

TWENTY THIRD ANNUAL REPORT

**2010-2011
RISHAB SPECIAL YARNS LIMITED**

BOARD OF DIRECTORS :

SHRI AMITABH HIRAWAT

SHRI CHANDRA MOHAN KHANDELWAL

SHRI PRADEEP LOIWAL

SHRI SUSHIL KUMAR JALAN

AUDITORS :

Mr. N.C. Dhadha & CO.

CHARTERED ACCOUNTANTS

REGISTERED OFFICE :

2070, RASTA BARA GANGORE

JAIPUR-302 003

NOTICE

NOTICE is hereby given that Twenty Third Annual General Meeting of the Company will be held on Monday the 11th July 2011 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 2011 and the Profit & Loss Account for the year ended on that date, along with the Reports of Directors and Auditors there on.
2. To appoint a Director in place of Shri Chandra Mohan Khandelwal, who retires by rotation and is eligible for reappointment.
3. To appoint Director in place of Shri Sushil Kumar Jalan, who retires by rotation and is eligible for reappointment.
4. To appoint auditors and fix their remuneration.

Special BUSINESS :

5. 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 2011 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."

Registered Office:
2070, Rasta Bara Gangore,
Jaipur-302003
Dated: 27/05/2011

(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 Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the business under Item No.5 set out above is annexed hereto.
3. The Register of Members and Share Transfer books of the Company will remain closed from 6th to 11th July, 2011 (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. up to the date

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.
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 Amithbh Hirawa

Date of Birth	:	22-10-1956
Date of Appointment	:	29-09-2005
Education	:	B.Sc., M.A.
Experience	:	26 Years in Textile Industry
Other Directorship	:	5
Committee membership	:	1
 2. Shri Chandra Mohan Khandelwal

Date of Birth	:	14-11-1956
Date of Appointment	:	30-09-2010
Education	:	B.Com., LL.B
Experience	:	26 Years in Business
Other Directorship	:	1
Committee membership	:	3
 3. Shri. Sushil Kumar Jalan

Date of Birth	:	24-08-1964
Date of Appointment	:	29-09-2005
Education	:	B.Com. (Hons.) F.C.A.
Experience	:	23 Years as practicing C.A.
Other Directorship	:	1
Committee membership	:	2

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No 5:

The tenure of Managing Director is ending on 31st January 2011. 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. 1 st February, 2011

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.

DIRECTOR'S REPORT

To
The Members of
RISHAB SPECIAL YARNS LIMITED
JAIPUR

The Board of Directors here with presents the Twenty Third Annual Report together with Audited Statement of Accounts of the Company for the year ended on 31st March 2011.

	Amount in rupees	
	2011	2010
FINANCIAL RESULTS		
Profit/(Loss) before depreciation misc. expenses w/off & taxes	3759331	(96000)
Less : Depreciation	417278	-
Less: Misc. Exp. W/off	-	-
Provision for Taxation	-	-
Profit/(Loss) after tax	3342053	(96000)
Balance Brought forward from the last year	(113496106)	(113400160)
Balance Carried to Balance Sheet	(110154053)	(113496106)

PERFORMANCE

Due to financial constraints, manufacturing activities stand discontinued. During the year under review company has earned a profit of Rs. 33.42 lakhs on sale of some land and building and as income of rent, the company has now been able to pay off all its secured lenders and can now look forward to a new beginning. The management is examining various options to gainfully utilize factory assets at Abu Road. Any decision is to be taken keeping in mind the locational situations and avoid pitfalls as experienced in the past.

FUTURE PROSPECTUS:

The company is considering of reviving the activity of texturising of polyester yarn (part of its earlier business) at, a new location identified by the management and also looking for utilizing existing assets gainfully. As soon as the management is able to finalize any business plans, it shall be communicate the same to the shareholders through available channels.

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 carried forward 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 and Shri. Sushil Kumar Jalan, Director of the Company retire by rotation pursuant to Section 256 of the Companies Act, 1956 and eligible offer themselves for reappointment.

AUDITORS

M/s. N.C.Dhadda & Co., Chartered Accountants, Jaipur retire at the ensuing Annual General Meeting. and being eligible for re-appointment.

ENVIRONMENT

M/s. Rishab Special Yarns Ltd. is committed to minimize the environmental impact of its operations and its products by adopting sustainable practices and continuous improvements in environmental performance.

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 have been followed along with 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 stop operations at its Abu Road Plant.

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 of 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 Auditors and Shareholders.

Jaipur

Date : 27/05/2011

For & on behalf of the Board of Directors
Managing Director

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 its operations, make disclosures and comply with various laws and regulations. Emphasis therefore is on adding value to its shareholder, investors, employees, suppliers, customers and the community at large.

WHISTLE BLOWER POLICIES:

Rishab Special Yarns Limited (RSYL) has formulated a Whistler Blower Policy. In terms of this Policy, employees of RSYL are free to raise issues, if any, on breach of any law, statute or regulations by the company and on the Accounting Policies and Procedures adopted for any area or item and report them to the Audit Committee through specified channels. This mechanism has been communicated to all employees.

Declaration for Compliance with Code of Conduct:

To the members of Rishab Special yarns Limited pursuant to clause 49 1 (D) of the Listing Agreement with the Stock Exchanges, I hereby declare that all Board Members and senior Management team of the Company have affirmed compliance with the Company's code of conduct for the financial year ended 31st March, 2011.

CEO Certifications :- In terms of clause 49 of the Listing Agreement, the Certifications by the Managing Director on the financial statements and internal control relating to financial reporting has been obtained and is part of this report as Annexure - (V) .

Board of Directors:

The Board of Directors consists of 6 Directors till 25.03.2011 and 4 Directors thereafter (One Non-Executive chairman, One Managing Director and Four Non Executive Director out of which three are independent Directors). Non Executive Chairman and one non-Executive Director has resigned from the board from 25 march 2011. 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 1 April 2010, 30 April 2010, 15 July 2010, 31 July 2010, 20 August 2010, 30 Oct.2010, 29 January 2011 and 25 March. 2011. 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 Hirawat	Non Executive Chairman	6	Yes	3	2	1
Sh. Amitabh Hirawat	Managing Director	8	Yes	5	1	-
Smt. Padam Devi Hirawat	Non Executive Director	6	Yes	1	-	-
Sh. Sushil Kumar Jalan	Non Executive Independent Director	5	No	1	2	-
Sh. Pradeep Loiwal	Non Executive Independent Director	7	Yes	1	2	1
Sh. Chandra Mohan Khandelwal	Non Executive Independent Director	8	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 focuses 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
Sh. Pradeep kumar Loiwal	Non Executive Member of the Committee	B.E.	1

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 30th September, 2010.

Remuneration Committee

The company had constituted a remuneration committee consisting of Shri Chandra Mohan Khandelwal, Shri Sushil Kumar Jalan and Shri Nathmal Hirawat as members of the Committee.

The Company does not pay any remuneration to the Non-Executive Directors of the Company. The Company has not issued stock options to any of its Directors. The Company has not paid any remuneration to the Managing Director of the company.

Share holding of the Directors in the company as on 31st march, 2011

Name of Directors	No. of Ordinary Shares Held
Shri Nathmal Hirawat	305360
Shri Amitabh Hirawat	324800
Smt. Padam Devi Hirawat	2000
Shri Chandra Mohan Khandelwal	47800
Shri Pradeep Loiwal	Nil
Shri Sushil Kumar Jalan	Nil

Share Holders/Investors Grievances

The share holders/investors grievance committee consist of Shri Chandra Mohan Khandelwal as Chairman and other members are Shri Nathmal Hirawat, Shri Pradeep Loiwal 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 Shares quoted at Stock Exchanges, reasons of non trading of Companies Shares, position of dematerialisation of company shares, total 5 complaints were received. The complaints were resolved to the satisfaction of the share holders and no complaint was pending as on 31.03.2011.

During the year 5 meetings of share transfer committee/investor's grievance committee were held and 2800 shares of 8 share holders were transferred.

Note :- Shri Nathmal Hirawat and Smt. Padam Devi Hirawat have resigned from the Board of Directors and all Committees on 25.03.2011, Shri Pradeep Loiwal was appointed as independent non-executive member of the Audit, Share-holders Grievance and Remuneration Committee.

Compliance Officer

Amitabh Hirawat-Managing 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
20th AGM	27.12.2008	12 Noon	2070, Rasta Bara Gangore, Jaipur-302003
21st AGM	21.12.2009	12 Noon	2070, Rasta Bara Gangore, Jaipur-302003
22nd AGM	30.09.2010	12 Noon	2070, Rasta Bara Gangore, Jaipur-302003

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 '11' at point 09 on "Related Party, 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 Exchange 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).