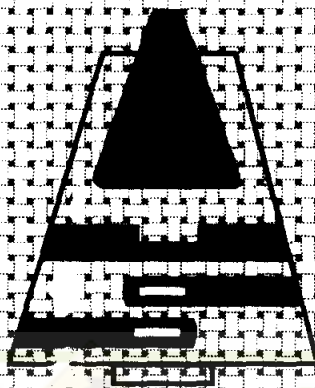


yarn syndicate limited.

Govt. Recognised Trading House



ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH

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 KAILASH CHANDRA SIOTIA
SHRI VIKASH SINGHAL
SHRI RAJENDRA KUMAR PATODIA, Managing Director

BANKERS

CANARA BANK
Overseas Branch
2/1, Russel Street, Kolkata - 700 071

Report  junction.com

AUDITORS

LODHA & CO.
Chartered Accountants
14, Government Place East, Kolkata - 700 069

REGISTERED OFFICE

7, Sambhu Nath Mullick Lane, Kolkata - 700 007

YARN SYNDICATE LIMITED**NOTICE OF THE 55TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the fifty fifth Annual General Meeting of the Members of the Company will be held at Patodia House, 23, Circus Avenue, Kolkata - 700 017 on Friday the 14th day of September, 2001 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, 2001 and the Profit & Loss Account for the year ended on that date together with the Auditor's and the Directors' Reports thereon.
2. To appoint a Director in place of Shri Sita Ram Saraf who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Vikash Singhal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors including for Branches to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider, and if thought fit, to pass with or without modification(s), 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. AMI Computers (I) Limited, 60A & B Chowringhee Road, Kolkata - 700 020."

Registered Office :
7, Sambhu Nath Mullick Lane,
Kolkata - 700 007
Dated : the 19th day of June, 2001.

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, 2001 to 14th September, 2001 (both days inclusive).
3. Pursuant to Section 205A(5) of the Companies Act, 1956 as amended, any money transferred to the Unpaid Dividend Account of the Company which remains Unpaid or Unclaimed for a period of 7 (Seven) years from the date of such transfer to the Unpaid Dividend account shall be transferred by the Company to the Investor Education and Protection Fund to be established by the Central Government and the Shareholders shall not be able to claim any Unpaid Dividend from the said fund or from the Company thereafter.
Members who have not encashed the dividend warrant(s) for the Financial Year 1994-95 and any subsequent Dividend payment(s) are requested to make their claims to the Company.
4. As the Members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the Company's share on either of the Depositories as aforesaid.

REQUEST TO THE MEMBERS :

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write

YARN SYNDICATE LIMITED

to the Company atleast 7 (seven) days in advance, so as to enable the Company to keep the information ready.

2. All communications relating to shares are to be addressed to the Company's Share Transfer Agents, M/s. AMI Computers (I) Limited, 60A & B Chowringhee Road, Kolkata - 700 020."

GENERAL SHARE HOLDER INFORMATION

(A) Listing of Equity Shares on Stock Exchanges :

1. The Calcutta Stock Exchange Association Limited, 7, Lyons Range, Kolkata - 700 001.
2. The Mumbai Stock Exchange, Phiroz Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 001.
3. Madras Stock Exchange Limited, Exchange Building, Post Box No. 183, 11, Second Line Beach, Chennai - 600 001.
4. The Stock Exchange Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ahmedabad - 380 015.
5. Coimbatore Stock Exchange Limited, CSX Towers, 683-686, Trichy Road, Singanallur, Coimbatore - 641 005.

(Annual Listing fees for the year 2001-02 have been duly paid to all the above Stock Exchange).

(B) Demat ISIN Number in :

NSDL & CDSL : Equity Shares INE 564C01013

ANNEXURE TO NOTICE

Explanatory Statement Pursuant To Section 173(2) of the Companies Act, 1956.

Item No. 5 :

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. AMI Computers (I) Limited, 60A & B Chowringhee Road, Kolkata-700 020 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 Director of the Company is concerned or interested in the resolution.

Registered Office :
7, Sambhu Nath Mullick Lane,
Kolkata - 700 007
Dated : the 19th day of June, 2001.

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 the 55th Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2001.

FINANCIAL RESULTS :

	2000-2001	1999-2000
	Rs. in Lacs	Rs. in Lacs
Sales Exports	2,430.03	4,279.66
Domestic	232.51	130.78
	2,662.54	4,410.44
Profit before Interest & Depreciation	77.07	187.66
Less : Interest	29.39	98.98
Depreciation	34.41	39.13
	63.80	138.11
Profit before Tax	13.27	49.55
Less : Provision for Taxation	0.00	1.00
Profit after Tax	13.27	48.55
Less : Provision for Income Tax for earlier years	5.69	10.26
	7.58	38.29
Add : Balance brought forward from last years	169.90	151.61
Profit available for Appropriation	177.48	189.90

Appropriations :

Transfer to General Reserve	—	20.00
Balance carried forward to next year	177.48	169.90
	177.48	189.90

DIVIDEND :

Due to inadequacy of Profits, your Directors do not recommend dividend on Equity Shares for the Financial Year Ended 31st March, 2001.

PERFORMANCE REVIEW :

During the Financial Year under review the turnover and Profit of the Company has drastically reduced in comparison to the previous year. In spite of intense efforts, the Management could not show any improvement, in view of continuation of worldwide recessionary trends particularly in the international market.

However, the Management trying at its best to improve the situations in future.

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.

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.

YARN SYNDICATE LIMITED**DIRECTORS :**

Shri Sita Ram Saraf and Sri Vikash Singhal, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been followed;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

CORPORATE GOVERNANCE :

The Company is taking necessary steps for full implementation of the Corporate Governance in terms of listing agreement, which is required to be complied by March, 2003.

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.

AUDITORS :

M/s. Lodha & Co., Chartered Accountants, 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 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, Burrbazar 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, Kolkata, 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,
Kolkata - 700 007
Dated : the 19th June, 2001

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

YARN SYNDICATE LIMITED

ANNEXURE I TO THE REPORT OF THE BOARD OF DIRECTOR

- 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>2000-2001</u>	<u>1999-2000</u>
1. Electricity :		
a) Purchased - Units	11,320.00	30,068.00
Total Amount	42,175.00	1,11,730.00
Rate / Unit	3.73	3.70
b) Own Generation :		
From D. G. Sets Units	-	-
Units/ltr. Of Diesel	-	-
Cost / Unit	-	-
2. Coal	-	-
3. Furnace Oil	-	-
4. Other internal generation	-	-

B. Consumption per unit of Production :

a) Electricity :		
Total Production Cloth (Kgs.)	5,758.00	27,359.62
Consumption per 100 Kgs. (Unit)	196.60	109.90
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, initiative taken to increase exports, development of new export market for products and services and export plans :

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

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

Earned : Rs. 2344.50 Lacs (Previous Year Rs. 4095.80 Lacs)

Used : Rs. 34.92 Lacs (Previous Year Rs. 90.02 Lacs)

Registered Office
7, Sambhu Nath Mullick Lane,
Kolkata - 700 007
Dated : the 19th June, 2001

For and on behalf of the Board
M. L. PATODIA
Chairman & 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, 2001 and also the Profit & Loss Account of the Company for the year ended on the date.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Sec. 227(4A) of the Companies Act, 1956 and according to the information and explanation given to us and on the basis of such checks as we considered appropriate, we report that :

- i) The Company has maintained proper records of fixed assets 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 parties have been physically verified by the management during the year at reasonable intervals. However, confirmations have been received in respect of stock lying with third parties as at the year-end.
- iv) In our opinion, the procedure of physical verification of stocks followed by the management is 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 physical verification of stocks as compared to book records to the extent stocks were verified.
- vi) In our opinion and on the basis of our examination, the valuation of stock of goods traded in by the Company is fair and proper is in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
- 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 is no Company under the same management as defined under Section (1-B) of Section 370 (not applicable) 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. 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 is no company under the same management as defined under Sub section (1-B) of Section 370 (not applicable) 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 exist. However, Rs. 28.65 Lakhs (including interest Rs. 3.65 Lakhs) have become overdue from a body corporate as referred to in Note No. 8 of Schedule 14.
- x) In our opinion and according to the explanations given to us and having regard to the nature of business and the practice followed, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of goods, equipment and other assets and with regard to sale of goods.
- xi) Transactions of purchase of goods aggregating during the year Rs. 50,000 or more in respect of each party in pursuance to contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at the prices which are reasonable having regard to explanations given that some of the items purchased are of special nature / or quotations, etc. are available for such goods, the prices at which transactions for similar goods have been made with other parties. As explained there are no transactions of sale of goods, materials or services with such parties.
- xii) As explained to us, the Company has a regular procedure for determination of unserviceable and / or damaged stores, raw materials and finished goods. Necessary adjustments for the losses as and when determined are made in the accounts.
- xiii) As informed to us, the Company has not accepted any deposits from the public within the purview of Section 58A of the Companies Act, 1956 and rules framed thereunder.
- xiv) As explained, reasonable records are being maintained by the Company for sale and disposal of scrap. The Company has no by-products.
- xv) In our opinion, The company's internal audit system is commensurate with its size and nature of its business.

YARN SYNDICATE LIMITED

- xvi) The Central Government has not prescribed maintenance of Cost records under Section 209 (1) (d) of the Companies Act, 1956 for the product of the Company.
 - xvii) According to the records of the Company, Provident Fund dues and Employees State Insurance dues have been deposited regularly with the appropriate authorities.
 - xviii) There are no undisputed amounts of Income tax, Wealth tax, Sales Tax, Customs Duty and Excise Duty, outstanding as on 31st March, 2001 for a period of more than six months from the date these became payable.
 - xix) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses other than those payable under contractual obligation and / or generally accepted business practices, which have been charged to Profit and Loss Account, nor have we been informed of any such case by the management.
 - xx) The Company is not a sick industrial company within the meaning of Clause 'O' of Section 3 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
 - xxi) In respect of the trading activity of the Company, as informed there are no damaged goods in possession of the company which are likely to have material impact on the year end stocks.
2. Attention is invited to the following notes of Schedule 14 regarding :
- a) Certain old debts from Overseas Buyers amounting to Rs. 42.70 Lakhs, the extent of amount recoverable and provision there against if any is presently not ascertainable (Note No.3).
 - b) Confirmations and reconciliation in respect of Sundry Debtors, Sundry Creditors and Loans and Advances are not available (Note No. 4).
 - c) Certain Advances amounting to Rs. 15.64 Lacs, pending outcome of persuasive steps, the extent of amount realisable and consequential provisions of any required are presently not ascertainable (Note No. 6).
 - d) Advances amounting to Rs. 1088.76 Lacs, the extent of realisability of claim lodged against a supplier consequential provisions required if any are presently not ascertainable (Note No. 5).
 - e) Investments in Equity Shares of certain body corporate valuing Rs. 73.99 Lacs, the amount of provision for diminution in value is not ascertainable (Note No. 7 (a)).
 - f) Loans given to body corporate and other amounting to Rs. 25.00 Lacs, pending legal proceedings the extent of amount recoverable is presently not ascertainable (Note No. 8).
 - g) Non provision of the year-end shortfall pertaining to book balances of certain investments as given in Note 7 (b)).
3. We further report that, in respect of the Notes mentioned in Paragraph 2 above the impact thereof can not be ascertained and therefore, can not be commented upon by us.
4. Further to above, we report that :
- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of accounts;
 - c. The report on the audit of branches forwarded by branch auditors have been duly considered in preparing the report;
 - d. The Balance Sheet and Profit and Loss Account detail with by this report are in agreement with the books of accounts;
 - e. Except as given in Note No. 7 of Schedule 14 regarding non provision for diminution in value of certain investments, in our opinion, the Profit and Loss Account and Balance Sheet comply with the mandatory accounting standards referred to in Sub-Section (3c) of Section 211 of the Companies Act, 1956;
 - f. On the basis of the written representations received from the directors, and taken on record by the Board of Directors none of the directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause(g) of sub-section (1) of Section 274 of the Companies Act, 1956; and

YARN SYNDICATE LIMITED

- g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and subject to paragraph 2 above, whereby impact as mentioned in paragraph 3 above is not ascertainable and read together with the other notes thereon, give a true and fair view.
- i. In case of the Balance Sheet, of the state of affairs of Company as at 31st March, 2001;
 - ii. In case of Profit and Loss Account, of the profit for the year ended on the date.

14, Government Place East,
Kolkata - 700 069.
Dated : 19th day of June, 2001.

For LODHA & CO
Chartered Accountants

P. L. VADERA
Partner

Report  junction.com