

22nd Annual Report

2009-2010
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 :

Mr. N.C. Dhadha & CO.

CHARTERED ACCOUNTANTS

REGISTERED OFFICE :

2070, RASTA BARA GANGORE

JAIPUR-302 003

NOTICE

NOTICE is hereby given that Twenty Second Annual General Meeting of the Company will be held on Thursday the 30th September, 2010 at 12.00 Noon at the Registered Office of the Company at 2070, Rasta Bara Gangore, Jaipur-302003 (Rajasthan) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited Balance Sheet as at 31st March 2010 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 Shri Pradeep Loiwal, who retires by rotation and is eligible for reappointment.
3. To appoint Director in place of Shri Sushil Kumar Jalan, who retires by rotation and is eligible for reappointment.
4. To appoint auditors and fix their remuneration.

Registered Office:

2070, Rasta Bara Gangore,

Jaipur-302003

Dated: 20/08/2010

(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 25th to 30th September, 2010 (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. Shri. Sushil Kumar Jalan
Date of Birth : 24-08-1964
Date of Appointment : 29-09-2005
Education : B.Com. (Hons.) F.C.A.
Experience : 23 Years as practicing C.A.
Other Directorship : 1
Committee membership : 2

2. ShriPradeep Laiwal
Date of Birth : 12-06-1957
Date of Appointment : 26-12-2005
Education : B.E.
Experience : 32 years in business
Other Directorship : 1
Committee membership : Nil

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

DIRECTOR'S REPORT

To
The Members of
RISHAB SPECIAL YARNS LIMITED
JAIPUR

The Board of Directors here with presents the Twenty Second Annual Report together with Audited Statement of Accounts of the Company for the year ended on 31st March 2010.

	Amount in rupees	
	2010	2009
FINANCIAL RESULTS		
Profit/(Loss) before depreciation misc. expenses w/off & taxes	(96000)	(368411)
Less : Depreciation	-	-
Less: Misc. Exp. W/off	-	-
Provision for Taxation	-	-
Profit/(Loss) after tax	(96000)	(368411)
Balance Brought forward from the last year	(113400160)	(113031695)
Balance Carried to Balance Sheet	(113496106)	(113400106)

PERFORMANCE

Due to financial constraints and continued cash losses, manufacturing activities stand discontinued. The company has now been able to pay off all its secured lenders and can now look forward to a new beginning. The management is examining various options to gainfully utilize factory assets at Abu Road. Any decision is to be taken keeping in mind the locational situations and avoid pitfalls as experienced in the past. The idea is to utilize the locational benefits which can be taken advantage off.

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

Shri. Pradeep Laiwal and Shri. Sushil Kumar Jalan, 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. N.C.Dhadda & Co., Chartered Accountants, Jaipur retire at the ensuing Annual General Meeting. and being eligible for re-appointment.

ENVIRONMENT

M/s. Rishab Special Yarns Ltd. is committed to minimizes the environmental impact of its operations and its products by adopting sustainable practices and continuous improvements in environmental performance.

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

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 have 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 : 20/08/2010

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 2009, 30 July 09, 30th Oct. 09, 23rd Nov. 09, 30th Jan.2010. 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	-	-

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

1	2	3	4	5	6	7
Sh. Sushil Kumar Jalan	Non Executive Independent Director	5	No	1	2	-
Sh. Pradeep Loiwal	Non Executive Independent Director	5	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 & Designation	Qualification	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 its 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 21st Dec., 2009.

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 of the Company. The Company has not issued stock options to any of its Director. The Company has not paid any remuneration to the Managing Director of the company.

Share holding of the Directors in the company as on 31st march, 2010

Name of Directors	No. of Ordinary Shares Held
Shri Nathmall Hirawat	305360
Shri Amitabh Hirawat	324800
Smt. Padam Devi Hirawat	2000
Shri Chandra Mohan Khandelwal	47800
Shri Pradeep Loiwal	Nil
Shri Sushil Kumar Jalan	Nil

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 5 complaints were received. The complaints were resolve to the satisfaction of the share holders and no complaint was pending as on 31.03.2010.

During the year 3 meetings of share transfer committee/investor's grievance committee were held and 500 shares of 5 share holders were transferred.

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

Compliance Officer

Amitabh Hirawat-Managing 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
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	-
21st AGM	21.12.2009	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 '13' at point 12 on "Related Party, 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 :

22nd Annual General Meeting:

Date & Time	:	30th September, 2010
Venue	:	2070, Rasta Bara Gangore, Jaipur-302 003.
Financial Calendar for the year 2010-2011		
Financial Year	:	1st April 2010 to 31st March, 2011
First Quarter Results	:	Fourth Week of July, 2010
Second Quarter Results	:	Fourth Week of October, 2010
Third Quarter Results	:	Fourth Week of January, 2011
Yearly results (unaudited)	:	Fourth Week of May, 2011
Date of Book Closure : (Both days inclusive)		25th September to 30th September, 2010

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 2005-06 onwards.

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

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

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, 2010

Shareholding No. No. of Shareholders Shares Held

From	To	Number	% of Total	No. of Shares	% of Shares
1	500	13562	98.20	1647330	46.264
501	5,000	242	1.749	303510	8.524
5001	10,000	10	0.072	75560	2.122
10,000	& above	22	0.159	1534300	43.090
TOTAL		13836	100.000	3560700	100.00

Categories of Share holders-Ordinary shares

Category	No of shares holders		Voting Strength%		No. of Ordinary Shares	
	31-03-10	31-03-09	31-03-10	31-03-09	31-03-10	31-03-09

A. Share holding of Promoters and Promoters group

1. Indian						
(a) Individuals/Hindu undivided family	12	12	25.92	25.92	822960	822960
(b) Bodies corporate	4	4	18.31	18.31	652000	652000
2. Foreign Promoters	nil	nil	nil	nil	nil	nil
3. Person Acting in concert	nil	nil	nil	nil	nil	nil
Total A	16	16	44.23	44.23	1574960	1574960

B. Public share holding

1. Non-resident Indians	3	3	0.04	0.04	1400	1400
2. Bodies Corporate	12	12	0.44	0.44	15600	15600
3. Individual share holders						
(a) holding nominal share capital up to Rs. 1 lakh	13708	13708	49.21	49.21	1752140	1752140
(b) holding nominal share capital in excess of Rs. 1 lakh	94	94	6.08	6.08	216600	216600
Total B	13817	13817	55.77	55.77	1985740	1985740
Total A + B	13833	13833	100.00	100.00	3560700	3560700

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, 2010 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, 2010.

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: 20/08/2010

FOR N.C.Dhadda & CO.

CHARTERED ACCOUNTANTS

(S.K. JAIN)

PARTNER

ANNEXURE-III

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

Having Gone through difficult times, the company has now been able to pay off its secured lenders (small amount outstanding as on 31/03/2010 was paid subsequently). The company now look forwards to utilize its assets gainfully and is examining various options to do so. We shall be happy to report back to shareholders as soon as the management is able to identify suitable business.

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.

AUDITOR'S REPORT

The Members,

M/s Rishab Special Yarns Ltd.

Jaipur.

Gentlemen,

We have audited the attached Balance Sheet of RISHAB SPECIAL YARNS LIMITED, JAIPUR as at 31st March 2010, and also the Profit & Loss Account for the year ended on that date annexed thereto and 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 and 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 statement 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.

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

- (i) 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.
- (ii) In our opinion proper books of account as required by law have been maintained by the company so far as appears from our examination of such books.
- (iii) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt 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..
- (v) 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.
- (vi) 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 and building & some furniture & fixtures. These factors, along with other matters as set forth in the Note No. 2 may enable the company to continue as a going concern.**
- (vii) 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 (vi) above, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) In the case of Balance Sheet, of the state of affairs as at 31st March, 2010; and
 - (b) In the case of Profit and Loss Account, of the LOSS for the year ended on that date.
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Jaipur

Dated : 20th August, 2010

FORN. C. DHADDA & CO.
CHARTERED ACCOUNTANTS
(Regn. No. 000986C)
[S.K.JAIN]
PARTNER
(M. No. 010145)

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

**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

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of the Fixed Assets.
(b) As explained to us, the fixed assets have been physically verified by the management during the year of 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.
2. The Company did not have any inventory during whole of the year under audit.
3. (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. 4,79,000/- and the year end balance of such loans was Rs. NIL. 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 four parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 27267737/- and the year end balance of loans taken from such parties was Rs. 26165237/-. As the loans are interest free and repayable on demand, sub clause (f) and (g) are not applicable.
4. 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.
5. 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.
6. 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. As informed to us 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.
7. As explained to us, in view of no business activities, no internal audit was carried out.
8. 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.
9. 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.

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

- b. According to the information and explanations given to us, as at 31st March, 2010, 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 become 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	Textile Committee Cess	1989-1997	8.27	Rajasthan High Court

10. 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.
11. 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.
12. 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.
13. 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.
14. During the year, the company has not done any dealing/trading in shares, securities, debentures and their investments.
15. 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.
16. During the year the company has not taken any term loan.
17. According to the information and explanations given to us and an on 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.
18. 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.
19. During the year, the company has not issued any debentures.
20. During the year, the company has not raised any money by way of public issue.
21. 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.

FOR N. C. DHADDA & CO.
CHARTERED ACCOUNTANTS
(Regn. No. 000986C)
[S.K.JAIN]
PARTNER
(M. No. 010145)

Place: Jaipur
Dated : 20th August, 2010

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

M/S RISHAB SPECIAL YARNS LIMITED, JAIPUR

BALANCE SHEET AS ON 31ST MARCH, 2010

PARTICULARS	SCH.	AS AT 31-03-2010		AS AT 31-03-2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1		35,697,500.00		35,697,500.00
Reserve & Surplus	2		56,402,635.00		56,402,635.00
LOAN FUNDS :					
Secured Loans	3		250,000.00		5,000,000.00
Unsecured Loans			27,270,597.00		22,798,087.00
Grand Total			119,620,732.00		119,898,222.00
APPLICATION OF FUNDS					
Fixed Assets	4		6,720,991.00		6,720,991.00
Investments	5		7,500.00		7,500.00
Current Assets, Loans & Advances :					
Sundry Debtors	6	-		25,052.00	
Inventories		-		-	
Loans & Advances	7	1,908,211.00		2,360,133.00	
Cash & Bank Balances	8	<u>6,369.00</u>		<u>10,491.00</u>	
		1,914,580.00		2,395,676.00	
Less : Current Liabilities and Provisions	9	<u>2,518,445.00</u>		<u>2,626,051.00</u>	
Net Current Assets			(603,865.00)		(230,375.00)
Profit & Loss Account (Debit Balance)			113,496,106.00		113,400,106.00
Grand Total			119,620,732.00		119,898,222.00

Significant Accounting Policies 13 and Notes on Accounts

FOR & ON BEHALF OF BOARD OF DIRECTORS

As per our Report of even date
For N.C. Dhadda & Co.

(S.K. JAIN)
Partner

NATHMAL HIRAWAT CHAIRMAN

CHARTERED ACCOUNTANTS

AMITABH HIRAWAT MANAGING DIRECTOR

Place : Jaipur
Dated : 20.08.2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	AMOUNT (RS.) 31.03.2010	AMOUNT (RS.) 31.03.2009
I. INCOME			
Sales & Other Income	10	32,067.00	162,199.00
Increase/(Decrease) in Stock	11	-	(425,984.00)
	TOTAL	<u>32,067.00</u>	<u>(263,785.00)</u>
II. EXPENDITURE			
Administrative and Other Expenses	12	128,067.00	104,626.00
	TOTAL	<u>128,067.00</u>	<u>104,626.00</u>
Profit/(Loss) for the year before tax		(96,000.00)	(368,411.00)
<u>Less</u> : Provision for Tax			
– Income Tax		-	-
– Fringe Benefit Tax		-	-
Net Profit/(Loss) after Tax		(96,000.00)	(368,411.00)
Balance brought forward from last year		(113,400,106.00)	(113,031,695.00)
Balance Carried to Balance Sheet		(113,496,106.00)	(113,400,106.00)
Significant Accounting Policies and Notes on Accounts	13		

FOR & ON BEHALF OF BOARD OF DIRECTORS

As per our Report of even date
For N.C. Dhadda & Co.

(S.K. JAIN)
Partner

CHARTERED ACCOUNTANTS

NATHMAL HIRAWAT CHAIRMAN

AMITABH HIRAWAT MANAGING DIRECTOR

Place : Jaipur
Dated : 20.08.2010

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

M/S RISHAB SPECIAL YARNS LIMITED, JAIPUR

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON
31ST MARCH, 2010 & PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2010

PARTICULARS	AS AT 31-03-2010	AS AT 31-03-2009
	Rupees	Rupees
SHARE CAPITAL		SCHEDULE -1
Authorised :		
60,00,000 Equity Shares of Rs. 10 each	60,000,000.00	60,000,000.00
	<u>60,000,000.00</u>	<u>60,000,000.00</u>
ISSUED, SUBSCRIBED & PAID-UP :		
35,60,700 Equity Shares of Rs. 10/- each Fully Paid Up	35,607,000.00	35,607,000.00
Less : Allotment money in arrears (From Persons other than Directors)	(18,500.00)	(18,500.00)
Add : Shares Forfeited	109,000.00	109,000.00
	<u>35,697,500.00</u>	<u>35,697,500.00</u>
 RESERVES & SURPLUS		SCHEDULE -2
<u>General Reserve</u> (Balance as per last Balance Sheet)	13,951,584.00	13,951,584.00
<u>Capital Reserve</u> (Balance as per last Balance Sheet)	42,451,051.00	42,451,051.00
	<u>56,402,635.00</u>	<u>56,402,635.00</u>
 SECURED LOANS		SCHEDULE -3
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)	250,000.00	5,000,000.00
	<u>250,000.00</u>	<u>5,000,000.00</u>

SCHEDULE - 4

FIXED ASSETS :

PARTICULARS	GROSS BLOCK		DEPRECIATION		IMPAIRMENT LOSS		NET BLOCK			
	As on 01.04.2009	Addition/ Deduction	As on 31.03.2010	Upto 01.04.2009	During the Year	Upto 31.03.2010	As on 01.04.2009	During the Year	As on 31.03.2010	As on 31.03.2009
Lease Hold Land	2,681,315.00	-	2,681,315.00	-	-	-	-	-	2,681,315.00	2,681,315.00
Building	17,831,487.00	-	17,831,487.00	6,453,753.00	-	6,453,753.00	7,348,058.00	-	7,348,058.00	4,029,676.00
Furniture & Fixtures	18,000.00	-	18,000.00	6,000.00	-	6,000.00	2,000.00	-	2,000.00	10,000.00
	20,530,802.00	-	20,530,802.00	6,459,753.00	-	6,459,753.00	7,350,058.00	-	7,350,058.00	6,720,991.00

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

M/S RISHAB SPECIAL YARNS LIMITED, JAIPUR

PARTICULARS	AS AT 31-03-2010	AS AT 31-03-2009
	Rupees	Rupees
INVESTMENTS		SCHEDULE -5
National Saving Certificates (Pledged with Sales Tax Authorities)	7,500.00	7,500.00
	<u>7,500.00</u>	<u>7,500.00</u>
SUNDRY DEBTORS		SCHEDULE -6
Considered Good - Outstanding over 6 Months	-	25,052.00
	<u>-</u>	<u>25,052.00</u>
LOANS AND ADVANCES		SCHEDULE -7
(Recoverable in cash or in kind or for value to be received)		
Advances	93,338.00	578,238.00
Income Tax Refundable A.Y. 2008-09	118,185.00	118,185.00
Deposit with Government Authorities	1,696,688.00	1,663,710.00
	<u>1,908,211.00</u>	<u>2,360,133.00</u>
CASH & BANK BALANCES		SCHEDULE -8
Cash in hand	5,384.00	7,670.00
Balance with Scheduled Banks in Current Account	985.00	2,821.00
	<u>6,369.00</u>	<u>10,491.00</u>
CURRENT LIABILITIES AND PROVISIONS		SCHEDULE -9
Current Liabilities		
Sundry Creditors	2,076,141.00	2,183,747.00
Other Liabilities	14,623.00	14,623.00
Provisions		
Provision for Gratuity	427,681.00	427,681.00
	<u>2,518,445.00</u>	<u>2,626,051.00</u>

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

M/S RISHAB SPECIAL YARNS LIMITED, JAIPUR

PARTICULARS	AS AT 31-03-2010	AS AT 31-03-2009
	Rupees	Rupees
SALES AND OTHER INCOME		SCHEDULE -10
Yarn Sales	-	114,716.00
Rent Received	24,000.00	-
Other Income	-	47,483.00
Sundry Balance Written Off	8,067.00	-
	32,067.00	162,199.00
 INCREASE/(DECREASE) IN STOCKS		 SCHEDULE -11
Closing Stock - Finished Goods	-	-
Less : Opening Stock - Finished Goods	-	425,984.00
Increase/(Decrease) in Stocks	-	(425,984.00)
 ADMINISTRATIVE AND OTHER EXPENSES		 SCHEDULE -12
Stock Exchange Listing Fees	20,487.00	30,911.00
Telephone and Telex Expenses	12,022.00	16,841.00
Advertisement and Publicity	18,090.00	18,630.00
Electricity and Water Charges	21,312.00	23,055.00
Payment to Auditors :		
For Audit Fees	5,515.00	5,515.00
For Taxation Matters	4,412.00	-
Bank Commission and Charges	135.00	169.00
Economic Rent & Service Charges	653.00	1,848.00
Postage & Courier Expenses	1,086.00	1,401.00
Printing and Stationery Expenses	3,750.00	739.00
Professional & Legal Fee	24,412.00	4,495.00
Interest Paid	43.00	-
Penalty to RIICO	12,150.00	-
Filing Fee	4,000.00	-
Misc. Expenses	-	1,022.00
	128,067.00	104,626.00

NOTES TO ACCOUNTS

SCHEDULE : 13

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. However the Company did not hold any inventories during the current year.
- 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 up to the date when such assets are ready for 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 recognized 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 recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent that there is reasonable certainty of realization 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 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 and some furniture & fixture during the year 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

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

3. **Deferred Tax** — In view of no certainty of future business deferred tax assets has not been recognized.

4. **Contingent Liability** —

S. No.	Particulars	Amount (Rs. in Lacs) 31.03.2010	Amount (Rs. in Lacs) 31.03.2009
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 of 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

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

6. **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.

7. In the opinion of management, loans and advances and other assets are approximately of the value stated, if realized 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.

8. 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)	31.03.2010	31.03.2009
	Texturising Yarn	1296	1296
	Twisting Yarn	2848	2848
	Installed Capacity (No. of Spindles)		
	Texturising Yarn	NIL	NIL
	Twisting Yarn	NIL	NIL
B.	Production, Turnover and Stocks (Yarn)		

Unit	2009-2010		2008-2009	
	Qty. (In Kg.)	Amount	Qty. (In Kg.)	Amount
Opening Stock	-	-	4799.99	425984
Production	-	-	-	-
Sales	-	-	4777.57	114716
Wastage	-	-	22.42	-
Closing Stock	-	-	-	-

C.	Raw Materials Consumed	-	-
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9.	C.I.F. Value of Imports	NIL	NIL
10.	F.O.B. Value of Exports	NIL	NIL
11.	Expenditure in foreign Currency	NIL	NIL

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

12. 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
Trepechy Trading Co. Pvt. Ltd.
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	2435510	4104000
Amount Repaid	1588000	-
Outstanding		
Payable	-	-
Receivable	-	-
Unsecured Loans	22540237	3625000

13. Earning Per Share (Accounting Standard – 20)

	31.03.2010	31.03.2009
Profit/(Loss) after tax as per Profit & Loss A/c	(96000)	(368411)
Weighted Average number of Equity Shares Outstanding (Nos.)	3560700	3560700
Basic and Diluted Earning Per Share	(0.03)	(0.10)
Face Value of Shares	10.00	10.00

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

15. Figures have been rounded off to the nearest rupee

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

**16. 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	4067	State Code	17
Balance Sheet Date	31.03.2010		
2. Capital raised during the year (Amount in Rupees thousands)			
Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
3. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands) :			
Total Liabilities	119621	Total Assets	119621
Sources of Funds			
Paid up Capital	35698	Reserves & Surplus	56403
Share Application Money	NIL	Deferred Tax Liability	NIL
Secured Loans	250	Unsecured Loans	27270
Application of Funds			
Net Fixed Assets	6721	Investments	8
Net Current Assets	(604)	Misc. Expenditure	Nil
Accumulated Losses	113496	Deferred Tax Assets	Nil
4. Performance of Company (Amount in Rs. Thousands):			
Turnover & other income	32	Total Expenditure	128
Profit / (Loss) Before Taxes	(96)	Profit / (Loss) After Taxes	(96)
Earning per share (Rs.)	(0.03)	Dividend Rate(%)	Nil
5. Generic names of principal products/services of the Company			
a. Item code (ITC Code)		540232	
Product description		Synthetic Filament yarn Texturised	
b. Item code (ITC Code)		540232	
Product description		Synthetic Filament yarn Texturised	

Signature to Schedule '1' to '13'

FOR & ON BEHALF OF BOARD OF DIRECTORS

As per our Report of even date
For N.C. Dhadda & Co.

(S.K. JAIN)
Partner

CHARTERED ACCOUNTANTS

NATHMAL HIRAWAT CHAIRMAN

AMITABH HIRAWAT MANAGING DIRECTOR

Place : Jaipur

Dated : 20.08.2010

Rishab Special Yarns Ltd. 22nd Annual Report-2009-10

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

	YEAR ENDED 31.03.2009 AMOUNT (RS.)	YEAR ENDED 31.03.2009 AMOUNT (RS.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax & Extraordinary items	(96000)	(368411)
Add/(Deduct)		
Depreciation	-	-
Interest Paid	-	-
Gain on acquisition of Land by State Government	-	-
Loss/(profit) on sale of Fixed Assets	-	-
Operating Profit Before Working Capital Changes	(96000)	(368411)
Add/(Deduct)		
Inventories	0.00	425984
Sundry Debtors	25052	-
Loans & Advances	451952	(496249)
Current Liabilities	<u>(107606)</u>	<u>(151221)</u>
Cash Generated from Operations	273368	(589897)
Interest Paid	-	-
Net Cash from Operating Activities	<u>273368</u>	<u>(589897)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Fixed Assets	-	-
Net realisation from Fixed Assets	-	-
Net Cash in the Investing Activities	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)	-	-
Increase/(Decrease) in Secured Loans	(4750000)	(1000000)
Increase/(Decrease) in Unsecured Loans	4472510	1482000
Net Cash in the course of Financing Activities	<u>(277490)</u>	<u>482000</u>
Net Changes in Cash and Cash Equivalents (A+B+C)	(4122)	(107897)
Cash and Cash Equivalents As at 1st April,2009 (Opening Balance)	10491	118388
Cash and Cash Equivalents As at 31st March, 2010 (Closing Balance)	6369	10491

As per our Report of even date

For N.C. Dhadda & Co.

(S.K. JAIN)

Partner

CHARTERED ACCOUNTANTS

Place : Jaipur Dated : 20.08.2010

FOR & ON BEHALF OF BOARD OF DIRECTORS

NATHMAL HIRAWAT

CHAIRMAN

AMITABH HIRAWAT

MANAGING DIRECTOR

----- TEAR HERE -----

RISHAB SPECIAL YARNS LIMITED
JAIPUR

ATTENDANCE CARD

L.F. No.
No. of Shares held

We hereby record my/our presence at the twenty second Annual General Meeting of the Company held at 2070, Rasta Bara Gangore, Jaipur-302 003 on thursday, 30th September, 2010 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

PRINTED MATTER
BOOKS POST

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 30th day of September, 2010 and at any adjournment thereof. Signed on the day of 2010

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.