

**RISHAB
SPECIAL
YARNS
LIMITED
JAIPUR**

17th *Annual Report*

Report **2004-2005** [junction.com](http://www.reportjunction.com)

BOARD OF DIRECTORS
SHRI NATHMALL HIRAWAT
SHRI AMITABH HIRAWAT
SMT. PADAM DEVI HIRAWAT
SHRI CHANDRA MOHAN KHADELWAL
SHRI K. CHANDRASHEKAR

AUDITORS
M/S R. MOHNOT & CO.
CHARTERED ACCOUNTANTS

BANKERS
STATE BANK OF BIKANER & JAIPUR
PUNJAB NATIONAL BANK

REGISTERED OFFICE
2070, RASTA BARA GANGORE
JAIPUR-302 003

WORKS :

UNIT-1 : E-38-39, AMBAJI INDUSTRIAL AREA, ABU ROAD - 307 026
UNIT-2 : B-130, AMBAJI INDUSTRIAL AREA, ABU ROAD - 307 026
UNIT-3 : GALA NO. 35-38, MAUJI KHONI, BHIWANDI, THANE

17th Annual Report**2004-2005****NOTICE**

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Thursday, the 15th December, 2005 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 2005 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 auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution :

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309 read with the Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval for the re-appointment of Mr. Amitabh Hirawat, Managing Director of the Company for a period of 5 years w.e.f. 1st February 2006 and on the terms and conditions as regard to remuneration and perquisites set out in the explanatory statement and with further discretion to the Board of Directors to alter from time to time the said terms in such manner as it may deem fit in the best interest of the Company with limitations in that behalf contained in Schedule XIII of the said Act."

5. To consider and if though ft to pass the following resolution with or without modification as an Ordinary Resolution :

"RESOLVED THAT Shri Sushil Kumar Jalan, who was appointed as an additional Director and who holds such office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 108 of the Company's Articles of Association and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company, liable to retire by rotation."

Registered Office :

2070, Rasta Bara Gangour,
Johri Bazar,
Jaipur-302003

(DILIP KUMAR MORWAL)

Company Secretary

Dated : 01.10.2005

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 Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the business under Item No. 4 & 5 set out above is annexed hereto.
3. The Register of Members and Share Transfer books of the Company will remain closed from 10th December, 2005 to 15th December, 2005 (both days inclusive).
4. 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.

2004-2005**17th Annual Report**

5. The members are requested to notify change of their addresses, if any, at the Registered Office of the Company at an early date.
6. 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.
7. 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 Amitabh Hirawat. (Born on 22.10.1956)

Education	:	B.Sc., M.A. (Eng. Lt.)
Experience	:	More than 20 years in Textile Industry
Other directorships	:	5
Committee membership	:	1

2. Shri Chandra Mohan Khandelwal (Born on 14.11.1956)

Education	:	B.Com., LL.B.
Experience	:	More than 20 years in business
Other directorships	:	1
Committee membership	:	3

3. Shri Sushil Kumar Jalan (Born on 24.08.1964)

Education	:	B.Com. (Hons.), F.C.A.
Experience	:	18 years as partising C.A.
Other directorships	:	Nil
Committee membership	:	2

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 4 :**

The tenure of Managing Director is ending on 31st January 2006. The Board has considered his services very useful and his re-appointment is being recommended by the Board of Directors for a further period of 5 years w.e.f. 1st February, 2006.

Board of Directors recommends reappointment on the following terms and conditions :

Salary and Perquisites : Mr. Amitabh Hirawat will work honorary and will not avail any salary but certain perquisites as felt necessary shall be provided.

None of the Director, other than Mr. Amitabh Hirawat is concerned or interested in the resolution.

The Board recommends adoption of the resolution as proposed.

Item No. 5 :

The Board of Directors at its meeting held on 29th September 2005 has appointed Shri Sushil Kumar Jalan as an additional director of the Company. In accordance with Section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company, he holds such office upto the date of the ensuring Annual General Meeting. The Company has received a notice in writing alongwith requisite deposit from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Shyam Sunder Agarwal for the office of Director.

The Board is of the view that knowledge and experience of Shri Sushil Kumar Jalan will be of immense benefit to the Company and, therefore, recommends the resolution for the approval of the members.

Mr. Shyam Sunder Agarwal will be an independent director for the purpose of Listing Agreement requirements. Except Mr. Shyam Sunder Agarwal, none of the other Directors of the Company is in anyway concerned or interested in the said resolution.

The Board recommends adoption of the resolution as proposed.

17th Annual Report

2004-2005

DIRECTOR'S REPORT

To
The Members of
RISHAB SPECIAL YARNS LIMITED
JAIPUR

Your directors herewith in present the Seventeenth Annual Report together with Audited Statement of Accounts of the Company for the year ended on 31st March, 2005.

	Amount in rupees	
	2005	2004
FINANCIAL RESULTS		
Profit/(Loss) before depreciation misc. expenses w/off & taxes	(11301148)	(27132408)
Less : Depreciation	7842215	7834526
Less : Misc. Exp. W/off	526919	651616
Provision for Taxation	—	—
Profit/(Loss) after tax	(19670282)	(35618550)
Balance Brought forward from the last year	(66579183)	(30928030)
Balance Carried to Balance Sheet	(86249465)	(66579183)

PERFORMANCE

The Company's performance in the year 2004-2005 was not satisfactory. The Company is incurring cash losses. As you are aware that the Company has become a Sick Industrial Company, during the year the Company was registered as a Sick Industrial Company with Board of Industrial and Financial Reconstruction (BIFR) under the provisions of SIC (SP) Act, 1985. So far the matter has not been taken up by BIFR.

The Sales dropped very steeply by around 58%. Main reasons for this has been the closure of Company's two main units i.e. unit I and Unit II which are situated at Abu Road.

FUTURE PROSPECTS

The Company has entered into One Time Settlement Scheme (OTS) with Punjab National Bank for its dues. The one time settlement scheme with IDBI and SBBJ are under consideration and it is hoped that the same will be approved by them. The company shall review the future strategy once the settlement are approved.

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-IV** 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 Chandra Mohan Khandelwal, Director of the Company retired by rotation pursuant to Section 256 of the Companies Act, 1956 and being eligible offers himself for reappointment.

Shri Sushil Kumar Jalan, B.Com. (Hons.), F.C.A. joined the company as an additional director on 29th September, 2005 and now the board wants to appoint him as a regular independent director of the company. Members are requested to give their consent for the matter.

Shri K. Chandrashekar, Independent Director of the Company has resigned w.e.f. 30.09.2005. The Board express its sincere thanks & appreciation for his service rendered by him during his tenure.

AUDITORS

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

2004-2005

17th Annual Report

AUDITORS OBSERVATIONS

Replies to the Auditor's Observations in their Report are given at **Annexure-III** hereto.

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 had 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 on a going concern basis.

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-V** 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, Shareholders and Employees.

For & on behalf of the Board of Directors
(Nathmal Hirawat)

Jaipur
October 29, 2005

Chairman

ANNEXURE-I**CORPORATE GOVERNANCE REPORT**

Corporate Governance 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 5 Directors (One Non-Executive Chairman, One Managing Director and three Non-Executive Director out of which two 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 30th April, 04, 16th June, 04, 31st July, 04, 12th August, 04 at 2:00 PM, 12th August, 04 at 5:00 PM, 30th October, 2004, 31st January, 2005, 17th February, 2005, 01st March, 2005, 15th March, 2005, 31st March, 2005. 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 number of 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	11	Yes	2	3	—
Sh. Amitabh Hirawat	Managing Director	11	Yes	5	1	—
Smt. Padam Devi Hirawat	Non Executive Director	11	Yes	1	—	—
Sh. K. Chandrashekhar*	Non Executive Independent Director	3	Yes	2	1	1

17th Annual Report**2004-2005**

Sh. Chandra Mohan Khandelwal	Non Executive Independent Director	11	Yes	1	1	2
Sh. Sushil Kumar Jalan**	Non Executive Independent Director	N.A.	N.A.	N.A.	N.A.	N.A.

* Resigned on 30th September, 2005.

** Appointed on 29th September, 2005

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	7
Sh. K. Chandrashekhar*	Independent, Non Executive Member of the Committee	BSC MBA	7
Sh. Nathmall Hirawal	Non Executive Member of the Committee	9th	7
Sh. Sushil Kumar Jalan**	Non Executive Member of the Committee	B.Com. (Hons.) F.C.A.	N.A.

* Resigned on 30th September, 2005.

** Appointed on 29th September, 2005.

During the year under review, the audit committee met 7 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 30.9.2004.

Remuneration Committee

The company had constituted a remuneration committee consisting of Shri Chandra Mohan Khandelwal (Independent/ Non-Executive Director) Chairman of the Committee, Shri K. Chandrashekhar*, Shri Sushil Kumar Jalan** (Independent/ Non-Executive Director) and Shri Nathmall Hirawat (Non-Executive Chairman of the Company) as members of the Committee.

* Resigned on 30th Sept., 2005.

** Appointed on 29th Sept., 2005.

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 details of remuneration to Managing Director during the year under review is given below :

	Rs.
—Salary	180000
—Contribution to EP&FPF	21600
—Perquisites*	96757 (as per Income Tax Act)
Total	298357

Share Holders/Investors Grievances

The share holders/investors grievance committee consist of Shri Chandra Mohan Khandelwal (Independent/Non-Executive Director) as Chairman and other members are Shri Nathmall Hirawat (Non-Executive Chairman of the Company) and Shri Amitabh Hirawat (Managing Director of the Company). The committee's objectives is to attend to investors complained 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

2004-2005**17th Annual Report**

company shares, total 21 complained were received. These complaints related to non receipt of annual report & non receipt of shares after transfer/endorsement/name correction. The complaints were resolved to the satisfaction of the share holders and no complaint was pending as on 31.03.2005.

During the year 10 meetings of share transfer committee/investor's grievance committee were held and 18200 shares of 23 share holders were transferred.

Compliance Officer

Mr. Dilip Kumar Morwal

Company Secretary,

Rishab Special Yarns Limited

2070, Rasta Bara Gangore, Jaipur

Shri Vijay Yadav, Finance Executive was the compliance officer upto 28th February, 2005. As Shri Vijay Yadav resigned on 28th Feb., 2005, w.e.f. 1st March, 2005, Shri Dilip Kumar Morwal, Company Secretary has been appointed as Compliance Officer of the Company.

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

AGM/EOGM	Date	Time	Venue	No. of Special
14th AGM	28.09.2002	12 Noon	2070, Rasta Bara Gangore, Jaipur-302 003	—
EOGM	27.11.2003	12 Noon	2070, Rasta Bara Gangore, Jaipur-302 003	—
15th AGM	30.09.2003	12 Noon	2070, Rasta Bara Gangore, Jaipur-302 003	1
16th AGM	30.09.2004	12 Noon	2070, Rasta Bara Gangore, Jaipur-302 003	—
EOGM	29.11.2004	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 'O' at point 14 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 structures 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 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 :**17th Annual General Meeting :**

Date & Time : 15th December, 2005 at 12.00 Noon
Venue : 2070, Rasta Bara Gangore, Jaipur-302003.

Financial Calendar for the year 2005-06

Financial Year : 1st April 2005 to 31st March, 2006.

First Quarter Results : Fourth Week of July, 2005

Second Quarter/Half yearly Results : Fourth Week of October, 2005

Third Quarter Results : Fourth Week of January, 2006

Fourth quarter/Yearly results (unaudited) : Fourth Week of May, 2006

Dates of Book Closure : 10th December, 2005 to 15th December, 2005 (Both days inclusive)

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.

Registrar and Transfer Agents : Presently there is in house Share Transfer system at the Registered Office 2070, Rasta Bara Gangore, Jaipur-302003 The company had appointed System Support Services-209, Shivai Industrial