

20th
Annual Report
2007-2008

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 twentieth Annual General Meeting of the Company will be held on Saturday, the 27th December, 2008 at 12.00 Noon at the Registered Office of the Company at 2070, Rasta Bara Gangore, Jaipur-302 003 (Rajasthan) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt audited Balance Sheet as at 31st March 2008 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 Nath Mall Hirawat, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri Pradeep Loiwal, who retires by rotation and is eligible for reappointment.
4. To appoint auditors and fix their remuneration.

Registered Office :

2070, Rasta Bara Gangore,

Jaipur-302003

Dated : 05.11.2008

(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 24th to 27th December, 2008 (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 Nath Mall Hirawat (Born on 11.2.1930)

Education : Class-IX
Experience : 52 years in business
Other directorships : 3
Committee membership : 3

2. Shri Pradeep Loiwal (Born on 12.06.1957)

Education : B.E.
Experience : 30 years in business
Other directorships : 1
Committee membership : Nil

DIRECTOR'S REPORT

To
The Members of
RISHAB SPECIAL YARNS LIMITED
JAIPUR

Your directors herewith present the Twentieth Annual Report together with Audited Statement of Accounts of the Company for the year ended on 31st March, 2008.

	Amount in rupees	
	2008	2007
FINANCIAL RESULTS		
Profit/(Loss) before depreciation misc. expenses w/off & taxes	(1732579)	(974380)
Less : Depreciation	—	—
Less : Misc. Exp. W/off	—	—
Provision for Taxation	—	4200
Profit/(Loss) after tax	(1732579)	(978580)
Balance Brought forward from the last year	(111299116)	(110320536)
Balance Carried to Balance Sheet	(113031695)	(111299116)

PERFORMANCE

Due to financial constraints and continued cash losses, manufacturing activities stand discontinued. Company is yet to clear the dues of M/s. Kalaptaru Constructions Overseas Private Limited and is making earnest efforts to do so. The Company is utilizing the proceeds of 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 dematerialisation are yet to be completed. As soon as this is done trading of company's shares shall commence in demat form.

DIRECTORS

Shri Nath Mall Hirawat & Shri Pradeep Loiwal, 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 : 05.11.2008

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	3	Yes	1	—	—

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

Audit Committee

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

The composition of the audit committee and details of meeting attended by members thereof are as follows :

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

During the year under review, the audit committee met 5 times and its meetings were also attended by the Managing Director and the Statutory Auditors.

The Chairman of the audit committee along with other members attended the last Annual General Meeting of the company held on 27th Sept., 2007.

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 its Director. The company has not paid any remuneration to the Managing Director of the company.

Share Holders/Investors Grievances

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

Besides seeking general information like pertaining to status of Company, listing of shares of the Company, Price of the Share quoted at Stock Exchanges, reasons of non trading of Companies Shares, position of dematerialisation 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 31.03.2008.

During the year 6 meetings of share transfer committee/investor's grievance committee were held and 1600 shares of 15 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
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	—
19th AGM	27.09.2007	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 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 :**20th Annual General Meeting :**

Date & Time	:	27th December, 2008 at 12.00 Noon
Venue	:	2070, Rasta Bara Gangore, Jaipur-302003.
Financial Calendar for the year 2007-08		
Financial Year	:	1st April 2008 to 31st March, 2009.
First Quarter Results	:	Fourth Week of July, 2008
Second Quarter Results	:	Fourth Week of October, 2008
Third Quarter Results	:	Fourth Week of January, 2009
Yearly results (unaudited)	:	Fourth Week of May, 2009
Date of Book Closure : (Both days inclusive)		24th December to 27th December, 2008
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, 2006-07, 2007-08 and 2008-09.

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, 2008.

Shareholding No.		No. of Shareholders		Shares Held	
From	To	Number	% of Total	No. of Shares	% of Shares
1	500	13567	98.020	1647330	46.264
501	5,000	242	1.748	303510	8.524
5,001	10,000	10	0.072	75560	2.122
10,000	& above	22	0.159	1534300	43.090
TOTAL		13841	100.000	3560700	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, 2006-07 and 2007-08.

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, 2008 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company 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, 2008.

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
(NARENDRA MITTAL)
PARTNER

PLACE : JAIPUR

DATED : 05.11.2008

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

C. FOREIGN EXCHANGE EARNING AND OUTGO :

No income or expense in Foreign Exchange was recorded.

AUDITORS' REPORT

To the Members

Rishab Special Yarns Limited, Jaipur

We have audited the attached balance sheet of Rishab Special Yarns Limited as at 31st March, 2008, 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 unviability of the business, the management discontinued the business operations of the company and sold entire remaining plant & machinery & misc. fixed assets except for land & building during the year. These factors, alongwith other matters as set forth in the Note No. 2 may enable the company to continue as a going concern.
- (g) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and subject to para (f) above, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i. in the case of balance sheet, of the state of affairs as at 31st March, 2008; 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

Dated : 05.11.2008

ANNEXURE TO THE AUDITOR'S REPORT

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

To the Members of

Rishab Special Yarns Limited

Jaipur

- i. a) As informed by the management, the proper records of fixed assets showing full particulars including quantitative details and location of fixed assets are under updation and compilation.
- b) As explained to us, the fixed assets have been physically verified by the management during the year at regular intervals, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) The company has decided to discontinue the present manufacturing operations of the company due to non viability and has disposed off the entire plant & machinery of the company. Accordingly, the going concern status of the company has been affected.
- ii. a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to information and explanation given to us, the procedures of physical verification of the company are reasonable and adequate having regard to the size of the company and nature of its business.
- c) In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on such verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- iii. a) The company has 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 two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2,19,71,727/- and the year end balance of loans taken from such parties was Rs. 2,09,10,727/-. As the loans are interest free and repayable on demand, sub clause (f) and (g) are not applicable.
- iv. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase and also for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. As explained to us, there has not been any transaction required to be entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5,00,000/- or more in respect of each such party.
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the Rules framed there under are not applicable. In company's case, no order has been passed by the Company Law Board or National Company Law Tribunal or any court or any other tribunal. As informed to us, no order has been passed by the Company Law Board.
- vii. As explained to us, in view of no business activities, no internal audit was carried out.
- viii. As explained to us, there was no manufacturing activity during the year, as such the clause regarding maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 is not applicable.
- ix. a) The company is generally regular in depositing undisputed statutory dues including provident fund,

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 explanations given to us, as at 31st March, 2008, 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 which have not been deposited on account of any dispute. However, in the case of excise duty and Cess the particulars on account of dispute are reported herein below :

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

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

Jaipur

Dated : 05.11.2008

BALANCE SHEET AS ON 31ST MARCH, 2008

	Schedule No.	As on 31.03.2008 Amount (Rs.)	As on 31.03.2007 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	6000000	14500000
b) Unsecured Loans		<u>21316087</u>	<u>20424537</u>
GRAND TOTAL		<u>119416222</u>	<u>127024672</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	D	20530802	83995556
b) Less Depreciation		(6459753)	(45690406)
c) Less : Provision for Impairment of assets		<u>(7350058)</u>	<u>(21433650)</u>
d) Net Block		6720991	16871500
2. INVESTMENTS	E	7500	7500
3. CURRENT ASSETS, LOANS & ADVANCES	F		
a) Inventories		425984	425984
b) Sundry Debtors		25052	25052
c) Cash and Bank Balances		118388	79846
d) Loans and Advances		<u>1863884</u>	<u>1322150</u>
		2433308	1853032
4. LESS : CURRENT LIABILITIES & PROVISIONS	G	<u>2777272</u>	<u>3006476</u>
5. NET CURRENT ASSETS		(343964)	(1153444)
6. PROFIT & LOSS ACCOUNT		<u>113031695</u>	<u>111299116</u>
GRAND TOTAL		<u>119416222</u>	<u>127024672</u>
7. NOTES ON ACCOUNTS	K		

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

(NARENDER MITTAL)
PARTNER

Jaipur

Dated : 05.11.2008

FOR & ON BEHALF OF BOARD OF DIRECTORS
NATHMAL HIRAWAT CHAIRMAN

AMITABH HIRAWAT

MANAGING DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule No.	As on 31.03.2008 Amount (Rs.)	As on 31.03.2007 Amount (Rs.)
INCOME			
Sales & Other Income	H	358680	289805
Increase/(Decrease) in Stock	I	—	(87854)
	TOTAL	358680	201951
EXPENDITURE			
Excise Duty		—	5041
Employee Remuneration and Benefits		—	44615
Administrative and Other Expenses	J	299023	586005
Impairment Loss on Fixed Assets		—	540670
Loss on Sales of Fixed Assets		1792236	—
	TOTAL	2091259	1176331
Profit/(Loss) for the year before tax		(1732579)	(974380)
Less : Provision for Tax			
—Income Tax		—	—
—Fringe Benefit tax		—	(4200)
Net Profit/(Loss) after Tax		(1732579)	(978580)
Balance brought forward from last year		(111299116)	(110320536)
Balance Carried to Balance Sheet		(113031695)	(111299116)
NOTES ON ACCOUNTS	K		

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

(NARENDER MITTAL)
PARTNER

Jaipur

Dated : 05.11.2008

FOR & ON BEHALF OF BOARD OF DIRECTORS
NATHMAL HIRAWAT CHAIRMAN

AMITABH HIRAWAT MANAGING DIRECTOR

	As on 31.03.2008 Amount (Rs.)	As on 31.03.2007 Amount (Rs.)
SCHEDULE-A : SHARE CAPITAL		
AUTHORISED CAPITAL		
60,00,000 Equity Shares of Rs. 10/- each	60000000	60000000
	<u>60000000</u>	<u>60000000</u>
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
35,60,700 Equity Shares of Rs. 10/- each	35607000	35607000
Less : Allotment money in arrears	(18500)	(18500)
Add : Shares Forfeited	109000	109000
TOTAL	<u>35697500</u>	<u>35697500</u>
SCHEDULE-B : RESERVES & SURPLUS		
<u>General Reserve</u>		
Balance as per last Balance Sheet	13951584	13951584
<u>Capital Reserve</u>		
Balance as per last Balance Sheet	42451051	42451051
TOTAL	<u>56402635</u>	<u>56402635</u>
SCHEDULE-C : SECURED LOANS		
2. Kalpataru Constructions Overseas Pvt. Ltd.	6000000	14500000
(Secured by hypothecation and mortgage to be created on all the properties of the company situated at Ambaji Industrial Area, Abu Road District Sirohi.)		
TOTAL	<u>6000000</u>	<u>14500000</u>

SCHEDULE-D : FIXED ASSETS

Amount (Rs.)

20th Annual Report

2007-2008

(16)

S.No.	Particulars	Gross Block				Depreciation				Impairment Loss				Net Block	
		As at 01.04.07	Additions during the Year	Deductions/ Transfer during the Year	Total As at 31.03.08	As at 01.04.07	During the Year	Written Back/ Transfer	Total As at 31.03.08	As at 01.04.07	During the Year	Written Back/ Transfer	Total 31.03.08	As at 31.03.08	As at 31.03.07
1.	Lease Hold Land	2894929	—	213614	2681315	—	—	—	—	—	—	—	—	2681315	2894929
2.	Building	18406882	—	575395	17831487	6453753	—	—	6453753	7348058	—	—	7348058	4029676	4605071
3.	Plant & Machinery	52040153	—	52040153	—	32547186	—	32547186	—	11492967	—	11492967	—	—	8000000
4.	Electrical Installation	3572227	—	3572227	—	2103668	—	2103668	—	1168559	—	1168559	—	—	300000
5.	Weighing Scale	187605	—	187605	—	101953	—	101953	—	65652	—	65652	—	—	20000
6.	Lab Equipments	140943	—	140943	—	108889	—	108889	—	12054	—	12054	—	—	20000
7.	Fire Fighting Equipments	5397	—	5397	—	3216	—	3216	—	681	—	681	—	—	1500
8.	Furniture & Fixtures	553613	—	535613	18000	410809	—	404809	6000	117804	—	115804	2000	10000	25000
9.	Office Equipments	586519	—	586519	—	293322	—	293322	—	263197	—	263197	—	—	30000
10.	Boiler	4073829	—	4073829	—	2482690	—	2482690	—	766139	—	766139	—	—	825000
11.	Misc. Fixed Assets	589310	—	589310	—	240771	—	240771	—	198539	—	198539	—	—	150000
12.	Computers	944149	—	944149	—	944149	—	944149	—	—	—	—	—	—	—
	Total	83995556	—	63464754	20530802	45690406	—	39230653	6459753	21433650	—	14083592	7350058	6720991	16871500
	Previous Year	146901512	—	62905956	83995556	86201690	—	40511284	45690406	34099822	540670	13206842	21433650	16871500	26600000

	As on 31.03.2008 Amount (Rs.)	As on 31.03.2007 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	425984
	425984	425984
b) SUNDRY DEBTORS		
Considered good		
—Outstanding over six months	25052	—
—Others	—	25052
TOTAL	25052	25052
c) CASH & BANK BALANCES		
Cash in hand	116955	14764
Balance with Scheduled Banks in :		
—Current Accounts	1433	65082
	118388	79846
2. LOANS AND ADVANCES		
(Recoverable in cash or in kind or for value to be received)		
Advances	99318	99318
Advance Income Tax/FBT	118185	3200
Deposit with Government Authorities	1646381	1219632
	1863884	1322150
TOTAL	2433308	1853032
SCHEDULE-G : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors :		
—Due to Micro, Small & Medium Enterprises	284630	284630
—Due to Others	1527529	1418418
Outstanding Expenses	158215	143067
Other Liabilities	379217	707309
	2349591	2553424
PROVISIONS		
Provisions for Gratuity	427681	448852
Provision for Fringe Benefit Tax	—	4200
TOTAL	2777272	3006476

	As on 31.03.2008 Amount (Rs.)	As on 31.03.2007 Amount (Rs.)
SCHEDULE-H : SALES & OTHER INCOME		
Yarn Sales	—	47942
Claims received	81801	—
Misc. Income	—	164200
Sundry balance Written off	71500	—
Profit on sale of Fixed Assets	—	77663
Gain on acquisition of Land by State Government	205379	—
TOTAL	358680	289805

SCHEDULE-I : INCREASE/(DECREASE) IN STOCKS**Opening Stock**

Finished Goods	425984	513838
Less : Closing Stock		
Finished Goods	425984	425984
Increase/(Decrease) in Stocks	—	(87854)

SCHEDULE-J : ADMINISTRATIVE AND OTHER EXPENSES

Sales tax demand	24036	5169
Printing and Stationery Expenses	18565	5598
Travelling & Conveyance	5110	10689
Professional & Legal Fee	45220	58503
Auditors Remuneration	16854	16854
Stock Exchange Listing Fees	30300	82928
Telephone and Telex Expenses	30794	54114
Postage & Courier Expenses	2252	3417
Electricity and Water Charges	47696	84888
Economic Rent & Service charges	21980	—
Advertisement & Publicity	14445	—
Misc. Expenses	25049	1397
Excise Duty Penalty	10000	—
Interest on Secured Loans	—	247594
Bank Commission and Charges	6722	14854
TOTAL	299023	586005

SCHEDULE 'K' : 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. Impairment of Assets

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

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

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

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

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

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

3. Deferred Tax

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

4. Fring Beneit Tax

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

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

		31.03.2008	31.03.2007
a)	In respect of Cess demanded by Textile Committee under the Textile Committee (Cess) Rules, 1975, for the period from 1989 to 1997, against which company has filed writ petition of Raj. High Court for holding the levy of Cess and for setting aside the demand (Rs. 400000/- deposited under protest & Rs. 426749/- retained as security against the demand by The Office of NHAI land acquisition, Abut Road which is 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

6. 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.

7. Due to Micro, Small & Medium Enterprises

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
	<u>284630</u>

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

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

2008	2007
Rs.	Rs.

9. Auditors Remuneration

i. Audit fee

16,854	16,854
<u>16,854</u>	<u>16,854</u>

10. Remuneration paid to Directors

Remuneration

NIL	NIL
-----	-----

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

A. Licensed capacity (No. of Spindles)		2008		2007	
Texturising Yarn		1,296		1,296	
Twisting Yarn		2,848		2,848	
Installed Capacity (No. of Spindles)					
Texturising Yarn		NIL		1,296	
Twisting Yarn		NIL		2,848	
	Unit	2008 Qty.	2008 Amount Rs.	2007 Qty.	2007 Amount Rs.
B. Production, Turnover and Stocks (Yarn)					
Opening Stock	(in Kg.)	4799.99	425984	5797.81	513838
Production	(In Kg.)	—	—	—	—
Sales	(In Kg.)	—	—	997.82	47942
Closing Stock	(In Kg.)	4799.99	425984	4799.99	425984
C. Raw Material Consumed		(In Kg.)	—	—	—
12. C.I.F. Value of Imports			Nil		Nil
13. F.O.B. Value of exports			Nil		Nil
14. Expenditure in foreign currency			Nil		Nil
15. Disclosure as required by Accounting Standard-18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are as follows :					
a) Relationship					
i. Key Management Personnel & their relatives					
Mr. Amitabh Hirawat (Managing Director)					
Mr. Nathmal Hirawat, Chairman					
Smt. Padam Devi Hirawat					
ii. Enterprises owned or significantly influenced by key management personnel or their relatives where transactions have taken place :					
Shashwin Textiles Limited					
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 :					
RELATED PARTIES					
Nature of Transactions		Referred in a(i) above		Referred in a(ii) above	
Finance					
Amount taken		6343550		—	
Amount repaid		2752000		—	
Outstanding					
Payable		—		—	
Receivable		—		—	
Unsecured loans		20910727		—	
		31.03.2008		31.03.2007	
16. Earning Per Share (Accounting Standard-20)		Rs.		Rs.	
Profit/(Loss) after tax as per Profit & Loss A/c		(1732579)		(974380)	
Weighted Average number of Equity Shares outstanding (Nos.)		3560700		3560700	
Basic and Diluted Earning per share		(0.49)		(0.27)	
Face value of shares		10.00		10.00	

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

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

19. Additional information pursuant to Part IV of Schedule VI to the Companies act, 1956 :

Balance sheet Abstract and Company's General Business Profiles

1.	Registration Details				
	Registration No.	4067	State Code		17
	Balance Sheet Date	31.03.2008			
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		
	1,19,416		1,19,416		
	Sources of Funds				
	Paid up Capital		Reserves & Surplus		
	35,698		56,403		
	Share Application Money		Deferred Tax Liability		
	Nil		Nil		
	Secured Loans		Unsecured Loans		
	6,000		21,316		
	Application of Funds				
	Net Fixed Assets		Investments		
	6,721		8		
	Net Current Assets		Misc. Expenditure		
	(344)		Nil		
	Accumulated Losses				
	1,13,032				
4.	Performance of Company (Amount in Rs. Thousands) :				
	Turnover & other income		Total Expenditure		
	359		2,091		
	Profit/(Loss) Before Taxes		Profit/(Loss) After Taxes		
	(1733)		(1733)		
	Earning per share (Rs.)	(0.49)	Dividend Rate (%)	(Nil)	
5.	Generic names of principal products/services of the Company				
a.	Item code (ITC Code)		540232		
	Product description		Synthetic Filament Yarn Texturised		
b.	Item Code (ITC Code)		540232		
	Product description		Synthetic Filament Yarn Twisted		

Signature to Schedule 'A' to 'K'

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

FOR & ON BEHALF OF BOARD OF DIRECTORS
NATHMAL HIRAWAT CHAIRMAN

AMITABH HIRAWAT MANAGING DIRECTOR

(NARENDER MITTAL)
PARTNER

Jaipur

Dated : 05.11.2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year Ended 31.03.2008 Amount(Rs.)	Year Ended 31.03.2007 Amount (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before tax & Extraordinary items	(1732579)	(974381)
Add/(Deduct)		
Depreciation	—	—
Impairment Loss on Fixed Assets	—	540670
Interest Paid	—	247594
Gain on acquisition of Land by State Government	(205379)	—
Loss/(Profit) on sale of Fixed Assets	1792236	(77663)
Opening Profit Before working Capital Changes	(145722)	(263730)
Add/(Deduct)		
Inventories	—	538480
Sundry Debtors	—	(25052)
Loans & Advances	(541734)	1969356
Current Liabilities	(229204)	(986975)
Cash Generated from Operations	(916660)	1232029
Interest Paid	—	(247594)
Net Cash from Operating Activities	(916660)	984435
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Fixed Assets	—	—
Net realisation from Fixed Assets	8563652	9265493
Net Cash in the Investing Activities	8563652	9265493
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)	(8500000)	—
Increase/(Decrease) in Unsecured Loans	891550	(3032858)
Increase/(Decrease) in Working Capital Loans	—	(7466934)
Net Cash in the course of Financing Activities	(7608450)	(10499792)
Net Changes in Cash and Cash Equivalents (A+B+C)	38542	(249864)
Cash and Cash Equivalents As at 1st April, 2007 (Opening Balance)	79846	329710
Cash and Cash Equivalents as at 31st March, 2008 (Closing Balance)	118388	79846

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

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

(NARENDER MITTAL)
PARTNER
Jaipur
Dated : 05.11.2008

TEAR HERE
RISHAB SPECIAL YARNS LIMITED
JAIPUR

L.F. No.
No. of Shares held

ATTENDANCE CARD

We hereby record my/our presence at the Twentieth Annual General Meeting of the Company held at 2070, Rasta Bara Gangore, Jaipur-302 003 on Saturday, 27th December, 2008 at 12.00 Noon.

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

NOTES :

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

PRINTED AT :
Shree Printers
Jaipur - 302003

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RISHAB SPECIAL YARNS LTD.

2070, Rasta Bara Gangore,

Jaipur - 302 003.

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

L.F. No.
No. of Shares held

FORM OF PROXY

I/We of in the district of being a member/members of the above named Company hereby appoint of in the 27th day of December, 2008 and at any adjournment thereof. Signed on the day of 2008.

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.