RISHAB SPECIAL YARNS LIMITED

14teenth Annual Report

2001-2002

BOARD OF DIRECTORS
SHRI NATHMALL HIRAWAT
SHRI AMITABH HIRAWAT
SMT. PADAM DEVI HIRAWAT

BANKERS
STATE BANK OF BIKANER & JAIPUR
PUNJAB NATIONAL BANK

AUDITORS
M/S. R. MOHNOT & CO.
Chartered Accountants

REGISTERED OFFICE
2070, RASTA BARA GANGORE
JAIPUR - 302 003

WORKS :
UNIT-1 : E-38-39, AMBAJI INDUSTRIAL AREA, ABU ROAD - 307 026
UNIT-2 : B-130-A, AMBAJI INDUSTRIAL AREA, ABU ROAD - 307 026

NOTICE

NOTICE is hereby given that the fourteenth Annual General Meeting of the company will be held at registered office of the company at 2070, Rasta Bara Gangore, Jaipur on Saturday, the 28th day of September,2002 at 12.00 noon to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt Audited Statement of Accounts together with report of Directors and auditors for the year ended on 31st March 2002.

2. To appoint a Director in place of Shri Nathmall Hirawat who retires by rotation and being eligible offers himself for reappointment.

3. To appoint Auditors to hold office from conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

By Order of the Board

Registered Office :
2070, Rasta Bara Gangore,
Jaipur - 302 003
Dated : 10.07.2002

(AMITABH HIRAWAT)
Managing Director

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.

2. Members are requested to notify immediately any change in their address to the Company.

3. The Register of Members and Share Transfer Register of the company will remain closed from Wednesday, 25th September, 2002 to Saturday, 28th September, 2002 (both days inclusive).

DIRECTOR'S REPORT

To,
The members of
RISHAB SPECIAL YARNS LIMITED
JAIPUR

Your Directors have pleasure in presenting the Fourteenth Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS	**Year Ended 31.03.2002 (Rs.)**	**Year Ended 31.03.2001 (Rs.)**
Profit before depereciation, misc. expenses w/off & taxes	7,46,199	22,83,282
Less : Depereciation	76,09,684	78,77,115
Less : Misc. Expenses w/off	10,91,974	3,60,941
Loss on surrender of fixed assets	-	16,84,455
Provision for Taxation	-	-
Profit/ (Loss) after tax	(79,55,459)	(76,39,229)
Prior Period Adjustments (Net)	-	35,736
Balance brought forward from the last year	31,94,578	1,07,98,071
Balance Carried to Balance Sheet	(47,60,881)	31,94,578

PERFORMANCE

During the year ended on 31.03.2002, your company achieved a turnover of Rs. 2427.09 lacs. The margins continue to remain under pressure due to unhealthy and quiet often unethical competition being faced by the company. The company has continued to develop and market new products and qualities. At the same time efforts are being made to control the cost and shift to niche products commanding better price. The company closed the year with a small cash profit of Rs. 7.46. Lacs.

CORPORATE GOVERNANCE

The importance of Corporate Goverance lies in its contribution both to business prosperity and to accountability. Directors fully support basic tenets of Corporate Governance as the prudent exercise of management rights in the best interests of all shareholders in the Company - in particular, its shareholders, creditors, the state and its employees. Directors are fully committed to implement all requirements of Clause 49 of the Listing Agreements by the financial year 2002-2003.

DIVIDEND

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

FUTURE PROSPECTS

The market position continues to remain sluggish. The Company is therefore trying to develop and Market niche products which can help in improving the performance.

FIXED DEPOSITS

The company has not accepted any fixed deposit in contravention of section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.

DIRECTORS

Sh. Nathmal Hirawat, Director of the company retires by rotation pursuant to section 256 of the Companies Act, 1956 and being eligible, offers himself for reappointment.

Sh. K. Chandrashekar, Executive Director of the company resigned w.e.f. 01.01.2002. The Board Expresses its sincere thanks and appreciation for the services rendered by him during his tenure as Executive Director of the Company.

AUDITORS

M/s. R. Mohnot & Co., Chartered Accountants, Jaipur retire at the ensuing Annual General Meeting and have given their consent for reappointment.

AUDITOR'S OBSERVATION

The observations of the auditors are self explanatory and have been explained in the Notes on Accounts.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Borad of Directors of the Company hereby state and confirm that :

(i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period :

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

There were no employees in receipt of remuneration in excess of limits specified under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.**

A statement containing the information as per Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure I forming part of this report.

ACKNOWLEDGEMENT

The Board gratefully acknowledges the co-operation and support given by the Financial Institutions, Company's Bankers, Auditors, Shareholders and Employees.

For and on behalf of Board of Directors

Place : JAIPUR
Dated : 09.07.2002

NATHMALL HIRAWAT
Chairman

ANNEXURE TO DIRECTOR'S REPORT

Statement containing particulars to Companies (Disclosure of particulars in report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The Company is making continuous efforts to conserve energy wherever practicable and to economise the use of Power and Electricity in the factory and office. The total energy consumption as per prescribed form 'A' is as under :

FROM 'A'
(See Rules 2)

Particulars with respect to conservation of energy

		31.03.2002	31.03.2001
A.	**POWER AND FUEL CONSUMPTION**		
1.	**Electricity**		
(a)	**Purchased Units**	Nil	Nil
	Total Amount	Nil	Nil
	Average Rate / Unit (Rs.)	N.A.	N.A.
(b)	**Own Generation**		
	Through Diesel Generator Set (units)	5953604	5698779
	Diesel Consumed (Ltrs.)	1578281	1506537
	Unit /Ltr. Of Diesel	3.77	3.78
	Total cost of Diesel & Others (Rs.)	24296653	22082245
	Average cost/Unit.	4.08	3.87
2.	**Coal : Quantity (Kg.)**	451184	858388
	Cost (Rs.)	905332	1786427
	Average Rate	2.00	2.08
B.	**CONSUMPTION PER UNIT (KILOGRAM) OF PRODUCTION**		
	Production (Kgs.)	1927510	1698036
	Electricity Units	3.09	3.35
	Furnace Oil	Nil	Nil
	Coal (Kg.)	0.23	0.50
	Others	Nil	Nil

C. *TECHNOLOGY ABSORPTION*

Company is in constant touch with the Machinery Suppliers and Technical Institutions regarding the possibility of any change/modifications etc. to achieve better working & quality.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

		31.03.2002	31.03.2001
(a)	Earning	Nil	Nil
(b)	Outgo	Nil	Nil

AUDITOR'S REPORT

To the members of
RISHAB SPECIAL YARNS LIMITED
JAIPUR.

We have audited the attached Balance Sheet of Rishab Special Yarns Limited as at 31st March, 2002 and also the annexed Profit and Loss Account 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.

(1) We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosure 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 presentation of the financial statements. we believe that our audit provides a reasonable basis for our opinion.

(2) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

(3) Further to our comments in the annexure referred to in the paragraph (2) above, we report that :

(a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) In our opinion, proper books of accounts as required by law have been maintained by the Company so far as appears from our examination of such books.

(c) The balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.

(d) In our opinion, the Balance Sheet and Profit & Loss Account comply with the mandatory accounting standards referred to in section 211 (3C) of the Companies Act, 1956, to the extent applicable.

(e) Based on representations made by the Directors of the Company and the information and explanations given to us, none of the Directors of the Company are, prima-facie, as at 31st March, 2002 disqualified from being appointed as directors of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

(f) In our opinion and to the best of our information and according to explanations given to us, the said accounts read together with significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and **subject to Note 1 (viii) (non provision of accrued gratuity)** 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 of the Company as at 31st March, 2002 and

(ii) In the case of Profit & Loss Account, of the Loss for year ended 31st March, 2002.

For **R. MOHNOT & Co.**
Chartered Accountants

Place : JAIPUR
Date : 09.07.2002

NARENDER MITTAL
PARTNER

(REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE)

1. The company is in the process of maintaining proper records showing full particulars including quantitative details and location of fixed assets. As informed to us, the fixed assets of the company have been physically verified by the management during the year and no significant discrepancies were noticed on such verification.
2. None of the fixed assets of the company have been revalued during the year.
3. As explained to us, physical verification of stocks of finished and semifinished goods, raw materials, stores, spares and consumables has been conducted by the management at reasonable intervals during the year.
4. In our opinion and according to explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
5. The discrepancies noticed on verification between physical stocks and book records were not material in relation to the operations of the company and the same have been properly dealt with in the books of accounts.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on same basis as in the preceding year.
7. The company has taken unsecured loans from parties listed in the register maintained under section 301 of the Companies Act, 1956, the rates of interest and other terms and conditions thereof, are not, primafacie, prejudicial to the interest of the company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of Section 370 are no longer applicable to a company since 31st October, 1998.
8. The company has not granted any loans to the companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of Section 370 are no longer applicable to a company since 31st October, 1998.
9. The company has given interest free advances in the nature of loans to its employees, which are generally being repaid regularly.
10. In our opinion and according to the information and explanations given to us, the company has adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The transactions of purchase of goods and materials and sale of goods, material and services made in pursuance of contracts or arrangements entered in the Register maintained under section 201 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials and services or the prices at which transaction for similar goods or materials have been made with other parties.
12. As explained to us, the unserviceable or demaged stores and raw materials are determined by the management in accordance to the Company's procedures and adequate provisions for loss, wherever necessary has been made.
13. In our opinion, the company has not accepted any deposit in contravention of the Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.
14. In our opinion, reasonable records have been maintained by the company for the sale and disposal of realizable scrap/ waste. There is no by-product.
15. As explained to us, the company has reasonable internal audit system commensurate with the size and nature of the business.
16. On the basis of records produced before us, we are of the opinion that prima facie, the cost records and accounts prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 have been made and maintained by the Company. However, in our opinion we are not required to carry out and we have not carried out any detailed examination of such accounts and records.
17. The company has generally been regular in depositing its Provident Fund and ESI dues except for delayed deposit in some months.
18. According to the information and explanations given to us, there is no undisputed amount payable in respect on income-tax, wealth-tax, sales-tax custom duty and excise duty, which has remained outstanding as at 31st March, 2002 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and records of the company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The company is not a sick industrial company within the meaning of clause (O) of section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **R. MOHNOT & Co.**
Chartered Accountants

Place : JAIPUR
Date : 09.07.2002

NARENDER MITTAL
PARTNER

BALANCE SHEET AS ON 31ST MARCH, 2002

	SCHEDULE	As on 31.03.2002 (Rs.)	As on 31.03.2001 (Rs.)
I. SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS			
a) Share Capital	A	35697500	35697500
b) Share Application Money		9050000	9050000
c) Reserves & Surplus	B	13951584	17146162
2. LOAN FUNDS			
a) Secured Loans	C	107980798	106687493
b) Unsecured Loans		3300554	118290
GRAND TOTAL		169980436	168699445
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	D	156055636	155651714
b) Less Depreciation		60708973	53099289
c) Net Block		95346663	102552425
d) Capital Work in Process		260993	--
2. INVESTMENTS	E	53800	53800
3. CURRENT ASSETS, LOANS & ADVANCES	F		
a) Investories		40365440	43068320
b) Sundry Debtors		31470230	24107623
c) Cash and Bank Balances		3952416	1810640
d) Loans and Advances		3744480	1894404
		79532566	70880987
4. LESS : CURRENT LIABILITIES & PROVISIONS	G	13669024	9349299
5. NET CURRENT ASSETS		65863542	61531688
6. MISC. EXPENDITURE	H	3694557	4561532
7. PROFIT & LOSS ACCOUNT		4760881	--
GRAND TOTAL		169980436	168699445
8. NOTES ON ACCOUNTS	O		

As per our report of even date

For and on behalf of Board of Directors

For **R. MOHNOT & Co.**
Chartered Accountants

NATHMALL HIRAWAT
Chairman

AMITABH HIRAWAT
Managing Director

NARENDER MITTAL
Partner
Place : JAIPUR
Dated : 09.07.2002

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	SCHEDULE Nos.	As on 31.03.2002 (Rs.)	As on 31.03.2001 (Rs.)
INCOME			
Sales & Other Income	I	242840196	240329477
Increase/(Decrease) in Stock	J	(1166800)	5135602
	TOTAL	**241673396**	**245465079**
EXPENDITURE			
Raw Material Consumption		135218330	140968049
Excise Duty		13741103	13132663
Employee Remuneration and Benefits		5147218	5287094
Manufacturing Expenses	K	53028232	51535095
Administrative and Other Expenses	L	2903040	3328900
Selling and Distribution Expenses	M	10411629	8754538
Financial Expenses	N	20477645	20175458
Miscellaneous Expenditure Written off		1091974	360941
Depreciation		7609684	7877115
Loss on surrender of Fiexd Assets		--	1684455
	TOTAL	**249628855**	**253104308**
Profit/(Loss) for the year before tax		(7955459)	(7639229)
Provision for Taxation		0	0
Profit/(Loss) after Tax		(7955459)	(7639229)
Prior Period Adjustments (Net)		0	35736
Balance brought forward from last yeaı		3194578	10798071
Balance Carried to Balance Sheet		(4760881)	3194578
NOTES ON ACCOUNTS	O		

As per our report of even date

For and on behalf of Board of Directors

For **R. MOHNOT & Co.**
Chartered Accountants

NATHMALL HIRAWAT
Chairman

AMITABH HIRAWAT
Managing Director

NARENDER MITTAL
Partner
Place : JAIPUR
Dated : 09.07.2002

		As on 31.03.2002 (Rs.)	As on 31.03.2001 (Rs.)
SCHEDULE-A : SHARE CAPITAL			
AUTHORISED CAPITAL			
60,00,000 Equity Shares of Rs. 10/- each		60000000	60000000
		60000000	60000000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
35,60,000 Equity Shares of Rs.10/- each		35600000	35600000
Less : Allotment money in arrears		(15000)	(15000)
Add : Shares Forefeited		112500	112500
	TOTAL	35697500	35697500
SCHEDULE - B : RESERVES & SURPLUS			
General Reserve		9451584	9451584
Debenture Redemption Reserve		4500000	4500000
Profit & Loss Account		--	3194578
	TOTAL	13951584	17146162
SCHEDULE - C : SECURED LOANS			
1. Term Loans			
From Industrial Development Bank of India		11630000	11630000
Deferred Payment Loan from RIICO		11124	208688
2. Debentures			
Non Convertible Debentures placed with IDBI		43800000	40000000
3. Deferred Interest Loan of IDBI		13183076	13183076
4. Working Capital Loans			
From State Bank of Bikaner & Jaipur		18195192	20120714
Form Punjab National Bank		21161406	21545015
	TOTAL	107980798	106687493

1. Term Loans and Non Convertible Debentures of IDBI are secured by first pari-passu mortgage and charge in favour of the trustees/lenders on the company's immovable and movable properties, both present and future.
2. Deferred payment loan from RIICO is secured against assets acquired on deferred payment basis.
3. Working Capital Loans from banks are secured by hypothecation of present and future stock-in-trade, raw material, stock in process, finished goods, stores & spares, outstanding moneys, receivables and book debts and further secured by second charge on fixed assets of the company.

SCHEDULE-D : FIXED ASSETS AMOUNT (RS.)

S. No.	Particulars	Gross Block				Depreciation				Net Block	
		As at 01.04.01	Additions during the Year	Deductions during the Year	Total As at 31.03.02	As at 01.04.01	During the Year	Written Back	Total As at 31.30.02	As at 31.03.02	As at 31.03.01
1.	Lease Hold Land	2870729	0	0	2870729	0	0	0	0	2870729	2870729
2.	Land (Silvassa)	4281347	0	0	4281347	0	0	0	0	4281347	4281347
3.	Land Residential	490056	0	0	490056	0	0	0	0	490056	490056
4.	Building	16960207	0	0	16960207	3456452	566471	0	4022923	12937284	13503755
5.	Plant & Machinery	114533588	0	0	114533588	44008851	6047373	0	50056224	64477364	70524737
6.	Electrical Installation	4741228	0	0	4741228	1640865	250337	0	1891202	2850026	3100363
7.	D.G. Sets	2995104	403922	0	3399026	1034596	162057	0	1196653	2202373	1960508
8.	Weighing Scale	187605	0	0	187605	57393	8912	0	66305	121300	130212
9.	Lab Equipments	140943	0	0	140943	75414	6695	0	82109	58834	65529
10.	Fire Fighting Equipments	25397	0	0	25397	10051	1206	0	11257	14140	15346
11.	Furniture & Fixtures	553613	0	0	553613	235589	35044	0	270633	282980	318024
12.	Office Equipments	476969	0	0	476969	160949	22656	0	183605	293364	316020
13.	Vehicles	636650	0	0	636650	298684	60482	0	359166	277484	337966
14.	Boiler	4263829	0	0	4263829	1367131	225130	0	1592261	2671568	2896698
15.	Misc. Fixed Assets	1579670	0	0	1579670	226329	75035	0	301364	1278306	1353341
16.	Computers	914779	0	0	914779	526985	148286	0	675271	239508	387794
	TOTAL	**155651714**	**403922**	**0**	**156055636**	**53099289**	**7609684**	**0**	**60708973**	**95346663**	**102552425**
	Previous Year	**161590831**	**190648**	**6129765**	**155651714**	**46715406**	**7877115**	**1493232**	**53099289**	**102552425**	**114875425**

		As on 31.03.2002 (Rs.)	As on 31.03.2001 (Rs.)
SCHEDULE-E : INVESTMENTS			
Long Term (Non-Trade)			
A. National Saving Certificate (Pledged with sales tax authorities)		2500	2500
B. Quoted Shares (At cost)		51300	51300
95 Share of State Bank of Bikaner & Jaipur			
Market value of quoted shares Rs. 31963/-			
(Previous Year Rs. 25935/-)			
	TOTAL	53800	53800
SCHEDULE-F : CURRENT ASSETS, LOANS & ADVENCES			
1. **CURRENT ASSETS**			
a) INVENTORIES			
(As taken, valued and certified by the management)			
Raw Material		1798816	1882520
Finished Goods		20257644	19403507
Work in Process		15109162	17130099
Stores & consumables		3199818	4652194
		40365440	43068320
b) SUNDRY DEBTORS			
(Unsecured considered good)			
Outstanding over six months		8669141	6484198
Others		22801089	17623425
		31470230	24107623
c) CASH & BANK BALANCES			
Cash in hand		889632	886659
with Scheduled Banks in			
-- Current Accounts		2842784	921481
-- Fixed Deposits		220000	2500
(Pledged with bankers against guarantee)			
		3952416	1810640
2. **LOANS AND ADVANCES**			
(Unsecured and considered good)			
(Recoverable in cash or in kind or for value to be received)			
Advances		2678724	941150
Advance Income Tax/TDS		152942	411512
Deposit with Government Authorities		258500	116400
Deposit with others		144000	139000
Income/Claims receivables		379174	172954
Prepaid Expenses		131140	113388
		3744480	1894404
	TOTAL	79532566	70880987
SCHEDULE-G : CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES			
Sundry Creditors		1674972	3450554
Outstanding Expenses		1202180	926252
Interest accrued but not due		2467565	9656
Other Liabilities		8324307	4962848
		13669024	9349299
PROVISIONS			
Provision for Taxation		--	--
	TOTAL	13669024	9349299

		As on 31.03.2002 (Rs.)	As on 31.03.2001 (Rs.)
SCHEDULE - H : MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Preliminary Expenses		118129	145918
Public Issue Expenses		--	269639
Debenture Issue Expenses-I		95909	125421
Debenture Issue Expenses-II		474500	306000
Preoperative Expenses (Silvassa)		814554	814554
Up Front Fees-IDBI		2191465	2191465
	TOTAL	3694557	4561532
SCHEDULE-I : SALES & OTHER INCOME			
Yarn Sales		233762601	226652510
Job Work Income		8622967	8061367
Claims & Discount received		36003	371311
Interest received (Net)		79075	431772
Misc. Sales		336225	509509
Commission Received		--	4303008
Dividend Income		3325	--
	TOTAL	242840196	240329477
SCHEDULE-J : INCREASE/(DECREASE) IN STOCKS			
Opening Stock			
Finished Goods		19403507	15517803
Work in process		17130099	15880201
		36533606	31398004
Less : Closing Stock			
Finished Goods		20257644	19403507
Work in process		15109162	17130099
		35366806	36533606
Increase/(Decrease) in stocks		(1166800)	5135602
SCHEDULE-K : MANUFACTURING EXPENSES			
Consumption of Antistatic Oil		5001943	4094597
Consumption of Stores & Spares		2616698	2398679
Consumption of Paper Tubes & Cones		3024431	3840156
Power & Fuel		25201985	23868672
Consumption of Dyes and Chemicals		7010845	7531199
Packing Material		2438889	2906629
Repairs & Maintenance-Plant & Machinery & Others		231143	791837
D. G. Set Hire Charges		3387357	1433985
Insurance Premium		469561	474733
Employee Welfare Expenses		229279	485224
Job Work Expenses		1072933	1229877
Water Charges		423168	559507
Lease Rent		1920000	1920000
	TOTAL	53028232	51535095
SCHEDULE-L : ADMINISTRATIVE AND OTHER EXPENSES			
Printing and Stationery Expenses		133098	151804
Travelling & Conveyance		652046	597759
Professional & Legal Fee		203178	356322
Auditors Remuneration		52500	52500
Misc. Expenses		477712	669485
Rent, Rates & Taxes		172300	171550
Telephone and Telex Expenses		578858	625528
Postage & Courier Expenses		100106	89218
Electricity and Water Charges		69116	84591
Directors Remuneration		430000	480000
Repairs and Maintenance (Vehicle)		34126	50143
	TOTAL	2903040	3328900

		As on 31.03.2002 (Rs.)	As on 31.03.2001 (Rs.)
SCHEDULE-M : SELLING & DISTRIBUTION EXPENSES			
Commission on Sales		1907437	2396822
Transportation Charges		4192159	3584453
Rebate and discount on Sales		1007156	712817
Sales Tax		3304877	2060446
	TOTAL	10411629	8754538
SCHEDULE-N : FINANCIAL EXPENSES			
Cash Discount		3897388	3027444
Interest on Secured Loans		15842175	16741041
Bank Commission and Charges		738082	406973
	TOTAL	20477645	20175458

SCHEDULE 'O' : NOTES ON ACCOUNTS

(Annexed to and forming part of Balance Sheet as at 31st March, 2002 and Profit & Loss Account for the year ended 31.03.2002).

1. **SIGNIFICANT ACCOUNTING POLICIES :**

i) **Basis of Accounting :** The financial statements are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956 and accepted accounting standards.

ii) **Fixed Assets :** Fixed assets are stated at cost less depreciation. Cost of acquisitiion, fabrication or construction is inclusive of freight, duties and others incidental expenses during construction period but excludes the modvat credit available on the capital goods.

iii) **Depreciation :** Depreciation on all assets has been provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

iv) **Treatment of Expenditure during Construction Period :** Incidental Expenditure incurred during construction period/trial production period is allocated to the respective fixed assets on completion of construction period/on date of commissioning.

v) **Revenue Recognition:** The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis as a going concern.

vi) The refund 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.

vii) **Inventories :** The method of Inventories valuation has been adopted as follows :

Raw Materials	:	At Cost
Work in Process	:	At Estimated Cost
Finished Goods	:	At Cost or Market Value whichever is Lower
Stores & Spares, Fuel, Packing materials etc.	:	At Cost

viii) **Gratuity :** The Company has not made any provision for accruing liability for gratuity for its employees. Gratuity payable is being accounted as and when payments are made and as such future liability has not been ascertained.

ix) **Amortisation of Miscellaneous Expenditure :**

a) Preliminary, Public Issue and Debenture Issue expenses are being amortised in equal installments in 10 years.

b) Up front fee paid to IDBI towards reduction in rate of interest is being amortised over the period for which the interest rate has been reduced.

x) **Foreign Exchange Transactions :** Foreign currency transactions are accounted at current exchange rates. Gain and losses on foreign exchange transactions other than those related to fixed assets are recognized in the profit and loss account on realization/payment.

2. **CONTINGENT LIABILITIES**

	AMOUNT (Rs. In Lacs) 31.03.2002	31.03.2001
Inrespect of sales tax demand not accepted by the Company (Deposited under Protest) (Case decided in favour of the company)	-	0.28
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 an appeal with Hon'ble Tribunal, Textile Committee for holding the levy of Cess and for setting aside the demand. (Rs. 150000/- deposited under protest included in Loans & Advances)	8.27	8.27

3. Balances of Sundry Debtors, Creditors and Loans and Advances are subject to confirmtion.
4. In the opinion of management, sundry debtors, loans and advances 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.

5. MANAGERIAL REMUNERATION

	AMOUNT (Rs. In Lacs)	
	31.03.2002	**31.03.2001**
Saleries	4.30	4.80
Perquistes	0.47	0

6. PAYMENT TO AUDITORS

	AMOUNT (Rs. In Lacs)	
	31.03.2002	**31.03.2001**
Statutory Audit Fees	0.42	0.42
Tax Audit Fees	0.10	0.10
Out of Packet Expenses	0.10	0.12
TOTAL	**0.62**	**0.64**

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

A) **Licensed and Installed Capacity**

(No. of Spindles)

Class of Goods	**Licensed/Registered**		**Installed Capacity**	
	31.03.2002	**31.03.2001**	**31.03.2002**	**31.03.2001**
Texturising	1080	1080	1080	1080
Twisting	2848	2848	2848	2848

B) **Production, Turnover and Stocks (Yarn)**

	31.03.2002		**31.03.2001**	
	Qty. (In Kgs.)	Amount (Rs.)	Qty. (In Kgs.)	Amount (Rs.)
Opening Stock	124618.989	19403507	89425.549	15517803
Production	1927509.971	0	1698036.635	0
Sales	1927686.323	233762601	1662843.195	226652510
Closing Stock	124442.637	20257644	124618.989	19403507
C) **Details of Work in Process**				
Opening Stock	126183.950	17130099	95036.361	15880201
Closing Stock	126714.285	15109162	126183.950	17130099
D) **Raw Material Consumed**	1930042.975	135218330	1715724.313	140968049
E) C.I.F. value of Imports	Nil	Nil	Nil	Ni
F) Expenditure in foreign currency	Nil	Nil	Nil	Nil
G) Earning in foreign currency (FOB Value of Exports)	Nil	Nil	Nil	Nil

8. ***Related Parties Disclosures (As per Accounting Standard 18) :***

A. Relationships :

(i) Key Management Personnel
Mr. Amitabh Hirawat
Managing Director
Mr. K. Chandershaker
Executive Director
(till 01.01.2002)

(ii) Enterprises owned or significantly influenced *by key management personnel or their relative* where transactions have taken place :
Padmawati Textiles Limited
Shashwin Textiles Limited
Under Wonder Texpo Pvt. Ltd.
Rishab Ace Elastics

Note : Related party relationship is as identified by the Company and relied upon by the Auditors.

B. Transactions carried out with related parties referred in above, in ordinary course of business:-

Nature of Transactions	Related Parties	
	Referred in A (i) above	Referred in A (ii) above
Sales		
Goods & Materials	--	984892
Expenses		
Lease Rent	--	1920000
Job Charges Paid	--	1072933
Remuneration	430000	--
Interest Paid	356085	--
Income		
Job Charges Received	--	8866281

Interest Received	--	694932
Finance		
Unsecured loan taken	42775000	--
Unsecured loan repaid	1415000	--
Outstanding		
Payable	3085	3488492
Receivable	--	5346288
Unsecured loans	3300554	--

9. Note on Deferred Taxes
In accordance with AS-22 "Accounting for taxes on Income", the company has not recognized, the Deferred Tax Assets in view of carry forward of unabsorbed depreciation and tax losses.
10. Note on Segment Reporting.
The company is engaged in manufacturing of texturised, twisted & Dyed Yarns and there is only one business segment. Hence, no separate disclosure as required by AS-17 "SEGMENT REPORTING" is given.
11. Figures for the previous period have been regrouped/rearranged where ever considered necessary to conform to this period's classification.
12. All the figures have been rouded off to the nearest of rupee.
13. Sehedule 'A' to 'O' are integral part of Balance Sheet and Profit and Loss Account.

As per our report of even date
For **R. MOHNOT & Co.**
Chartered Accountants

For and on behalf of Board of Directors
NATHMALL HIRAWAT *Chairman*
AMITABH HIRAWAT *Managing Director*

NARENDER MITTAL
Partner
Place : JAIPUR
Dated : 09.07.2002

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

AMOUNT IN RUPEES THOUSAND

a) **Registration Details**

Registeration No.	4067	State Code	17
Balance Sheet Date	31.03.2002		

b) **Capital raised during the year**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private	NIL

c) **Position of Mobilization and Development of Funds**

Total Liabilities	Total Assets
169981	169981

Source of Funds

Paid up Capital	Reserves & Surplus	Secured Loans	Unsecred Loans	Share Application Money
35698	13952	107981	3300	9050

Application of Funds

Net Fixed Assets	Investment	Net Current Assets	Miscellaneous Expenditure	Accumulated Losses
95608	54	65864	3694	4761

d) **Performance of Company**

Turnover	Total Expenditure	Profit/(Loss) Before Taxes	Profit/(Loss) After Taxes
242840	250795	(7955)	(7955)

Earning per Share (in Rs.)	Dividend Rate (In %)
NIL	NIL

e) **Generic Names of Principal Products/Services of the company (As per Monetary terms)**

Item Code (ITC) Code	Product Description
540232	Synthetic Filament Yarn Texturised
540252	Synthetic Filament Yarn Twisted

As per our report of even date
For **R. MOHNOT & Co.**
Chartered Accountants

For and on behalf of Board of Directors
NATHMALL HIRAWAT *Chairman*
AMITABH HIRAWAT *Managing Director*

NARENDER MITTAL
Partner
Place : JAIPUR
Dated : 09.07.2002

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2002

		As on 31.03.2002 (Rs.)	As on 31.03.2001 (Rs.)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) Before Tax & Extraordinary Items	(7955459)	(7639229)
	Add/(Deduct)		
	Depreciation	7609684	7877115
	Misc. Expenditure Written Off	1091974	360941
	Prior Period Adjustments (Net)	0	35736
	Interest Paid	15842175	16741041
	Interest received	(79075)	(431772)
	Loss on surrender of Fixed Assets	--	1684455
	Operating Profit Before Working Capital Changes	16509299	18628287
	Add/(Dedcut)		
	Inventories	2702880	(3107180)
	Sundry Debtors	(7362607)	2079991
	Loans & Advances	(1850076)	(981125)
	Current Liabilities	4319725	(9296665)
	Cash Generated from Operations	14319221	7323308
	Interest Paid	(15842175)	(16741041)
	Net Cash from Operating Activities	(1522954)	(9417733)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Investment in Fixed Assets	(664915)	(190647)
	Sale of Fixed Assets	--	2952076
	Interest Received	79075	431772
	Deferred Expenditure	(225000)	(2900000)
	Net Cash used in investing activities	(810840)	293203
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Borrowings (Net)	3602436	10823912
	Increase in Unsecured Loans	3182264	(1026308)
	Increase/(Decrease) in Working Capital Loans	(2309131)	(209041)
	Net Cash in the course of Financing Activites	4475569	9588563
	Net Changes in cash and cash Equivalents (A+B+C)	2141775	464033
	Cash and cash Equivalents As at 1st April, 2001 (Opening Balance)	1810640	1346607
	Cash and Cash Equivalents As at 31st March, 2002 (Closing Balance)	3952415	1810640

For and on behalf of Board of Directors

Place : JAIPUR	**NATHMALL HIRAWAT**	**AMITABH HIRAWAT**
Dated : 09.07.2002	*Chairman*	*Managing Director*

AUDITORS REPORT ON CASH FLOW STATEMENT

The Borad of Directors,

We have examined the attached Cash Flow Statement of Rishab Special Yarns Limited, for the year ended March 31, 2002. The Statement has been prepared by the Company in accordance with the requirements of listing agreement with Stock Exchanges and is based on and is in agreement with corresponding Profit & Loss Account and Balance Sheet of the company covered by our report dated July 09, 2001 to the members of the Company.

For **R. MOHNOT & Co.**
Chartered Accountants
NARENDER MITTAL
PARTNER

Place : JAIPUR
Date : 09.07.2002

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

RISHAB SPECIAL YARNS LIMITED
JAIPUR

L. F. No.
No. of Shares held

ATTENDANCE CARD

We hereby record my/our presence at the fourteenth Annual General Meeting of the Company held at 2070, Rasta Bara Gangore, Jaipur - 302 003 on Saturday 28th September, 2002 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 PVT. LTD.
JAIPUR- 302 017
Tel.: 561321 (O), 751620 (W)

If undelivered please return to :
RISHAB SPECIAL YRANS 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 28th day of Septermber, 2002 and at any adjournment thereof.

Signed on the ....day of............................2002.

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.