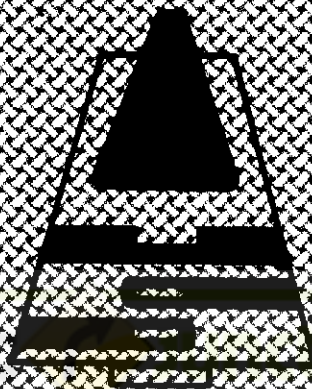


yarn syndicate limited.

Govt. Recognised Trading House



ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH 1999

YARN SYNDICATE LIMITED

REGD. OFF. 7, SAMBHU NATH MULLICK LANE, CALCUTTA-700 007

Dear Shareholder(s),

The Company has appointed

UNITED MANAGEMENT CONSULTANCY PRIVATE LIMITED
76, SHAKESPEARE SARANI
2ND FLOOR
CALCUTTA-700 017

as Registrar and Share Transfer Agent (RTA) w.e.f. 2nd August, 1999 instead of

SPS INTERNATIONAL LIMITED
DUKE'S COURT
76, SHAKESPEARE SARANI
FLAT NO. 6
CALCUTTA-700 017

Shareholders are requested to address all correspondence regarding transfer and transmission of shares and other related matters to the said Registrar and Share Transfer Agent.

Yours faithfully,

For YARN SYNDICATE LIMITED

RAJENDRA KUMAR PATODIA
Managing Director

Date : 2nd August, 1999.

Place : CALCUTTA

YARN SYNDICATE LIMITED

BOARD OF DIRECTORS

SHRI MADANLAL PATODIA, Chairman & Managing Director

SHRI KRISHNA PRASAD BAGARIA

SHRI SITA RAM SARAF

SHRI SURESH S. TODI

SHRI VIKASH SINGHAL

SHRI RAJENDRA KUMAR PATODIA, Managing Director

SHRI KAILASH CHANDRA SIOTIA, Executive Director

COMPANY SECRETARY

SHRI SUNIL KUMAR SANGANERIA

BANKERS

CANARA BANK

Overseas Branch

2/1, Russel Street, Calcutta-700 071

Report  junction.com

AUDITORS

LODHA & CO.

Chartered Accountants

14, Government Place East, Calcutta-700 069

REGISTERED OFFICE

7, Sambhu Nath Mullick Lane, Calcutta-700 007

YARN SYNDICATE LIMITED**NOTICE OF THE 53RD ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Fifty Third Annual General Meeting of the Members of the Company will be held at Patodia House, 23, Circus Avenue, Calcutta - 700 017 on Monday, the 6th day of September, 1999 at 10.00 A.M. to transact the following business :-

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date together with the Auditors' and the Directors' Reports thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Sita Ram Saraf who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Suresh S. Todi who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.
6. To appoint Branch Auditors and to fix their remuneration.

SPECIAL BUSINESS :

7. To consider, and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 the Company hereby approves the re-appointment of Shri M. L. Patodia, as Managing Director of the Company for a further period of five years with effect from 1st April, 1999 on the terms and conditions set out in the draft Agreement between the Company and Shri M. L. Patodia produced at this meeting and for the purpose of identification, initialled by the Chairman hereof."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions in accordance with the laws in force from time to time and to do all such acts, deeds, matters, and things as may be expedient for giving effect to the resolution."

- 8) To consider, and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company hereby approves and accords its consent to the revision in the remuneration and perquisites payable to Shri K. C. Siotia, Executive Director of the Company from 1st April, 1999 to 31st March, 2001 being the residual period of his existing term of five years on the terms and condition set out in the draft Agreement between the Company and Shri K. C. Siotia produced at this meeting and for the purpose of identification, initialled by the Chairman hereof."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions in accordance with the laws in force from time to time and to do such acts, deeds, matters, and things as may be expedient for giving effect to the resolution."

Registered Office :
7, Sambhu Nath Mullick Lane,
Calcutta - 700 007
Dated : the 31st day of May, 1999.

By order of the Board
For YARN SYNDICATE LIMITED
S. K. SANGANERIA
Company Secretary

YARN SYNDICATE LIMITED**NOTES :**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective, must be received by the Company at the Registered Office not less than 48 hours before the Meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos. 7 & 8 is annexed hereto and form part of the Notice.
3. The Register of Members and the Share Transfer Books shall remain closed from 30th August, 1999 to 6th September, 1999 (both days inclusive).
4. The Dividend, if declared, will be paid to those shareholders whose names appear on the Register of Members of the Company on the date of the Annual General Meeting.
5. Pursuant to Section 205 of the Companies Act, 1956 the unclaimed dividend upto Financial Year 1993-94 has been deposited in the General Revenue Account of the Central Government. Members who have not yet encashed their Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Palace, 234/4 A.J.C. Bose Road, Calcutta - 700 020.
6. Members are requested to notify of Change in address, if any, immediately to the Company quoting their folio numbers so as to enable the Company to despatch dividend warrants and any future communications at their correct address.
7. Members are requested to furnish their bank account number, name and address of the bank and type of bank account so as to enable the Company to print the details on the dividend warrants in order to avoid any loss to the members.
8. Members holding shares in identical order of names in more than one folio are requested to write to the Company to consolidate their holdings in a single folio.

ANNEXURE TO NOTICE**Explanatory Statement Pursuant To Section 173(2) of the Companies Act, 1956.****Item No. 7 :**

Shri M. L. Patodia was appointed as Managing Director of the Company for a period of 5 years with the approval of the Central Government from 01/04/1994 to 31/03/1999. In view of the amendment in Schedule XIII of the Companies Act, 1956, Shri M. L. Patodia may be re-appointed as Managing Director of the Company by the Shareholders through Special Resolution passed in General Meeting.

Shri. M. L. Patodia is associated with the Company since its inception and has a vast experience in the field of yarn & textile. In view of the foregoing, it is considered in the interest of the Company to re-appoint Shri M. L. Patodia as Managing Director of the Company for a period of five years. The Board of Directors at their meeting held on 13th March, 1999 have re-appointed him as Managing Director for a period of Five years w.e.f. 01/04/1999 on the term and conditions set out in the agreement subject to your approval. An abstract of the remuneration payable to Shri M. L. Patodia as Managing Director of the Company is given below :—

A) Salary :

Rs. 10,000/- per month.

YARN SYNDICATE LIMITED

B) Perquisites :

i) Housing :

- a) House Rent Allowance of Rs. 1,000/- Per month.
- b) The Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962 subject to a ceiling of 10% of his Salary.

ii) Medical Reimbursement :

Expenses incurred for self and family subject to a ceiling of one months' salary in a year or three months' salary over a period of three years.

iii) Leave Travel Concession :

For self and family once in a year, provided that only actual fare shall be paid to and from any place in India and no Hotel Expenses shall be paid.

- iv) Earned/Privileged leave not exceeding one month for every eleven months of service. Leave accumulated but not availed of shall not be allowed to be encashed.

- v) The Company shall provide Shri M. L. Patodia with a car and telephone facility at his residence. Provision of car for use on Company's business and telephone at his residence will not be considered as perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company.

C) i) In the case of inadequate or absence of profit, Shri M. L. Patodia, will get the same remuneration as mentioned herein above.

- ii) So long as Shri M. L. Patodia functions as the Managing Director of the Company he will not be entitled to any sitting fee for attending the meeting of the Board of Directors or any Committee thereof.

- iii) So long as Shri M. L. Patodia holds the office of the Managing Director he will not be liable to retire by rotation.

- iv) So long as Shri M. L. Patodia holds the office of the Managing Director of the Company he will not become interested or concerned in any selling agency directly or through his wife or children without prior approval of the Central Government.

- v) The appointment of Shri M. L. Patodia may be terminated by giving three months' notice by either side.

The agreement between the Company and Shri M. L. Patodia is available for inspection by the members of the Company at Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

None of the Directors except Shri M. L. Patodia and Shri R. K. Patodia is concerned or interested in the resolution.

This may be treated as an abstract of the draft Agreement made by the Company with Shri M. L. Patodia pursuant to Section 302 of the Companies Act, 1956.

The Board of Directors recommend this resolution for approval of members at this meeting.

Item No. 8 :

Shri K. C. Siotia was re-appointed as the Executive Director of the Company by the shareholders at the Annual General Meeting of the Company held on 30th September, 1996 for a period of five years from 1st April, 1996 to 31st March, 2001 on a monthly remuneration of Rs. 10,000/- plus other perquisites and benefits. The remuneration and perquisites payable to Shri K. C. Siotia was subsequently revised by shareholders at the Annual General Meeting of the Company held on 26th September, 1997.

YARN SYNDICATE LIMITED

The Board of Directors of the Company have, at their meeting held on 13th March, 1999, revised the salary and perquisites of Shri K. C. Siotia for the period commencing from 1st April, 1999 to 31st March, 2001 on the terms and conditions set out in the draft supplementary agreement entered into between the Company and Shri K. C. Siotia. The main terms and conditions are set out below :-

A) Period :

2 Years from 01.04.1999 to 31.03.2001.

B) Salary :

Rs. 20,000/- per month.

C) Perquisites :

- i) Contribution to Provident Fund as per Rules of the Company and will not be included in the Computation of ceiling in perquisites to the extent it is not taxable under the Income Tax Act.
- ii) Gratuity payable should not exceed half months' salary for each completed year of service.
- iii) Earned/Privileged leave not exceeding one month for every eleven months of service. Leave accumulated but not availed of shall not be allowed to be encashed.
- iv) The Company shall provide Shri K. C. Siotia a car and telephone facility at his residence. Provision of car for use on Company's business and telephone at his residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.

- D) i) In the case of inadequate or absence of profit, Shri K. C. Siotia, will get the same remuneration as mentioned herein above.
- ii) So long as Shri K. C. Siotia functions as the Executive Director of the Company he will not be entitled to any sitting fee for attending the meeting of the Board of Directors or any Committee thereof.
- iii) So long Shri K. C. Siotia holds the office of the Executive Director of the Company he will not become interested or concerned in any selling agency directly or through his wife or children without prior approval of the Central Government.
- iv) The appointment of Shri K. C. Siotia may be terminated by giving two months' notice by either side.
- v) Shri K. C. Siotia, even if holds the office of the Executive Director, shall be liable to retire by rotation and shall vacate the office of Executive Director if he does not get re-elected on such retirement.

The Draft Agreement between the Company and Shri K. C. Siotia is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

None of the Directors except Shri K. C. Siotia is concerned or interested in the resolution. This may be treated as an abstract of the draft Agreement made by the Company with Shri K. C. Siotia pursuant to Section 302 of the Companies Act, 1956.

The Board of Directors recommend this resolution for approval of members at this meeting.

Registered Office:
7, Sambhu Nath Mullick Lane,
Calcutta - 700 007
Dated : the 31st day of May, 1999.

By order of the Board
For YARN SYNDICATE LIMITED
S. K. SANGANERIA
Company Secretary

YARN SYNDICATE LIMITED**REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS**

Your Directors have pleasure in submitting their 53rd Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 1999.

FINANCIAL RESULTS :

	1998-99	1997-98
	Rs. in Lacs	Rs. in Lacs
Sales - Exports	4,807.26	8,340.36
Domestic	12.22	37.94
	4,819.48	8,378.30
Profit before Interest & Depreciation	145.03	423.34
Less : Interest	43.94	172.49
Depreciation	22.04	22.33
	65.98	194.82
Profit before Tax	79.05	228.52
Less : Provision for Taxation	5.00	10.00
Profit after Tax	74.05	218.52
Less : Provision for Income Tax for earlier years	1.52	—
	72.53	218.52
Add : Balance brought forward from last year	135.70	108.43
Profit available for Appropriation	208.23	326.95

Appropriations :

Transfer to General Reserve	15.00	150.00
Proposed Dividend	41.62	41.25
(includes Corporate Dividend Tax Rs. 4.12 lacs; Previous Year : Rs. 3.75 Lacs)		
Balance carried forward to next year	151.61	135.70
	208.23	326.95

DIVIDEND :

Your Directors are pleased to recommend a Dividend at the rate of Re. 1/- per Share. It along with Tax on Dividend will absorb Rs. 41.62 lacs. The Dividend, if approved at the forthcoming Annual General Meeting, will be paid to those Shareholders whose names appear on the Register of Members as on the date of the Annual General Meeting.

1998-99 IN RETROSPECT :

Your Directors wishes to put on record that due to worldwide recession the turnover of the Company were Rs. 48.19 Crores against the previous year's turnover of Rs. 83.78 Crores. In spite of international recession lower turnover, the Company has managed to have a profit before tax amounting to Rs. 79.05 Lacs.

AWARDS & RECOGNISATION :

Your Company has been awarded Golden Trophy by FIEO, the highest award among the Trading House, for its Export performance during the Year 1996-97.

Your Company has received "Golden Status certificate" from the Government of India during the year.

CURRENT YEAR'S OUTLOOK AND FUTURE PLANS :

The Country has not yet overcome the cycle of recession and the export of Cotton Yarn & textiles is continuously deteriorating. Even your Directors are hopeful to improve the Turnover & Profitability

YARN SYNDICATE LIMITED

of the Company during the Year by virtue of the goodwill created in the International Market. The Company is also exploring the possibilities of Export of other products in the international market.

PARTICULARS REQUIRED AS PER LISTING AGREEMENT WITH STOCK EXCHANGES :

The Equity Shares of the Company are listed at the Stock Exchanges at Calcutta, Mumbai, Coimbatore, Chennai and Ahmedabad and the annual listing fees has been paid in time to each of the Stock Exchanges.

PARTICULARS OF EMPLOYEES :

The Statement about employment of employees as required to be made under Section 217(2A) is given in Annexure I forming part of this report.

SUBSIDIARY COMPANIES :

YS Exports Limited, Aarkay Credit Ltd. and Prachi Credit Ltd. are the Subsidiary Companies of your Company.

As required U/S. 212 of the Companies Act, 1956, the necessary particulars as to the Subsidiaries are attached.

DIRECTORS :

Shri Sita Ram Saraf and Shri Suresh S. Todi Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO :

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 issued under Section 217(1)(e) of the Companies Act, 1956, the information in respect of Energy Conservation, Technology Absorption and Foreign Exchange earning and outgo is given in Annexure II forming part of this report.

AUDITORS :

M/s. Lodha & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

M/s. K. Ramkrishnan, Chartered Accountants, Auditors of the Company's Knitting Unit retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

M/s. Subbaraman Shankar & Co., Chartered Accountants, the Auditors of the Company's Surat Branch retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Y2K COMPLIANCE :

Your Company has taken necessary steps to ensure Y2K compliance for all its computer system. The estimated cost of Y2K compliance is not significant. The Company do not anticipate any Y2K problem.

ACKNOWLEDGEMENTS :

The Board is grateful to the Company's Banker, Canara Bank for their continued co-operation and financial assistance. The Board is thankful to the Management, Officers and Staff of Canara Bank for the prompt and timely assistance rendered by them as and when required. The Board is grateful to Reserve Bank of India, State Bank of India & United Bank of India, Burrabazar Branch, The Cotton Textiles Export Promotion Council, Textile Committee, Export Credit Guarantee Corporation of India Limited, Collector of Central Excise, Director General of Foreign Trade, New Delhi, Joint Director General of Foreign Trade, Calcutta, Registrar of Companies, West Bengal and other institutions for their kind co-operation in day to day activities of the Company. Your Directors are thankful to all the Executives and staff members of the Company for their whole hearted co-operation.

Registered Office :

7, Sambhu Nath Mullick Lane

Calcutta - 700 007

Dated : the 31st day of May, 1999.

For and on behalf of the Board

M. L. PATODIA

Chairman and Managing Director

YARN SYNDICATE LIMITED**ANNEXURE I TO THE REPORT OF THE BOARD OF DIRECTORS**

Particulars of the employees as required Under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder forming part of the Report of the Board of Directors.

Persons who worked throughout the year and entitled to receive a remuneration of Rs. 6,00,000/- or more per year or Rs. 50,000/- or more per month :

Sl. No.	Name	Age	Designation	Nature of Duties	Remuneration Rs.	Qualification & Experience	Date of Commencement	Last Employment held
1	Shri R. K. Patodia	53	Managing Director	Managing the affairs of the Company	6.37 Lacs	B.Sc. (Eng.) 29	01.04.1971	NIL

NOTES :

1. Remuneration includes Salary, Commission, Medical Expenses and Company's contribution to Provident Fund.
2. Shri R. K. Patodia is related to Shri M. L. Patodia, Chairman & Managing Director.
3. Appointment of Shri R. K. Patodia is contractual.

Registered Office :
7, Sambhu Nath Mullick Lane,
Calcutta-700 007
Dated : the 31st day of May, 1999.

For and on behalf of the Board
M. L. PATODIA
Chairman and Managing Director

