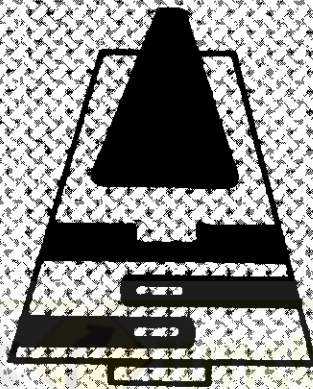


yarn syndicate limited.

Govt. Recognised Trading House



ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH 2000

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

BANKERS

CANARA BANK
Overseas Branch

2/1, Russel Street, Calcutta-700 071



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 54TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Fifty Fourth Annual General Meeting of the Members of the Company will be held at Patodia House, 23, Circus Avenue, Calcutta - 700 017 on Thursday, the 14th day of September, 2000 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, 2000 and the Profit & Loss Account for the year ended on that date together with the Auditors' and the Directors' Reports thereon.
2. To appoint a Director in place of Shri Krishna Prasad Bagaria who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Kailash Chandra Siotia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.
5. To appoint Branch Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provision of Section 163 of the Companies Act, 1956, approval be and is hereby accorded to the keeping of the Register of Members, Index of Members and copies of all Annual Returns together with the copies of certificates and documents required to be annexed thereto with the Company's Transfer Agents, M/s. United Management Consultancy Private Limited, 76, Shakespeare Sarani, 2nd Floor, Calcutta-700 017."

7. Change in Articles of Association by virtue of the amendment in the Companies Act and Introduction of Depositories Act.

To consider, and if thought fit, to pass with or without modification(s), the following resolutions as a *Special Resolution* :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approvals, consents, permissions and sanctions, as may be necessary from the appropriate Authorities and Bodies, the Articles of Association of the Company, be and is hereby altered in the following manner and to the extent, set out below :

Insert the following heading and Article as Article 43A after Article 43

DEMATERIALIZATION :

For the purpose of this Article :

1. DEFINITIONS

- a) "Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996.
- b) "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- c) "Depositories Act" means the Depositories Act, 1996, including any statutory modification or re-enactment thereof for the time being in force.
- d) "Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.
- e) "Depository" shall mean a Depository as defined under clause (e) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.
- f) "Member" means the duly registered holder from time to time of the Shares of the Company and includes every person whose name is entered as a beneficial owner in the records of the Depository.
- g) "Issuer" means any person making an issue of Securities.
- h) "Participant" means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

YARN SYNDICATE LIMITED

- i) "Registered owner" means a depository whose name is entered as such in the Register of the issuer.
- j) "Record" includes the records maintained in the form or books or stored in computer or in such other form as may be determined by regulation made by SEBI in relation to the Depositories Act.
- k) "Regulations" means the regulations made by the SEBI.
- l) "Security" means such security as may be specified by the SEBI.
- m) "Words and expression" used and not defined in the Act but defined in the Depositories Act shall have the same meanings respectively assigned to them in that Act.

2. DEMATERIALISATION OF SECURITIES

Notwithstanding anything to the contrary or inconsistent contained in the Act or these Articles, the Company shall be entitled to Dematerialise its existing securities, rematerialise its securities, held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act and the Rules framed thereunder, if any.

3. COMPANY TO RECOGNISE INTEREST IN DEMATERIALISED SECURITIES UNDER DEPOSITORIES ACT

Either the Company or the investor may exercise an option to issue, deal to hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

4. OPTION FOR INVESTORS

Every person acquiring / subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of the information, the depository shall enter in its records the name of the allottee as the beneficial owner of the security.

5. SECURITIES IN DEPOSITORIES TO BE IN FUNGIBLE FORM

All securities of the Company held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, 372 and 372A of the Companies Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

6. RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS

- a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.
- b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

7. BENEFICIAL OWNER DEEMED AS ABSOLUTE OWNER

Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust of equitable, contingent, future or partial interest in any share, or (except only as is by these Articles

YARN SYNDICATE LIMITED

otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof, but the Board shall be at their sole discretion to register any share in the Joint names of any two or more persons or the survivor or survivors of them.

8. **DEPOSITORY TO FURNISH INFORMATION**

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by the by-laws and the Company in that behalf.

9. **CANCELLATION OF CERTIFICATES UPON SURRENDER BY A PERSON**

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

10. **OPTION TO OPT OUT IN RESEPECT OF ANY SECURITY**

If a beneficial owner seek to opt out of a Depository in respect of any security and beneficial owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

11. **SERVICE OF DOCUMENTS**

Notwithstanding anything in the Act or these Articles to the Contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

12. **PROVISIONS OF ARTICLES TO APPLY TO SECURITIES HELD IN DEPOSITORY**

Except as specifically provided in these Articles, the provisions relating to Joint holders of Securities, Calls, Lien on Securities forfeiture, Transfer and Transmission of Securities shall be applicable to Securities held in Depository so far as they apply to Securities held in physical form subject to the provisions of the Depository Act.

13. **ALLOTMENT OF SECURITIES DEALT WITHIN A DEPOSITORY**

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

14. **DISTINCTIVE NUMBER OF SECURITIES HELD IN A DEPOSITORY**

The Securities in the Capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form, except in the manner herein before mentioned. No securities shall be sub-divided. Every forfeited or surrendered securities held in material form shall continue to bear the number by which the same was originally distinguished.

15. **REGISTER AND INDEX OF BENEFICAL OWNERS**

The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debenture holder in accordance with Section 151 and 152 of the Act respectively, and the Depositories Act, with details of Shares and Debentures held in material and dematerialised forms in media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be for the purpose of the Act. The Company shall have the power to keep in any State or Country outside India a Branch Register of Members resident in that State of Country.

YARN SYNDICATE LIMITED**16. REGISTER OF TRANSFERS**

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every Transfer or Transmission of any Securities held in material form.

17. OVERRIDING EFFECT OF THIS ARTICLE

Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Article of these presents.

Registered Office :
7, Sambhu Nath Mullick Lane,
Calcutta - 700 007
Dated : the 30th day of June, 2000.

By order of the Board
For YARN SYNDICATE LIMITED
M. L. PATODIA
Chairman & Managing Director

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 not less than 48 hours before the Meeting.
2. The Register of Members and the Share Transfer Books shall remain closed from 1st September, 2000 to 14th September, 2000 (both days inclusive).

ANNEXURE TO NOTICE**Explanatory Statement Pursuant To Section 173(2) of the Companies Act, 1956.****Item No. 6 :**

Under the provisions of the Companies Act, 1956 the Register and Index of Members and copies of all Annual Returns together with the copies of certificates and documents required to be annexed thereto are required to be kept at the Registered Office of the Company or with the approval of the Members at any other place within the city, town or village in which the Registered Office is situated. The Company has appointed M/s. United Management Consultancy Private Limited, having their Office at 76, Shakespeare Sarani, 2nd Floor, Calcutta-700 017 as the Share Transfer Agents of the Company. Since the records will be kept at the Office of the Share Transfer Agents, the Board recommends the said resolution for your approval.

None of the Directors of the Company is concerned or interested in the Resolution.

Item No. 7 :

Consequent to the introduction of the Depository System and considering the benefits of scripless Trading in Book Entry for electronically, the Company intends to participate in the Depository System. With the enactment of the Depositories Act, 1996 and amendments to certain provisions of the Companies Act, 1956, a new Article is proposed to be introduced, briefly stating the frame work of the System of Depository as per the provisions of the Depositories Act, 1996, with a view to facilitate operation of the Depository System. In view of this, consequent changes are required to be incorporated in the Articles of Association of the Company by inserting a new Article 43A so as to be in line with the amended provisions of the Companies Act, 1956, read with the provisions of the Depositories Act, 1996. A Special Resolution is therefor proposed for your approval.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Registered Office:
7, Sambhu Nath Mullick Lane,
Calcutta - 700 007
Dated : the 30th day of June, 2000

By order of the Board
For YARN SYNDICATE LIMITED
M. L. PATODIA
Chairman & Managing Director

YARN SYNDICATE LIMITED

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors have pleasure in submitting their 54th Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2000.

FINANCIAL RESULTS :

	1999-2000 Rs. in Lacs	1998-1999 Rs. in Lacs
Sales - Exports	4,279.66	4,807.26
Domestic	130.78	12.22
	<u>4,410.44</u>	<u>4,819.48</u>
Profit before Interest & Depreciation	187.66	145.03
Less : Interest	98.98	43.94
Depreciation	<u>39.13</u>	<u>22.04</u>
	<u>138.11</u>	<u>65.98</u>
Profit before Tax	49.55	79.05
Less : Provision for Taxation	1.00	5.00
Profit after Tax	48.55	74.05
Less : Provision for Income Tax for earlier years	10.26	1.52
	<u>38.29</u>	<u>72.53</u>
Add : Balance brought forward from last year	151.61	135.70
Profit available for Appropriation	<u>189.90</u>	<u>208.23</u>

Appropriations :

Transfer to General Reserve	20.00	15.00
Proposed Dividend	—	41.62
(includes Corporate Dividend Tax Rs. 4.12 Lacs; Previous Year : Rs. 3.75 Lacs)		
Balance carried forward to next year	169.90	151.61
	<u>189.90</u>	<u>208.23</u>

DIVIDEND :

Due to inadequacy of Profits, your Directors do not recommend dividend on Equity Shares for the Financial Year ended 31st March, 2000.

OUTLOOK :

The year 1999-2000 has been very difficult for the Company.

There has been all round recession particularly in Europe which used to be the main market.

This year has been also following the preceding year and there is in respite from the recession. However we are trying our best to overcome such situation by trying to explore new markets.

PARTICULARS OF EMPLOYEES :

Particulars of Employees as required under Section (2A) of Section 217 of the Companies Act, 1956 and the rules made thereunder are not applicable for the year under review.

YARN SYNDICATE LIMITED**SUBSIDIARY COMPANY :**

YS Exports Limited is the Subsidiary Company of your Company.

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

DIRECTORS :

Shri Krishna Prasad Bagaria and Shri Kailash Chandra Siotia, 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 I forming part of this report.

Y2K COMPLYING :

The Company did not experience any Y2K related problem and achieved trouble free roll over to the new millennium.

AUDITOR'S OBSERVATIONS :

In respect of the reference to the Notes on Accounts in the Auditor's Report, your Directors have to state that the same are self explanatory and do not need further clarification.

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 & Co., Chartered Accountants, the Branch 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.

ACKNOWLEDGEMENTS :

The Board is grateful to the Company's Bankers, 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, 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 30th day of June, 2000.

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

A. The Company is making all-round efforts for the conservation of energy by optimum withdrawal of power.

Total energy consumption and energy consumption per unit of production as prescribed in Form "A".

A. Power Consumption :

	<u>1999-2000</u>	<u>1998-1999</u>
1. Electricity :		
a) Purchased - Units	30,068	39,684
Total Amount	1,11,730	1,21,653
Rate/Unit	3.07	3.70
b) Own Generation :		
From D.G. Sets - Units	—	640
Units/ltr. of Diesel	—	1.25
Cost/Unit	—	8.84
2. Coal	—	—
3. Furnace Oil	—	—
4. Other internal generation	—	—

B. Consumption per unit of Production :

a) Electricity :		
Total Production Cloth (Kgs.)	27,359.62	28,756
Consumption per 100 Kgs. (Unit)	109.90	140.23
b) Coal and Furnace Oil	—	—

B. Technology absorption :

Efforts made in Technology Absorption as per Form "B"

Indigenous technology alone is used. In view of size of the Knitting Unit of the Company, the scope for Research and Development is not affordable.

C. Foreign Exchange Earning & Outgo :

- a) Activities relating to export, initiatives taken to increase exports, development of new export market for products and services and export plans ;

The Company is presently exporting yarn and textiles. Endeavours are being made to explore untapped markets.

- b) Total Foreign Exchange earned and used excluding capital goods, components and spares :

Earned : Rs. 4095.80 Lacs (Previous Year Rs. 4645.77 Lacs)

Used : Rs. 90.02 Lacs (Previous Year Rs. 126.33 Lacs)

Registered Office :
7, Sambhu Nath Mullick Lane
Calcutta - 700 007
Dated : the 30th day of June, 2000.

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

YARN SYNDICATE LIMITED**AUDITORS' REPORT TO THE MEMBERS**

We have audited the attached Balance Sheet of YARN SYNDICATE LIMITED as at 31st March, 2000 and the annexed Profit & Loss Account for the year ended on that date together with the notes thereon and report that :—

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in exercise of the powers conferred by Section 227(4A) of the Companies Act, 1956 and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we further report that :

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As informed to us, the management has, at regular intervals, conducted physical verification of fixed assets and no material discrepancies were noticed on such verification.
- ii) None of the fixed assets of the Company have been revalued during the year.
- iii) The stock of goods traded in by the Company except stock in transit and stock with third party, have been physically verified by the Management during the year at reasonable intervals. However, confirmations have been received in respect of stocks lying with third parties as on 31st March, 2000.
- iv) In our opinion, the procedure of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) As explained, no discrepancies were noticed on verification of stock as compared to book records to the extent stocks verified.
- vi) On the basis of our examination of stocks, we are satisfied that the valuation of stock of goods traded in by the Company is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year except as mentioned in Note No. 9 of Schedule 14.
- vii) The rate of interest and other terms and conditions pertaining to loans taken from the parties listed in the register maintained under Section 301 of the Companies Act, 1956 are, prima facie not prejudicial to the interest of the Company. As informed, there are no Companies under the same management as defined under Section 370(1-B) (since omitted) of the Companies Act, 1956.
- viii) The Company has granted Unsecured Loans to Companies listed in the register maintained under Section 301 of the Companies Act, 1956 and to its Subsidiary Companies which in a certain case is interest free. The rate of interest and other terms and conditions of these loans are prima facie not prejudicial to the interest of the Company. As informed, there are no Companies under the same management as defined under Section 370(1-B) (since omitted) of the Companies Act, 1956.
- ix) In respect of loans and advances in the nature of loans given by the Company to its employees and other parties are being repaid as per stipulation, wherever such stipulation with regard to payment of principal and interest exist. However Rs. 41.54 Lacs (including interest Rs. 3.65 Lacs) have become overdue from bodies corporate as referred in Note No. 8. The Company has taken necessary steps for recovery of the said amount.
- x) In our opinion and according to the explanations given to us during the course of our audit, there are adequate internal control procedure commensurate with the size of the Company and nature of its business, for the purchase of goods, equipment and other assets and with regard to sale of goods.