

20th *Annual Report*

ReportJunction.com 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

20th Annual Report**2007-2008****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,

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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

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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.

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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 | — | — |

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| | | | | | | |
|------------------------------|------------------------------------|---|-----|---|---|---|
| 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.

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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