

21st Annual Report

2008-2009
RISHAB SPECIAL YARNS LIMITED

BOARD OF DIRECTORS :

SHRI NATHMALL HIRAWAT

SHRI AMITABH HIRAWAT

SMT. PADAM DEVI HIRAWAT

SHRI CHANDRA MOHAN KHANDELWAL

SHRI PRADEEP LOIWAL

SHRI SUSHIL KUMAR JALAN

AUDITORS :

M/S R MOHNOT & CO.

CHARTERED ACCOUNTANTS

REGISTERED OFFICE :

2070, RASTA BARA GANGORE

JAIPUR-302 003

NOTICE

NOTICE is hereby given that Twenty First Annual General Meeting of the Company will be held on Monday the 21st December, 2009 at 12.00 Noon at the Registered Office of the Company at 2070, Rasta Bara Gangore, Jaipur-302 003 (Rajasthan) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited Balance Sheet as at 31st March 2009 and the Profit & Loss Account for the year ended on that date, along with the Reports of Directors and Auditors there on.
2. To appoint a Director in place of Smt. Padam Devi Hirawat, who retires by rotation and is eligible for reappointment.
3. To appoint Director in place of Shri Chandra Mohan Khandelwal, who retired by rotation and is eligible for reappointment.
4. To appoint auditors and fix their remuneration.

Registered Office:

2070, Rasta Bara Gangore,
Jaipur-302003

Dated: 11/11/2009

(AMITABH HIRAWAT)

Managing Director

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
The instrument appointing a proxy and the power of attorney, if any, under which it is signed, should be deposited at the registered office of the Company not less than 48 hours before the time for holding the Annual General Meeting.
2. The Register of Members and Share Transfer books of the Company will remain closed from 16th to 21st December, 2009 (both days inclusive).
3. All documents referred to in Notice are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. up to the date.
4. The members are requested to notify change of their addresses, if any, at the Registered Office of the Company at an early date.
5. The work of share transfer is presently done by the Company itself at its Registered Office.

6. As required under clause 49 (vi) of the Listing Agreement, brief resume including experience, other Directorship and Committee membership of the person proposed for reappointment as director is given below:

1. Smt. Padam Devi Hirawat

Education : Class- VIII
Experience : Housewife
Other Directorship : 1
Committee membership : Nil

2. Shri Chandra Mohan Khandelwal

Education : B.Com, LLB
Experience : 26 years in business
Other Directorship : 1
Committee membership : 3

DIRECTOR'S REPORT

To
The Members of
RISHAB SPECIAL YARNS LIMITED
JAIPUR

Your directors here with present the Twenty First Annual Report together with Audited Statement of Accounts of the Company for the year ended on 31st March 2009.

	Amount in rupees	
	2009	2008
FINANCIAL RESULTS		
Profit/(Loss) before depreciation misc. expenses w/off & taxes	(368411)	(1732579)
Less : Depreciation	-	-
Less: Misc. Exp. W/off	-	-
Provision for Taxation	-	-
Profit/(Loss) after tax	(368411)	(1732579)
Balance Brought forward from the last year	(113031695)	(111299116)
Balance Carried to Balance Sheet	(113400106)	(113031695)

PERFORMANCE

Due to financial constraints and continued cash losses, manufacturing activities stand discontinued. Company is yet to clear the dues of M/s. Kalaptaru Constructions Overseas Private limited and is making earnest efforts to do so. The Company is utilizing the proceeds of asset sale for the same. Only after all these dues are repaid, Shall the Company be in a position to determine its course of future activities.

CORPORATE GOVERNANCE

The company has complied with all the mandatory requirements of the Corporate Governance specified by Securities & Exchange Board of India in terms of clause 49 of the listing agreement. as required by the said clause a separate report on corporate governance forms part of the Annual Report as Annexure-I. A report from the Statutory Auditors of the Company regarding compliance of conditions of corporate governance is part of this report as Annexure-II.

MANAGEMENT DISCUSSION & ANALYSIS

This has been included as a separate Annexure-III to this Report.

DIVIDEND

In view of losses, your directors are unable to declare any dividend.

FIXED DEPOSITS

The company has not accepted any fixed deposit from the public in contravention of Section 58-A of Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 during the year.

DEPOSITORY SYSTEM

The company's shares are not tradable in electronic form. Although the company has appointed Share Transfer Agent but the formalities of dematerialisation are yet to be completed. As soon as this is done trading of company's shares shall commence in demat form.

DIRECTORS

Smt. Padam Devi Hirawat & Shri Chandra Mohan Khandelwal, Director of the Company retire by rotation pursuant to Section 256 of the Companies Act, 1956 and eligible offer themselves for reappointment.

AUDITORS

M/s. R. Mohnot & Co., Chartered Accountants, Jaipur retire at the ensuing Annual General Meeting. M/s. N.C. Dhabda & Co. has given their consent for appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent as to give a true and fair view of the state of the affairs of the company at the end of financial year and of the loss of the company for that period;
3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The directors had prepared the annual accounts based on their decision to exit the present line of business.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO:

Information in accordance with Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure-IV forming part of the Report.

EMPLOYEES

None of the employees of the company is in receipt of remuneration of Rs. 2400000/- or more per annum, if employed for whole of the year of Rs. 200000/- or more per month, if employed for part of the year.

ACKNOWLEDGEMENT

The Board gratefully acknowledges the co-operation and support given by the Auditors and Shareholders.

For & on behalf of the Board of Directors
Chairman

Jaipur

Date: 11/11/2009

ANNEXURE-I**CORPORATE GOVERNANCE REPORT**

Corporate Governance report as required by clause 49 of Listing Agreement with Stock Exchanges.

Company's Philosophy on Corporate Governance:

Company's philosophy in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and comply with various laws and regulations. Emphasis therefore is on adding value to its shareholder, investors, employees, suppliers, customers and other community.

Board of Directors:

The Board of Directors consists of 6 Directors (One Non-Executive chairman, One Managing Director and Four Non Executive Director out of which three are independent Directors). None of the Directors on the Board is member of more than 10 committees and Chairman of more than 5 Committees across all the companies in which they are Directors. During the year Board Meeting were held on 30 April, 08, 30 July, 08, 31st Oct., 08, 31st Jan. 09. The Board was presented with the relevant and necessary information at its meetings. The attendance of each Directors at the Board Meeting during the year and at the last Annual General Meeting and Extra Ordinary General Meeting and also the other Companies and Committees where he is a director/member is tabulated below:

Name of Directors	Category	Attendance Particulars		No of other Directorship and Committee Member/Chairmanship		
		Board Meeting	Last AGM/EOGM	Other Directorship	Committee Membership	Committee Chairmanship
1	2	3	4	5	6	7
Sh. Nathmall Hirwat	Non Executive Chairman	4	Yes	3	2	1
Sh. Amitabh Hirawat	Managing Director	5	Yes	5	1	-
Smt. Padam Devi Hirawat	Non Executive Director	4	Yes	1	-	-

1	2	3	4	5	6	7
Sh. Sushil Kumar Jalan	Non Executive Independent Director	4	No	1	2	-
Sh. Pradeep Loiwal	Non Executive Independent Director	4	Yes	1	-	-
Sh. Chandra Mohan Khandelwal	Non Executive Independent Director	5	Yes	1	1	2

Audit Committee

The audit committee functions in accordance with the terms of reference set out under Clause 49 of the Listing Agreement. Apart from considering unaudited and/or audited financial results for the relevant quarter, half year and the year before adoption/approval by the board, the committee focused its attention on key areas impacting the overall performance of the company, financial reporting system, internal control and procedure and ensuing compliance with regulatory guidelines. The composition of the audit committee and details of meeting attended by members thereof are as follows:

Name of Directors	Category of Directorship Qualification & Designation	No. of Meeting Attended
Sh. Chandra Mohan Khandelwal	Independent, Non Executive Chairman of the Committee	B.Com., LLB 5
Sh. Nathmall Hirawal	Non Executive member of the committee	9th 5
Sh. Sushil Kumar Jalan	Non Executive Member of the Committee	B.Com. (Hons.) F.C.A. 5

During the year under review, the audit committee met 5 times and it's meeting were also attended by the Managing Director and the Statutory Auditors.

The Chairman of the audit committee along with other members attended the last Annual General Meeting of the company held on 27th Dec., 2008.

Remuneration Committee

The company had constituted a remuneration committee consisting of Shri Chandra Mohan Khandelwal, Shri Sushil Kumar Jalan and Shri Nathmall Hirawat as members of the Committee.

The Company does not pay any remuneration to the Non-Executive Directors for the Company. The Company has not issued stock options to any of it's Director. The Company has not paid any remuneration to the Managing Director of the company.

Share Holders/Investors Grievances

The share holders/investors grievance committee consist of Shri Chandra Mohan Khandelwal as Chairman and other members are Shri Nathmall Hirawat and Shri Amitabh Hirawat (Managing Director of the Company). The committee's objectives is to attend to investors complaints pertaining to transfer/transmission of shares, non receipt of dividend and other related matters.

Besides seeking general information like pertaining to status of Company, listing of shares of the Company, Price of the Shares quoted at Stock Exchanges, reasons of non trading of Companies Shares, position of dematerialisation of company shares, total 9 complaints were received. The complaints were resolve to the satisfaction of the share holders and no complaint was pending as on 31.03.2009.

During the year 5 meetings of share transfer committee/investor's grievance committee were held and 1500 shares of 10 share holders were transferred.

Compliance Officer

Amitabh Hirawat-Director

General Body Meetings : Details of the last three Annual General Meetings are as under:

AGM/EOGM	Date	Time	Venue	No. of Special Resolution passed
18th AGM	14.12.2006	12 Noon	2070, Rasta Bara Gangore, Jaipur-302003	-
19th AGM	27.09.2007	12 Noon	2070, Rasta Bara Gangore, Jaipur-302003	-
20th AGM	27.12.2008	12 Noon	2070, Rasta Bara Gangore, Jaipur-302003	-

The company has not passed any shareholders resolution through postal ballot during the years under reference.

Disclosures

Transactions with related parties are disclosed in detail in schedule 'k' at point 15 on "Related Part, Disclosures" annexed to the financial statements for the year. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the company at large. There were no instances of material non-compliance and no major strictures of penalties imposed on the company either by SEBI, Stock Exchange or any statutory authorities on any matter related to capital markets during the last three years.

Means of Communication: During the year quarterly, half yearly and yearly financial results of the company were submitted to the stock exchanges soon after the Board Meeting approved these and were also published in two newspapers-Money Makers (English) & Dainik Mahalaxmi Bhagyodaya (Hindi).

The Management's Discussion and Analysis of Operating Results and Financial Condition based on financial statements for the year forms part of the Annual Report for the year.

General Shareholders' Information :**21st Annual General Meeting:**

Date & Time	:	21st December, 2009
Venue	:	2070, Rasta Bara Gangore, Jaipur-302 003.
Financial Calendar for the year 2009-2010		
Financial Year	:	1st April 2009 to 31st March, 2010
First Quarter Results	:	Fourth Week of July, 2009
Second Quarter Results	:	Fourth Week of October, 2009
Third Quarter Results	:	Fourth Week of January, 2010
Yearly results (unaudited)	:	Fourth Week of May, 2010
Date of Book Closure : (Both days inclusive)	:	16th December to 21st December, 2009
Due to heavy cash loss during the year, no Dividend is proposed.		

List of Stock Exchanges:

The Bombay Stock Exchange Ltd., Mumbai

The Delhi Stock Exchange Association Ltd., New Delhi

Jaipur Stock Exchange Limited, Jaipur

The company had paid Annual Listing fees of the Stock Exchange, Mumbai only and not to other stock exchanges from year 2005-06onwards.

Registrar and Transfer Agents: Presently there is in house Share Transfer system at the Registered Office 2070, Rasta Bara Gangore, Jaipur-302 003.

Share Transfer System: Share transfers are generally effected within one month of receiving the transfer application.

Plant Location: unit I E-38 & 39, Ambaji Industrial Area, Abu Road
Unit II B-130 A, Ambaji Industrial Area, Abu Road

The company has decided to close all Units due to operations becoming unviable.

Address for Correspondence :

Rishab Special yarns Limited
2070, Rasta Bara Gangore, Jaipur-302 003

Distribution of Shareholding as at 31st March, 2009

Shareholding No.		No. of Shareholders		Shares Held	
From	To	Number	% of Total	No. of Shares	% of Shares
1	500	13567	98020	1647330	46.264
501	5,000	242	1.748	30351	8.524
5001	10,000	10	0.072	75560	2.122
10,000	& above	22	0.159	1534300	43.090
TOTAL		13841	100.000	3560700	100.00

Market Price Data

There was no trading of shares of the company at any stock exchange from year 2004-2005 onwards.

ANNEXURE-II

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the shareholders of Rishab Special Yarns Limited

We have examined the compliance of conditions of Corporate Governance by Rishab Special Yarns Limited for the year ended on 31st march, 2009 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

The compliance of conditions of Corporate governance is the responsibility of the Company's Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit, nor an expression of an opinion of the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company had complied with the conditions of corporate Governance as stipulated in the above mentioned listing agreements, which was required to be complied with up to 31st March, 2009.

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

PLACE: JAIPUR

DATED: 11/11/2009

FOR R. MOHNOT & CO.

CHARTERED ACCOUNTANTS

(NARENDRA MITTAL)

PARTNER

ANNEXURE-III

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

There being no change in situation, we reproduce herewith the report forming the part of last years Balance Sheet. The main unit of company was located at Abu Road, a backward Tribal Area with very poor social and Industrial infrastructure, the company had to face tremendous challenges throughout its existence, main amongst them being.

1. Lack of Human resources in the area.
2. Lack of supporting services.
3. Poor quality of Grid power.
4. No social infra-structure in the surrounding area.
5. Higher rates for inward and outward freight.

6. Constrains to attract fresh talent in management and technical staff.

In addition to this, differential in power tariff between Abu Road, Rajasthan and Silvassa/ Daman became so pronounces that production of basic qualities was rendered unviable.

Also the company due to continuous losses in the past few years could not modernize its Texturizing section, this also contributed to the higher production costs.

The company also had to bear interest at very high rates on the Loans contracted during its expansion phase and subsequent rescheduling, which also contributed to the unviability.

In such situation, the management was left with no choice but to conclude that the operations in present form and location are absolutely non-viable and due to lack of funds it would not be possible to either revive, relocate and modernize the entire facility and hence the decision to discontinue present operations.

The company would consider fresh line of business only after all creditors are paid off and the management feels capable of raising fresh resources.

ANNEXURE-IV

STATEMENT PURSUANT TO SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY:

As all manufacturing operations of company remain suspended, the power consumption pertains to general lighting and office requirement only.

B. TECHNOLOGY ABSORPTIONS:

Due to discontinuation of manufacturing activity, no change in technology was adopted.

C.FOREIGN EXCHANGE EARNING AND OUTGO:

No income or expense in Foreign Exchange was recorded.

AUDITORS' REPORT

To the Members

Rishab Special Yarns Limited

Jaipur

We have audited the attached balance sheet of Rishab Special Yarns Limited as at 31st March, 2009 the Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

1. Further to our comments in the annexure referred to in the paragraph (1) above :

- (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 the law have been maintained by the company so far as appears from our examination of such books.
- (c) The balance sheet, the 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, the profit & loss Account and cash flow statement dealt with by this report have been prepared in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (e) based on representations made by all the directors of the company and the information and explanation as made available, directors of the company do not *prima facie* have any disqualification as referred to in clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (f) **We refer to Note No.2 in the financial statements. In view of continued losses and unavailability of the business, the management discontinued the business operations of the company and sold entire remaining plant & machinery & misc. fixed assets except for land & building . These factors, alongwith other matters as set forth in the Note No.2 may enable the company to continue as a going concern.**
- (g) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and **subject to para (f) above**, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i. in the case of balance sheet, of the state of affairs as at 31st March, 2009; and
 - ii. in the case of profit and loss account, of the loss for the year ended on that date.
 - iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

Place : Jaipur

Dated : 11/11/2009

For R.Mohnot & Co.
Chartered Accountants
(Narender Mittal)

Partner
M.No.72715

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 3 of our report of even date)

To
The Members of
Rishab Special Yarns Limited
Jaipur

- i. a) As informed by the management, the proper records of fixed assets showing full particulars including quantitative details and location of fixed assets are under updation and compilation.
- b) As explained to us, the fixed assets have been physically verified by the management during the year at regular intervals, 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) The company has decided to discontinue the manufacturing operations of the company due to non viability and has disposed off the entire plant & machinery of the company. Accordingly, the going concern status of the company has been affected.
- ii. a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to information and explanation given to us, the procedures of physical verification of the company are reasonable and adequate having regard to the size of the company and nature of its business.
- c) In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on such verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- iii. a. The company has granted interest free unsecured loans, repayable on demand, to one party listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 700000/- and the year end balance of such loans was Rs. 479000/-. As the loans are interest free and repayable on demand, sub clause (b), (c) and (d) are not applicable.
- b. The company has taken interest-free unsecured loans, repayable on demand, from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2,43,90,727/- and the year end balance of loans taken from such parties was Rs. 2,16,92,727/-. As the loans are interest free and repayable on demand, sub clause (f) and (g) are not applicable.
- iv. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase and also for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. As explained to us, there has not been any transaction required to be entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5,00,000/- or more in respect of each such party.
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the Rules framed there under are not applicable. In company's case, no order has been passed by the Company Law Board or National Company Law Tribunal or any court or any other tribunal. As informed to us, no order has been passed by the Company Law Board.
- vii. As explained to us, in view of no business activities, no internal audit was carried out.
- viii. As explained to us, there was no manufacturing activity during the year, as such the clause regarding maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 is not applicable.
- ix. a. The company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty cess and other material statutory dues with appropriate authorities, wherever applicable to it.

- b. According to the information and explanations given to us, as at 31st March, 2009, except a sum of Rs. 14623/- in respect of Sales Tax, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, excise duty and cess were in arrears for a period exceeding six months from the date they became payable.
- c. As per records of the company and in accordance with the information and explanation given to us, there are no dues of income tax, custom duty, wealth tax, which have not been deposited on account of any dispute. However, in the case of excise duty and Cess the particulars on account of dispute are reported herein below:-

Name of Statute	Nature of dues	Period to which the amount relates	Amount	Forum
Excise & Customs	Excise Duty(NCCD)	2002-2003	83.36	Customs, Excise & Service Tax Appellate Tribunal
Textile Committee (Cess), Rules	Textile Committee Cess	1989 - 1997	8.27	Rajasthan High Court

- x. The accumulated losses of the company at the end of the financial year are more than 50% of the net worth of the company and the company has incurred cash losses during the year and also in the immediately preceding financial year.
- xi. During the year the company has not availed any loan from financial institutions. There are no dues of Financial Institution, Banks & debenture holders. The company has not issued any debentures.
- xii. The company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. During the year, the company has not done any dealing/trading in shares, securities, debentures and other investments.
- xv. According to the information and explanation given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi. During the year the company has not taken any term loan .
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.
- xviii. During the year, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. During the year, the company has not issued any debentures.
- xx. During the year, the company has not raised any money by way of public issue.
- xxi. In our opinion, on the basis of audit conducted by us and in accordance with the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place : Jaipur
Dated : 11/11/2009

For R. Mohnot & Co.
Chartered Accountants
(Narender Mittal)
Partner
M.No.72715

BALANCE SHEET AS ON 31ST MARCH, 2009

	SCHEDULE	AMOUNT (RS.) 31.03.2009	AMOUNT (RS.) 31.03.2008
I. SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS			
a) Share Capital	A	35697500	35697500
b) Reserves & Surplus	B	56402635	56402635
2. LOAN FUNDS			
a) Secured Loans	C	5000000	6000000
b) Unsecured Loans		22798087	21316087
GRAND TOTAL		<u>119898222</u>	<u>119416222</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	D	20530802	20530802
b) <u>Less</u> : Depreciation		(6459753)	(6459753)
c) <u>Less</u> : Provision for Impairment of assets		<u>(7350058)</u>	<u>(7350058)</u>
d) Net Block		6720991	6720991
2. INVESTMENTS	E	7500	7500
3. CURRENT ASSETS, LOANS & ADVANCES	F		
a) Inventories		-	425984
b) Sundry Debtors		25052	25052
c) Cash and Bank Balances		10491	118388
d) Loans and Advances		<u>2360133</u>	<u>1863884</u>
		2395676	2433308
4. LESS: CURRENT LIABILITIES & PROVISIONS	G	2626051	2777272
5. NET CURRENT ASSETS		<u>(230375)</u>	<u>(343964)</u>
6. PROFIT & LOSS ACCOUNT		113400106	113031695
GRAND TOTAL		<u>119898222</u>	<u>119416222</u>
7. NOTES ON ACCOUNTS	K		

AS PER OUR REPORT OF EVEN DATE

FOR & ON BEHALF OF BOARD OF DIRECTORS

FOR R.MOHNOT & CO.
CHARTERED ACCOUNTANTS(NARENDER MITTAL)
PARTNER

NATHMAL HIRAWAT

CHAIRMAN

AMITABH HIRAWAT

MANAGING DIRECTOR

Place : Jaipur

Dated : 11/11/2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	AMOUNT (RS.) 31.03.2009	AMOUNT (RS.) 31.03.2008
I. <u>INCOME</u>			
Sales & Other Income	H	162199	358680
Increase/(Decrease) in Stock	I	(425984)	-
TOTAL		(263785)	358680
II. <u>EXPENDITURE</u>			
Administrative and Other Expenses	J	104626	299023
Loss on Sale of Fixed Assets		-	1792236
TOTAL		104626	2091259
Profit/(Loss) for the year before tax		(368411)	(1732579)
<u>Less</u> : Provision for Tax			
-- Income Tax		-	-
-- Fringe Benefit Tax		-	-
Net Profit/(Loss) after Tax		(368411)	(1732579)
Balance brought forward from last year		(113031695)	(111299116)
Balance Carried to Balance Sheet		(113400106)	(113031695)
NOTES ON ACCOUNTS	K		

AS PER OUR REPORT OF EVEN DATE**FOR & ON BEHALF OF BOARD OF DIRECTORS****FOR R.MOHNOT & CO.
CHARTERED ACCOUNTANTS****NATHMAL HIRAWAT****CHAIRMAN****(NARENDER MITTAL)
PARTNER
Place : Jaipur
Dated : 11/11/2009****AMITABH HIRAWAT****MANAGING DIRECTOR**

FOR THE YEAR ENDED 31ST MARCH, 2009

	AMOUNT (RS.) 31.03.2009	AMOUNT (RS.) 31.03.2008
--	----------------------------	----------------------------

SCHEDULE-A : SHARE CAPITAL**AUTHORISED CAPITAL**

60,00,000 Equity Shares of Rs. 10/- each	60000000	60000000
	<u>60000000</u>	<u>60000000</u>

ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

35,60,700 Equity Shares of Rs. 10/- each	35607000	35607000
<u>Less</u> : Allotment money in arrears	(18500)	(18500)
<u>Add</u> : Shares Forfeited	109000	109000
TOTAL	<u>35697500</u>	<u>35697500</u>

SCHEDULE-B : RESERVES & SURPLUS

<u>General Reserve</u>	13951584	13951584
Balance as per Last Balance Sheet		
<u>Capital Reserve</u>	42451051	42451051
Balance as per Last Balance Sheet		
TOTAL	<u>56402635</u>	<u>56402635</u>

SCHEDULE-C : SECURED LOANS

Kalpataru Constructions Overseas Pvt. Ltd. (Secured by hypothecation and mortgage on all the properties of the company situated at Ambaji Industrial Area, Abu Road District Sirohi)	5000000	6000000
TOTAL	<u>5000000</u>	<u>6000000</u>

RISHAB SPECIAL YARNS LIMITED

SCHEDULE-D : FIXED ASSETS

S.No	Particulars	AMOUNT (RS.)													
		Gross Block				Depreciation				Impairment Loss				Net Block	
		As at 01.04.2008	Additions during the Year	Deductions /Transfer during the Year	Total As at 31.03.2009	As at 01.04.08	During the Year	Written Back/ Transfer	Total As at 31.03.2009	As at 01.04.08	During the Year	Written Back/ Transfer	Total 31.03.2009	As at 31.03.2009	As at 31.03.2008
1	Lease Hold Land	2681315	-		2681315	-	-	-	-	-	-	-	-	2681315	2681315
2	Building	17831487	-		17831487	6453753		-	6453753	7348058	-	-	7348058	4029676	4029676
3	Plant & Machinery	-	-		-	-	-	-	-	-	-	-	-	-	-
4	Electrical Installation	-	-		-	-	-		-	-	-	-	-	-	-
5	Weighing Scale	-	-		-	-	-		-	-	-	-	-	-	-
6	Lab Equipments	-	-		-	-	-		-	-	-	-	-	-	-
7	Fire Fighting Equipments	-	-		-	-	-		-	-	-	-	-	-	-
8	Furniture & Fixtures	18000	-		18000	6000	-		6000	2000	-	-	2000	10000	10000
9	Office Equipments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Boiler	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Misc. Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Computers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	20530802	-	-	20530802	6459753	-	-	6459753	7350058	-	-	7350058	6720991	6720991
	Previous Year	83995556	-	63464754	20530802	45690406	-	39230653	6459753	21433650	-	14083592	7350058	6720991	16871500

	AMOUNT (RS.) 31.03.2009	AMOUNT (RS.) 31.03.2008
<u>SCHEDULE-E : INVESTMENTS</u>		
Long Term (Non-Trade)		
National Saving Certificates (Pledged with sales tax authorities)	7500	7500
TOTAL	<u>7500</u>	<u>7500</u>
<u>SCHEDULE-F : CURRENT ASSETS, LOANS & ADVANCES</u>		
1. CURRENT ASSETS		
a) <u>INVENTORIES</u>		
(As taken, valued and certified by the management)		
-- Finished Goods (Yarns)	-	425984
	<u>-</u>	<u>425984</u>
b) <u>SUNDRY DEBTORS</u>		
Considered Good		
-- Outstanding Over Six Months	25052	25052
-- Others	-	-
TOTAL	<u>25052</u>	<u>25052</u>
c) <u>CASH & BANK BALANCES</u>		
Cash in hand	7670	116955
Balance with Scheduled Banks in :		
-- Current Accounts	2821	1433
	<u>10491</u>	<u>118388</u>
2. LOANS AND ADVANCES		
(Recoverable in cash or in kind or for value to be received)		
Advances	578238	99318
Advance Income Tax/FBT	118185	118185
Deposit with Government Authorities	1663710	1646381
	<u>2360133</u>	<u>1863884</u>
GRAND TOTAL	<u>2395676</u>	<u>2433308</u>
<u>SCHEDULE-G : CURRENT LIABILITIES & PROVISIONS</u>		
<u>CURRENT LIABILITIES</u>		
Sundry Creditors	1829600	1812159
Outstanding Expenses	96056	158215
Other Liabilities	272714	379217
	<u>2198370</u>	<u>2349591</u>
<u>PROVISIONS</u>		
Provision for Gratuity	427681	427681
TOTAL	<u>2626051</u>	<u>2777272</u>

	AMOUNT (RS.) 31.03.2009	AMOUNT (RS.) 31.03.2008
--	----------------------------	----------------------------

SCHEDULE-H : SALES & OTHER INCOME

Yarn Sales	114716	-
Other Income	47483	-
Claim received	-	81801
Sundry balance Written Off	-	71500
Gain on acquisition of Land by State Government	-	205379
TOTAL	162199	358680

SCHEDULE-I : INCREASE/(DECREASE) IN STOCKS

<u>Opening Stock</u>		
Finished Goods	425984	425984
<u>Less : Closing Stock</u>		
Finished Goods	-	425984
Increase/(Decrease) in stocks	(425984)	-

SCHEDULE-J : ADMINISTRATIVE AND OTHER EXPENSES

Stock Exchange Listing Fees	30911	30300
Telephone and Telex Expenses	16841	30794
Advertisement & Publicity	18630	14445
Electricity and Water Charges	23055	47696
Auditors Remuneration	5515	16854
Bank Commission and Charges	169	6722
Economic Rent & Service charges	1848	21980
Misc. Expenses	1022	25049
Postage & Courier Expenses	1401	2252
Printing and Stationery Expenses	739	18565
Professional & Legal Fee	4495	45220
Excise Duty Penalty	-	10000
Sales Tax Demand	-	24036
Travelling & Conveyance	-	5110
TOTAL	104626	299023

SCHEDULE 'K' : NOTES TO ACCOUNTS**1. Accounting Conventions****i. Basis of Accounting**

The financial statements are prepared under the historical cost convention on accrual basis and are generally in accordance with the requirements of the Companies Act, 1956. The accounting policies not specifically mentioned are consistent with generally accepted accounting principles.

ii. Revenue Recognition

The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

iii. Investments

Investments are stated at cost.

iv. Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost of acquisition, fabrication or construction is inclusive of freight, duties and other incidental expenses during construction period but excludes the modvat credit available on the capital goods.

v. Impairment of Assets

Impairment loss is provided to the extent that carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price or its value in use.

vi. Depreciation

The Company is providing depreciation on straight line method as per rates given in Schedule XIV of the Companies Act, 1956 on *pro rata* basis for the period of use. However during the year no depreciation has been provided as fixed assets are not in use.

vii. Excise Duty

The refunds of excise in the form of Modvat credit available on inputs of materials as per Excise Laws are deducted from the cost of the materials and accordingly closing stock of input materials are valued.

viii. Valuation of Inventory

Inventories are valued at the lower of the cost and estimated realizable value. Cost of inventories is computed on a weighted average/FIFO basis. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

ix. Retirement Benefits

Liability in respect of gratuity is calculated by management and provided in books accordingly.

x. Borrowing Cost

Borrowing Costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset upto the date when such assets is ready for its intended use. Other borrowing costs are charged to the Profit & Loss Account.

xi. Taxes on Income

Current tax is provided after allowing exemptions and deductions under the Income Tax Act, 1961. Deferred Tax is recognised subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognised only to the extent that there is reasonable certainty of realisation in future.

2. Disclosure as required by "Accounting Standard 24 'Discontinuing Operations' and "Accounting Standard 28 'Impairment of Assets'

- a. The company was incurring heavy losses in textile business. Under the circumstances mentioned above, As per the Board of directors in their meeting held on 29.10.2005 decided to discontinue the business operations of the company and to sell the company's machinery & equipments and surplus land to repay the liabilities of the company. The company has sold entire plant & machinery and misc. fixed assets except for land & building during 2008.

- b. As per the estimates worked out by the management, the impairment loss on fixed assets has been provided as under :

Carrying Amount of Assets	Rs.	14071049
Estimated Recoverable Amount	Rs.	6720991
Impairment Loss Provided	Rs.	7350058

3. **Deferred Tax**

In view of no certainty of future business deferred tax assets has not been recognised.

4. **Fringe Benefit Tax**

In view of no employees in the company, no provision has been made for Fringe Benefit Tax .

5. **Contingent Liability**

		AMOUNT (RS. IN LACS)	
		31.03.2009	31.03.2008
a)	In respect of Cess demanded by Textile Committee under the Textile Committee (Cess) Rules, 1975, for the period from 1989 to 1997, against which company has filed writ petition at Raj. High Court for holding the levy of Cess and for setting aside the demand (Rs. 400000/- deposited under protest & Rs. 426749/- retained as security against the demand by The Office of NHAI land acquisition, Abu Road which is included in Loans & Advances)	8.27	8.27
b)	In respect of Excise Duty (NCCD) and Penalty demanded by Excise Department for clearances during March, 2003, against which the company has filed appeal with Hon'ble Tribunal Excise Custom & Service Tax, New Delhi (Rs. 801632/- Deposited included in Loans & Advances).	83.36	83.36

6. **Segment Reporting**

The company was engaged in manufacturing of texturised, twisted & dyed yarns, however no bussiness is being done presently. Hence, no separate disclosure as required by AS-17 "SEGMENT REPORTING" is given.

7. **Due to Micro, Small & Medium Enterprises**

To the extent of information available with management, there are no SSI units to whom Company owes money for more than 30 days.

The Company has not received any communication from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

8. In the opinion of management, loans and advances and other assets are approximately of the value stated, if realised in the ordinary course of business unless and otherwise stated. The provisions of all liabilities are adequate and not in excess of the amount reasonably necessary.

	2009	2008
	Rs.	Rs.
9. Auditors Remuneration		
Audit Fee	5515	16854
10. Remuneration paid to Directors	NIL	NIL

11. Additional information pursuant to the provisions of paragraphs 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.

A. Licensed capacity (No. of Spindles)

Texturising Yarn	1296	1296
Twisting Yarn	2848	2848

Installed Capacity (No. of Spindles)

Texturising Yarn	NIL	NIL
Twisting Yarn	NIL	NIL

		2009		2008	
	Unit	Qty.	Amount	Qty.	Amount
B. <u>Production, Turnover and Stocks (Yarn)</u>					
Opening Stock	(In Kg.)	4799.99	425984	4799.99	425984
Production	(In Kg.)	-	-	-	-
Sales	(In Kg.)	4,777.57	114716	-	-
Wastage	(In Kg.)	22.42			
Closing Stock	(In Kg.)	-	-	4799.99	425984
C. <u>Raw Material Consumed</u>					
	(In Kg.)	-	-	-	-

12. C.I.F Value of imports

Nil Nil

13. F.O.B. value of exports

Nil Nil

14. Expenditure in foreign currency

Nil Nil

15. Disclosure as required by Accounting Standard - 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are as follows :

a) Relationship	
i. Key Management Personnel & their relatives Mr. Amitabh Hirawat (Managing Director) Mr. Nathmal Hirawat, Chairman Smt. Padam Devi Hirawat	ii. Enterprises owned or significantly influenced by key management personnel or their relatives where transactions have taken place: Shashwin Textiles Limited Jaipur Green Fuels

Note : Related party relationship is as identified by the company & relied upon by the Auditors :

b) Transactions carried out with related parties referred in A above, in ordinary course of business:-

Nature of Transactions	RELATED PARTIES	
	Referred in a(i) above	Referred in a(ii) above
Finance		
Amount taken	6742000	-
Amount repaid	5960000	-
Outstanding		
Payable	-	-
Receivable	-	479000
Unsecured loans	21692727	-

	31.03.2009	31.03.2008
16. <u>Earning Per Share (Accounting Standard - 20) :</u>	Rs.	Rs.
Profit/(Loss) after tax as per Profit & Loss A/c	(368411)	(1732579)
Weighted Average number of Equity Shares outstanding (Nos.)	3560700	3560700
Basic and Diluted Earning per share	(0.10)	(0.49)
Face value of shares	10.00	10.00

17. Figures of the previous year have been regrouped and rearranged to correspond to current year's classification.

18. Figures have been rounded off to the nearest rupee.

19. **Additional Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :**

Balance Sheet Abstract and Company's General Business Profiles

1. Registration Details

Registration No
Balance Sheet Date

4067
31.03.2009

State Code

17

2. Capital raised during the year (Amount in Rupees thousands)

Public Issue
Bonus Issue

NIL
NIL

Right Issue
Private Placement

NIL
NIL

3. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands) :

Total Liabilities

119898

Total Assets

119898

Sources of Funds

Paid up Capital
Share Application Money
Secured Loans

35698
NIL
5000

Reserves & Surplus
Deferred Tax Liability
Unsecured Loans

56402
NIL
22798

Application of Funds

Net Fixed Assets
Net Current Assets
Accumulated Losses

6721
(230)
113400

Investments
Misc. Expenditure

7
NIL

4. **Performance of Company (Amount in Rs. Thousands):**

Turnover & other income
Profit / (Loss) Before Taxes
Earning per share (Rs.)

162
(368)
(0.10)

Total Expenditure
Profit / (Loss) After Taxes
Dividend Rate(%)

105
(368)
NIL

5. **Generic names of principal products/services of the Company**

a. Item code (ITC Code)
Product description

540232
Synthetic Filament yarn Texturised

b. Item code (ITC Code)
Product description

540232
Synthetic Filament yarn Texturised

Signature to Schedule 'A' to 'K'

In terms of our report of even date

For & on behalf of the Board of Directors

For **R.MOHNOT & CO.,**
Chartered Accountants

NATHMAL HIRAWAT

CHAIRMAN

(NARENDER MITTAL)
Partner

AMITABH HIRAWAT

MANAGING DIRECTOR

Place : Jaipur
Dated : 11/11/2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	YEAR ENDED 31.03.2009 AMOUNT (RS.)	YEAR ENDED 31.03.2008 AMOUNT (RS.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax & Extraordinary items	(368411)	(1732579)
Add/(Deduct)		
Depreciation	-	-
Interest Paid	-	-
Gain on acquisition of Land by State Government	-	(205379)
Loss/(profit) on sale of Fixed Assets	-	1792236
Operating Profit Before Working Capital Changes	(368411)	(145722)
Add/(Deduct)		
Inventories	425984	-
Sundry Debtors	-	-
Loans & Advances	(496249)	(541734)
Current Liabilities	(151221)	(229204)
Cash Generated from Operations	(589897)	(916660)
Interest Paid	-	-
Net Cash from Operating Activities	(589897)	(916660)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Fixed Assets	-	-
Net realisation from Fixed Assets	-	8563652
Net Cash in the Investing Activities		8563652
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)	(1000000)	(8500000)
Increase/(Decrease) in Unsecured Loans	1482000	891550
Increase/(Decrease) in Working Capital Loans	-	-
Net Cash in the course of Financing Activities	482000	(7608450)
Net Changes in Cash and Cash Equivalents (A+B+C)	(107897)	38542
Cash and Cash Equivalents As at 1st April, 2008 (Opening Balance)	118388	79846
Cash and Cash Equivalents As at 31st March, 2009 (Closing Balance)	10491	118388

IN TERMS OF OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF BOARD OF DIRECTORS

FOR R. MOHNOT & CO.,
CHARTERED ACCOUNTANTS
(NARENDER MITTAL)
PARTNER

NATHMAL HIRAWAT
AMITABH HIRAWAT

CHAIRMAN
MANAGING DIRECTOR

Place : Jaipur

Dated : 11/11/2009

----- **TEAR HERE** -----
RISHAB SPECIAL YARNS LIMITED
JAIPUR

L.F. No.
No. of Shares held

ATTENDANCE CARD

We hereby record my/our presence at the twenty first Annual General Meeting of the Company held at 2070, Rasta Bara Gangore, Jaipur-302 003 on Monday, 21st December, 2009 at 12.00 Noon.

NAME OF THE SHAREHOLDER (IN BLOCK LETTERS)
SIGNATURE OF THE SHAREHOLDER
NAME OF THE PROXY (IN BLOCK LETTERS)
SIGNATURE OF THE PROXY

NOTES :

1. You are requested to sign and hand this over at the entrance.
2. If You intend to appoint a proxy to attend the meeting instead of yourself, the proxy must be deposited at the Registered Office of the Company at 2070, Rasta Bara Gangore, Jaipur-302 003, not less than 48 hours before the time of holding the meeting.
3. If you are attending the meeting in person or by proxy, your copy of the Balance Sheet may please be brought by you/your proxy for reference at the meeting.

PRINTED AT :
Shree Printers
Jaipur - 302003

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To _____

If Undelivered please return to :
RISHAB SPECIAL YARNS LTD.
2070, Rasta Bara Gangore,
Jaipur - 302 003.

----- TEAR HERE -----
RISHAB SPECIAL YARNS LIMITED
JAIPUR

L.F. No.
No. of Shares held

FORM OF PROXY

I/We of in the district of
being a member/members of the above named Company
hereby appoint of in the
21st day of December, 2009 and at any adjournment thereof.
Signed on the day of 2009

Signature

NOTES :

1. The Proxy must be deposited at the Registered Office of the Company at 2070, Rasta Bara Gangore, Jaipur - 302 003 not less than 48 hours before the time for holding the meeting.
2. This form is to be used in favour of / Against the resolution. Unless otherwise directed, the Proxy will vote as he thinks fit.
*Strike out whichever is not applicable.