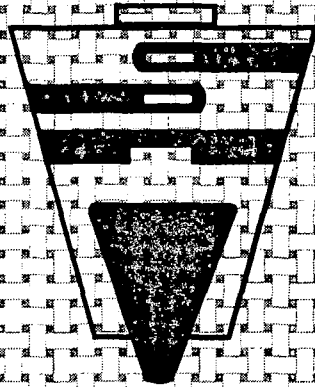
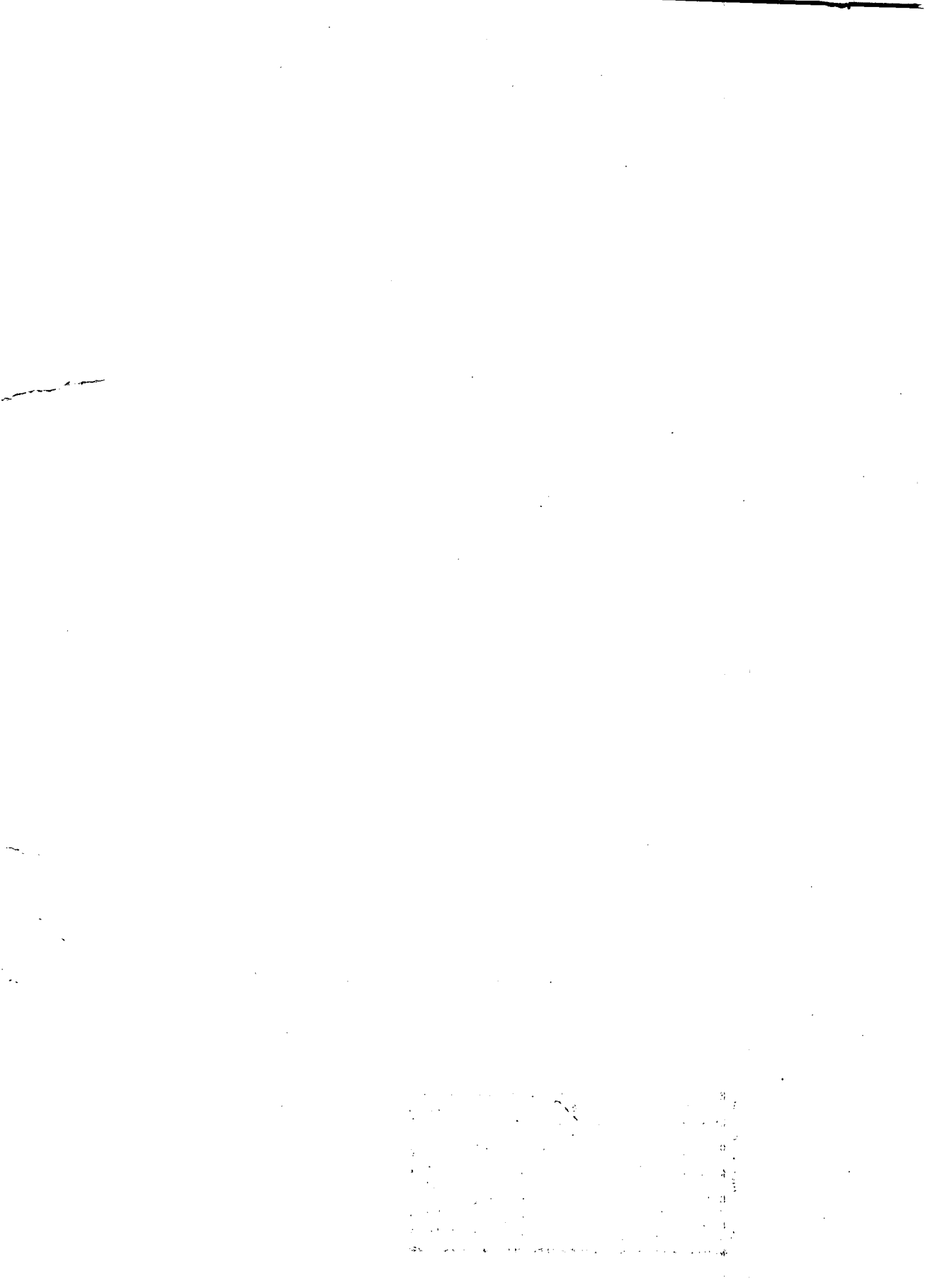


ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH 1997



Harr Syndicate Limited.
Govt. Recognised Trading House

MD	CS	RO	RM	AGM	YE
BRC	DP	DIA	AC	SH	



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 SANGANERIA,

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

NOTICE OF THE 51ST ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty First Annual General Meeting of the Members of the Company will be held at Patodia House, 23 Circus Avenue, Calcutta - 700 017 on Friday the 26th day of September, 1997 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, 1997 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 Kailash Chandra Siotia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Sita Ram Saraf who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.
6. To appoint Branch Auditors and fix their remuneration.

SPECIAL BUSINESS :

7. To consider, and if thought fit, to pass with or without modification (s), the following Resolution as an Ordinary Resolution :-
"RESOLVED THAT Shri Vikash, Singhal be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."
8. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :-
"RESOLVED THAT Shri Suresh S. Todi be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation."
9. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :-
"RESOLVED THAT pursuant to Section 198, 269, 309 & 310 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, Sri R. K. Patodia, Managing Director of the Company be and is hereby re-appointed as the Managing Director of the Company for a period of 5(five) years with effect from 1st July, 1997 on the terms and conditions set out in the Agreement entered into between the Company and Sri R. K. Patodia placed before 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 of such appointment 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."
10. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-
"RESOLVED THAT Pursuant to section 198, 269, 309 & 310 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, approval of the members be and is hereby

YARN SYNDICATE LIMITED

accorded to the revision/increase in the remuneration and perquisites payable to Shri K. C. Siotia, Executive Director of the Company from 1st April, 1997 to 31st March, 2001, being the residual period of his existing terms of five years on the terms and condition set out in the Supplementary Agreement entered into between the Company and Shri K. C. Siotia placed before this meeting and for the purpose of identification, intialled 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 of such appointment 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."

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

"RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors be and hereby authorised to mortgage and/or charge all present and future moveable and immoveable properties of the Company wherever situate and the whole of the undertaking of the Company to or in favour of any Financial Institution(s) and/or Bank(s) including Canara Bank from whom the Company has borrowed or will borrow moneies or obtained or will obtain financial facilities from time to time."

"RESOLVE FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary for giving effect to the above resolution."

12. To consider, and if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution :-

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the Articles of Association of the Company be and are hereby altered as under :-

- a) The existing heading below Article 2 of the Articles be substituted by the following new heading :-

POWER OF COMPANY TO PURCHASE ITS OWN SHARES

and Articles 3 be substituted by the following Articles :

Article 3 – Subject to the provisions of the Companies Act as amended from time to time, the Board of Directors are authorised to purchase from time to time such quantity or quantities of the fully paid up shares of the Company, whether or not they are redeemable, at such rate(s) and on such term(s) as the Board may deem proper and make payment(s) for such purchase and to keep them alive/cancel them and/or resell from time to time such number(s) of the shares so purchased at such rate(s) and on such terms as the Board may deem proper, in accordance with the provisions of the Companies Act and other law /rules and regulations as may be applicable from time to time.

- b) Article No. 4A : The following new Article 4A be inserted after Article 4;

4A POWER TO ISSUE NON-VOTING SHARES

Subject to the provisions of the Act and all other applicable provisions of law, the company may issue shares, either equity or any other kind, with non-voting rights and the resolution(s) authorising such issue(s) shall prescribe the terms and conditions governing such issue(s).

13. To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :-

RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from

YARN SYNDICATE LIMITED

time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (herein after referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to acquire/purchase any of the Company's fully paid up shares, for extinguishing the share capital and/or for treasury operations and/or otherwise as may be permitted by law, at any time or from time to time not exceeding 36 months from the passing of such resolution on such terms and conditions and upto such limits as may be thought fit by the Board but not exceeding 15 lakhs shares of Rs.10/- each out of the funds to be reserved for buyback from free reserves and share premium account and that the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary or proper to implement this resolution."

Registered Office :

7, Sambhu Nath Mullick Lane,
Calcutta - 700 007

Dated, 28th day of June, 1997

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

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. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos. 7, 8, 9, 10, 11, 12 & 13 is annexed here to and form part of the Notice.
3. The Register of Members and the Share Transfer Books shall remain closed from 16th September, 1997 to 26th September, 1997 (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 1992-93 has been deposited in the General Revenue Account of the Central Government. Members concerned are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Place, 234/4 A. J. C. Bose Road, Calcutta - 700 020.
6. The unclaimed dividend for the Financial Year 1993-94 would fall due for deposit to the Credit of General Revenue Account of Central Government within 17th February, 1998. Shareholders who have not so far encashed their Dividend Warrants may immediately approach the Company for revalidation of Unclaimed Dividend Warrants.
7. **Members are Requested to :**
 - a) notify immediately any change in their addresses to the Company.
 - b) intimate to the Company immediately their banking account number, name and address of the bank and type of bank account so that the same may be printed on their dividend warrants in order to avoid any loss to the members.

YARN SYNDICATE LIMITED

ANNEXURE TO NOTICE

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

ITEM NO. 7

Sri Vikash Singhal was appointed as an Additional Director by the Board of Directors of the Company at its Board Meeting held on 29th November, 1996. 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 Vikash Singhal 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 Vikash Singhal 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 Mr. Vikash Singhal, none of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO. 8

Sri Suresh S. Todi was appointed as an Additional Director by the Board of Directors of the Company at its Board Meeting held on 29th November, 1996. 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 Suresh S. Todi 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 Suresh S. Todi as a Director of the Company liable to retire by rotation.

The Board of Directors recommend this resolution for approval of member at this meeting. Except Mr. Suresh S. Todi, none of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO. 9

Sri R. K. Patodia was appointed as Managing Director of the Company with effect from 1st July, 1992 to 30th June, 1997. In consideration of excellent and valuable services being rendered by Sri R. K. Patodia to the Company resulting in overall growth of the Company, the Board of Directors, at its meeting held on 28th June, 1997, have re-appointed him as Managing Director for a period of five years with effect from 1st July, 1997 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 01.07.1997 to 30.06.2002.

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 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.

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.

YARN SYNDICATE LIMITED

- 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 months' 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.

Other Terms & Conditions :

- i) In the case of inadequate 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. None of the director 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 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.

ITEM NO. 10

Sri K. C. Siotia was re-appointed as the Executive Director of the Company by Shareholders at the Annual General Meeting held on 30th September, 1996 for a period of Five Years with effect from 1st April, 1996 on a monthly remuneration of Rs.10,000/- Plus other perquisites and benefits. In view of the increased activities of the Company, the Board of Directors of the Company, at its meeting held on 28th June, 1997, has proposed, subject to your approval, revision/increase in the Executive Director's remuneration as payable from 1st April, 1997 to 31st March, 2001, being the residual period of his present terms as set out in the Supplementary Agreement entered into between the Company and Sri K. C. Siotia. The main terms and conditions of Mr. K. C. Siotia's appointment is set out below :

- i) **Period :**
4 Years from 01.04.1997 to 31.03.2001
- ii) **Salary :**
Rs. 15,000/- per month.
- iii) **Housing :**
 - a) Housing Rent Allowance of Rs. 1,500/- per month.
 - b) The Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962 subject to a ceiling of 10% of his salary.
- iv) **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.
- v) **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.
- vi) 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.
- vii) Gratuity payable should not exceed half months' salary for each completed year of service.

YARN SYNDICATE LIMITED

- viii) 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.
- ix) 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.

Other Terms & Conditions :

- i) In the case of inadequate or absence of profit, Sri K. C. Siotia will get the same remuneration as mentioned herein above.
- ii) So long as Sri 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 as Sri 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 minor children without prior approval of the Central Government.
- iv) The appointment of Sri K. C. Siotia may be terminated by giving two months notice by either side.
- v) Sri 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 Supplementary Agreement between the Company and Sri 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 Supplementary Agreement made by the Company with Sri 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.

ITEM NO. 11

The Company need more working capital finance in view of the expanding activities. The Company proposes to approach bank(s) and financial institution(s) to provide financial assistance to the Company from time to time. To secure such financial assistance, the Company may be required to give first charge on all moveable and immoveable assets and properties of the Company, both present and future.

Section 293(1) (a) of the Companies Act, 1956 requires that the Boards of Directors of a Public Limited Company shall not without the consent of the shareholders of such Public Company in the General Meeting sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since the mortgage and/or charge to be created as aforesaid may be considered to be disposal of the Company's undertaking, permission of the shareholders is being sought to enable the Board of Directors to mortgage/charge the moveable/immoveable properties of the Company in favour of the Bank/Institutions, as may be necessary.

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

ITEM NO. 12

- a) The proposed Companies Bill 1997 envisages permitting the Company to purchase or re-sell its own shares. It is felt that it would be desirable to have an enabling provision in the Articles or Association to purchase or re-sell its own Shares. Accordingly, it is proposed to replace the existing clause 3 with new clause enabling the Company to purchase/re-sell its own Shares in accordance with law as may be prevailing at the time of purchase/re-sell of share. In the event that such purchase/re-sell is permitted by law, the resolution will confer authority upon the Board to embark on such action at the appropriate time.
- b) The proposed Companies Bill 1997 envisages permitting the Company to issue non-voting shares. It is felt that it would be desirable to have an enabling provisions in the Articles of Association to issue such non-voting shares. Accordingly, it is proposed to add a new clause 4A enabling the Company to issue shares with non-voting rights in accordance with law as may be prevailing at the time of issue of non-voting shares. In the event that such issue of share with non-voting rights is permitted by law, the resolution will confer authority upon the Board to embark on such action at the appropriate time.

The Board of Directors recommend the resolution set out in item no. 13 (a) and (b) for approval of member at this meeting.

A copy of the Articles of Association of the Company showing proposed alteration is available for inspection at the Registered Office of the Company during office hours on any working days between 11 a.m. to 1.00 p.m.

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

YARN SYNDICATE LIMITED

ITEM NO. 13

Members may be aware that the Companies Act, 1956, presently restricts the purchase of its own shares by a Company.

Of late, there have been discussions on this subject and the Working Draft of the Companies Bill, 1997 has recommended buyback of shares by the Company which may be accepted by the Government in due course. One of the conditions prescribed by the working group is an approval from members by way of Special Resolution.

The Board of Directors feel it would desirable to have an enabling power from the shareholders for this purpose. It will be in the fitness of things if shareholders approve the resolution set out at Item No. 13 of the notice, should the provisions of the Companies Act, 1956, be modified or amended or enacted permitting such purchase, so that your company will be able to implement this in the interest of shareholders especially the large number of small investors of the Company, at an appropriate time within the framework of law as may be stipulated for the purpose.

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

None of the directors of the Company is concerned or interested in the resolution.

Registered Office :

7, Sambhu Nath Mullick Lane,
Calcutta - 700 007

Dated, 28th day of June, 1997

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

YARN SYNDICATE LIMITED

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors have pleasure in submitting the 51st Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 1997.

FINANCIAL RESULTS

	<u>1996-97</u> Rs. in Lacs	<u>1995-96</u> Rs. in Lacs (9 Months)
Sales - Exports	10,840.43	4,988.88
Domestic	12.03	45.28
	<u>10,852.46</u>	<u>5,034.16</u>
Profit before Interest & Depreciation	405.50	220.63
Less : Interest	273.31	98.54
Depreciation	<u>22.64</u>	<u>13.35</u>
	<u>295.95</u>	<u>111.89</u>
Profit before Tax	109.55	108.74
Less : Provision for Taxation	<u>14.50</u>	<u>5.00</u>
Profit after Tax	95.05	103.74
Add : Balance brought forward from last year	104.63	136.94
Excess Provision for Income Tax in earlier year written back	--	1.45
Profit available for Appropriation	<u>199.68</u>	<u>242.13</u>

Appropriations

Transfer to General Reserve	50.00	100.00
Proposed Dividend	41.25	37.50
(includes Corporate Dividend Tax Rs. 3.75 lacs; Previous Year : NIL)		
Balance carried forward to next year	<u>108.43</u>	<u>104.63</u>
	<u>199.68</u>	<u>242.13</u>

DIVIDEND

Your Directors are pleased to recommend a Dividend at the rate of Re. 1/- per Share. It absorbs an amount of Rs. 41.25 lacs including tax on distributed profit. The Dividend becomes payable to those Shareholders whose names appear on the Register of Members as on the date of the Annual General Meeting.

1996-97 IN RETROSPECT

Your Directors are glad to report that during the year under review the turnover has increased from 50.34 crores to 108.52 crores registering an increase in turnover of 61.68% compared to turnover of last year on annualised basis. Normally the above increase in turnover should have been reflected in the profitability of the company but due to the increase in cotton prices coupled with low value of rupee in terms of dollar & dollar premium. Net Profit before tax has increased marginally from 108.74 lacs to 109.54 lacs.

AWARDS

Your Directors are glad to report that your Company has retained its lead in the Merchant Exports of Cotton Yarn and has been awarded GOLD TROPHY by TEXPROCIL in recognition for the highest Exports during the year 1995-96.

YARN SYNDICATE LIMITED

CURRENT YEAR'S OUTLOOK AND FUTURE PLANS

The prospects for 1997-98 is not encouraging so far. This year started with low demand in Cotton Yarn in major Exporting Countries such as Bangladesh, Hong Kong etc. due to political changes & in particular change over of Hong Kong. However we are trying our best to maintain the turnover as per last year.

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

Sri Suresh S. Todi and Sri Vikash Singhal were appointed as Additional Directors of the Company with effect from 29th November, 1996. Pursuant to the provisions of Section 260 of the Companies Act., 1956 and the Articles of Association of the Company, Sri Suresh S. Todi and Sri Vikash Singhal will hold office only up to the date of ensuing Annual General meeting. The company has received Notice U/S. 257 of the Act. 1956 from the members of the Company signifying their intention to propose the candidature of Sri Suresh S. Todi and Sri Vikash Singhal as Directors of the Company.

Sri P. D. Patodia and Sri Satya Naraian Bhartia resigned from the Board with effect from 29th November, 1996. The Board put on record their deep appreciations for the valuable services rendered by them during their long tenure as directors of the Company.

Sri K. C. Siotia and Sri Sita Ram Saraf 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. V. S. Prabhakaran Gupta & 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.

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 I.C.I.C.I. Limited, 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,
Calcuatta - 700 007

Dated, the 28th day of June, 1997

For and on behalf of the Board
M. L. Patodia
Chairman and Managing Direct

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. 30,00,000/- or more per year or Rs. 25,000/- or more per month :

Sl. No.	Name	Age	Designation	Nature of Duties	Remuneration Rs.	Qualification & Experience	Date of Commencement	Nature of employment	Last employment held
1	Sri R. K. Patodia	51	Managing Director	Managing the affairs of the Company	4.55 lacs	B. Sc. (Eng.) (27)	01.04.1971	Contractual	NIL

NOTES :

1. There are no employees who worked during part of the year and was entitled to receive a remuneration of Rs. 25,000/- or more per month.
2. The remuneration includes Salary, Commission and Company's contribution to Provident Fund.
3. Sri R. K. Patodia is related to Sri M. L. Patodia, Chairman & Managing Director.

Registered Office :

7, Sambhu Nath Mullick Lane,
Calcutta - 700 007
Dated, the 28th day of June, 1997

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

YARN SYNDICATE LIMITED

ANNEXURE II 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 :

	1996-97	1995-96
1. Electricity :		
a) Purchased-Units	112,797	95,888
Total Amount	320,379	268,580
Rate/Unit	2.84	2.80
b) Own Generation :		
From D. G. Sets - Units	200	--
Units/ltr of Diesel	0.50	--
Cost/ Unit	18.80	--
2. Coal	--	--
3. Furnace Oil	--	--
4. Other internal generation	--	--

B. Consumption per unit of Production :

a) Electricity :		
Total Production Cloth (Kgs.)	243,720	157,938
Consumption per 100 Kgs. (Unit)	46.36	60.71
b) Coal and Furnace Oil	--	--

B. Technology Absorption :

Errors made in Technology Absorption as per Form "B"

Indigenous technology alone is used. In view of size of the Knitting Unit of 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. 10, 351.65 Lacs (Previous Year Rs. 4,742.87 Lacs)

Used : Rs. 165.79 Lacs (Previous Year Rs. 106.42 Lacs)

Registered Office :

7, Sambhu Nath Mullick Lane,
Calcutta - 700 007

Dated, the 28th day of June, 1997

For and on behalf of the Board

M. L. Patodia

Chairman and Managing Director

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance sheet of YARN SYNDICATE LIMITED as at 31st March, 1997 and the annexed Profit & Loss Account for the Year ended on that date together with the notes thereon and we report that :

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account as required by law, have been kept by the Company, so far as appears from the examination of such books.
- iii) The report on the audit of knitting unit forwarded by Branch auditor has been duly considered in preparing the report.
- iv) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account and with the audited returns from the Branches.
- v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subjects to :
 - a) Note No. 3 regarding non-provision of doubtful debts amounting to Rs. 1.50 lacs.
 - b) Note No. 6 regarding non-provision of doubtful debts of overseas buyers amounting to Rs. 42.70 lacs.
 - c) Note No. 7 regarding receivable amounting to Rs. 8.22 lacs in respect of special Import Licence sold on the basis of claim lodged, pending receipt of said licence, the eventual recovery of which and provision there against if any cannot be commented upon.
 - d) Note No. 8 regarding non-availability of confirmation and reconciliation of Sundry Debtors, Sundry Creditors, Loans and Advances and certain bank balances.
 - e) Note No. 11 (a) and 11(b) regarding loan given to a body corporate and Investment in a body corporate extent of provision/realisability of which presently cannot be commented upon and read together with their resultant impact and read together with other notes of Schedule 14, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - a) In so far as it relates to the Balance Sheet of the State of affairs of the Company as at 31st March, 1997 and
 - b) In so far as it relates to the Profit & Loss Account, of the Profit for the year ended on that date.

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 party as on 31.03.97.
- 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 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.

YARN SYNDICATE LIMITED

- 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. The Company has not taken any loans from the Companies under the same management as defined under Section 370 (1-B) of the said Act.
- viii) The Company has given loans and advances to its subsidiary companies which in a certain cases is interest free. Other than this the Company has not granted any loans secured or unsecured to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to the Companies under the same management as defined under Section 370(1-B) of the said Act.
- 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. 23.60 lacs (including interest Rs. 3.60 lacs) have become over due from a body corporate as referred in Note No. 11 (a). 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 procedures commensurate with the size of the Company and nature of its business, for the purchase of goods, equipments and other assets and with regard to sale of goods.
- xi) Transactions of purchase of goods aggregating during the year to Rs. 50,000 or more in respect of each party in pursuance of contracts or arrangements 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 type and/or quotations etc. are available for such goods, the prices at which transactions for similar goods have been made with other parties. There are no transactions of sale of goods, materials or services with such parties.
- xii) The Company has procedures for determination of unserviceable and damaged stores, raw materials and finished goods. Necessary adjustment for the losses as and when determined, are made in the accounts.
- xiii) As informed to us, the Company has not accepted any deposit from the public within the purview of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- xiv) As explained reasonable records are being maintained by the Company for the sale and disposal of scrap. The Company has no by-product.
- xv) In our opinion, the Company's internal audit system is commensurate with its size and nature of its business.
- 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) The Company has generally been regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
- xviii) There are no undisputed amount outstanding as on 30.03.1997 in respect of Income Tax, Sales Tax, Custom Duty and Excise Duty which were outstanding for more than six months from the date they became payable.
- xix) During the course of our audit of the books of account carried out in accordance with generally accepted auditing practices and according to information and explanations given to us, we have not come across any personal expenses of employees or directors other than those payable under contractual obligations or in accordance with prevailing practices, which have been charged to Revenue Account.
- xx) The Company is not a Sick Industrial Company within the meaning of Section 3(1) (0) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) In respect of Company's trading activities there were no damaged goods.

14, Government Place East,
Calcutta
Dated, the 28th day of June, 1997

For **LODHA & CO.**
Chartered Accountants
P. L. VADERA
Partner

YARN SYNDICATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1997

	SCHEDULE	1996-97 Rs. in lacs	1995-96 Rs. in lacs
SOURCES OF FUNDS :			
Shareholders Funds :			
Share Capital	1	375.00	375.00
Reserves & Surplus	2	1,200.93	1,147.13
		1,575.93	1,522.13
Loan Funds :			
Secured Loans	3	552.79	792.35
Unsecured Loans	4	2.27	2.27
		555.06	794.62
	TOTAL :	2,130.99	2,316.75
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	5	292.22	258.51
Less : Depreciation		116.94	100.07
Net Block		175.28	158.44
Capital Work in Progress		0.48	3.08
Investments	6	134.39	183.05
CURRENT ASSETS, LOANS & ADVANCES :			
Inventories		955.19	973.65
Sundry Debtors		250.54	407.08
Cash & Bank Balances		255.94	65.18
Loans & Advances		637.83	829.71
		2,099.50	2,275.62
Less : Current Liabilities & Provisions :			
Current Liabilities	8	291.39	327.23
Provisions		121.73	103.48
		413.12	430.71
		1,686.38	1,844.91
Net Current Assets :			
Miscellaneous Expenditure :			
To the extent not adjusted or written off			
Share Issue Expenses		52.32	59.62
Quota Expenses		82.14	67.65
	TOTAL :	2,130.99	2,316.75

NOTES :

14

As per our report of even date

For LODHA & CO.

Chartered Accountants

(P. L. VADERA)

Partner

Place : Calcutta

Dated : the 28th day of June, 1997

S. K. SANGANERIA

Secretary

For and on behalf of the Board

M.L. PATODIA, Managing Director

R. K. PATODIA, Managing Director

K. C. SIOTIA, Executive Director

YARN SYNDICATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997.

	SCHEDULE	1996-97 Rs. in lacs	1995-96 Rs. in lacs
INCOME :			
Sales	9	10,852.46	5,034.16
Other Income	10	37.60	65.00
Increase/ (Decrease) in Stock	11	(13.01)	302.03
		10,877.05	5,401.19
EXPENDITURE :			
Purchases		9,305.80	4,404.85
Interest (Net)	12	273.31	98.54
Depreciation		22.64	13.35
Manufacturing Administrative, Selling & Other Expenses	13	1,158.45	770.23
Share Issue Expenses Written off		7.30	5.48
		10,767.50	5,292.45
Profit before Tax		109.55	108.74
Provision for Taxation		14.50	5.00
		95.05	103.74
Excess Provision for Income Tax in earlier years written back		--	1.45
Profit and Loss Account balance brought forward		104.63	136.94
		199.68	242.13
APPROPRIATIONS :			
General Reserve		50.00	100.00
Proposed Dividend		37.50	37.50
Corporate Dividend Tax		3.75	--
Balance carried to Balance Sheet		108.43	104.63
		199.68	242.13
NOTES :	14		

As per our report of even date

For LODHA & CO.

Chartered Accountants

(P. L. VADERA)

Partner

Place : Calcutta

Dated : the 28th day of June, 1997

For and on behalf of the Board

M.L. PATODIA, Managing Director

R. K. PATODIA, Managing Director

K. C. SIOTIA, Executive Director

S. K. SANGANERIA

Secretary

YARN SYNDICATE LIMITED**SCHEDULES TO THE ACCOUNTS**

	1996-97 Rs. in lacs	1995-96 Rs. in lacs
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED :		
50,00,000 Equity Shares of Rs. 10/- each	<u>500.00</u>	<u>500.00</u>
ISSUED, SUBSCRIBED & PAID UP :		
37,50,000 Equity Shares of Rs. 10/- each	375.00	375.00
	<u>375.00</u>	<u>375.00</u>
SCHEDULE 2 : RESERVES & SURPLUS		
SHARE PREMIUM	437.50	437.50
GENERAL RESERVE :		
As per last Balance Sheet	605.00	505.00
Add : Transferred from Profit & Loss Account	50.00	100.00
	<u>655.00</u>	<u>605.00</u>
PROFIT & LOSS ACCOUNT :		
Balance Carried Forward	108.43	104.63
	<u>1,200.93</u>	<u>1,147.13</u>

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

	1996-97 Rs. in lacs	1995-96 Rs. in lacs
SCHEDULE 3 : SECURED LOANS		
Cash Credit, Packing Credit and Extended Packing Credit Accounts from Bank	552.79	745.09
(Secured by Hypothecation of Stock-in-Trade including goods-in-transit and Export Goods lying with manufacturers. Guaranteed by Personal Guarantee of Managing Directors and one of the Directors of the Company)		
Foreign Currency Loan from ICICI Ltd.		47.26
(Secured by first Charge on present and future immoveable properties of the Company and Hypothecation of all moveables (save & except book debts) including moveable machinery, machinery spares tool accessories - present & future subject to prior charge created in favour of Company's Bankers and guaranteed by a Managing Director and one of the Directors of the Company.)		
	<u>552.79</u>	<u>792.35</u>
SCHEDULE 4 : UNSECURED LOANS		
Short Term Loans/Advances from Directors	2.27	2.27
	<u>2.27</u>	<u>2.27</u>

SCHEDULE TO THE ACCOUNTS

SCHEDULE 5 : FIXED ASSETS

(Rs. in lacs)

PARTICULAR	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-96	Additions during the year	Sales/ Adjustments	As at 31-03-97	Upto 31-03-96	For the Year Amount	Deductions For Sales/ Adjustments	Total As at 31-03-97	As at 31-03-97	As at 31-03-96
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
FREEHOLD LAND	24.28**	--	--	24.28	--	--	--	--	24.28	24.28
BUILDINGS	61.97*	7.50	--	69.47	32.17	2.85	--	35.02	34.45	29.80
OFFICE APPLIANCES & OTHER EQUIPMENTS	27.59	4.89	2.07	30.41	22.62	3.01	1.99	23.64	6.77	4.97
PLANT & MACHINERY	99.07	22.30	0.65	120.72	15.90	11.86	0.02	27.74	92.98	83.17
FURNITURE & FITTINGS	18.75	0.44	--	19.19	9.04	1.98	--	11.02	8.17	9.71
VEHICLES	18.79	5.74	4.69	19.84	14.37	2.34	3.73	12.98	6.86	4.42
AIR CONDITIONER, REFRIGERATOR, COOLER & GENERATOR	8.06	0.30	0.05	8.31	5.97	0.60	0.03	6.54	1.77	2.09
TOTAL :	258.51	41.17	7.46	292.22	100.07	22.64	5.77	116.94	175.28	158.44
PREVIOUS YEAR :	239.86	19.67	1.02	258.51	87.71	13.35	0.99	100.07	158.44	-

* Includes 25 Shares of Rs. 50/- each (Total face value Rs. 1,250/-) fully paid in Co-operative Societies.

* * Land (Freehold) includes Rs. 6.20 Lacs for which transfer in the name of the Company pending, Subject to the acquisition of the necessary documents.

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

Face Value	1996-97	31-03-1996
Rs. in lacs	Rs. in lacs	Rs. in lacs

SCHEDULE 6 : INVESTMENTS (Long term unless otherwise stated)

TRADE INVESTMENTS :

UNQUOTED :

Membership Card of Yarn Merchants Association and Exchange Limited.			
	0.01	0.01	0.01
50000	Canexpo Unit of Canbank Mutual Fund	5.00	5.00
739930	Equity Shares of Rs. 10/- each (Fully Paid) in YS Spinners Ltd.	73.99	73.99
No. of Shares			
1500	Equity Shares of Rs. 10/- each (Fully Paid) in M/s. Mona Textiles Limited	0.15	0.15
Investments in Fully Paid Equity Shares of Rs. 10/- each in Subsidiary Companies			
108100	Patod Syntex Ltd.	10.81	10.81
108100	Prabha Syntex Co. Ltd.	10.81	10.81
108100	YS Exports Ltd.	10.81	10.81
108100	Anjana Syntex Co. Ltd.	10.81	10.81
119750	Pat Credit Ltd.	11.98	11.98
117750	Manoj Credit Ltd.	11.78	11.78
117750	Ankur Credit Ltd.	11.77	11.77
117750	Aarkay Credit Ltd.	11.77	11.77
118250	Prachi Credit Ltd.	11.82	11.82
QUOTED : (Fully Paid Equity Shares of Rs. 10/- each)			
1221	Mahavir Spinning Mills Ltd.	0.12	1.40
1300	Jaipur Polyspin Ltd.	0.13	0.14
* 2000	Reliance Industries Ltd. (Current)	0.20	5.27
* 5000	State Bank of India (Current)	0.50	14.02
		134.39	183.05

* Yet to be transferred in the Company's name

AGGREGATE VALUE OF INVESTMENTS :

Book Value :

Quoted	20.83	1.54
Unquoted	113.56	181.51
	134.39	183.05

Market Value :

Quoted	20.27	0.68
--------	-------	------

PURCHASE AND SALE OF CURRENT INVESTMENTS DURING THE YEAR :

NAMES OF THE COMPANIES	No. of Shares Bought	No. of Shares Sold
Larsen & Toubro Limited	4,000	4,000
State Bank of India	11,500	6,500
Gujrat Ambuja Company	900	900
Reliance Industries Ltd.	16,500	14,500
Sterlite Ind.	500	500
The Tata Iron & Steel Co. Ltd.	2,000	2,000

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

1996-97
Rs. in lacs

1995-96
Rs. in lacs

SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES

CURRENT ASSETS :

Inventories (As taken, valued and certified by the Management)

Stores & Spare Parts

Finished Goods

Trading Goods

1.10

17.87

936.22

955.19

3.75

12.80

957.10

973.65

Sundry Debtors (Unsecured, considered good by the Management) :

Debts due for a period exceeding six months

Considered Doubtful

Other Debts

43.05

1.50

205.99

250.54

42.99

11.44

352.65

407.08

Cash and Bank Balances :

Cash Balance

Balance with Scheduled Banks :

In Current Account

In Fixed Deposit

In Dividend Account

In Share Application Money Account

In Share Application Refund Account

In Margin Money / E. E. F. C. Account

2.58

68.90

144.26

2.23

--

0.94

37.03

255.94

1.31

27.41

25.05

4.68

0.01

0.94

5.78

65.18

LOANS & ADVANCES :

Loans/Inter Corporate Deposits

Advance recoverable in Cash or in

kind or for value to be received :

Unsecured :

Advances and loans to Subsidiaries

Advance to Staff

Advance to Others

Advance Payment of Income

Tax/Wealth Tax

Sundry Deposits

Tax Deducted at Source

Interest Receivable

205.29

136.80

2.80

167.76

66.87

8.01

49.05

1.25

637.83

216.79

256.58

3.50

243.93

59.37

7.97

40.68

0.89

829.71

NOTE :

31-03-97

31-03-96

Considered Good

637.83

829.21

Considered Doubtful

--

0.50

637.83

829.71

2,099.50

2,275.62

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

	1996-97 Rs. in lacs	1995-96 Rs. in lacs
SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES :		
Sundry Creditors :		
For Goods Supplied	176.66	210.37
For Expenses	110.48	96.64
For Others	1.08	13.48
	288.22	320.49
Share Application Money Refundable	0.94	0.94
Dividend Payable (Un-encashed Warraants)	2.23	4.68
Interest Received in Advance	--	0.10
Interest accrued but not due	--	1.02
	291.39	327.23
PROVISIONS :		
Proposed Dividend	37.50	37.50
Corporate Dividend Tax	3.75	--
Taxation	80.48	65.98
	121.73	103.48
	413.12	430.71
SCHEDULE 9 : SALES		
Export (On C. I. F. Value)	10,840.43	4,988.88
Domestic	12.03	45.28
	10,852.46	5,034.16
SCHEDULE 10 : OTHER INCOME		
Export Incentives	23.76	9.14
Miscellaneous Receipts	0.62	49.17
Differance In Foreign Exchange (Net)	0.86	--
Dividend (Gross)		
(TDS 2.59 ; Previous Year 1.21)	11.21	4.97
Profit on Sale of Fixed Assets	0.49	0.27
Profit on Sale of Current Investments	0.66	0.31
Sundry Balances written off (Net)	--	1.14
	37.60	65.00
SCHEDULE 11 : INCREASE / (DECREASE) IN STOCK		
Stock at Closing		
Finished Goods	17.87	12.80
Trading Goods	918.84	936.92
	936.71	949.72
Stock at Opening		
Finished Goods	12.80	16.81
Trading Goods	936.92	630.88
	949.72	647.69
	(13.01)	302.03

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

	1996-97 Rs. in lacs	1995-96 Rs. in lacs
SCHEDULE 12 : INTEREST (Net)		
On Fixed Loans	3.39	3.32
On Loan from Managing Directors	0.30	0.30
To Banks and others	313.62	166.38
	317.31	170.00
Less : Received on Loans/Inter Corporate Deposits & from Banks (Gross : TDS 5.79 Previous Year 12.73)	44.00	71.46
	273.31	98.54
SCHEDULE 13 : MANUFACTURING, ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Raw Materials Consumed	298.10	191.06
Power	3.20	2.69
Stores Consumption	8.69	4.74
Salaries, Wages, Bonus & Gratuity	20.77	15.78
Contribution to Provident & Other Funds	1.61	1.69
Staff Welfare Expenses	1.38	0.29
Directors Remuneration	6.18	4.46
Insurance	27.41	11.41
Rent (Net)	1.68	0.99
Rates & Taxes (Including Licence Fee)	0.78	1.32
House Rent Allowance	0.07	--
Repairs :		
Building	0.61	1.17
Machinery	0.69	0.11
Others	3.67	2.56
	4.97	3.84
Shipping Expenses	418.45	199.59
Commission (Net)	107.02	64.33
Brokerage	82.02	22.27
Discount/Claims/Samples	7.40	8.75
Packing Materials	1.15	1.49
Payment to Auditors :		
Audit Fee	0.38	0.38
Tax Audit Fee	0.04	0.04
Certificate etc.	0.06	0.06
Re-imbusement of out of Pocket Expenses	0.03	0.03
	0.51	0.51
Branch Auditors' Remuneration	0.10	0.09
Bad Debts	0.22	--
Bank Charges	43.97	23.84
Charity & Donation	--	0.06
Difference in Foreign Exchange	--	137.52
Quota Expenses	25.14	12.91
Provision for diminution in investment	2.20	--
Miscellaneous	95.43	60.60
	1,158.45	770.23

YARN SYNDICATE LIMITED

SCHEDULE 14 :

Notes forming part of the Accounts for The Year Ended 31st March,1997.

1. Contingent Liability not Provided for :
 - a) Outstanding Bills Purchsed/Discounted for Rs. 1981.01 lacs (Previous Year Rs. 1,712.32 lacs).
 - b) Income Tax demand not acknowledged and under appeal Rs. 6.86 lacs (Previous Year Rs. 30.55 lacs).
 - c) Sales Tax demands under appeal Rs. 0.17 lac (Previous Year Rs. 0.17 lac) and Sales Tax payable if any, amount not ascertainable.
 - d) Claims against the Company not acknowledged as debts Rs. 1.66 lac (Previous Year 1.66 lac).
2. Gratuity liability for the Year ended 31st March, 1997 amounting to Rs. 0.83 lac (Previous Year Rs. 0.64 lac) determined on the basis of actuarial valuation has been funded with Employee's Gratuity Fund.
3. No Provisions has been made for doubtful debts amounting to Rs. 1.50 lac (Previous Year Rs. 3.86 lacs) as the Company is making efforts to recover the same.
4. Purchase and Sales are net of returns, claims, rebates, discounts and rate difference in respect of Sales of Previous year.
5. Sundry Debtors include an amount of Rs. 198.88 lacs (Previous Year Rs. 291.95 lacs) for the goods shipped pending negotiations of documents as on the date of Balance Sheet and have been expressed in Rupees at the Year end rate.
6. Sundry Debtors include Rs. 42.70 lacs (Previous Year Rs. 50.78 lacs) outstanding from certain overseas buyers beyond the due dates. In the opinion of the management, these will be recovered in due course and as such no provision is considered necessary in this respect.
7. Advance recoverable include Rs. 8.22 lacs (Previous Year Rs. 79.11 lacs) being the amount due in respect of the sale of Special Import Licence on the basis of claim lodged with Joint Director General of Foreign Trade, the ultimate realisation of which is subject to receipt of said licences.
8. Balances of Debtors, Creditors, Loans, Advances and Certain Bank Balances are Subject to confirmation and reconciliation and consequential adjustment, if any with respect to individual details etc.
9. Difference in Foreign Currency includes Rs. NIL (Previous Year Rs. 137.31 Lacs) on account of cancellation of forward exchange contract.
10. In consonance with Accounting Statement on "Accounting for the effects of changes in Foreign Exchange Rates" issued by the Institute of Chartered Accountants of India, transactions in foreign currency related to current assets and liabilities have been expressed at the year end rates which were hitherto expressed at the year end rates whenever the fluctuations were adverse to the company and not so in case of overall gain Consequent upon this change there is no material impact on the profit for the year.
11. a) Loans, considered good, include Rs. 20.00 Lacs from a corporate body which has become over due. Interest amounting to Rs. 3.60 lacs has also not been realised. The Company has filed suit for recovery of the loan together with the interest.
b) The Company has an investment in Equity Shares of Y.S. Spinners Ltd. (YSPL) worth Rs. 73.99 Lacs.
The net worth of the YSPL is in negative. The ownership of the Fixed Assets of Unit II taken over from Shri Ambica Mills Ltd. by YSPL is in dispute and suit on Shri Ambica Mills Ltd. has been filed for recovery of the amount invested in the Fixed Assets together with other claims before the Hon'ble High Court at Ahemadabad. Pending decision of the High Court, no provision for diminution in value of such investment have been considered necessary by the management.
12. Provision for mininum alternate tax (MAT) amounting to Rs. 14.50 lacs has been made and payment against which available for set off towards regular tax liability of future years.
13. Advances recoverable includes Rs. 14.70 lacs against sale of shares, from a Private Limited Company in which one of the Managing Directors of the Company is a director.
14. Advances recoverable includes Rs. 25,000 due from an Ex-Officer of the Company. Maximum amount due at a time during the year amounted to Rs. 25,000

YARN SYNDICATE LIMITED

15. Calculation of Managing Director's Commission

		Rs. in lacs
Profit as per Profit & Loss A/c		109.55
Add : Depreciation as per books Managing / Executive	22.64	
Directors Remuneration	6.18	
Share Issue Expenses Written off	7.30	
Loss on diminution in Investment	2.20	
		38.32
		147.87
Less : Depreciation Under Section 350 of the Companies Act, 1956	20.96	
Profit on Sale of Fixed Assets	0.49	
Profit on Sale of Investment	0.66	
		22.11
		125.76
		1.25

1% of above or 50% of Salary which ever is lower

(Previous Year Rs. 1.13 Lac)

16. Directors Remuneration :

	Rupees in lacs 1996-97	Rupees in lacs 1995-96
Salary	4.27	3.01
Contribution to Provident & other Funds	0.40	0.28
Other Perquisites	0.18	0.01
Commission	1.25	1.13
Directors Fees	0.08	0.03
Total	6.18	4.46

17. Additional information pursuant to the provisions of part II Schedule VI to the Companies Act, 1956 :-

A. QUANTITATIVE INFORMATION	Unit	QUANTITY		AMOUNT	
		1996-97	1995-96	Rs. in lacs	
		1996-97	1995-96	1996-97	1995-96
a) Opening Stock :					
Yarn	Packages	15432	10361	948.30	622.58
Cloth	Packages	245	415	12.80	27.91
b) Purchases :					
Yarn	Packages	185767	78067	9001.81	4388.77
Cloth	Packages	11082	41	303.99	16.07
c) Production :					
Cloth	Kg.	243720.89	166782.52	--	--
	(Packages) : (8124)		(4474)	--	--

YARN SYNDICATE LIMITED

A. QUANTITATIVE INFORMATION	QUANTITY		AMOUNT		
	Unit	1996-97	1995-96	Rs. in lacs	
		1996-97	1995-96	1996-97	1995-96
d) Sales :					
Yarn	Packages	183265	77493	10242.16	4779.56
Cloth	Packages	18253	4685	610.30	254.60
e) Closing Stock :					
Yarn	Packages	17744	15432	916.80	948.30
Cloth	Packages	1198	245	37.29	12.80
f) Raw Material Consumed (Yarn)					
Opening Stock		10514.74 (282)	---	11.38	---
Purchase	Kg. (Packages) : (8350)	248447.82	178138.40 (4779)	304.10	202.44
Less Closing Stock		14289.18 (476)	10514.74 (282)	17.38 ---	11.38 ---
Consumption	Kg. (Packages) : (8156)	244673.38	167623.66 (4497)	298.10 ---	191.06 ---
g) Licenced Capacity					
Cloth	Kg.		Not Applicable		Not Applicable
h) Installed Capacity					
Cloth (Per Annum) Kg.		485000	4850000		Not Applicable
i) Purchase and Sales on Consignment :					
Yarn	(Package)	653	1494	67.69	154.11
 B. EXPENDITURE IN FOREIGN CURRENCY					
				Rs. in lacs	
				1996-97	1995-96
Travelling				15.67	4.55
Commission (Including outstanding)				110.93	86.43
Claim to Overseas buyers (including outstanding)				39.19	15.44
 C. EARNING IN FOREIGN CURRENCY :					
F. O. B. value of goods exported				10351.65	4742.87

YARN SYNDICATE LIMITED

18. Additional Information as required under part IV of Schedule VI to the Companies Act, 1956.
Balance Sheet Abstract and Company's General Business Profile :

1. Registration Details :

Regisgration No.	21-13842
State Code	21
Balance Sheet Date	31-03-97

2. Capital Raised During the Year : (Rs. In lacs)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

3. Position of Mobilisation and Deployment of Funds : (Rs. in lacs)

Total Liabilities	2130.99
Total Assets	2130.99

Sources of Funds :

Paid up Capital	375.00
Reserves & Surplus	1200.93
Secured Loans	552.79
Unsecured Loans	2.27

Application of Funds :

Net Fixed Assets	175.76
Investments	134.39
Net Current Assets	1686.38
Miscellaneous Expenditure	134.46
Accumulated Lossess	NIL

4. Performance of Company : (Rs. in lacs)

Turnover	10852.46
Total Expenditure	10767.50
Profit/(Loss) before tax	109.55
Profit/(Loss) after tax	95.05
Earning per Share (Rs.)	2.53
Dividend Rate	10%

5. Generic Names of Principal Products, Services of the Company :

Item Code No.	52.05
Product Description	Cotton Yarn

19. Raw Materials and Stores & Spare Parts consumed : 100% indigenous.

20. Figures are given in lacs and rounded to nearest thousand.

21. Previous year figures are for 9 months period and hence are strictly not comparable with current year figures. Previous year figures have been regrouped/rearranged whenever considered necessary.

YARN SYNDICATE LIMITED

22. ACCOUNTING POLICIES :

A) General :

These Accounts have been prepared on the historical cost basis and on the accounting principles of a going concern.

B) Revenue Recognition :

- i) All expenses are accounted on accrual basis as also income except where there is uncertainty about the receipt thereof in view of the claims/disputes.
- ii) Income from Export Incentives is recognised on the basis of certainties as to its utilisation and related realisation.
- iii) Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

C) Retirement Benefits :

- i) Gratuity liability is determined on the basis of actuarial valuation and funded with Employees Gratuity Fund.
- ii) Accrued Liability in respect of Leave Encashment is provided/paid during the year.

D) Fixed Asset : Fixed Assets are stated at Cost

E) Depreciation :

- a) In respect of Fixed Assets of Knitting Unit, depreciation has been provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- b) In respect of Fixed Asset other than those of Knitting Unit :
 - i) Depreciation on Fixed Assets has been provided on written down value basis at the rates as prescribed under the Income Tax Rules 1962, except in the case of assets mentioned at serial Nos. (b), (f) and (g) herein below where it has been provided at the rates as prescribed under Schedule XIV to the Companies Act, 1956.

	Rates as per Schedule XIV to the Companies Act, 1956 (%)	Rate as per Income Tax Rules (%)
a) Building :		
Office	5	10
Residential (Area less than 80 Sq. Meters)	5	20
b) Furniture & Fixtures	18.10	10
c) Office Equipments	13.91	25
d) Air Conditioning Machine	13.91	25
e) Refrigerator	13.91	25
f) Motor Car	25.89	20
g) Computer	40	25

YARN SYNDICATE LIMITED

- ii) Depreciation on additions to assets during the year valuing upto Rs. 5,000/- has been provided at the rate of 95%.
- iii) Depreciation on additions to assets has been provided for the full year. No depreciation is being provided on assets sold during the year.

F) Exchange Fluctuation :

Transactions in foreign currencies related to the current assets and liabilities are accounted for on the basis of the exchange rates prevailing at the time the transactions take place and at the year end these are expressed at the year end exchange rates.

G) Inventories :

- i) Stock of Trading Goods is stated at cost.
- ii) Stock of Finished Goods (Knitted Fabrics) is stated at the lower of cost or estimated net realisable value.
- iii) Stores and Spare Parts is stated at cost.

H) Investments :

Long Term Investments are stated at cost less provision for diminution in value other than temporary, if any, Current investments are valued at cost or below cost as the case may be.

I) Share Issue Expenses :

Share Issue Expenses shall be written off proportionately over a period of ten years.

J) Quota Expenses :

Quota Expenses are written off over the period during which benefits therefrom are expected to be derived.

K) Contingent Liabilities :

Contingent liabilities are not provided but disclosed by way of Note.

As per our report of even date

For LODHA & CO
Chartered Accountants
P. L. VADERA
Partner

S. K. SANGANERIA
Secretary

For and on behalf of the Board

M. L. PATODIA Managing Director
R. K. PATODIA Managing Director
K. C. SIOTIA Executive Director

Place : Calcutta

Dated : 28th day of June, 1997

YARN SYNDICATE LIMITED

CASH FLOW STATEMENT OF YARN SYNDICATE LIMITED AS PER LISTING AGREEMENT

CASH FLOW STATEMENT	Year ended 31st March 1997 (Rs. in Lacs)	Period ended 31st March 1996 (Rs. in Lacs)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxes & extraordinary item	461.50	297.13
Add : Depreciation	22.64	13.35
Less : Profit on Sale of Assets	(0.49)	(0.27)
Profit on Sale of Investment	(0.66)	(0.31)
Interest Received	(44.00)	(71.46)
Dividend Received.	(11.21)	(4.97)
Miscellaneous Expenditure	(39.63)	58.50
	<u>388.15</u>	<u>174.97</u>
Operating Profit before working Capital Changes		
Less : Adjustment for :		
Inventories	18.46	(325.65)
Trade and Other Receivables	156.54	(256.12)
Advances	76.83	34.72
Trade Payables	(33.39)	110.92
Cash Generated From Operations	<u>606.59</u>	<u>(261.18)</u>
Interest Paid	(317.31)	(170.00)
Direct Taxes Paid	(15.87)	(13.95)
Net Cash Flow from Operating Activities (A)	<u>273.41</u>	<u>(445.13)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(38.57)	(21.67)
Sale of Fixed Assets	2.19	0.30
Sale of Investment	143.90	122.35
Purchase of Investment	(96.78)	(122.04)
Loans & Inter-corporate Deposits	131.28	177.45
Interest Received	43.64	71.46
Dividend Received	11.21	4.97
Net Cash Flow from Investing Activities (B)	<u>196.87</u>	<u>232.82</u>

YARN SYNDICATE LIMITED

C. CASH FLOW FROM FINANCING ACTIVITIES

Increase in Share Capital/Premium A/c.	--	0.18
Net Increase/Decrease in Secured Borrowing	(239.56)	248.58
Net Increase/Decrease in Unsecured Borrowing	--	(0.07)
Dividend Paid	(39.95)	(37.50)
Net Cash Flow from Financing Activities (C)	<u>(279.51)</u>	<u>211.19</u>
Net Increase in Cash & Cash equipments (A+B+C)	190.77	(1.12)
Cash & Cash equipments as at opening	65.18	66.30
Cash & Cash equipments as at closing	255.95	65.18

AUDITORS' REPORT

We have examined the above Cash Flow statement of YARN SYNDICATE LIMITED for the period nine months ended 31st March 1997. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Stock Exchange and is based on and in agreement with the books and records of the company and also the Profit and Loss Account and Balance Sheet of the Company covered by our Report of even date to the members of the Company.

As per our report of even date

For LODHA & CO
Chartered Accountants
P. L. VADERA
Partner

S. K. SANGANERIA
Secretary

For and on behalf of the Board

M. L. PATODIA Managing Director
R. K. PATODIA Managing Director
K. C. SIOTIA Executive Director

Place : Calcutta

Dated : 28th day of June, 1997

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

INTEREST OF HOLDING COMPANY IN THE SUBSIDIARY COMPANIES

SL. NO.	NAME OF THE SUBSIDIARY COMPANIES	YEAR ENDED	NO. OF EQUITY SHARES	FACE VALUE RS. IN LACS	EXTENT OF HOLDING %	NET PROFIT/LOSS NOT DEALT WITH IN HOLDING COMPANY'S ACCOUNTS RS. IN LACS.			
						CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
1.	YS Exports Limited	31.03.97	108100	10.81	52.73	LOSS	8.96	LOSS	3.26
2.	Aarkay Credit Limited	31.03.97	117750	11.77	98.96	PROFIT	2.44	PROFIT	2.27
3.	Prachi Credit Limited	31.03.97	118250	11.82	98.96	PROFIT	2.56	PROFIT	2.22

For and on behalf of the Board

M. L. PATODIA Managing Director

R. K. PATODIA Managing Director

K. C. SIOTIA Executive Director

S. K. SANGANERIA Secretary

**ANNUAL REPORTS
OF
SUBSIDIARY COMPANIES**

YS EXPORTS LIMITED

BOARD OF DIRECTORS

SHRI M.L. PATODIA
SHRI R. K. PATODIA
SHRI K. C. SIOTIA

AUDITORS

S. NARAYAN AGARWAL & CO.
Chartered Accountants
42/1, B. B. Ganguly Street
Calcutta - 700 012

REGISTERED OFFICE

7, Sambhu Nath Mullick Lane,
Calcutta - 700 007

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their Ninth Report alongwith Annual Audited Accounts for the Year ended 31st March, 1997 together with Auditors Report thereon.

ACCOUNT :

From the Accounts you would observe that after accounting for all expenses and income the Company has suffered a Net Loss of Rs. 8,96,121/- The final position stands as follows :-

	Rs.
Net Loss as per Profit and Loss A/C.	8,96 ,121
Credit Balance brought forward from last year	21,26,321
Credit Balance in Profit and Loss A/c. carried forward to next year	<u>12,30,200</u>

DIVIDEND :

In view of loss suffered during the year under review your Directors do not recommend any dividend.

BUSINESS ACTIVITIES :

During the year under report, the Company continued the business as commission agents of various manufacturers. Although the financial results have not been satisfactory, Your Directors are hopeful of better results in future.

DIRECTORS :

Sri K. C. Siotia, Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

HOLDING COMPANY :

By virtue of holding more than 50% Shares in your Company, M/s. Yarn Syndicate Limited, the Holding Company continues to be the Holding Company of your Company.

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

The particulars required in respect of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable for the year under review.

YS EXPORTS LIMITED

AUDITORS' NOTES :

Auditors' Notes in their Report referring to Schedule 4 of Fixed Assets and Schedule 13 of Notes on Accounts are self-explanatory and do not require any further clarification.

AUDITORS :

M/s. S. Narayan Agarwal & Co. Chartered Accountants, the Auditors of the Company retire but being eligible have offered themselves for re-appointment.

M/s. Rungta & Associates, Chartered Accountants, the Branch Auditors of the Company's branch at Mumbai retire but being eligible have offered themselves for re-appointment.

Registered Office :

7, Sambhu Nath Mullick Lane,
Calcutta 700 007

Dated, the 26th day of June, 1997

By order of the Board

R. K. Patodia

K. C. Siotia

Directors

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of YS EXPORTS LIMITED 7, Sambhu Nath Mullick Lane, Calcutta - 700 007 as at 31st March, 1997 and also the annexed Profit & Loss Account of the Company for the year ended on that date and report :

1. 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.
2. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Account of the company.
3. The Audited Statements of Account together with Auditors' Report thereon have been received from Bombay Branch and the same have been considered in framing our report;
4. 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 those books and according to explanations given to us, the said accounts subject to and read together with notes in Schedule '4' of Fixed Assets and Schedule '13' of Notes of Account give the information required by the Companies Act, 1956 (here in after referred to as the Act) in the manner so required and give a true and fair view;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997; and
 - ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Act and on the basis of such checks as were considered appropriate, we further report that :

1. The Company has maintained proper records to show full particulars, including quantitative details and situation of Fixed Assets. As informed to us physical verification of the Fixed Assets has been carried out by the Management. No material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during this year.
3. There was no stock of finished goods, raw materials and stores, hence the question of physical verification and valuation does not arise.
4. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under section 301 of the Act and/or the Companies under the same management as defined under section 370(1-B) of the Act except interest free loan from Holding Company.
5. The Company has not granted any loans, secured or unsecured, to the companies, firms or other parties listed in the Register maintained under Section 301 of the Act and/or the Companies under the same management as defined under section 370(1-B) of the Act.
6. Provident Fund dues have been regularly deposited with the appropriate authorities during the year. As explained, the provisions of the Employees State Insurance Act, 1948 are not applicable to the Company.

YS EXPORTS LIMITED

7. According to the information and explanations given to us, and the books and records examined by us, there are no undisputed amount payable in respect of Income-tax, Excise duty, Sales-tax and Customs duty outstanding as at 31st March, 1997 for a period exceeding six months from the date they become payable.
8. According to the information and explanations given to us, and as per the records of the Company examined by us, no personal expenses have been charged to Revenue Account.
9. Other clauses of the said order are not applicable to the Company.

Place : Calcutta
Dated, the 26th day of June, 1997

For **S. NARAYAN AGARWAL & CO.**
Chartered Accountants
S. N. AGARWAL
Proprietor

YS EXPORTS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1997

	SCHEDULE	31-03-1997 Rs.	31-03-1996 Rs.
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	2,050,000	2,050,000
Reserves & Surplus	2	1,230,200	2,126,321
		3,280,200	4,176,321
Loan Funds :			
Unsecured Loans	3	9,720,211	9,870,211
		9,720,211	9,870,211
TOTAL :		13,000,411	14,046,532
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	4	17,428,506	17,428,506
Less : Depreciation		4,684,057	3,939,310
Net Block		12,744,449	13,489,196
Investments :	5	---	1,000
Current Assets, Loans & Advances :			
Sundry Debtors	6	116,828	303,337
Cash & Bank Balances	7	752,108	799,959
Loans & Advances	8	816,516	886,566
		1,685,452	1,989,862
Less : Current Liabilities & Provisions	9		
Current Liabilities		790,753	796,052
Provisions		640,000	640,000
		1,430,753	1,436,052
Net Current Assets		254,699	553,810
Miscellaneous Expenditure	10	1,263	2,526
TOTAL :		13,000,411	14,046,532
NOTES ON ACCOUNTS :	13		

As per our report of even date

For **S. NARAYAN AGARWAL & CO.**
Chartered Accountants

S. N. AGARWAL
Proprietor

42/1. B. B. Ganguly Street
Calcutta - 700 012

Dated : the 26th day of June, 1997

For and on behalf of the Board

R. K. PATODIA
K. C. SIOTIA
Directors

YS EXPORTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997.

	SCHEDULE	31-03-1997 Rs.	31-03-1996 Rs.
INCOME :			
Other Income	11	1,109,885	1,634,312
		<u>1,109,885</u>	<u>1,634,312</u>
EXPENDITURE :			
Other Expenses	12	1,261,259	1,370,754
Depreciation		<u>744,747</u>	<u>590,009</u>
		<u>2,006,006</u>	<u>1,960,763</u>
Profit/(Loss) before Taxation		(896,121)	(326,451)
Balance brought forward from last year		2,126,321	2,452,772
		<u>1,230,200</u>	<u>2,126,321</u>
Balance carried forward			
NOTES ON ACCOUNTS	13		

As per our report of even date

For and on behalf of the Board

For S. NARAYAN AGARWAL & CO.
Chartered Accountants
S. N. AGARWAL
Proprietor

R. K. PATODIA
K. C. SIOTIA
Directors

42/1. B. B. Ganguly Street
Calcutta - 700 012

Dated : the 26th day of June, 1997

YS EXPORTS LIMITED

SCHEDULE TO THE ACCOUNTS

31-03-1997
Rs.

31-03-1996
Rs.

SCHEDULE 1 : SHARE CAPITAL

AUTHORISED :

5,00,000 Equity Shares of Rs. 10/- each	5,000,000	5,000,000
1,00,000 Preference Shares of Rs. 10/- each	1,000,000	1,000,000
	6,000,000	6,000,000

ISSUED, SUBSCRIBED & PAID UP :

2,05,000 Equity Shares of Rs. 10/- each Fully paid up in cash (out of which 1,08,100 Equity Shares are held by Holding Company M/s. Yarn Syndicate Limited)	2,050,000	2,050,000
	2,050,000	2,050,000

SCHEDULE 2 : RESERVES & SURPLUS

PROFIT & LOSS ACCOUNT :

Balance Carried Forward	1,230,200	2,126,321
	1,230,200	2,126,321

SCHEDULE 3 : UNSECURED LOANS

From Holding Company (Interest Free)	9,720,211	9,870,211
	9,720,211	9,870,211

SCHEDULE TO THE ACCOUNTS

SCHEDULE 4 : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-96	Additions during the year	Sales/ Adjustments Rs.	As at 31-03-97 Rs.	Upto 31-03-96 Rs.	Provided during the year Rs.	Deduction For Sales/ Adjustments Rs.	Total As at 31-03-97 Rs.	As at 31-03-97 Rs.	As at 31-03-96 Rs.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
OWNERSHIP PREMISES	16,257,335	-	-	16,275,335	3,364,032	645,565	-	4,009,597	12,265,738	12,911,303
FURNITURE & FIXTURES	588,681	-	-	588,681	291,846	53,727	-	345,573	243,108	296,835
AIR CONDITIONER & WATER FILTER	371,104	-	-	371,104	166,738	28,427	-	195,165	175,939	204,366
TELEPHONE EQUIPMENTS	96,636	-	-	96,636	44,325	7,276	-	51,601	45,035	52,311
COMPUTER	96,750	-	-	96,750	72,369	9,752	-	82,121	14,629	24,381
TOTAL :	17,428,506	-	-	17,428,506	3,939,310	744,747	-	4,684,057	12,744,449	13,489,196
PREVIOUS YEAR :	17,437,606	-	9,100	17,428,506	3,355,007	590,009	5,706	3,939,310	13,489,196	-

NOTES : i) Depreciation on Fixed Assets has been charged under Written Down Value method at the rates as specified under Schedule XIV of the Companies Act, 1956 for the full year irrespective of the number of months used.

YS EXPORTS LIMITED

SCHEDULE TO THE ACCOUNTS

	31-03-1997 Rs.	31-03-1996 Rs.
SCHEDULE 5 : INVESTMENTS (At Cost)		
(Other than Trade)		
UNQUOTED :		
National Savings Certificate	--	1,000
	<u> </u>	<u> </u>
	--	1,000
	<u> </u>	<u> </u>
SCHEDULE 6 : SUNDRY DEBTORS		
(Unsecured - Considered Good)		
Debts due for a period exceeding 6 months	93,750	209,587
Other Debts	23,078	93,750
	<u> </u>	<u> </u>
	116,828	303,337
	<u> </u>	<u> </u>
SCHEDULE 7 : CASH & BANK BALANCES		
a) Cash in Hand	3,423	35,470
b) Balances with Scheduled Banks		
In Current Accounts	724,685	740,489
In Fixed Deposit Account	24,000	24,000
	<u> </u>	<u> </u>
	752,108	799,959
	<u> </u>	<u> </u>
SCHEDULE 8 : LOANS & ADVANCES		
(Unsecured - Considered Good)		
Advances recoverable in Cash or in kind or for value to be received	10,082	120,709
Advance/Provisional payment of Income Tax	660,716	660,716
Tax Deducted at Source	87,221	87,221
Interest accrued on Investments	600	600
Staff Advance	40,577	---
Deposits	17,320	17320
	<u> </u>	<u> </u>
	816,516	886,566
	<u> </u>	<u> </u>
SCHEDULE 9 : CURRENT LIABILITIES & PROVISIONS		
a) CURRENT LIABILITIES :		
Sundry Creditors for Goods & Expenses	784,451	783,243
Tax Deducted at Source	6,302	12,809
	<u> </u>	<u> </u>
	790,753	796,052
b) PROVISIONS ;		
For Taxation	640,000	640,000
	<u> </u>	<u> </u>
	1,430,753	1,436,052
	<u> </u>	<u> </u>
SCHEDULE 10 : MISCELLANEOUS EXPENDITURE :		
(To the extent not written off or adjusted)		
Preliminary Expenses	1,263	2,526
	<u> </u>	<u> </u>
	1,263	2,526
	<u> </u>	<u> </u>

YS EXPORTS LIMITED

SCHEDULE TO THE ACCOUNTS

	31-03-1997 Rs.	31-03-1996 Rs.
SCHEDULE 11 : OTHER INCOME		
Commission	1,057,865	1,501,262
Miscellaneous Income	8,650	--
Interest	43,370	23,579
Interest from Income Tax Department	--	2,772
Profit on Sale of Fixed Assets	--	90,356
Sundry Balances Written Off	--	16,343
	1,109,885	1,634,312
SCHEDULE 12 : OTHER EXPENSES		
Salary and Bonus	503,067	476,284
Contribution to Provident & Other Fund	36,855	31,057
Staff & Labour Welfare	37,444	61,056
Electricity (Including repairing)	102,690	97,910
Building Repairs & Maintenance	217,904	174,326
Travelling Expenses	4,295	8,799
Conveyance Charges	28,821	64,599
Printing & Stationery	23,776	48,655
Postage, Telegrams, Telephones & Telex	84,586	271,100
Rates & Taxes	990	900
Legal & Professional Expenses	58,600	14,000
Motor Car Expenses	12,265	41,356
Bad Debts	109,081	51,184
Brokerage & Commission	20,445	--
Advertisement	--	150
Bank Charges	1,447	1,407
Filing Fees	960	240
General Expenses	6,221	13,640
Books & Periodicals	1,070	7,611
Sales Tax	--	540
Subscription to Associations	4,487	--
Auditors' Remuneration (Including to Branch Auditors) :		
For Audit	3,500	3,500
For Tax Audit	750	750
For Certification Work	500	500
For out of Pocket Expenses	242	242
Preliminary Expenses Written Off	1,263	948
	1,261,259	1,370,754

YS EXPORTS LIMITED

SCHEDULE TO THE ACCOUNTS

SCHEDULE 13 : NOTES ON ACCOUNTS

- i) Bonus and gratuity liability are being provided for as and when paid.
- ii) No provision for Income Tax has been made as the Company has been advised by the legal experts that there would not be a Taxable Income.
- iii) **Significant Accounting Policies :**
- A. a) These accounts have been prepared on historical cost basis and on accounting principles of a going concern.
b) Accounting policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting principles.
- B. Depreciation is provided on written down value method at the rates specified in Schedule XIV to the Companies, Act, 1956. Depreciation on assets added during the year, is provided for the full year and no depreciation is being provided for on assets sold/disposed off during the year.
- C. All expenses and income have been accounted for on accrual basis except otherwise mentioned.
- D. Investments are stated at cost.
- E. Fixed Assets are stated at cost.
- iv) These accounts are for a period of twelve months as against nine months in the previous year and therefore, the figures are not comparable to extent.
- v) Previous year's figures have been re-arranged/re-grouped wherever necessary.
- vi) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

I. REGISTRATION DETAILS :

Registration No.	:			21-044154
State Code	:			21
Balance Sheet Date	:	31	03	1997
		Date	Month	Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS.) :

Public Issue	:	Nil
Bonus Issue	:	Nil
Rights Issue	:	Nil
Private Placement	:	Nil

YS EXPORTS LIMITED

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.) :

Total Liabilities	14,431,164.00
Total Assets	14,431,164.00
Sources of Funds :	
Paid up Capital	20,50,000.00
Reserves & Surplus	12,30,200.00
Secured Loans	Nil
Unsecured Loans	97,20,211.00
Application of Funds :	
Net Fixed Assets	12,744,449.00
Investments	Nil
Net Current Assets	2,54,699.00
Miscellaneous Expenditure	1,263.00
Accumulated Losses	Nil

IV. PERFORMANCE OF COMPANY (Amount in Rs.) :

Turnover	11,09,885.00
Total Expenditure	20,06,006.00
Profit/(Loss) before Tax	(896,121.00)
Profit/(Loss) after Tax	(896,121.00)
Earning per Share in (Rs.)	Nil
Dividend rate %	Nil

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICE OF COMPANY (As per monetary terms)

1) Item Code No.	:	NOT APPLICABLE
Product Description	:	NOT APPLICABLE

As per our report of even date.
Signature to Schedules 1 to 13.

For S. NARAYAN AGARWAL & CO.
Chartered Accountants

S. N. AGARWAL
Proprietor

42/1, B. B. Ganguly Street
Calcutta - 700 012

Dated, the 26th day of June, 1997

For and on behalf of the Board

R. K. PATODIA
K. C. SIOTIA
Directors

AARKAY CREDIT LIMITED

REGISTERED OFFICE :

7, Sambhu Nath Mullick Lane
Calcutta - 700 007

AUDITORS

M/s. S. Narayan Agarwal & Co.
Chartered Accountants, Calcutta.

BOARD OF DIRECTORS

SHRI P. D. PATODIA
SHRI R. K. PATODIA
SHRI K. C. SIOTIA

DIRECTORS REPORT TO THE MEMBERS

Your Directors have pleasure in submitting their Ninth Report together with Audited Accounts for the year ended 31st March, 1997 and the Auditors' Report thereon.

ACCOUNTS :

From the Accounts you would observe that the Company has earned a Net Profit of Rs. 2,44,042/-. The final position as per Audited Accounts stands as follows :

	Rs.
Net Profit as per Profit & Loss Account	2,44,042
Add :Credit Balance in Profit & Loss Account brought forward from last year	73,334
	<u>3,17,376</u>
Less : Provision for Taxation	27,200
Transferred to General Reserve	20,000
Proposed Dividend :	
On Preference Shares	2,300
On Equity Shares	1,78,485
Provision for Taxation on Proposed Dividend	<u>18,079</u>
	<u>2,46,064</u>
Credit Balance in Profit & Loss Account carried forward to next year	<u>71,312</u>

DIVIDEND :

Your Directors are pleased to recommend Dividend for the year ended 31st March, 1997 on Preference and Equity Shares @ Rs. 1.00 and Rs. 1.50 respectively. The same would be paid to those shareholders whose names shall appear on the Register of Members as on the date of the ensuing Annual General Meeting.

BUSINESS ACTIVITIES :

The business of investment of funds has been satisfactory. Your Directors are hopeful of better results in future.

DIRECTORS :

Sri K. C. Siotia, Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

HOLDING COMPANY :

By virtue of holding more than 50% Shares in your Company, M/s. Yarn Syndicate Limited, the Holding Company continues to be so.

AUDITORS :

M/s. S. Narayan Agarwal & Co. Chartered Accountants, retire but being eligible have offered themselves for re-appointment.

By order of the Board
R. K. Patodia, K. C. Siotia
Directors

Registered Office :
7, Sambhu Nath Mullick Lane
Calcutta - 700 007

Dated, the 28th day of June 1997

**AUDITORS REPORT
To The Shareholders**

We have audited the attached Balance Sheet of AARKAY CREDIT LIMITED 7, Sambhu Nath Mullick Lane, Calcutta - 700 007 as at 31st March, 1997 and also the annexed Profit & Loss Account of the Company for the year ended on that date and report :

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.

The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Account of the Company.

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 those books.

In our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997; and
- ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Act and on the basis of such checks as were considered appropriate, we further report that :

- i) The Company has taken unsecured loan from Holding Company. The rate of interest, other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
- ii) The investments are being held by the Company in its own name.
- iii) Other clauses of the said order are not applicable to the Company.

For S. NARAYAN AGARWAL & CO.
Chartered Accountants

S. N. AGARWAL
Proprietor

Place : Calcutta

Date : the 28th day of June, 1997.

AARKAY CREDIT LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1997

	SCHEDULE	31-03-1997 Rs.	31-03-1996 Rs.
SOURCES OF FUNDS :			
SHAREHOLDERS FUNDS :			
Share Capital		1,212,900	1,212,900
RESERVE & SURPLUS :			
General Reserve		30,000	10,000
Profit & Loss Account – Balance at Credit		71,312	73,334
		<u>1,314,212</u>	<u>1,296,234</u>
LOAN FUNDS :			
Unsecured Loan from Holding Company		1,843,414	1,922,631
	TOTAL :	<u>3,157,626</u>	<u>3,218,865</u>
APPLICATION OF FUNDS :			
Investments	2	3,223,253	3,223,253
CURRENT ASSETS, LOANS & ADVANCES :			
Cash & Bank Balances	3	8,873	10,334
Loans & Advances	4	234,494	242,384
		<u>243,367</u>	<u>252,718</u>
Less : Current Liabilities & Provisions	5	309,960	259,038
Net Current Assets		(66,593)	(6,320)
Miscellaneous Expenditure	6	966	1,932
	TOTAL :	<u>3,157,626</u>	<u>3,218,865</u>

NOTE : Schedules 1 to 7 form an integral part of this Balance Sheet.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997.

	31-03-1997 Rs.	31-03-1996 Rs.
INCOME :		
DIVIDEND		
Gross (T. D. S. Rs. 1,13,302/- Previous Year Rs. 1,21,192/-)	490,060	490,060
Interest from Income Tax Department	13,995	11,732
	<u>504,055</u>	<u>501,792</u>
EXPENDITURE :		
Salary	1,625	1,500
Printing & Stationery	130	--
Audit Fees	2,000	1,000
Professional Tax	900	900
Interest (To Holding Company)	250,679	264,439
Trade Licence	90	90
Filing Fees	840	240
General Expenses	103	--
Bank Charges	130	100
Law Charges	2,550	5,750
Preliminary Expenses Written off	966	966
	<u>260,013</u>	<u>274,985</u>
Profit/(Loss) for the year	244,042	226,807
Provision for Taxation	(27,200)	(28,000)
Provision for Taxation for Earlier year	--	8,647
Transferred to General Reserve	(20,000)	(10,000)
Proposed Dividend :		
On Preference Shares	(2,300)	(2,300)
On Equity Shares	(178,485)	(154,687)
Provision for Taxation on Proposed Dividend	(18,079)	
Profit/(Loss) as per last account	73,334	32,867
Balance Carried to Balance Sheet	<u>71,312</u>	<u>73,334</u>

In terms of our report of even date

S. NARAYAN AGARWAL & CO.

Chartered Accountants

S. N. AGARWAL

Proprietor

42/1. B. B. Ganguly Street, Calcutta - 700 012

Dated : the 28th day of June, 1997

For and on behalf of the Board

R. K. PATODIA

K. C. SIOTIA

Directors

AARKAY CREDIT LIMITED

ii) Previous Year's figures have been re-grouped/re-arranged wherever necessary.

iii) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

I. REGISTRATION DETAILS :

Registration No.	:				21-044204
State Code	:				21
Balance Sheet Date	:	31	03	1997	
		Date	Month	Year	

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS.) :

Public Issue	:				Nil
Bonus Issue	:				Nil
Rights Issue	:				Nil
Private Placement	:				Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Amount in Rs.)

Total Liabilities					3,467,586.00
Total Assets					3,467,586.00
SOURCE OF FUNDS :					
Paid up Capital					1,212,900.00
Reserves & Surplus					101,312.00
Secured Loans					Nil
Unsecured Loans					1,843,414.00
APPLICATION OF FUNDS:					
Net Fixed Assets					Nil
Investments					3,223,253.00
Net Current Assets					(66,593.00)
Miscellaneous Expenditure					966.00
Accumulated Losses					Nil

IV. PERFORMANCE OF COMPANY : (Amount in Rs.)

Turnover					504055.00
Total Expenditure					260,013.00
Profit/(Loss) Before Tax					244,042.00
Profit/(Loss) After Tax					216,842.00
Earning per Share in Rs.					1.82
Dividend rate %					15%

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS /SERVICE OF COMPANY :

(As per monetary terms)

1) Item Code No. :					NOT APPLICABLE
Product Description :					NOT APPLICABLE

In terms of our report of even date

S. NARAYAN AGARWAL & CO.
Chartered Accountants

S. N. AGARWAL
Proprietor

42/1. B. B. Ganguly Street
Calcutta - 700 012

Dated : the 28th day of June, 1997

For and on behalf of the Board

R. K. PATODIA
K. C. SIOTIA
Directors

PRACHI CREDIT LIMITED

REGISTERED OFFICE :

7, Sambhu Nath Mullick Lane,
Calcutta - 700 007

AUDITORS

M/s. S. Narayan Agarwal & Co.
Chartered Accountants, Calcutta.

BOARD OF DIRECTORS

SHRI R. K. PATODIA

SHRI K. C. SIOTIA

SHRI MANOJ PATODIA

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in submitting their Nineth Report together with Audited Accounts for the year ended 31st March, 1997 and the Auditors' Report thereon.

ACCOUNTS :

From the Accounts you would observe that the Company has earned a Net Profit of Rs. 2,55,764/-. The final position as per Audited Accounts stands as follows :

	Rs.
Net Profit as per Profit & Loss Account	2,55,764
Add : Credit Balance in Profit & Loss Account brought forward from last year	64,144
Add : Excess Provision of Income Tax Written back	9,265
	<u>3,29,173</u>
Less : Provision for Taxation	26,800
Transferred to General Reserve	20,000
Proposed Dividend :	
On Preference Shares	2,300
On Equity Shares	1,91,184
Provision for Taxation on Proposed Dividend	<u>19,348</u>
	<u>2,59,632</u>
Credit Balance in Profit & Loss Account carried forward to next year	<u>69,541</u>

DIVIDEND :

Your Directors are pleased to recommend Dividend for the year ended 31st March, 1997 on Preference and Equity Shares @ Rs. 1.00 and Rs. 1.60 respectively. The same would be paid to those shareholders whose names shall appear on the Register of Members as on the date of the ensuing Annual General Meeting.

BUSINESS ACTIVITIES :

The business of investment of funds has been satisfactory. Your Directors are hopeful of better results in future.

DIRECTORS :

Sri K. C. Siotia, Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

HOLDINGS COMPANY :

By virtue of holding more than 50% Shares in your Company, M/s. Yarn Syndicate Limited, the Holding Company continues to be so.

AUDITORS :

M/s. S. Narayan Agarwal & Co, Chartered Accountants, retire but being eligible have offered themselves for re-appointment.

By order of the Board
R. K. Patodia, K. C. Siotia
Directors

Registered Office :

7, Sambhu Nath Mullick Lane
Calcutta - 700 007

Dated, the 28th day of June 1997

AUDITORS REPORT To The Shareholders

We have audited the attached Balance Sheet of PRACHI CREDIT LIMITED 7, Sambhu Nath Mullick Lane, Calcutta - 700 007 as at 31st March, 1997 and also the annexed Profit & Loss Account of the Company for the year ended on that date and report :

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.

The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Account of the Company.

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 those books.

In our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997; and
- ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

As required by the manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Act and on the basis of such checks as were considered appropriate, we further report that :

- i) The Company has taken unsecured loan from Holding Company. The rate of interest, other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
- ii) The investments are being held by the Company in its own name.
- iii) Other clauses of the said order are not applicable to the Company.

For **S. NARAYAN AGARWAL & CO.**
Chartered Accountants

S. N. AGARWAL
Proprietor

Place : Calcutta

Dated : the 28th day of June, 1997.

PRACHI CREDIT LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1997

	SCHEDULE	31-03-1997 Rs.	31-03-1996 Rs.
SOURCES OF FUNDS :			
SHAREHOLDERS FUNDS :			
Share Capital	1	1,217,900	1,217,900
RESERVE & SURPLUS :			
General Reserve		25,000	5,000
Profit & Loss Account – Balance at Credit		69,541	64,144
		<u>1,312,441</u>	<u>1,287,044</u>
LOAN FUNDS :			
Unsecured Loan from Holding Company		2,116,725	2,198,218
	TOTAL :	<u>3,429,166</u>	<u>3,485,262</u>
APPLICATION OF FUNDS :			
Investments	2	3,393,350	3,393,350
CURRENT ASSETS, LOANS & ADVANCES :			
Cash & Bank Balances	3	8,260	4,600
Loans & Advances	4	382,443	350,779
		<u>390,703</u>	<u>355,379</u>
Less : Current Liabilities & Provisions	5	355,853	265,399
Net Current Assets		34,850	89,980
Miscellaneous Expenditure	6	966	1,932
	TOTAL :	<u>3,429,166</u>	<u>3,485,262</u>

NOTE : Schedules 1 to 7 form an integral part of this Balance Sheet.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997.

	31-03-1997 Rs.	31-03-1996 Rs.
INCOME :		
DIVIDEND		
Gross (T. D. S. Rs. 1,21,825/-;		
Previous Year Rs. 1,30,309/-)	526,926	526,926
Interest from Income Tax Department	24,327	--
	<u>551,253</u>	<u>526,926</u>
EXPENDITURE :		
Salary	1,625	1,500
Printing & Stationery	192	--
Audit Fees	2,000	1,000
Professional Tax	900	900
Interest (To Holding Company)	285,996	293,941
Trade Licence	90	90
Filing Fees	840	240
General Expenses	102	--
Bank Charges	228	75
Law Charges	2,550	5,750
Preliminary Expenses Written off	966	966
	<u>295,489</u>	<u>304,462</u>
Profit/(Loss) for the year	255,764	222,464
Provision for Taxation	(26,800)	(29,000)
Provision for Taxation for Earlier year	--	(490)
Excess Provision of Income Tax for Asst. year 1994-95 Written back	9,265	--
Transferred to General reserve	(20,000)	(5,000)
Proposed Dividend :		
On Preference Shares	(2,300)	(2,300)
On Equity Shares	(191,184)	(149,363)
Provision for Taxation on Proposed Dividend	(19,348)	
Profit/(Loss) as per last account	64,144	27,833
Balance Carried to Balance Sheet	<u>69,541</u>	<u>64,144</u>

In terms of our Report of even date
S. NARAYAN AGARWAL & CO.
 Chartered Accountants
S. N. AGARWAL
 Proprietor
 42/1, B. B. Ganguly Street, Calcutta - 700 012
 Dated : the 28th day of June, 1997

For and on behalf of the Board
R. K. PATODIA
K. C. SIOTIA
 Directors
 Directors

PRACHI CREDIT LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1997

	31-03-1997 Rs.	31-03-1996 Rs.
SHARE CAPITAL : (SCHEDULE '1')		
AUTHORISED :		
2,70,000 Equity Shares of Rs. 10/- each	2,700,000	2,700,000
30,000 Preference Shares of Rs. 10/- each	300,000	300,000
	<u>3,000,000</u>	<u>3,000,000</u>
ISSUED, SUBSCRIBED & PAID UP :		
1,19,490 Equity Shares of Rs. 10/- each fully paid up in cash (out of which 1,18,250 Equity Shares are held by the Holding Company Yarn Syndicate Ltd.)	1,194,900	1,194,900
2,300 10% Redeemable Preference Shares of Rs. 10/- each fully paid up in cash (Redeemable on or before 03-05-1998)	23,000	23,000
	<u>1,217,900</u>	<u>1,217,900</u>
INVESTMENTS : (SCHEDULE '2')		
AT COST :		
2,63,463 Equity Shares of Rs. 10/- each fully paid up in M/s. ATL Textiles Limited (Market Price Rs. 39,51,945/-; Previous Year Rs. 52,69,260/-)	3,393,350	3,393,350
	<u> </u>	<u> </u>
CASH AND BANK BALANCES : (SCHEDULE '3')		
Cash in Hand	381	1,231
Balance with Scheduled Bank in Current Account	7,879	3,369
	<u>8,260</u>	<u>4,600</u>
LOANS AND ADVANCES : (SCHEDULE '4')		
Income Tax Deducted at Source	382,443	350,779
	<u>382,443</u>	<u>350,779</u>
CURRENT LIABILITIES & PROVISIONS : (SCHEDULE '5')		
CURRENT LIABILITIES :		
Creditors for Expenses	2,000	1,000
Tax Deducted at Source	61,489	50,739
PROVISIONS :		
Taxation	79,532	61,997
Proposed Dividend	193,484	151,663
Taxation on Proposed Dividend	19,348	
	<u>355,853</u>	<u>265,399</u>
MISCELLANEOUS EXPENDITURE : (SCHEDULE '6')		
PRELIMINARY EXPENSES :	966	1,932
(To the extent not written off)	<u> </u>	<u> </u>
NOTES ON ACCOUNT : (SCHEDULE '7')		
i) SIGNIFICANT ACCOUNTING POLICIES :		
A.	(a) These accounts have been prepared on historical cost basis and on accounting principles of a going concern. (b) Accounting policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting principles.	
B.	All expenses and income have been accounted for on accrual basis except otherwise mentioned.	
C.	Investments are stated at cost.	

PRACHI CREDIT LIMITED

ii) Previous Year's figures have been re-grouped/re-arranged wherever necessary.

iii) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

I. REGISTRATION DETAILS :

Registration No.	21-044208		
State Code	21		
Balance Sheet Date	31	03	1997
	Date	Month	Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS.) :

Public Issue	Nil
Bonus Issue	Nil
Rights Issue	Nil
Private Placement	Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Amount in Rs.)

Total Liabilities	3,785,019.00
Total Assets	3,785,019.00
SOURCE OF FUNDS :	
Paid up Capital	1,217,900.00
Reserves & Surplus	94,541.00
Secured Loans	Nil
Unsecured Loans	2,116,725.00
APPLICATION OF FUNDS:	
Net Fixed Assets	Nil
Investments	3,393,350.00
Net Current Assets	34,850.00
Miscellaneous Expenditure	966.00
Accumulated Losses	Nil

IV. PERFORMANCE OF COMPANY : (Amount in Rs.)

Turnover	551,253.00
Total Expenditure	295,489.00
Profit/(Loss) Before Tax	255,764.00
Profit/(Loss) After Tax	228,964.00
Earning per Share in Rs.	1.92
Dividend rate %	16%

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS /SERVICE OF COMPANY :

(As per monetary terms)

1) Item Code No. :	NOT APPLICABLE
Product Description :	NOT APPLICABLE

In terms of our Report of even date

S. NARAYAN AGARWAL & CO.

Chartered Accountants

S. N. AGARWAL

Proprietor

42/1, B. B. Ganguly Street

Calcutta - 700 012

Dated : the 28th day of June, 1997

For and on behalf of the Board

R. K. PATODIA

K. C. SIOTIA

Directors

PROXY FROM

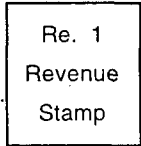
YARN SYNDICATE LIMITED

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

I/We
of being a
MEMBER/MEMBERS of the above-named Company, hereby appoint
..... of
..... or failing him
..... of
..... as my/our proxy to
attend and vote for me/us and on my/our behalf at the 51st Annual General Meeting of the Company to be held at the
patodia House, 23 Circus Avenue, Calcutta-700 017 on Friday, the 26th day of September, 1997 at 10.00 a.m. and/
or at any adjournment thereof.

Signed this day of 1997.

Signature



Regd. Folio No.

Note : The Proxy should be deposited at Registered Office of the Company not less than 48 hours before the time for holding
the above Meeting.

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ATTENDANCE SLIP

YARN SYNDICATE LIMITED

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

Full Name of Shareholder/Proxy.....
(IN BLOCK CAPITAL LETTERS)

I hereby record my presence at the 51th Annual General Meeting of the Company held at the Patodia House, 23,
Circus Avenue, Calcutta-700 017 on Friday, the 26th day of September, 1997 at 10.00 a.m.

Registered Folio No. :

No. of shares held :

.....
Signature of Shareholder/Proxy

Note : This attendance slip duly filled in and signed must be handed over at the entrance of the Meeting Hall.

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BOOK-POST

If undelivered, please return to :

YARN SYNDICATE LIMITED

7, Sambhu Nath Mullick Lane

Calcutta-700 007