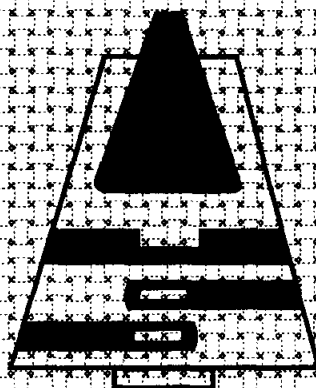


**yarn syndicate limited.**

**Govt. Recognised Trading House**



**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31ST MARCH 2002**

# YARN SYNDICATE LIMITED

## BOARD OF DIRECTORS

SRI M. L. PATODIA, Chairman & Managing Director

SRI R. K. PATODIA, Managing Director

SRI K. P. BAGARIA

SRI SITA RAM SARAF

SRI DEVENDRA JHUNJHUNWALA

SRI DILIP KUMAR KHANDELWAL

SRI KAILASH CHANDRA SIOTIA

SRI VIKASH SINGHAL

SMT. SHEELA PATODIA

## BANKERS

CANARA BANK

Overseas Branch

2/1, Russel Street, Kolkata - 700 071

## 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 56TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-Sixth Annual General Meeting of the Members of the Company will be held at Patodia House, 23, Circus Avenue, Kolkata- 700 017 on Saturday the 28th day of September, 2002 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, 2002 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 Krishna Prasad Bagaria who retires by rotation and are eligible for re-appointment.
3. To appoint a Director in place of Shri Kailash Chandra Siotia who retires by rotation and are eligible 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 an Ordinary Resolution :  
"RESOLVED THAT Smt. Sheela Patodia, who was appointed as an Additional Director of the Company with effect from 01.04.2002 be and is hereby appointed as a Director of the Company."
6. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :  
"RESOLVED THAT Sri Devendra Kumar Jhunjhunwala, who was appointed as an Additional Director of the Company with effect from 01.04.2002 be and is hereby appointed as a Director of the Company."
7. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :  
"RESOLVED THAT Sri Dilip Kumar Khandelwal who was appointed as an Additional Director of the Company with effect from 01.04.2002 be and is hereby appointed as a Director of the Company."
8. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :  
"RESOLVED THAT Sri R.K. Patodia be and is hereby re-appointed as Managing Director of the Company for a period of 5 years w.e.f. 1st July, 2002."

Registered Office :  
7, Sambhu Nath Mullick Lane,  
Kolkata - 700 007  
Dated : the 21st day of June, 2002.

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 16th September, 2002 to 28th September, 2002 (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.

## YARN SYNDICATE LIMITED

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 to the Company at least 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 Poie, Ahmedabad-380 015.
- (5) Coimbatore Stock Exchange Limited, CSX Towers, 683-686, Trichy Road, Singanallur, Coimbatore-641 005.

(Annual Listing fees for the year 2002-03 have been duly paid to all the above Stock Exchanges).

#### (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 :

Smt. Sheela Patodia was appointed as an Additional Director by the Board of Directors of the Company at its Board Meeting held on 30th March, 2002. By virtue of provision of Section 260 of the Companies Act, 1956 read with Article 93 of the Articles of Association of the Company, Smt. Sheela Patodia holds office only upto the date of the forthcoming Annual General Meeting.

The Company has received a notice in writing from a Member Under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- signifying his intention to propose the appointment of Smt. Sheela Patodia as a Director of the Company liable to retire by rotation.

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

None of the directors except Shri M.L.Patodia, Smt. Sheela Patodia and Shri R.K.Patodia is concerned or interested in the resolution.

#### Item No. 6 :

Sri Devendra Kumar Jhunhunwala was appointed as an Additional Director by the Board of Directors of the Company at its Board Meeting held on 30th March, 2002. By virtue of provision of Section 260 of the Companies Act, 1956 read with Article 93 of the Articles of Association of the Company, Sri Devendra Jhunhunwala holds office only upto the date of the forthcoming Annual General Meeting.

The Company has received a notice in writing from a Member Under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- signifying his intention to propose the appointment of Sri Devendra Jhunhunwala as a Director of the Company liable to retire by rotation.

## YARN SYNDICATE LIMITED

The Board of Directors recommend this resolution for approval of members at this meeting. Except Sri Devendra Jhunjhunwala, none of the Directors of the Company is concerned or interested in the Resolution.

### Item No. 7 :

Sri Dilip Kumar Khandelwal was appointed as an Additional Director by the Board of Directors of the Company at its Board Meeting held on 30th March, 2002. By virtue of provision of Section 260 of the Companies Act, 1956 read with Article 93 of the Articles of Association of the Company, Sri Dilip Kumar Khandelwal holds office only upto the date of the forthcoming Annual General Meeting.

The Company has received a notice in writing from a Member Under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- signifying his intention to propose the appointment of Sri Dilip Kumar Khandelwal as a Director of the Company liable to retire by rotation.

The Board of Directors recommend this resolution for approval of members at this meeting. Except Sri Dilip Kumar Khandelwal, none of the Directors of the Company is concerned or interested in the Resolution.

### Item No. 8 :

Sri R.K.Patodia was appointed as Managing Director of the Company with effect from 1st July, 1997 to 30th June, 2002. In consideration of excellent and valuable services being rendered by Sri R.K.Patodia to the Company, the Board of Directors, at its meeting held on 21st June, 2002, have re-appointed him as Managing Director for a period of five years with effect from 1st July, 2002 on the terms and conditions set out in the agreement subject to your approval. The main terms and conditions of Sri R.K.Patodia's appointment is set out below :

- I) **Period :**  
5 Years from 01.07.2002 to 30.06.2007.
- II) **Salary :**  
Rs. 30,000/- per month in the Scale of Rs.30,000-Rs.5,000-Rs.50,000/-
- III) **Commission :**  
One percent Commission on the net profits of the Company computed in accordance with the provisions of Section 349 of the Companies Act, 1956 subject to a ceiling of 50% of the Annual Salary.
- IV) **Housing :**
  - a) The Expenditure incurred by the Company for hiring Unfurnished accommodation shall be subject to a ceiling of 60% of the Salary over and above 10% payable by him.
  - b) The Expenditure incurred by the Company of gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962 subject to a ceiling of 10% of his Salary.
- V) **Medical Reimbursement :**  
Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- VI) **Leave Travel Concession :**  
For self and family once in a year, provided that only actual fare shall be paid to and fro any place in India and no Hotel Expenses shall be paid.
- VII) **Club Fees :**  
Fees of clubs subject to a maximum of two clubs which will not include admission and life membership fees.
- VIII) **Personal Accident Insurance :**  
Premium not to exceed Rs.4,000/- per annum.
- IX) 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.
- X) Gratuity payable should not exceed half month's salary for each completed year of service.
- XI) 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.
- XII) 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.

## YARN SYNDICATE LIMITED

### Other Terms & Conditions :

- i) In the case of inadequacy or absence of profit, Sri R.K.Patodia will get the same remuneration as mentioned herein above.
- ii) So long as Sri R.K.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 Sri R.K.Patodia holds the office of the Managing Director he will not be liable to retire by rotation.
- iv) So long as Sri R.K.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 minor children without prior approval of the Central Government.
- v) The appointment of Sri R.K.Patodia may be terminated by giving three months notice by either side.

*The agreement between the Company and Sri R.K.Patodia 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.*

*This may be treated as an abstract of the Agreement made by the Company with Sri R.K.Patodia 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,  
Kolkata - 700 007  
Dated : the 21st day of June, 2002.

By order of the Board  
For YARN SYNDICATE LIMITED

M. L. PATODIA  
Chairman & Managing Director

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

Your Directors have pleasure in submitting the 56th Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2002.

**FINANCIAL RESULTS :**

	<b>2001-2002</b>	<b>2000-2001</b>
	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
Sales - Exports	3,670.53	2,430.03
Domestic	6.29	232.51
	<b>3,676.82</b>	<b>2,662.54</b>
Profit / (Loss) before Interest & Depreciation	<b>49.35</b>	<b>77.07</b>
Less : Interest	36.98	29.39
Depreciation	33.07	34.41
	<b>70.05</b>	<b>63.80</b>
Profit / (Loss) before Tax	<b>(20.70)</b>	<b>13.27</b>
Less : Provision for Taxation		-
Provision for Deffered Tax Assets	4.10	
Profit / (Loss) after Tax	<b>(16.60)</b>	<b>13.27</b>
Less : Adjustment of Income Tax for earlier year	<b>(1.40)</b>	<b>5.69</b>
	<b>(15.20)</b>	<b>7.58</b>
Add : Balance brought forward from last years	<b>177.48</b>	<b>169.90</b>
	<b>162.28</b>	<b>177.48</b>

**Appropriations :**

Balance carried forward to next year	<b>162.28</b>	<b>177.48</b>
	<b>162.28</b>	<b>177.48</b>

**DIVIDEND :**

Due to Loss incurred during the year, your Directors do not recommend dividend on Equity Shares for the Financial year ended 31st March, 2002.

**PERFORMANCE REVIEW :**

The recession in the textile industry worsened during the year under review, the slowdown in the global economy led to a sharp drop in demand and yarn prices.

Despite the above, your Company had recorded higher turnover of Rs. 3676.82 lacs for the year under review as compared to Rs. 2662.54 lacs for previous year.

**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 :**

During the year under review, YS Exports Limited, which was subsidiary of your Company ceased to be a subsidiary of your Company.

**YARN SYNDICATE LIMITED****OUTLOOK :**

From current year, there are signs of improvement in demand for yarn in International Market. Your Directors are therefore confident of achieving a growth both in turnover and profits during the current year.

**DIRECTORS :**

Shri Krishna Prasad Bagaria and Shri Kailash Chandra Siotia, Directors of the Company retire by rotation and are eligible for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to 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, 2002, 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, 2002 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.

**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. 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, 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, 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 21st day of June, 2002.

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 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>2001-2002</u>	<u>2000-2001</u>
1. Electricity :		
a) Purchased – Units	–	11,320.00
Total Amount	–	42,175.00
Rate / Unit	–	3.73
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
Consumption per 100 Kgs. (Unit)	–	196.60
b) Coal and Furnance 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) Activity 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. 3617.05 Lacs (Previous Year Rs. 2344.50 Lacs)

Used : Rs. 27.43 Lacs (Previous Year Rs. 34.92 Lacs)

Registered Office  
7, Sambhu Nath Mullick Lane,  
Kolkata - 700 007  
Dated : the 21st day of June, 2002.

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