

RISHAB SPECIAL YARNS LIMITED

TWENTY FOURTH ANNUAL REPORT 2011-2012

BOARD OF DIRECTORS :

**SHRI AMITABH HIRAWAT
SHRI CHANDRA MOHAN KHANDELWAL
SHRI PRADEEP LOIWAL
SHRI KAMAL KISHORE KALANI**

AUDITORS :

**JAIN SHRIMAL & CO.
CHARTERED ACCOUNTANTS**

REGISTERED OFFICE :

**2070, RASTA BARA GANGORE
JAIPUR - 302 003**

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NOTICE

NOTICE is hereby given that Twenty Fourth Annual General Meeting of the Company will be held on Friday the 28th September 2012 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, 2012 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 Pradeep Kumar Loiwal, who retires by rotation and is eligible for reappointment.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and pass with or without modification, if any, the following Resolution as Ordinary Resolution :-

"RESOLVED THAT Shri Kamal Kishore Kalani who was appointed as Additional Director of the Company with effect from 20.07.2011 and holds office under provision of section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director and who is eligible for appointment as Director of the Company, be appointed as additional director."

5. To consider and pass with or without modifications, if any, the following Resolutions as Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 100 of Companies Act, 1956, and subject to confirmation of the High Court the Share Capital of the Company, be and is hereby reduced from Rs. 3,56,07,000/-, divided into 3560700 Shares paid up @ Rs. 10/- each to Rs.35,60,700/- divided into 356070 shares of Rs. 10/- each, and such reduction be effected by canceling 90% equity shares on pro-rata basis, as the same is not represented by the available assets."

"RESOLVED FURTHER THAT the resulting amendments be made in the Articles of Association and in the Capital Clause of the Memorandum of Association and the Board of Directors of the Company be and is hereby authorized to file a petition in the High Court for obtaining an order confirming the aforesaid reduction of Share Capital."

"RESOLVED FURTHER THAT the Managing Director/any other Director of the Company, be and is hereby authorized to sign the Petition after its due verification and take all the steps as may be necessary, including appointment of Advocate to obtain confirmation order from High Court to the reduction of share capital in terms of the aforesaid resolution."

authority/ies in this regard. 6. Special Resolution According to the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011 to be passed through Postal Ballot:

"RESOLVED THAT pursuant to provisions of Section 17, 192 A and other applicable provisions, if any, of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011, relevant provisions of the Listing Agreement (including any statutory modifications or re-enactment thereof for the time being in force) and Articles of Association of the Company, and subject to the necessary approvals, required if any, in this regard from appropriate authorities, consent of the Members of the Company be and is hereby accorded for the addition of a new sub-Clause 3 and 4 after sub-clause 2 of clause III A, as under :-

"3. To carry on either by itself or in association/joint venture with other entities, the business/activity of processing, cutting, polishing, shaping, resizing, prospecting, exploring, opening and working Mines, drill and sink shafts or wells and to pump, refine, raise, dig, quarry, make merchantable, buy, sell, import, export, and deal in, granite, marble, sand stone, diamonds, and all other precious and semi precious stones and metals and mineral products and their by-products.

4. To carry on either by itself or in association/joint venture with other entities, the business/activities related to production and recycling of, and to trade, deal in, import or export of various plastic and synthetic materials including PET, PP, HDPE, HM-HDPE, LLDPE and others and to manufacture various products of aforesaid material whether virgin or recycled."

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"RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term shall include its duly authorized committee or individual Director) be and is hereby authorized to accept such terms and conditions, alterations, suggestions, stipulations, amendments or modifications as may be required by the Registrar of Companies or such other statutory

RESOLVED FURTHER THAT the existing Memorandum and Articles of Association of the Company, duly modified as aforesaid, or as suggested by any appropriate authority and accepted by "the Board", be adopted as the Memorandum of Association of the Company.

RESOLVED FURTHER THAT the approval of the Members of the Company be and is hereby accorded pursuant to the provisions of Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956, for commencing and carrying on all or any of the new business activity/ies as included in sub-clause 3 and 4 of the Object Clause of the Company as amended above, at such time or times as "the Board" may in its absolute discretion deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to these resolutions, "the Board" be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and settle any/or all questions/ matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to these Resolutions, take further such incidental and ancillary steps in these regards, as may be considered desirable or expedient by "the Board" in the best interest of the Company and its shareholders.

7. Special Resolution According to the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011 to be passed through Postal Ballot:

"RESOLVED THAT pursuant to provisions of Sections 16, 17 & 192A of the companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011, relevant provisions of the Listing Agreement (including any statutory modifications or re-enactment thereof for the time being in force) and Articles of Association of the Company, and subject to the necessary approvals, required if any, in this regard from appropriate authorities, consent of the Members of the Company be and is hereby accorded for the addition of Sub-Clause (84) in Clause III (C) of the Memorandum of Association of the Company as under:-

"84. To carry on and generate electric power either by hydro, thermal, wind, solar, gas, diesel oil and/or any other means for self consumption and to distribute, supply and sell such power either directly or through facilities of Central/State Governments or private companies or Electricity boards to industries and to Central/State Governments and other consumers of electricity.

"RESOLVED FURTHER THAT pursuant to provisions of Section 149 (2A) of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011 and subject to such other approvals as may be necessary, approval of the Company be and is hereby accorded to the Board of Directors of the Company for commencing and undertaking all or any of the new businesses and activities as included in Sub-Clause (84) in Clause III (C) under Other Objects of the Memorandum of association of the Company, at such time or times as the Board may deem fit."

FOR AND ON BEHALF OF THE BOARD

Registered Office :

2070, Rasta Bara Ganagore,

Jaipur - 302003

Dated : 01/09/2012


(AMITABH HIRAWAT)
MANAGING DIRECTOR

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Notes :

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY 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) read with section 192 A (2) of the Companies Act, 1956, in respect of the special business is annexed here to.
3. The Register of Members and Share Transfer books of the Company will remain closed from 24th September to 28th September, 2012 (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 holidays between 11.00 a.m. and 1.00 p.m. up to the date of meeting.
5. The members are requested to notify change of their addresses, if any, at the Registered Office of the Company without any delay.
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 :

SHRI PRADEEP KUMAR LOIWAL

Date of Birth	:	12.06.1957
Date of Appointment	:	26.12.2005
Education	:	B.E.
Experience	:	34 Years in Business & Industry
Other Directorship	:	1
Committee membership	:	3

SHRI KAMAL KISHORE KALANI

Date of Birth	:	09-07-1962
Date of Appointment	:	20-07-2011
Education	:	B.Com., F.C.A.
Experience	:	27 Years in Profession
Other Directorship	:	Nil
Committee membership	:	1

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) READ WITH SECTION 192A OF THE COMPANIES ACT, 1956

ITEM NO. 4 :

Shri Kamal Kishore Kalani was appointed as an Additional Director of the Company w.e.f. 20.07.2011 in terms of section 260 of the Companies Act, 1956, and he holds the office as such upto the date of ensuing Annual General Meeting. The company has received a notice alongwith a deposit of Rs. 500/- as required by section 257 of Companies Act, 1956, from a member proposing him for appointment as a Director of the Company. The directors recommended appointment of Shri Kamal Kishore Kalani as a Director of the Company.

None of the Directors, is interested or concerned in the above resolution.

ITEM NO. 5 :

The Company has Authorised Capital of Rs. 6,00,00,000/- divided into 60,00,000 equity shares of Rs. 10/- each and paid up capital of Rs. 3,56,07,000/- divided into 35,60,700 equity shares of Rs. 10/- each (excluding 21800 shares forfeited). It has net debit balance of Rs. 9,62,02,469/- as on 31st March, 2011 and of Rs. 9,65,56,227/- as on 31st March 2012 in Profit & Loss Account. Due to accumulated losses the paid up Capital of the Company is not represented by the available assets of the Company.

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Article 6 of the Article of Association of the Company provides that Company may, subject to provisions of Companies Act, 1956, reduce the Capital in any manner by passing Special Resolution. In order to represent the existing assets in true manner, the Board of Directors while considering and approving the Scheme have recommended to reduce the Capital from Rs. 3,56,07,000/- divided into 35,60,700 equity shares of Rs. 10/- each to Rs. 35,60,700/- divided into 3,56,070 equity shares of Rs. 10/- of all existing members as on 31st August, 2012 pursuant to provisions of section 100 and other provisions applicable, if any, of Companies Act, 1956. The reduction of Capital can be approved by the Members by way of Special Resolution, however, subject to sanction by Hon'ble High Court. Resultantly the net debit balance in Profit & Loss Account as on 31.03.2012 would be reduced to Rs. 78461737/-. The Scheme of proposed reduction of Capital shall be forwarded to the relevant Stock Exchange(s) for approval at least a month before it is presented to the Hon'ble High Court for its consideration. The pre and post reduction of Capital structure and shareholding pattern of the Company is as under:-

Category	Before Reduction			After Reduction		
	No. Of Shareholders	No of Shares Held	%Age of total shareholding	No. Of Shareholders	No of Shares Held	%Age of total shareholding

A. Share holding of Promoters and Promoters group

1. Indian

(a) Individuals/HUF	12	922960	25.92	12	92296	25.92
(b) Bodies corporate	4	652000	18.31	4	65200	18.31
2. Foreign Promoters	Nil	Nil	Nil	Nil	Nil	Nil
3. Person Acting in concert	Nil	Nil	Nil	Nil	Nil	Nil
Total A	16	1574960	44.23	16	157496	44.23

B. Public Share holding

1. Non-resident Indians	3	1400	0.04	3	140	0.04
2. Bodies Corporate	12	15600	0.44	12	1560	0.44
3. Individual share holders						
(a) holding nominal share capital upto Rs. 1 Lakh	13707	1752140	49.21	13707	175214	49.21
(b) holding nominal share capital in excess of Rs.1 lakh	94	216600	6.08	94	21660	6.08
Total B	13816	1985740	55.77	13816	198574	55.77
Total A + B	13832	3560700	100.00	100.00	356070	100.00

Note:- Shares after proposed reduction are calculated and rounded off to nearest figures

The reduction of Capital as proposed shall be implemented as per directions/sanction of the Hon'ble High Court.

The Directors may be interested or concerned in the proposal to the extent equity shares are held by them.

ITEM NO. 6:

With a view to diversify the business activities the company has now identified business related to Granite cutting and polishing. The company is also evaluating production and recycling of various plastic and synthetic materials including PET, PP, HDPE, HM-HDPE, LLDPE and others and to manufacture various products of aforesaid material.

None of the Director, is concerned or interested in the resolution.

The Board recommends adoption of the resolution as proposed.

ITEM NO. 7:

The Company also intends to generate power for its captive consumption in order to minimize the cost and ensure long term competitiveness and hence the enabling provision. The Board recommends adoption of the resolution as proposed.

Note: According to Section 192 A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 20011, the Special Resolution mentioned at Point No 6 and 7 of Notice and of explanatory statement is required to be passed through Postal Ballot. Hence, the Postal Ballot is Enclosed herewith.

BY ORDER OF THE BOARD

Registered Office :
2070, Rasta Bara Gangore
Jaipur - 302003
Dated : 01/09/2012


MANAGING DIRECTOR
(AMITABH HIRAWAT)

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DIRECTORS' REPORT

TO

The Members of

RISHAB SPECIAL YARNS LIMITED

JAIPUR

The Board of Directors here with presents the Twenty Fourth Annual Report together with Audited Statement of Accounts of the Company for the year ended on 31st March, 2012.

FINANCIAL RESULTS

	Amount in rupees	
	2012	2011
Net Sales/ Income From Operations	-	-
Other Income	886000	866000
Profit/(Loss) before depreciation, finance cost, Exceptional items & taxes.	66989	329072
Less: Finance Cost	3695	-
Profit/(Loss) before depreciation, Exceptional items & taxes.	63294	329072
Less : Depreciation	417278	417278
Profit/(Loss) before exceptional items & taxes	(353984)	(88206)
Exceptional items : Profit on sale of land & building	-	3430259
Profit/(Loss) before tax	(353984)	3342053
Provision for Taxation	-	-
Profit/ (Loss) after tax	(353984)	3342053
Balance Brought forward from the last year	(110154053)	(113496106)
Balance Carried to Balance Sheet	(110508037)	(110154053)

PERFORMANCE

Due to financial constraints, manufacturing activities stood discontinued. During the year under review company has booked a loss of Rs. 3.54 lakhs, 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.

FUTURE PROSPECTS

Among others the Company is examining the possibility of putting up the Granite cutting and polishing unit, PET Bottle and Polypropylene Recycling and manufacturing of other plastics products. The proposed new activities shall be finalized and implemented based on final view of board and availability of funds. The Company intends to use available land & building for these activities, if finalized. Also, reviving of the activity of texturising of polyester yarn (part of existing business) is under consideration but deferred till change in indirect tax structure or GST regime, is made applicable, at a new location identified by the management. As soon as the management is able to finalize any business plans, it shall keep the valued shareholders informed through available mode of communications.

CORPORATE GOVERNANCE

The company has complied with all the mandatory requirements of the Corporate Governance specified under clause 49 of the listing agreement. As required by the said clause a separate report on corporate governance forms part of the

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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 the current year loss and carried forward losses, your directors are unable to declare any dividend.

FIXED DEPOSITS

The company has not accepted any fixed deposit from the public within the meaning 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 Pradeep Kumar Loiwal and Shri Kamal Kishore Kalani, Directors of the Company retire by rotation pursuant to Section 256 of the Companies Act, 1956 and being eligible offer themselves for reappointment.

AUDITORS

The firm of auditors M/s N. C. Dhadda & Co. Jaipur was dissolved and they cease to be "Auditors of the Company. To fill the casual vacancy your Board of Directors in their meeting held on 01.09.2012 appointed M/s Jain Shrimat & Co., Chartered Accountants, Jaipur as auditors of the Company to hold office of auditors till the conclusion of next Annual General Meeting. M/s Jain Shrimat & Co., Chartered Accountants, Jaipur retire on the conclusion of the Annual General Meeting of the Company and being eligible have given their consent for re-appointment. Your Directors recommend their appointment.

ENVIRONMENT

M/s. Rishab Special Yarns Ltd. is committed to minimize the environmental impact of its operations on 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 judgments 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 operation 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 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. 60,00,000/- or more per annum, if employed for whole of the year or of Rs. 5,00,000/- or more per month, if employed for part of the year.

ACKNOWLEDGEMENT

The Board gratefully acknowledges the co-operation and support given by the Shareholders, Banks, Financial Institutions and others.

Jaipur

Date : 01/09/2012

For & on behalf of the Board of Directors


Managing Director

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ANNEXURE - 1

CORPORATE GOVERNANCE REPORT

Corporate Governance Report as required by clause 49 of Listing Agreement..

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 on adding value to its shareholders, investors, employees, suppliers, customers and the community at large.

WHISTLE BLOWER POLICY:

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 report them to the Audit Committee through specified channels. This mechanism has been communicated to all employees.

Declaration for Compliance with Code of Conduct:

Pursuant to clause 49 1 (D) of the Listing Agreement with the Stock Exchanges, it is hereby declared 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, 2012.

CEO Certification:- In terms of clause 49 of the Listing Agreement, the Certification 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 4 directors (One Managing Director and Three Non Executive Directors out of which two are independent Directors). Mr. Kamal Kishore Kalani, F.C.A. has offered his candidature for joining the Board as an independent Director and Board of Directors in its meeting held on 20.07.2011 has appointed him as an independent Director in the Board and various committees of the company. Also, Mr. Sushil Kumar Jalan, independent director has resigned from the Board and Board has accepted his resignation in its meeting held on 01.08.2011. During the year Board Meetings were held on 26 May 2011, 11 July 2011, 20 July 2011, 01 August, 2011, 11 November 2011, 27 January 2012, 11 February 2012 and one resolution passed by circulation on 15 September 2011. The Board was presented with the relevant and necessary information at its meetings. The attendance of each Director 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. Amitabh Hirawat	Managing Director	6	Yes	5	1	-
Sh. Chandra Mohan Khandelwal	Non Executive Director	6	Yes	1	2	1
Sh. Pradeep Loiwal	Non Executive Independent Director	6	Yes	1	2	1
Sh. Sushil Kumar Jalan	Non Executive Independent Director	2	No	1	2	-
Sh. Kamal Kishore Kalani	Non Executive Independent Director	3	No	-	-	- 1

Note: Shri Sushil Kumar Jalan served upto 21-07-2011 and Shri Kamal Kishore Kalani was appointed from 20-07.2011.