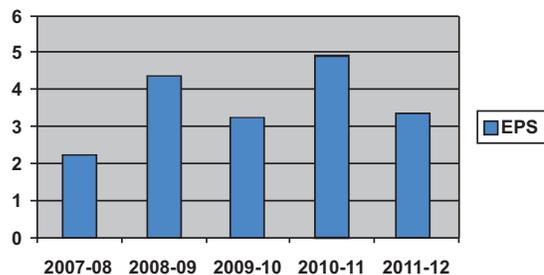
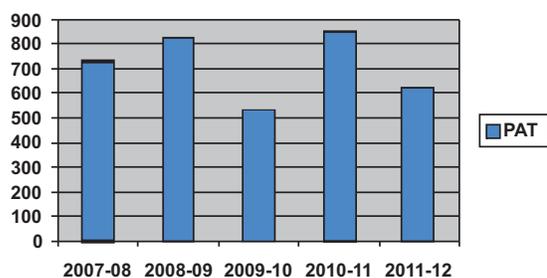
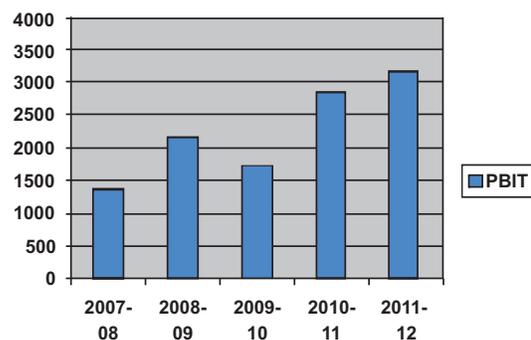
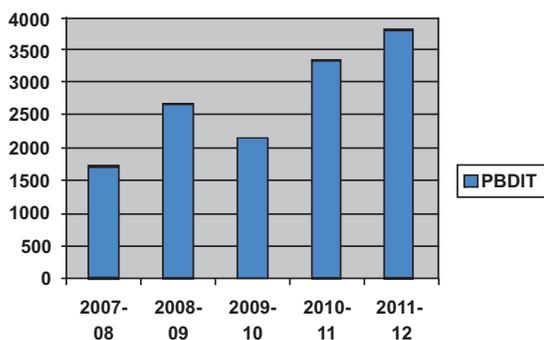
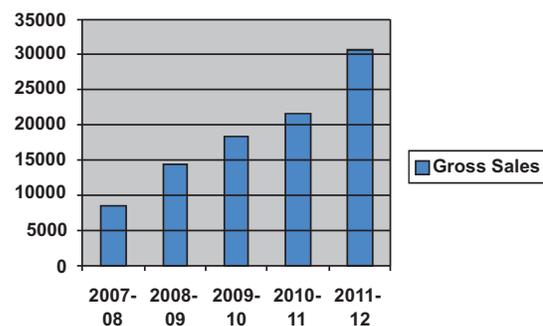
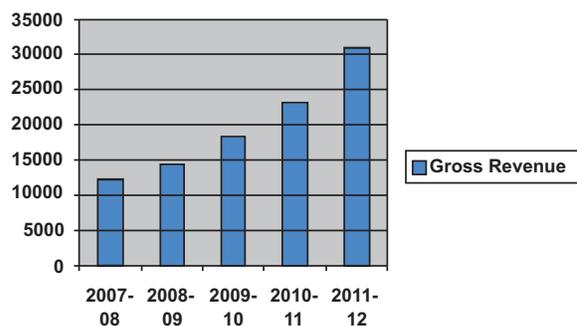
Place :- Faridabad  
Date :- 30.05.2012

**Gaurav Yadav**  
Company Secretary

## Performance Highlights

(Rs. in Lacs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Gross Revenue	10307.91	14437.51	17867.66	23877.61	31814.73
Gross Sales	9755.80	14749.44	17456.38	22858.12	30141.48
PBDIT	1781.39	2570.49	2177.36	3433.41	3789.60
PBIT	1486.94	2177.56	1699.04	2883.27	3099.44
PAT	723.07	808.90	566.29	844.82	608.61
EPS	5.60	4.78	3.35	4.99	3.60



**RICHA INDUSTRIES LIMITED**

**Member's Feedback  
Form 2011-2012**

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 ECS</b>					
<b>Promptness in confirming demat/ remat requests.</b>					
<b>Overall rating</b>					

**Views/Suggestions for improvement, if any .....**  
 .....  
 .....

**“FORM 2B”**

**NOMINATION FORM**

(To be filled in by the individual applying singly or jointly)  
(if jointly only upto two persons)

I/We ..... and ..... the holders of ..... equity shares against Folio No. .... Bearing Certificate number(s) from ..... to ..... and distinctive number from ..... to ..... of M/s Richa Industries Limited wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and or amount payable in respect of the said shares shall vest in the event of my/our death.

**Name and address of Nominee  
(Please write in Block Letters)**

<b>Name</b>																				
<b>Father's/Husband's Name</b>																				
<b>Occupation</b>																				
<b>Address</b>																				
<b>Date of Birth</b>																				

(“to be furnished in case the nominee is a minor”)  
\*\* The Nominee is a minor whose guardian is :

<b>Name</b>																				
<b>Address</b>																				

(\*\*To be deleted if not applicable)

Specimen Signature of Nominee/Guardian : \_\_\_\_\_

<b>Signature</b> :	_____	<b>Signature</b> :	_____
<b>Name</b> :	_____	<b>Name</b> :	_____
<b>Address</b> :	_____	<b>Address</b> :	_____
<b>Date</b> :	_____	<b>Date</b> :	_____

Signature of two witnesses

Name and Address

- 1.
- 2.

Signature with date





**ATTENDANCE SLIP**

Registered Office: V.P.O. Kanwara, Old Faridabad to Kheri- Jasana Road, Near Lingayas University, Faridabad- 121101, Haryana

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL  
Joint shareholder may obtain additional Slip at the venue of the meeting

DP ID No.	
Client ID No.	

Master Folio No	
No. of Shares Held	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **18th ANNUAL GENERAL MEETING** of the company held on Saturday, September 15, 2012 at 10.00 a.m. at Hotel Delite, 17-18, Neelam-Bata Road, N.I.T. Faridabad.

\_\_\_\_\_  
Signature of Shareholder/Proxy



**PROXY FORM**

Registered Office: V.P.O. Kanwara, Old Faridabad to Kheri- Jasana Road, Near Lingayas University, Faridabad- 121101, Haryana

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL  
Joint shareholder may obtain additional Slip at the venue of the meeting

DP ID No.	
Client ID No.	

Master Folio No	
-----------------	--

I/We.....of.....being a member/members of Richa Industries Limited hereby appoint ..... of.....or falling him..... as my/ our proxy to vote for me/us and on my/our behalf at **18th Annual General Meeting** of the Company to be held on Saturday, September 15, 2012 at 10.00 a.m. and at any adjournment thereof.

Signed this..... Day of.....2012

\_\_\_\_\_  
Signature

Please see the Instructions:

- Note: (1) The proxy, to be valid, should be deposited at the registered office of the company at V.P.O. Kanwara, Old Faridabad to Kheri- Jasana Road, Near Lingayas University, Faridabad- 121101, Haryana not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.  
(2) A Proxy need not be a member of the Company  
(3) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.  
(4) In the case of Joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated

Affix a  
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Revenue  
Stamp







BEST FOOD



NRB BEARINGS



ACE CRANES





# **RICHA INDUSTRIES LIMITED**

## **Corporate Office :**

Plot No. 57, Sector-27C, 13/1, Mathura Road, Faridabad - 121 003, India  
Phone : +91-129-4133968, Fax : +91-129-3144969

## **Kashipur Unit :**

8th km Stone, NH-121, Ram Nagar Road, Kashipur,  
Distt. Udam Singh Nagar, Uttrakhand-244 713  
Phone : +91-5947-223333, Fax : +91-5947-223073

## **Faridabad Unit (Regd. Office) :**

Village Kawnra, Old Faridabad, Kheri-Jasana Road,  
Faridabad - 121 101  
Tel. : +91-129-2201132, Fax : +91-129-2201137

## **Manesar Unit :**

Plot No. 5, Sector-7, IMT Manesar, Gurgaon-122050  
Phone : +91-124-4175800, 02, Fax : +91-124-2290211