19th Annual Report

2006-2007

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 the Nineteenth Annual General Meeting of the Company will be held on Thursday, the 27th September, 2007 at 12.00 Noon at the Registered Office of the Company at 2070, Rasta Bara Gangour, Johri Bazar, Jaipur-302 003 (Rajasthan) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt audited Balance Sheet as at 31st March 2007 and the Profit & Loss Account for the year ended on that date, alongwith the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Chandra Mohan Khandelwal, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri Sushil Jalan, who retires by rotation and is eligible for reappointment.
4. To appoint auditors and fix their remuneration.

Registered Office :
2070, Rasta Bara Gangour,
Johri Bazar,
Jaipur-302003
Dated : 30.06.2007

(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 September, 2007 to 27th September, 2007 (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. upto 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. Although the

Company appointed M/s. Systems Support Services, 209, Shivai Industrial Estate, Near Park-Davis, 89, Andheri Kurla Road, Saki Naka, Andheri East, Mumbai, but due to the poor economical condition of the Company the formalities of dematerialisation are yet to be completed.

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 Chandra Mohan Khandelwal (Born on 14.11.1956)

Education	:	B.Com., LL.B.
Experience	:	25 years in business
Other directorships	:	1
Committee membership	:	3

2. Shri Sushil Kumar Jalan (Born on 24.08.1964)

Education	:	B.Com. (Hons.), F.C.A.
Experience	:	20 years as practising C.A.
Other directorships	:	1
Committee membership	:	2

DIRECTOR'S REPORT

To
The Members of
RISHAB SPECIAL YARNS LIMITED
JAIPUR

Your directors herewith present the Nineteenth Annual Report together with Audited Statement of Accounts of the Company for the year ended on 31st March, 2007.

	Amount in rupees	
	2007	**2006**
FINANCIAL RESULTS		
Profit/(Loss) before depreciation misc. expenses w/off & taxes	(974380)	(16089739)
Less : Depreciation	—	7571693
Less : Misc. Exp. W/off	—	387903
Provision for Taxation	4200	21736
Profit/(Loss) after tax	(978580)	(24071071)
Balance Brought forward from the last year	(110320536)	(86249465)
Balance Carried to Balance Sheet	(111299116)	(110320536)

PERFORMANCE

Due to financial constraints and continued cash losses, Company had discountinued its manufacturing activities in the last year itself. During the course of the year, the company was able to clear all its dues to its Bankers State Bank of Bikaner & Jaipur and Punjab National Bank, having cleared the dues of other Secured Creditor IDBI last year itself. 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 equipment 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 dematerlisation are yet to be completed. As soon as this is done trading of company's shares shall commence in demat form.

DIRECTORS

Shri Chandra Mohan Khandelwal & Shri Sushil Kumar Jalan, Director of the Company retire by rotation pursuant to Section 256 of the Companies Act, 1956 and being eligible offer themselves for reappointment.

AUDITORS

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

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 alongwith 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 or 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 Financial Institutions, Company's Bankers, Auditors and Shareholders.

For & on behalf of the Board of Directors

Jaipur
Date : 30.06.2007

Chairman

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 it's operations, make disclosures and comply with various laws and regulations. Emphasis therefore is on adding value to it's 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 28th April, 06, 27th July, 06, 23rd October, 06, 31st Oct., 06, 30th Jan., 07. The Board was presented with the relevant and necessary information at it's 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
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	—	—

Sh. Sushil Kumar Jalan	Non Executive Independent Director	4	Yes	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 & 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 it's meeting were also attended by the Managing Director and the Statutory Auditors.

The Chairman of the audit committee alongwith other members attended the last Annual General Meeting of the company held on 14.12.2006.

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 renumeration 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 Share quoted at Stock Exchanges, reasons of non trading of Companies Shares, position of dematerilisation of company shares, total 23 complaints were received. The complaints were resolved to the satisfaction of the share holders and no complaint was pending as on 31.03.2007.

During the year 6 meetings of share transfer committee/investor's grievance committee were held and 2700 shares of 18 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
16th AGM	30.09.2004	12 Noon	2070, Rasta Bara Gangore, Jaipur-302 003	1
EOGM	29.11.2004	12 Noon	2070, Rasta Bara Gangore, Jaipur-302 003	—
17th AGM	15.12.2005	12 Noon	2070, Rasta Bara Gangore, Jaipur-302 003	—
18th AGM	14.12.2006	12 Noon	2070, Rasta Bara Gangore, Jaipur-302 003	—

The special resolution indicated above was passed by show of hands. 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 'N' 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 or penalties imposed on the company either by SEBI, Stock Exchanges 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 leading 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 :

19th Annual General Meeting :

Date & Time	:	27th September, 2007 at 12.00 Noon
Venue	:	2070, Rasta Bara Gangore, Jaipur-302003.
Financial Calendar for the year 2007-08		
Financial Year	:	1st April 2007 to 31st March, 2008.
First Quarter Results	:	Fourth Week of July, 2007
Second Quarter Results	:	Fourth Week of October, 2007
Third Quarter Results	:	Fourth Week of January, 2008
Yearly results (unaudited)	:	Fourth Week of May, 2008
Date of Book Closure : (Both days inclusive)		25th September to 27th September, 2007

Due to heavy cash loss during the year, no Dividend is proposed.

List of Stock Exchanges :

The Stock Exchange, 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 for the year 2005-06 and 2006-07 and 2007-08.

Registrar and Transfer Agents : Presently there is in house Share Transfer system at the Registered Office 2070, Rasta Bara Gangore, Jaipur-302003.

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, 2007.

Shareholding No.		No. of Shareholders		Shares Held	
From	To	Number	% of Total	No. of Shares	% of Shares
Upto	2,500	12859	92.878	13479300	37.856
2,501	5,000	712	5.143	2994000	8.408
5,001	10,000	165	1.192	1413100	3.969
10,001	20,000	49	0.354	755000	2,120
20,001	30,000	21	0.152	552000	1,550
30,001	40,000	2	0.014	70000	0.197
40,001	50,000	5	0.036	245000	0.688
50,001	1,00,000	10	0.072	755600	2.122
1,00,000	& above	22	0.159	15343000	43.090
TOTAL		13845	100.000	35607000	100.000

Market Price Data

There was no trading of shares of the company at any stock exchange during the year 2004-05, 2005-06 and 2006-07.

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, 2007 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 ensuing the compliance of the conditions of the Corporate Governance. It is neither on 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 has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreements, which was required to be complied with upto 31st March, 2007.

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

FOR R. MOHNOT & CO.
CHARTERED ACCOUNTANTS

PLACE : JAIPUR (NARENDRA MITTAL)
DATED : 30.06.2007 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 pronounced 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 locations 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 discontimuation 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, 2007, 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 unvaibility of the business, the management has decided to discontinue the present business operations of the company and to sell the company's assets to the extent required. These factors, alongwith other matters as set forth in the Note No. 2 may unable 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, 2007; 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.

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

Jaipur
June 30, 2007

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 notice on such physical verification.

c) The company has decided to discontinue the present manufacturing operations of the company due to unviability and has sold/in process of selling of some assets 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 not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence the provisions relating to rate of interest and other terms and conditions, regularity of receipt of principal and interest, and overdues in excess of Rupee One Lakh, are not applicable.

b) The company has taken interest-free unsecured loans, repayable on demand from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2,25,07,395/- and the year end balance of loans taken from such parties was Rs. 1,73,19,177/-. 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 give to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets 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 agreegating 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 tous, 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, employee's 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 expalnations given to us, as at 31st March, 2007, except a sum of Rs. 515/- 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, and excise duty which have not been deposited on account of any dispute. However, in the case of Excise 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 (Rs. lacs)	Forum where dispute is pending
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, OTS amounts of Punjab National Bank and State Bank of Bikaner & Jaipur was fully repaid and there are no dues of Financial Institution, Banks & debenture holders.

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, no term loan has been taken by the company.

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.

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

Jaipur
June 30, 2007

BALANCE SHEET AS ON 31ST MARCH, 2007

		Schedule No.	As on 31.03.2007 Amount (Rs.)	As on 31.03.2006 Amount (Rs.)
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	14500000	21966934
	b) Unsecured Loans		20424537	23457395
	GRAND TOTAL		127024672	137524464
II.	**APPLICATION OF FUNDS**			
	1. FIXED ASSETS			
	a) Gross Block	D	83995556	146901512
	b) Less Depreciation		(45690406)	(86201690)
	c) Less : Provision for Impairment of assets		(21433650)	(34099822)
	d) Net Block		16871500	26600000
	2. INVESTMENTS	E	7500	7500
	3. CURRENT ASSETS, LOANS & ADVANCES	F		
	a) Inventories		425984	964464
	b) Sundry Debtors		25052	—
	c) Cash and Bank Balances		79846	329710
	d) Loans and Advances		1322150	3291505
			1853032	4585679
	4. LESS : CURRENT LIABILITIES & PROVISIONS	G	3006476	3989251
	5. NET CURRENT ASSETS		(1153444)	596428
	6. PROFIT & LOSS ACCOUNT		111299116	110320536
	GRAND TOTAL		127024672	137524464
	7. NOTES ON ACCOUNTS	N		

AS PER OUR REPORT OF EVEN DATE
FOR R. MOHNOT & CO.
CHARTERED ACCOUNTANTS

(NARENDER MITTAL)
PARTNER

Jaipur
June 30, 2007

FOR & ON BEHALF OF BOARD OF DIRECTORS
NATHMAL HIRAWAT CHAIRMAN
AMITABH HIRAWAT MANAGING DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule No.	As on 31.03.2007 Amount (Rs.)	As on 31.03.2006 Amount (Rs.)
INCOME			
Sales & Other Income	H	289805	43274863
Increase/(Decrease) in Stock	I	(87854)	(6228732)
	TOTAL	201951	37046131
EXPENDITURE			
Raw Material Consumption		—	6379026
Excise Duty		5041	—
Employee Remuneration and Benefits		44615	1034944
Manufacturing Expenses	J	—	3295845
Administrative and Other Expenses	K	316991	1085301
Selling and Distribution Expenses	L	6566	5673482
Financial Expenses	M	262448	351845
Miscellaneous Expenditure Written off		—	387903
Depreciation		—	7571693
Impairment Loss on Fixed Assets		540670	34099822
Loss on Sales of Fixed Assets		—	1215605
	TOTAL	1176331	61095466
Profit/(Loss) for the year before tax		(974380)	(24049335)
Less : Provision for Tax			
—Income Tax		—	—
—Fringe Benefit tax		(4200)	(21736)
Net Profit/(Loss) after Tax		(978580)	(24071071)
Balance brought forward from last year		(110320536)	(86249465)
Balance Carried to Balance Sheet		(111299116)	(110320536)
NOTES ON ACCOUNTS	N		

AS PER OUR REPORT OF EVEN DATE
FOR R. MOHNOT & CO.
CHARTERED ACCOUNTANTS

(NARENDER MITTAL)
PARTNER

Jaipur
June 30, 2007

FOR & ON BEHALF OF BOARD OF DIRECTORS
NATHMAL HIRAWAT CHAIRMAN

AMITABH HIRAWAT MANAGING DIRECTOR

		As on 31.03.2007 Amount (Rs.)		As on 31.03.2006 Amount (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				
35,60,700 Equity Shares of Rs. 10/- each		35600000		35607000
Less : Allotment money in arrears		(15000)		(18500)
Add : Shares Forfeited		112500		109000
TOTAL		35697500		35697500
SCHEDULE-B : RESERVES & SURPLUS				
General Reserve				
Balance as per last Balance Sheet	13951584		9451584	
Add : Transfer from Debenture Redemption Reserve	—	13951584	4500000	13951584
Capital Reserve				
Balance as per last Balance Sheet	42451051		—	
Add : Transfer during the year	—	42451051	42451051	42451051
Debenture Redemption Reserve				
Balance as per last Balance Sheet	—		4500000	
Less : Transfer to General Reserve	—	—	4500000	
TOTAL		56402635		56402635
SCHEDULE-C : SECURED LOANS				
1. Working Capital Loans				
From State Bank of Bikaner & Jaipur		—		5333334
From Punjab National Bank		—		2133600
(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.)				
2. Kalpataru Constructions Overseas Pvt. Ltd.		14500000		14500000
TOTAL		14500000		21966934

(Secured by hypothecation and mortgage on all the properties of the company situated at Ambaji Industrial Area, Abu Road District Sirohi.)

SCHEDULE-D : FIXED ASSETS Amount (Rs.)

S.No.	Particulars	Gross Block				Depreciation					Net Block	
		As at 01.04.06	Additions during the Year	Deductions/ Transfer during the Year	Total As at 31.03.07	As at 01.04.06	During the Year	Written Back/ Transfer	Total As at 31.03.07	Impai-rment Loss	As at 31.03.07	As at 31.03.06
1.	Lease Hold Land	2894929	—	—	2894929	—	—	—	—	—	2894929	2894929
2.	Building	18406882	—	—	18406882	6453753	—	—	6453753	7348058	4605071	4605071
3.	Plant & Machinery	114281089	—	62240936	52040153	72688824	—	40141638	32547186	11492967	8000000	17000000
4.	Electrical Installation	3997247	—	425020	3572227	2423758	—	320090	2103668	1168559	300000	800000
5.	Weighing Scale	187605	—	—	187605	101953	—	—	101953	65652	20000	20000
6.	Lab Equipments	140943	—	—	140943	108889	—	—	108889	12054	20000	20000
7.	Fire Fighting Equipments	25397	—	20000	5397	16081	—	12865	3216	681	1500	5000
8.	Furniture & Fixtures	553613	—	—	553613	410809	—	—	410809	117804	25000	25000
9.	Office Equipments	586519	—	—	586519	293322	—	—	293322	263197	30000	30000
10.	Boiler	4263829	—	190000	4073829	2492781	—	10091	2482690	766139	825000	1000000
11.	Misc. Fixed Assets	619310	—	30000	589310	267371	—	26600	240771	198539	150000	200000
12.	Computers	944149	—	—	944149	944149	—	—	944149	—	—	—
	Total	146901512	—	62905956	83995556	86201690	—	40511284	45690406	21433650	16871500	26600000
	Previous Year	162751511	473803	16323802	146901512	83795152	7571693	5165155	86201690	34099822	26600000	78956359

	As on 31.03.2007 Amount (Rs.)	As on 31.03.2006 Amount (Rs.)
SCHEDULE-E : INVESTMENTS		
Long Term (Non-Trade)		
National Saving Certificates	7500	7500
(Pledged with sales tax authorities)		
TOTAL	7500	7500
SCHEDULE-F : CURRENT ASSETS, LOANS & ADVANCES		
1. Current Assets		
a) INVENTORIES		
(As taken, valued and certified by the management)		
Finished Goods	425984	513838
Stores & Consumables	—	450626
	425984	964464
b) SUNDRY DEBTORS		
Considered good		
–Outstanding over six months	—	—
–Others	25052	—
TOTAL	25052	—
c) CASH & BANK BALANCES		
Cash in hand	14764	289312
Balance with Scheduled Banks in :		
–Current Accounts	65082	40398
	79846	329710

		As on 31.03.2007 Amount (Rs.)	As on 31.03.2006 Amount (Rs.)
2.	**LOANS AND ADVANCES**		
	(Recoverable in cash or in kind or for value to be received)		
	Advances	99318	1884354
	Advance Income Tax/FBT	3200	104019
	Deposit with Government Authorities	1219632	1303132
		1322150	3291505
	TOTAL	1853032	4585679
SCHEDULE-G : CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES			
Sundry Creditors :			
—Due to Micro, Small & Medium Enterprises		284630	—
—Due to Others		1418418	2344909
Outstanding Expenses		143067	480818
Other Liabilities		707309	580091
	TOTAL	2553424	3405818
PROVISIONS			
Provisions for Gratuity		448852	561697
Provision for Fringe Benefit Tax		4200	21736
	TOTAL	3006476	3989251
SCHEDULE-H : SALES & OTHER INCOME			
Yarn Sales		47942	16290861
Job Work Income		—	289251
Claims & Discount received		—	302603
Misc. Income		164200	1189909
Long Term Capital Gain on Sale of Land		—	7318982
Interest Waiver on One Time Settlement of IDBI and Bank Loans		—	17883257
Profit on sale of Fixed Assets		77663	
	TOTAL	289805	43274863
SCHEDULE-I : INCREASE/(DECREASE) IN STOCKS			
Opening Stock			
Finished Goods		513838	3735061
Work in Process		—	3007509
		513838	6742570
Less : **Closing Stock**			
Finished Goods		425984	513838
Work in Process		—	—
		425984	513838
Increase/(Decrease) in Stocks		(87854)	(6228732)

	As on 31.03.2007 Amount (Rs.)	As on 31.03.2006 Amount (Rs.)
SCHEDULE-J : MANUFACTURING EXPENSES		
Consumption of Stores & Spares	—	89901
Power & Fuel	—	1245542
Consumption of Dyes and Chemicals	—	756113
Packing Material	—	373779
Repairs & Maintenance-Plant & Machinery & Others	—	38838
Insurance Premium	—	88391
Employee Welfare Expenses	—	20987
Job Work Expenses	—	47259
Water Charges	—	83568
Lease Rent	—	551466
TOTAL	—	3295845
SCHEDULE-K : ADMINISTRATIVE AND OTHER EXPENSES		
Printing and Stationery Expenses	5598	45105
Travelling & Conveyance	10689	182427
Professional & Legal Fee	58503	198759
Auditors Remuneration	16854	16836
Misc. Expenses	82928	197683
Rent, Rates & Taxes	—	52803
Telephone and Telex Expenses	54114	140455
Postage & Courier Expenses	3417	69401
Electricity and Water Charges	84888	91833
Directors Remuneration	—	90000
TOTAL	316991	1085301
SCHEDULE-L : SELLING & DISTRIBUTION EXPENSES		
Commission on Sales	—	16991
Transportation Charges	1397	731216
Rebate and Discount on Sales	—	84985
Sales Tax	5169	8105
Bad Debts	—	4832185
TOTAL	6566	5673482
SCHEDULE-M : FINANCIAL EXPENSES		
Interest on Secured Loans	247594	335212
Bank Commission and Charges	14854	16633
TOTAL	262448	351845

SCHEDULE 'N' : NOTE 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. **Impairnment of Assets**

Impairnment 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 for 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 is 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**

Currenttax 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 for last four years in textile business and accumulated losses as on 31.03.2007 had mounted to Rs. 1103.21 lacs. The company was not in a position to repay the dues of financial institutions and banks and the accounts of the company had become NPA. The business of the company had become unviable and there was no hope of revival in near future.

b. Under the circumstances mentioned above, the Board of directors in their meeting held on 29.10.2005 decided to discontinue the present business operations of the company and to sell the company's machinery & equipments and surplus land to repay the dues of financial institution/banks as and when it could realise reasonable value.

c. 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. 38305150
Estimated Recoverable Amount	Rs. 16871500
Impairment Loss Provided	Rs. 21433650

3. Deferred Tax

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

4. **Contingent Liability** **Amount (Rs. in Lacs)**

		31.03.2007	31.03.2006
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 included in Loans and 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 and there is only one business segment. Hence, no separate disclosure as required by AS-17 "SEGMENT REPORTING" is given.

6. **Due to SSI Units**

a) The names of Micro, Small scale industrial units to whom the company owes any sum which is outstanding for more than 30 days as at the balance sheet date, computed on unit wise basis are :

	Rs.
KV Chem Industries	207671
Shree Printers (P) Ltd.	28400
Swastik Corrugated Box Manufacturers	48559
	284630

b) Based on the available information, presently there are Rs. 284630/- payable to parties mentioned in the Micro, Small & Medium Enterprises Development Act 2006.

7. 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.

	2007 Rs.	2006 Rs.
8. **Auditors Remuneration**		
i. Audit fee	16,854	10,000
ii. Tax Audit Fee	—	6,836
	16,854	**16,836**
9. **Remuneration paid to Directors**		
Remuneration	—	90,000
	—	90,000

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

		2007	2006
A.	Licensed capacity (No. of Spindles)*		
	Texturising Yarn	1,296	1,296
	Twisting Yarn	2,848	2,848
	Installed Capacity (No. of Spindles)*		
	Texturising Yarn	216	1,296
	Twisting Yarn	1,728	2,848

* As certified by director and relied upon by the auditors, it being a technical matter.

		Unit	2007 Qty.	2007 Amount Rs.	2006 Qty.	2006 Amount Rs.
B.	**Production, Turnover and Stocks (Yarn)**					
	Opening Stock	(in Kg.)	5797.810	513838	33142.672	3735061
	Production	(In Kg.)		—	109562.265	—
	Sales	(In Kg.)	997.820	47942	136907.127	16290861
	Closing Stock	(In Kg.)	4799.990	425984	5797.810	513838
C.	**Details of Work in Process**					
	Opening Stock	(In Kg.)	—	—	30914.996	3007509.00
	Closing Stock	(In Kg.)	—	—	—	—
D.	**Raw Material Consumed**	(In Kg.)	—	—	78857.000	6379026
11.	C.I.F. Value of Imports			Nil		Nil
12.	F.O.B. Value of exports			Nil		Nil
13.	Expenditure in foreign currency			Nil		Nil

14. 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 related
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

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/recovered	2084000	1900048
Amount repaid	7222218	—
Outstanding		
Payable	—	—
Receivable	—	—
Unsecured loans	17319177	—

	31.03.2007	31.03.2006
15. **Earning Per Share (Accounting Standard-20)**	**Rs.**	**Rs.**
Profit/(Loss) after tax as per Profit & Loss A/c	(974381)	(24049335)
Weighted Average number of Equity Shares outstanding (Nos.)	3560700	3560700
Basic and Diluted Earning per share	(0.27)	(6.75)
Face value of shares	10.00	10.00

16. Figures of the previous year have been regrouped and rearranged to correspond to current year's classification.
17. Figures have been rounded off to the nearest rupee.
18. **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	31.03.2007		

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	Total Assets
1,27,025	1,27,025
Sources of Funds	
Paid up Capital	Reserves & Surplus
35,698	56,402
Share Application Money	Deferred Tax Liability
Nil	Nil
Secured Loans	Unsecured Loans
14,500	20,425
Application of Funds	
Net Fixed Assets	Investments
16,872	8
Net Current Assets	Misc. Expenditure
-1,153	Nil
Accumulated Losses	
1,11,299	

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

Turnover & other income	Total Expenditure
290	1,176
Profit/(Loss) Before Taxes	Profit/(Loss) After Taxes
(974)	(979)
Earning per share (Rs.) (0.27)	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)	540252
	Product description	Synthetic Filament Yarn Twisted

Signature to Schedule 'A' to 'N'

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CHARTERED ACCOUNTANTS

(NARENDER MITTAL)
PARTNER

FOR & ON BEHALF OF BOARD OF DIRECTORS
NATHMAL HIRAWAT CHAIRMAN
AMITABH HIRAWAT MANAGING DIRECTOR

Jaipur
June 30, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

		Year Ended 31.03.2007 Amount(Rs.)	Year Ended 31.03.2006 Amount (Rs.)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) Before tax & Extraordinary items	(974381)	(24049335)
	Add/(Deduct)		
	Depreciation	—	7571693
	Impairnment Loss on Fixed Assets	540670	34099822
	Misc. Expenditure Written Off	—	1738690
	Interest Paid	247594	335212
	Interest Waiver on One Time Settlement of IDBI and Bank Loans	—	(17883.257)
	Capital Gain on sale of Fixed Assets	—	(7318982)
	Loss/(Profit) on sale of Fixed Assets	(77663)	1215605
	Opening Profit Before working Capital Changes	(263780)	(4290552)
	Add/(Deduct)		
	Inventories	538480	6606531
	Sundry Debtors	(25052)	6079487
	Loans & Advances	1969356	(71457)
	Current Liabilities	(986975)	(6464738)
	Cash Generated from Operations	1232029	1859271
	Interest Paid	(247594)	(335212)
	Net Cash from Operating Activities	984435	1524059
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Investment in Fixed Assets	—	(353803)
	Net realisation from Fixed Assets	9265493	17262024
	Interest Waiver on One Time Settlement of IDBI and Bank Loans	—	17883257
	Net Cash used in Investing Activities	9265493	34791478
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Borrowings (Net)	—	(56840744)
	Increase in Capital Reserve	—	42451051
	Increase/(Decrease) in Unsecured Loans	(3032858)	7226506
	Increase/(Decrease) in Working Capital Loans	(7466934)	(29226006)
	Net Cash in the course of Financing Activities	(10499792)	(36389193)
	Net Changes in Cash and Cash Equivalents (A+B+C)	(249864)	(73656)
	Cash and Cash Equivalents As at 1st April, 2006 (Opening Balance)	329710	403366
	Cash and Cash Equivalents as at 31st March, 2007 (Closing Balance)	79846	329710

IN TERMS OUR REPORT OF EVEN DATE
FOR R. MOHNOT & CO.
CHARTERED ACCOUNTANTS

(NARENDER MITTAL)
PARTNER
Jaipur, June 30, 2007

FOR & ON BEHALF OF BOARD OF DIRECTORS
NATHMAL HIRAWAT — CHAIRMAN
AMITABH HIRAWAT — MANAGING DIRECTOR

TEAR HERE

RISHAB SPECIAL YARNS LIMITED
JAIPUR

L.F. No.	
No. of Shares held	

ATTENDANCE CARD

We hereby record my/our presence at the Nineteenth Annual General Meeting of the Company held at 2070, Rasta Bara Gangore, Jaipur-302 003 on Thursday, 27th September, 2007 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, theproxy mustbe 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 referenceat the meeting.

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Jaipur - 302 003.

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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 27th day of september, 2007 and at any adjournment thereof.

Signed on the .... day of .... 2007.

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.*