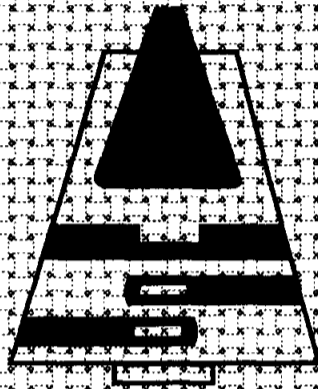


yarn syndicate limited.

Govt. Recognised Trading House



ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH 2002

YARN SYNDICATE LIMITED

BOARD OF DIRECTORS

SRI M. L. PATODIA, Chairman & Managing Director

SRI R. K. PATODIA, Managing Director

SRI K. P. BAGARIA

SRI SITA RAM SARAF

SRI DEVENDRA JHUNJHUNWALA

SRI DILIP KUMAR KHANDELWAL

SRI KAILASH CHANDRA SIOTIA

SRI VIKASH SINGHAL

SMT. SHEELA PATODIA

BANKERS

CANARA BANK

Overseas Branch

2/1, Russel Street, Kolkata - 700 071

AUDITORS

LODHA & CO.

Chartered Accountants

14, Government Place East, Kolkata - 700 069

REGISTERED OFFICE

7, Sambhu Nath Mullick Lane, Kolkata - 700 007

YARN SYNDICATE LIMITED

NOTICE OF THE 56TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-Sixth Annual General Meeting of the Members of the Company will be held at Patodia House, 23, Circus Avenue, Kolkata- 700 017 on Saturday the 28th day of September, 2002 at 10.00 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date together with the Auditor's and the Directors' Reports thereon.
2. To appoint a Director in place of Shri Krishna Prasad Bagaria who retires by rotation and are eligible for re-appointment.
3. To appoint a Director in place of Shri Kailash Chandra Sotia who retires by rotation and are eligible for re-appointment.
4. To appoint Auditors including for Branches to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Smt. Sheela Patodia, who was appointed as an Additional Director of the Company with effect from 01.04.2002 be and is hereby appointed as a Director of the Company."
6. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Sri Devendra Kumar Jhunjhunwala, who was appointed as an Additional Director of the Company with effect from 01.04.2002 be and is hereby appointed as a Director of the Company."
7. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Sri Dilip Kumar Khandelwal who was appointed as an Additional Director of the Company with effect from 01.04.2002 be and is hereby appointed as a Director of the Company."
8. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Sri R.K. Patodia be and is hereby re-appointed as Managing Director of the Company for a period of 5 years w.e.f. 1st July, 2002."

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

By order of the Board
For YARN SYNDICATE LIMITED

M. L. PATODIA
Chairman & Managing Director

NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and such proxy need not be a member of the Company, Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books shall remain closed from 16th September, 2002 to 28th September, 2002 (both days inclusive).
3. Pursuant to Section 205A(5) of the Companies Act, 1956 as amended, any money transferred to the Unpaid Dividend Account of the Company which remains Unpaid or Unclaimed for a period of 7 (Seven) years from the date of such transfer to the Unpaid Dividend account shall be transferred by the Company to the Investor Education and Protection Fund to be established by the Central Government and the Shareholders shall not be able to claim any Unpaid Dividend from the said fund or from the Company thereafter.
Members who have not encashed the dividend warrant(s) for the Financial Year 1994-95 and any subsequent Dividend payment(s) are requested to make their claims to the Company.

YARN SYNDICATE LIMITED

4. As the Members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the Company's share on either of the Depositories as aforesaid.

REQUEST TO THE MEMBERS :

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 7 (seven) days in advance, so as to enable the Company to keep the information ready.
2. All communications relating to shares are to be addressed to the Company's Share Transfer Agents, M/s. AMI Computers (I) Limited, 60A & B Chowringhee Road, Kolkata-700 020."

GENERAL SHARE HOLDER INFORMATION

(A) Listing of Equity Shares on Stock Exchanges :

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

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

(B) Demat ISIN Number in :

NSDL & CDSL : Equity Shares INE 564C01013

ANNEXURE TO NOTICE

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

Item No. 5 :

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

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

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

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

Item No. 6 :

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

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

YARN SYNDICATE LIMITED

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

Item No. 7 :

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

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

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

Item No. 8 :

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

- I) **Period :**
5 Years from 01.07.2002 to 30.06.2007.
- II) **Salary :**
Rs. 30,000/- per month in the Scale of Rs.30,000-Rs.5,000-Rs.50,000/-
- III) **Commission :**
One percent Commission on the net profits of the Company computed in accordance with the provisions of Section 349 of the Companies Act, 1956 subject to a ceiling of 50% of the Annual Salary.
- IV) **Housing :**
 - a) The Expenditure incurred by the Company for hiring Unfurnished accommodation shall be subject to a ceiling of 60% of the Salary over and above 10% payable by him.
 - b) The Expenditure incurred by the Company of gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962 subject to a ceiling of 10% of his Salary.
- V) **Medical Reimbursement :**
Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- VI) **Leave Travel Concession :**
For self and family once in a year, provided that only actual fare shall be paid to and fro any place in India and no Hotel Expenses shall be paid.
- VII) **Club Fees :**
Fees of clubs subject to a maximum of two clubs which will not include admission and life membership fees.
- VIII) **Personal Accident Insurance :**
Premium not to exceed Rs.4,000/- per annum.
- IX) Contribution to Provident Fund as per Rules of the Company and will not be included in the Computation of ceiling in perquisites to the extent it is not taxable Under the Income Tax Act.
- X) Gratuity payable should not exceed half month's salary for each completed year of service.
- XI) Earned/Privileged leave not exceeding one month for every eleven months of service. Leave accumulated but not availed of shall not be allowed to be encashed.
- XII) Provision of Car for use on Company's business and telephone at his residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.

YARN SYNDICATE LIMITED

Other Terms & Conditions :

- i) In the case of inadequacy or absence of profit, Sri R.K.Patodia will get the same remuneration as mentioned herein above.
- ii) So long as Sri R.K.Patodia functions as the Managing Director of the Company he will not be entitled to any sitting fee for attending the meeting of the Board of Directors or any Committee thereof.
- iii) So long as Sri R.K.Patodia holds the office of the Managing Director he will not be liable to retire by rotation.
- iv) So long as Sri R.K.Patodia holds the office of the Managing Director of the Company he will not become interested or concerned in any selling agency directly or through his wife or minor children without prior approval of the Central Government.
- v) The appointment of Sri R.K.Patodia may be terminated by giving three months notice by either side.

The agreement between the Company and Sri R.K.Patodia is available for inspection by the members of the Company at its registered office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

This may be treated as an abstract of the Agreement made by the Company with Sri R.K.Patodia pursuant to Section 302 of the Companies Act, 1956.

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

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

By order of the Board
For YARN SYNDICATE LIMITED

M. L. PATODIA
Chairman & Managing Director

YARN SYNDICATE LIMITED

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

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

FINANCIAL RESULTS :

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

DIVIDEND :

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

PERFORMANCE REVIEW :

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

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

PARTICULARS OF EMPLOYEES :

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

SUBSIDIARY COMPANY :

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

YARN SYNDICATE LIMITED

OUTLOOK :

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

DIRECTORS :

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

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

CORPORATE GOVERNANCE :

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

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

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

AUDITOR'S OBSERVATIONS :

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

AUDITORS :

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

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

ACKNOWLEDGEMENTS :

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

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

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

YARN SYNDICATE LIMITED

ANNEXURE I TO THE REPORT OF THE BOARD OF DIRECTORS

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

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

A. Power Consumption

	<u>2001-2002</u>	<u>2000-2001</u>
1. Electricity :		
a) Purchased – Units	–	11,320.00
Total Amount	–	42,175.00
Rate / Unit	–	3.73
b) Own Generation :		
From D. G. Sets Units	–	–
Units/ltr. Of Diesel	–	–
Cost / Unit	–	–
2. Coal	–	–
3. Furnace Oil	–	–
4. Other internal generation	–	–
B. Consumption per unit of Production :		
a) Electricity :		
Total Production Cloth (Kgs.)	–	5,758.00
Consumption per 100 Kgs. (Unit)	–	196.60
b) Coal and Furnance Oil	–	–

B. Technology absorption :

Efforts made in Technology Absorption as per Form "B"

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

C. Foreign Exchange earning & Outgo :

a) Activity relating to export, initiative taken to increase exports, development of new export market for products and services and export plans :

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

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

Earned : Rs. 3617.05 Lacs (Previous Year Rs. 2344.50 Lacs)

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

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

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

YARN SYNDICATE LIMITED

AUDITORS' REPORT

Auditor's Report to the Members of M/s.YARN SYNDICATE LIMITED

We have audited the attached Balance Sheet of M/s.YARN SYNDICATE LIMITED as at 31st March,2002 and also the Profit & Loss Account for the year ended on that date.These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting, the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that,

1. 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 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 report that :
 - i) The Company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets. As informed to us, the management has at regular intervals conducted physical verification of fixed assets and no material discrepancies were noticed on such verification.
 - ii) None of the fixed assets of the Company has 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 stock lying with third parties as at the year-end.
 - iv) In our opinion, the procedure of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of it business.
 - v) As explained, no discrepancies were noticed on verification of stocks as compared to book records, to the extent stocks verified.
 - vi) In our opinion and on the basis of our examination of stock of goods traded in by the Company is fair and proper is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 - vii) The rate of interest and other terms and conditions pertaining to loans taken from the parties listed in the register maintained under Section 301 of the Companies Act,1956 are prima facie not prejudicial of the interest of the Company. As informed there is no Company under the same management as defined under Section (1-B) of Section 370 of the Companies Act,1956.
 - viii) The Company has granted unsecured loans to companies listed in the register maintained under Section 301 of the Companies Act,1956 and to its subsidiary companies. The rate of interest and other terms and conditions of these loans are prima-facie not prejudicial to the interest of the Company. As informed there is no company under the same management as defined under Sub Section (1-B) of Section 370 of the Companies Act,1956.
 - ix) In respect of loans and advances in the nature of loans given by the Company to its employees and other parties are being repaid as per stipulation, wherever such stipulation exists. However, Rs.28.65 Lacs (including interest Rs.3.65 Lacs) have become overdue from a body corporate as referred to in Note No.7 of Schedule 14.
 - x) In our opinion and according to the explanations given to us and having regard to the nature of business and the practice followed, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of goods, equipment and other assets and with regard to sale of goods.
 - xi) Transactions of purchase of goods aggregating during the year to Rs. 50,000/- or more in respect of each party in pursuance to contracts or arrangement entered in the register maintained under Section 301 of the Companies Act,1956 have been made at the prices which are reasonable having regard to explanations given that some of the items purchased are of special nature/or quotations, etc. are available for such goods, the prices at which transactions for similar goods have been made with other parties. As

YARN SYNDICATE LIMITED

explained there are no transactions of sale of goods, materials or services with such parties.

- xii) As explained to us, the Company has a regular procedure for determination of unserviceable and/or damaged stores, raw materials and finished goods. Necessary adjustments for the losses as and when determined are made in the accounts.
- xiii) As informed to us, the Company has not accepted any deposits from the public within the purview of Section 58A of the Companies Act, 1956, and rules framed thereunder.
- xiv) As explained, reasonable records are being maintained by the Company for sale and disposal of scrap. The Company has no by-products.
- xv) In our opinion, the Company's internal audit system commensurate with the 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) According to the records of the Company, Provident Fund dues and Employees' state Insurance dues have been deposited regularly with the appropriate authorities.
- xviii) There are no undisputed amounts of Income tax, Wealth-tax, Sales-tax, Customs duty and Excise duty, outstanding as on 31st March, 2002 for a period of more than six months from the date these became payable.
- xix) During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices, we have not come across any personal expenses other than those payable under contractual obligation and/or generally accepted business practices, which have been charged to Profit and Loss Account, nor have we been informed of any such case by the management.
- xx) The Company is not a Sick Industrial Company within the meaning of Clause 'O' of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) In respect of the trading activities of the Company, as informed there were no damaged goods in possession of the company which are likely to have material impact on the year end stocks.

2. *Attention is invited to the following notes of Schedule 14 regarding :*

- a) *Certain old debts from Overseas Buyers amounting to Rs.166.63 Lacs, the extent of amount recoverable and provision there against if any is presently not ascertainable (Note No.3).*
- b) *Confirmations and reconciliation in respect of Sundry Debtors, Sundry Creditors and Loans and Advances are not available (Note No.4).*
- c) *Advances amounting to Rs.1089.60 Lacs, the extent of realisability of claim lodged against a supplier consequential provisions required if any are presently not ascertainable (Note No.5).*
- d) *Investments in Equity Shares of certain body corporate valuing Rs.73.99 Lacs, the amount of provision for diminution in value is not ascertainable (Note No.6(a)).*
- e) *Loans given to body corporate and other amounting to Rs.25.00 Lacs, pending legal proceedings the extent of amount recoverable is presently not ascertainable (Note No.7).*
- f) *Non provision of the year-end shortfall pertaining to book balances of certain investments as given in Note No.6(b).*

3. *We further that, in respect of the Notes mentioned in Paragraph 2 above the impact thereof can not be ascertained and therefore,*

4. Further to above, we report that :

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of Accounts;

YARN SYNDICATE LIMITED

- c) The report on the audit of branches forwarded by branch auditors have been duly considered in preparing the report;
- d) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- e) *Except as given in Note No.6(a & b) of Schedule 14 regarding non-provision of diminution in value of certain investments*, in our opinion, the Profit and Loss account and Balance Sheet comply with the mandatory accounting Standards referred to in sub-section 3(c) of section 211 of the Companies Act, 1956;
- f) On the basis of written representations from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and *subject to Para 2 above, whereby impact as mentioned in Paragraph 3 above is not ascertainable* and read together with the other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
 - ii) in case of Profit & Loss Account, of the Loss for the year ended on that date.

14, Government Place East,
Kolkata - 700 069.
Dated : 21st day of June, 2002.

For LODHA & CO
Chartered Accountants

P. L. VADERA
Partner

YARN SYNDICATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2002

	SCHEDULE	31.03.2002 Rs. in lacs	31.03.2001 Rs. in lacs
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	375.00	375.00
Reserves & Surplus	2	<u>1,427.89</u>	<u>1,454.98</u>
		<u>1,802.89</u>	<u>1,829.98</u>
Loan Funds :			
Secured Loans	3	613.63	179.58
Unsecured Loans	4	<u>73.37</u>	<u>69.81</u>
		<u>687.00</u>	<u>249.39</u>
TOTAL		<u>2,489.89</u>	<u>2,079.37</u>
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	5	432.41	428.90
Less : Depreciation		220.72	192.72
Net Block		211.69	236.18
Investments :			
	6	115.59	123.78
Current Assets, Loans & Advance :			
Inventories	7	52.59	171.77
Sundry Debtors		362.84	131.68
Cash & Bank Balances		192.96	49.62
Loans & Advances		1,629.34	1,425.00
		<u>2,237.73</u>	<u>1,778.07</u>
Less : Current Liabilities & Provisions :			
Current Liabilities	8	89.18	86.13
Provision		14.36	16.00
		<u>103.54</u>	<u>102.13</u>
Net Current Assets :		<u>2,134.19</u>	<u>1,675.94</u>
Miscellaneous Expenditure :			
To the extent not adjusted or written of			
Share Issue Expenses		15.82	23.12
Quota Expenses		<u>12.60</u>	<u>20.35</u>
TOTAL		<u>2,489.89</u>	<u>2,079.37</u>
NOTES :	14		

As per our report of even date

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

For and on behalf of the Board
M. L. PATODIA, Managing Director
R. K. PATODIA, Managing Director
S. R. SARAF, Director

Place : Kolkata

Dated : the 21st day of June, 2002.

YARN SYNDICATE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	SCHEDULE	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
INCOME :			
Sales	9	3,676.82	2,662.54
Other Income	10	215.69	163.15
Increase / (Decrease) in Stock	11	(119.18)	(180.18)
		<u>3,773.33</u>	<u>2,645.51</u>
EXPENDITURE :			
Purchases		3,483.94	2,282.77
Interest (Net)	12	36.98	29.39
Depreciation		33.07	34.41
Manufacturing Administrative, Selling & Other Expenses	13	232.74	278.37
Share Issue Expenses Written Off		7.30	7.30
		<u>3,794.03</u>	<u>2,632.24</u>
Profit / (Loss) before Tax		(20.70)	13.27
Deferred Tax Assets		4.10	-
Provision for Taxation		-	-
Provision for Income Tax for earlier years		(1.40)	5.69
		(15.20)	7.58
Profit and Loss Account balance brought forward		177.48	169.90
		<u>162.28</u>	<u>177.48</u>
APPROPRIATIONS :			
Balance carried to Balance Sheet		162.28	177.48
		<u>162.28</u>	<u>177.48</u>
NOTES :	14		

As per our report of even date

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

For and on behalf of the Board
M. L. PATODIA, Managing Director
R. K. PATODIA, Managing Director
S. R. SARAF, Director

Place : Kolkata

Dated : the 21st day of June, 2002.

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

	2001-2002 Rs. in lacs	2000-2001 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	<u>375.00</u>	<u>375.00</u>
	<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	840.00	820.00
Less : Deferred Tax Laibilities as on April 1, 2001	<u>11.89</u>	<u>-</u>
	828.11	840.00
Profit & Loss Account :		
Balance Carried Forward	<u>162.28</u>	<u>177.48</u>
	<u>1,427.89</u>	<u>1,454.98</u>
SCHEDULE 3 : SECURED LOANS		
Cash Credit, Packing Credit from Bank (Secured by Hypothecation of Stock-in-Trade including goods-in-transit and Export Goods lying with manufacturers. Guranteed by Personal Guarantee of Managing Director of the Company)		
	<u>613.63</u>	<u>179.58</u>
	<u>613.63</u>	<u>179.58</u>
SCHEDULE 4 : UNSECURED LOANS		
Short Term Loan from :		
Director	2.00	2.27
Life Insurance Corporation of India (Refer Note 12 of Schedule 14)	<u>71.37</u>	<u>67.54</u>
	<u>73.37</u>	<u>69.81</u>

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

SCHEDULE 5 : FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION BLOCK				NET BLOCK	
	As on 01-04-01	Additions during the year	Sales/ Adjustment during the year	Total As on 31.03.02	Upto 31.03.01	For the year amount	Deductions for sales/ Adjustment	Total As on 31-03-02	As on 31.03.02	As on 31.03.01
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
FREEHOLD LAND	24.28	-	-	24.28	-	-	-	-	24.28	24.28
BUILDING	187.40	-	0.73	186.67*	42.44	13.90	0.68	55.66	131.01	144.96
PLANT & MACHINERY	120.72	-	-	120.72	74.06	11.58	-	85.64	35.08	46.66
OFFICE APPLIANCES & OTHERS EQUIPMENTS	20.83	-	-	20.83	18.65	0.54	-	19.19	1.64	2.18
COMPUTER	13.97	0.67	0.32	14.32	13.06	0.93	0.29	13.70	0.62	0.91
FURNITURE & FITTINGS	20.14	-	-	20.14	15.93	0.72	-	16.65	3.49	4.21
VEHICLES	28.65	8.12	4.30	32.47	18.87	4.59	4.10	19.36	13.11	9.78
AIR-CONDITIONER, REFRIGERATOR COOLER & GENERATOR	12.91	0.07	-	12.98	9.71	0.81	-	10.52	2.46	3.20
TOTAL :	428.90	8.86	5.35	432.41	192.72	33.07	5.07	220.72	211.69	236.18
PREVIOUS YEAR :	432.26	1.25	4.61	428.90	162.42	34.41	4.11	192.72	236.18	269.84

* Includes 20 shares (Previous year 20 shares) of Rs. 50/- each (Total face value Rs. 1000/- fully paid up.)

* Include Godown (at Bhiwandi) of Rs. 3,85,000.00 to be transferred in the name of the company.

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
SCHEDULE 6 : INVESTMENTS		
TRADE INVESTMENTS		
UNQUOTED : (Long term; equity shares of Rs. 10/- each fully paid up)		
739930 YS Spinners Ltd.	73.99	73.99
1500 Mona Textiles Ltd.	0.15	0.15
117750 Aarkay Credit Ltd.	11.77	11.77
118250 Prachi Credit Ltd.	11.83	11.83
5000 Patriot Automation Project (P) Ltd.	15.00	15.00
(108100) YS Exports Ltd.	-	10.81
QUOTED : (Current; Fully Paid Equity Shares of Rs. 10/- each)		
42 Mahavir Spinning Mills Ltd.	0.02	0.02
1300 Jaipur Polyspin Ltd.	0.14	0.14
75 Essar Steel Limited	0.01	0.01
2,965 Patspin Limited	0.22	0.33
(4,500)		
10,000 Reliance Petroleum Limited	3.65	-
	<u>116.78</u>	<u>124.05</u>
Less : Provision for Diminution in Investment	1.19	0.27
	<u>115.59</u>	<u>123.78</u>
AGGREGATE VALUE OF INVESTMENTS :		
Book Value :		
Quoted	4.04	0.50
Unquoted	112.74	123.55
	<u>116.78</u>	<u>124.05</u>
Market Value		
Quoted	<u>2.84</u>	<u>0.23</u>

Figures in bracket indicate previous year figures

PURCHASE AND SALE OF CURRENT INVESTMENTS DURING THE YEAR :

Name of the Companies	No. of Shares
Himachal Futuristic Comm. Ltd.	4,000
L & T Limited	1,000
Sqrds Software Limited	3,000
Zee Telefilm Ltd.	44,000
ACC Ltd.	1,000
Infosys Technologis Limited	200
Reliance Industries Limited	8,500
Satyam Computers Limited	5,000
Television 18 (I) Limited	1,000
Balaji Telefilm Limited	4,000
Global Trust Bank Limited	1,000
I T C Limited	2,010

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS :		
Inventories including goods in transit (As taken valued and certified by the Management)	52.59	171.77
Trading Goods	52.59	171.77
Sundry Debtors (Unsecured, considered good by the Management) :		
Debts due for a period exceeding six months	168.36	44.43
Other Debts	194.48	87.25
	362.84	131.68
Cash and Bank Balances :		
Cash Balance	10.01	2.26
Balance with Scheduled Banks :		
In Current Account	14.13	3.63
In Fixed Deposit	166.34	41.23
In Dividend Account	2.44	2.46
In E.E.F.C. Account	0.04	0.04
	192.96	49.62
LOANS & ADVANCES :		
Loans/Inter Corporate Deposits	233.32	144.65
Advance recoverable in Cash or in kind or for value to be received :		
Unsecured :		
Advances and loans to Subsidiaries	-	84.58
Advance to staff	0.45	0.22
Advance to Others	1,347.85	1,128.93
Advance Payment of Income Tax	-	5.00
Sundry Deposits	5.91	7.72
Tax Deducted at Source	39.42	52.83
Interest Receivable	2.39	1.07
	1,629.34	1,425.00
	2,237.73	1,778.07

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES :		
Sundry Creditors :		
For Goods Supplied	13.50	39.12
For Expenses	33.03	20.40
For Others	27.00	21.39
	73.53	80.91
Bank Overdraft (due to Reconciliation)	13.21	2.76
Dividend Payable (Un-encashed Warrants)	2.44	2.46
	89.18	86.13
PROVISIONS :		
For Taxation	6.57	16.00
Deferred Tax Liabilities	7.79	-
	103.54	102.13
SCHEDULE 9 : SALES		
Export (On C.I.F. Value)	3,670.53	2,430.03
Domestic	6.29	232.51
	3,676.82	2,662.54
SCHEDULE 10 : OTHERS INCOME		
Exports Incentives	148.01	97.08
Commission (Net)	-	10.31
Miscellaneous Receipts	-	1.78
Difference In Foreign Exchange (Net)	18.82	22.39
Rent Received	9.74	2.54
Dividend	0.04	0.08
Profit on Sale of Fixed Assets (Net)	36.27	0.07
Profit on Sale of Current Investments (Net)	2.81	16.41
Sundry Balance written back (Net)	-	12.49
	215.69	163.15
SCHEDULE 11 : INCREASE / (DECREASE) IN STOCK		
Stock at Closing		
Trading Goods	52.59	171.77
	52.59	171.77
Stock at Opening		
Trading Goods	171.77	351.95
	171.77	351.95
	(119.18)	(180.18)
SCHEDULE 12 : INTEREST (Net)		
On Loan from Managing Directors	0.30	0.30
To Banks and others	77.66	71.93
	77.96	72.23
Less received on Loans/Inter		
Corporate Deposits & from Banks	40.98	42.84
(Gross : TDS 6.71 lacs Previous Year 13.15 lacs)		
	36.98	29.39

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
SCHEDULE 13 : MANUFACTURING, ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Power	-	0.42
Stores Consumption	-	0.01
Salaries, Wages, Bonus & Gratuity	17.83	19.76
Contribution to Provident & Other Funds	2.14	2.04
Staff Welfare Expenses	0.67	0.78
Directors' Fees	0.03	0.04
Insurance	3.35	25.23
Rent	0.32	0.26
Rates & Taxes (Including Licence Fee)	1.05	5.82
Repairs :		
Building	1.51	1.38
Machinery	-	0.09
Others	1.65	2.47
	3.16	3.94
Shipping Expenses	115.45	115.44
Commission (Net)	1.42	-
Brokerage	0.44	0.30
Discount / Claims / Samples	10.35	20.10
Packing Materials	-	-
Payment to Auditors :		
Audit Fee	0.46	0.48
Tax Audit Fee	0.02	0.04
Certificate etc.	0.02	0.04
Re-imbusement of out of Pocket Expenses	0.01	0.07
	0.51	0.63
Bank Charges	14.62	15.89
Charity & Donation	0.02	0.01
Quota Expenses	8.39	19.12
Sundry Balance w/off (net)	12.61	-
Diminution in Investment	1.05	0.16
Miscellaneous Expenses	39.33	48.42
	232.74	278.37

YARN SYNDICATE LIMITED

SCHEDULES TO THE ACCOUNTS

SCHEDULE 14 :

Notes forming part of the Accounts

1. Contingent Liability not Provided for :
 - a) Outstanding Bills Purchased/Discounted for Rs. 215.59 Lacs (Previous Year Rs. 490.77 Lacs).
 - b) Income Tax demand pending and under appeal Rs. Rs. 6.07 Lacs (Previous Year NIL).
 - c) Sales Tax demands under appeal Rs. 0.17 Lacs (Previous Year Rs. 0.17 Lacs) and Sales Tax payable if any, amount not ascertainable.
 - d) Claims against the Company not acknowledged as debts Rs. NIL (Previous Year Rs. 1.53 Lacs).
2. Sundry Debtors include an amount of Rs. 193.90 Lacs (Previous Year Rs.87.58 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.
3. Sundry Debtors includes Rs. 166.63 Lacs (Previous Year Rs. 42.70 Lacs) outstanding from certain overseas buyers beyond the due dates. Such balances have not been realigned at the year end rate. In the opinion of the management, these will be recovered in due course and as such no provision is considered necessary in this respect.
4. Balance of Debtors, Creditors, Loans and Advances are subject to confirmation and reconciliation and consequential adjustment, if any with respect to individual details etc.
5. Advances considered good include Rs. 1,089.60 Lacs (Previous Year Rs. 1,088.76 Lacs) (excluding interest and other compensations) given to M/s. The Coimbatore Pioneer Mills Ltd. (CPML) against supply of yarn. The said party has not supplied the materials and in certain cases where supplies were made materials were not found to be of required specification. Accordingly, the Company had filed a suit before Hon'ble High Court at Kolkata for the recovery of the said sum and interest etc. The Court vide its order dated 7th May, 2001 has dismissed the suit, since CPML has been referred to the Board for industrial and Financial Reconstruction (BIFR) in June, 1998. The Company has filed an appeal against the said order before Hon'ble High Court at Kolkata on 22.08.2001. The said court vide its order dated 13.09.2001 allowed the appeal and suit has been restored. Pending final outcome, the said amount has been considered good and recoverable.
6.
 - a) The Company has an investment of Rs. 73.99 Lacs in Equity Shares of Y. S. Spinners Ltd. (YSPL). The net worth of the YSPL is in negative. The agreement between YSPL and Shri Ambica Mills Ltd. with respect to acquisition of Fixed Assets of Unit No. 2 was held to be void. YSPL has lodged a claim on Shri Ambica Mills Ltd. in respect of its investment in Fixed and other Assets. Pending outcome, no provision has been considered necessary by the management for the investment in shares of YSPL.
 - b) Revenue recognition with respect to diminution in value of long term investments amounting to Rs. 38.60 lacs (Previous Year Rs. 49.41 lacs) have not been made in these accounts since these are considered long term strategic investments and such diminution does not represent inherent loss in values thereof.
7. Loans / Intercorporate deposits include Rs. 28.65 lacs (including interest of Rs. 3.65 lacs) from a body corporate which is overdue. The company has filed suit for recovery of the loan together with interest on this loan. As a matter of abundant precaution, interest on the said loan amounting to Rs. 9 lacs (including Rs. 4.50 lacs for the year) has not been accounted for. Pending outcome of the legal suit, in the opinion of management, no provision is considered necessary, as the same is considered good and receivable.
8.
 - a) In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, which has become mandatory with effect from 1st April, 2001, the Company has accounted for deferred tax during the year. Consequently provision for the cumulative deferred tax liability aggregating to Rs. 11.89 lacs as on 1.4.2001. On account of timing difference mainly due to depreciation has been made. The deferred tax asset for the year amounting to Rs. 4.10 lacs has been recognised in the Profit and Loss Account, consequent to the above, the Loss for the year is lower by Rs. 4.10 lacs and Reserve and Surplus at the year end is lower by Rs. 11.89 lacs.

YARN SYNDICATE LIMITED

b) The break up of deferred tax assets and deferred tax liability is as follows :

	Opening as on 1.4.2001 Rs. (in lacs)	Charge/Credit during the year Rs. (in lacs)	Closing as on 31.3.2002 Rs. (in lacs)
Deferred Tax Liabilities			
Depreciation	11.89	-	11.89
Deferred Tax Assets			
Depreciation	-	4.10	4.10
Net deferred tax liability / (assets)	<u>11.89</u>	<u>(4.10)</u>	<u>7.79</u>

9. Expenses and Income pertaining to earlier years Rs. 0.05 Lacs (Previous Year Rs. 0.17 Lacs) and Rs. NIL (Previous Year Rs. NIL) respectively remain adjusted under respective heads of account.
10. There are no dues to small scale and ancillary industrial under taking (SSI) to the extent ascertained from the information available from suppliers regarding their status as SSI Unit.
11. Difference in Foreign Exchange includes Rs. 20.53 Lacs (Previous Year Rs. 20.50 Lacs) being gain on account of cancellation of forward exchange Contract.
12. The loan of Rs. 71.37 lacs (Previous Year Rs. 67.54 Lacs) from Life Insurance Corporation of India is secured against the surrender value of the Keyman Insurance Policies, maturity date of which is 01.04.2005.
13. Remuneration payable to Managing Directors has not been provided in view of the waiver by them w.e.f. 1.2.2000.
14. Disclosure in respect of related parties pursuant to Accounting Standard 18.

A) List of related parties :

- I. Parties where control exists – NIL
- II. Other related parties with whom the Company has entered into transactions during the year.
 - i) Associates
Madanlal Brijlal (P) Ltd.
YS Exports Ltd.
 - ii) Key Management Personnel and Enterprises having common key Management Personnel or their relatives :
Key Management Personnel :
Sri M. L. Patodia – Chairman & Managing Director
Sri R. K. Patodia – Managing Director
Enterprise having common key management personnel : None.
Relatives of Key Management Personnel :
Sri R. K. Patodia (HUF)
Master Rishiraj Patodia
 - iii) Firm in which Director has substantial interest
M/s B. L. Singhal & Co.

B) During the year, the following transactions were carried out with the related parties in the ordinary course of the business and at arms length.

<u>Nature of transactions</u>	<u>Associates</u>	<u>Key Management Personnel</u>	<u>Directors Interested Firm</u>	<u>(Rs. in Lacs) Relative of Key Management Personnel</u>
1) Electricity charges paid	0.52	-	-	-
2) Rent paid	0.07	-	-	-
3) Interest received	4.83	-	-	-
4) Interest paid	-	0.30	-	-
5) Investment sold	-	7.80	-	3.00
6) Loans received back	84.58	-	-	-
7) Professional fee paid	-	-	0.11	-

YARN SYNDICATE LIMITED

C) Outstanding balance as on 31st March, 2002

<u>Nature of transactions</u>	<u>Associates</u>	<u>Key Management Personnel</u>	<u>Directors Interested Firm</u>	<u>(Rs. In Lacs) Relative of Key Management Personnel</u>
1) Amount payable	0.05	2.00	-	-

15. Earning Per Share (EPS)

		<u>Year end 31.3.2002</u>	<u>Year ended 31.3.2001</u>
a) Profit/(Loss) attribute to equity Share Holder	Rs.	(15,19,440.00)	7,58,466
b) Basic and weighted average no. of equity shares during the year (in Nos.)		3750000	3750000
c) Nominal value of equity shares	Rs.	10/-	10/-
d) Basic and Diluted EPS (a/b)	Rs.	(0.41)	0.20

16. Additional Information pursuant to the provisions of Part II Schedule VI to the Companies Act, 1956 :

A. QUANTITATIVE INFORMATION		<u>Quantity</u>		<u>Amount Rs. in Lacs</u>	
Unit		<u>2001-2002</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2000-2001</u>
a) Opening Stock :					
Yarn	Packages	2570	4913	171.77	382.52
Cloth	Packages	-	-	-	-
b) Purchases :					
Yarn	Packages	42030	27636	3483.94	2252.18
Cloth	Packages	-	-	-	-
c) Production :					
Cloth	Kg. (Packages)	-	-	-	-
d) Sales :					
Yarn	Packages	43781	29979	3676.82	2662.54
Cloth	Packages	-	-	-	-
e) Closing Stock :					
Yarn	Packages	819	2570	52.59	171.77
Cloth	Packages	-	-	-	-
f) Licensed Capacity :					
Cloth	Kg.	Not Applicable		Not Applicable	
g) Installed Capacity :					
Cloth	Kg. (Per annum)	-	485000	-	-
B. EXPENDITURE IN FOREIGN CURRENCY		<u>Rupees in Lacs</u>			
		<u>2001-2002</u>		<u>2000-2001</u>	
Travelling		6.06		6.35	
Commission (Including outstanding)		12.11		14.50	
Claims paid to Overseas Buyers		9.26		14.07	
C. EARNING IN FOREIGN CURRENCY					
F.O.B. Value of goods Exported			3,617.05		2,344.50

YARN SYNDICATE LIMITED

17. 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 :		
Registration No.	21-13842	
State Code	21	
Balance Sheet Date	31.03.2002	
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 000)		
Total Liabilities	248989	
Total Assets	248989	
Sources of Funds :		
Paid up Capital	37500	
Reserves & Surplus	142789	
Secured Loans	61363	
Unsecured Loans	7337	
Application of Funds		
Net Fixed Assets	21169	
Investment	11559	
Net Current Assets	213419	
Miscellaneous Expenditure	2842	
Accumulated Losses	NIL	
4. Performance of Company : (Rs. in 000)		
Turnover (including other Income)	389251	
Total Expenditure	390623	
Profit/(Loss) before Tax	(2070)	
Profit/(Loss) after Tax	(1520)	
Earning per Share (Rs.)	- 0.41	
Dividend Rate	NIL	
5. Generic Names of Principal Products, Services of the Company :		
Item Code No.	52.05	
Product Description	Cotton Yarn	

18. Raw Materials and Stores & Spare Parts consumed :
Indigenous 100%

19. Figures are given in Lacs and rounded to nearest Thousand.

20. Previous Year figures have been regrouped/rearranged wherever considered necessary.

21. ACCOUNTING POLICIES :

A) General :

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

Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

B) Revenue Recognition :

i) All expenses and Income are accounted on accrual basis except where there is uncertainty about the receipt thereof in view of the claims/dispute.

YARN SYNDICATE LIMITED

- ii) Income from Export Incentives is recognised on the basis of certainties as to its utilisation and related realisation.
- iii) Purchase and Sales are net of returns, rebates, discounts and rate difference in respect of Sales of Previous Year.

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 Assets :

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 Assets 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), and (f) herein below whereon 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 Rules, Act 1956 (%)	Rates as per Income Tax (%)
a) Building :		
Office	5	10
Residential (Area less than 80 sq. Meters)	5	20
b) Furniture & Fixture	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	60
ii) Depreciation on additions to assets during the year valuing up to 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 :

- a) Assets & Liabilities :
Transactions in foreign currencies related to current assets and liabilities are accounted for on the basis of the exchange rates prevailing at the time the transactions take place and are realigned at the applicable exchange rate at the year end and variations are adjusted to the respective revenue or capital head.
- b) Export Sales :
At the rates as on the date of negotiation or collection or at forward contract rates, wherever applicable.

G) Borrowing Cost :

Borrowing cost incurred in relation to the acquisitions or construction of assets are capitalised / allocated as part of the cost of such assets. Other borrowing cost are charged as an expense in the year in which these are incurred.

YARN SYNDICATE LIMITED

H) Inventories :

- i) Stock of Trading Goods is stated at lower of the cost and estimated net realisable value.
- 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 lower of the cost and net realisable value.

I) 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.

J) Share Issue Expenses :

Share Issue Expenses are being amortised proportionately over a period of ten years.

K) Quota Expenses :

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

L) Taxation :

Current charge for Income Tax is calculated in accordance with the relevant Tax regulations applicable to the Company. Deferred Tax assets and liabilities are recognised for future Tax consequences attributable to the timing differences that result between the Profit offered for Income Tax and the profit as per the financial statement. Deferred Tax assets and liabilities are measured as per the Tax rates / Laws that have been enacted or subsequently enacted as the Balance Sheet date.

M) 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

For and on behalf of the Board

M. L. PATODIA, Managing Director

R. K. PATODIA, Managing Director

S. R. SARAF, Director

Place : Kolkata

Dated : the 21st day of June, 2002.

YARN SYNDICATE LIMITED

CASH FLOW STATEMENT OF YARN SYNDICATE LIMITED AS PER LISTING AGREEMENT

CASH FLOW STATEMENT	Year ended 31st March, 2002 Rs. in Lacs	Year ended 31st March, 2001 Rs. in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Taxes	(20.70)	13.27
Depreciation	33.07	34.41
Interest paid	77.96	72.23
Share Issue expenses	7.30	7.30
Quota Expenses	8.39	19.12
Loss on Diminution in Investment	1.05	0.16
Profit on Sale of Investment (Net)	(2.81)	(16.41)
Profit on Sale of Fixed Assets (Net)	(36.27)	(0.07)
Interest Received	(40.98)	(42.84)
Dividend Received	(0.04)	(0.08)
Exchange Fluctuation (Loss)/Gain (to the extent not paid/realised)	0.02	(2.76)
Sundry balances written off/(Back) (Net)	5.63	(12.49)
Operating Profit before Working Capital Changes	<u>39.60</u>	<u>71.84</u>
Adjustment for :		
Inventories	119.18	210.75
Trade & Other Receivables	(231.16)	130.08
Advances	(224.31)	9.82
Trade Payables	(8.06)	(104.29)
	<u>(344.35)</u>	<u>246.36</u>
Cash generated from Operations	<u>(304.75)</u>	<u>318.20</u>
Miscellaneous Expenditure	(0.64)	(3.48)
Direct Taxes paid	10.38	(13.47)
Net Cash from Operating Activities (A)	<u>9.74</u>	<u>(16.95)</u>
	<u>(295.01)</u>	<u>301.25</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(8.86)	(1.25)
Sale of Fixed Assets	36.55	0.57
Sale of Investment	135.75	305.20
Purchase of Investment	(125.72)	(292.96)
Loans & Inter-corporate Deposits	(16.89)	152.52
Interest Received	52.46	52.02
Dividend Received	0.04	0.08
Net Cash used in Investing activities (B)	<u>73.33</u>	<u>216.18</u>
	<u>73.33</u>	<u>216.18</u>

YARN SYNDICATE LIMITED

CASH FLOW STATEMENT (Contd.)

	Year ended 31st March, 2002 Rs. in Lacs	Year ended 31st March, 2001 Rs. in Lacs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase / (Decrease) in Secured Borrowing	434.05	(598.09)
Net Increase / (Decrease) in Unsecured Borrowing	3.56	67.54
Dividend Paid	(0.02)	(0.06)
Interest Paid	(72.55)	(76.55)
Net Cash from Financing Activities (C)	365.04	(607.16)
Net Increase in Cash & Cash equivalents (A+B+C)	143.36	(89.73)
Cash & Cash equivalents as at opening	49.60	139.33
*Cash & Cash equivalents as at closing	192.96	49.60

* Net of adjustment on account of Exchange Fluctuation Gain amounting to Rs. 0.00 Lac (Previous year Rs. 0.02 Lacs loss)

For and on behalf of the Board of Directors
M. L. PATODIA, Managing Director
R. K. PATODIA, Managing Director
S. R. SARAF, Director

Place : Kolkata

Dated : the 21st day of June, 2002.

AUDITORS' REPORT

We have examined the above Cash Flow statement of YARN SYNDICATE LIMITED for the year ended 31st March 2002. 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.

14, Government Place East,
Kolkata - 700 069.
Dated : 21st day of June, 2002.

For **LODHA & CO**
Chartered Accountants

P. L. VADERA
Partner

PROXY FORM

YARN SYNDICATE LIMITED

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

I/We being a
of 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 56th Annual General Meeting of the Company
to be held at Patodia House, 23, Circus Avenue, Kolkata - 700 017 on Saturday, the 28th day of
September, 2002 at 10.00 a.m. and/or at any adjournment thereof.

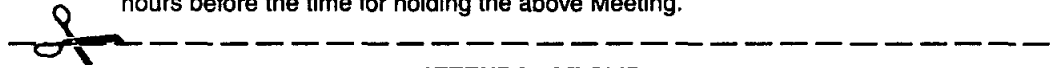
signed this day of 2002

Signature

Please Affix Re. 1 Revenue Stamp

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.



ATTENDANCE SLIP

YARN SYNDICATE LIMITED

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

Full Name of Shareholder / Proxy

I hereby record my presence at the 56th Annual General Meeting of the Company held at Patodia House, 23, Circus Avenue, Kolkata - 700 017 on Saturday, the 28th day of September, 2002 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.



BOOK-POST

If undelivered, please return to :
YARN SYNDICATE LIMITED
7, Shambhunath Mullick Lane
Kolkata - 700 007