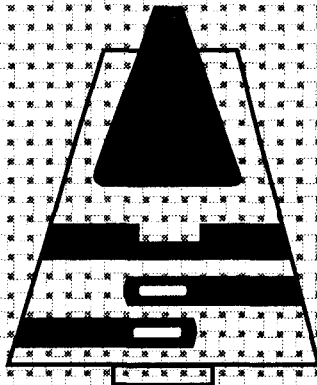


# yarn syndicate limited.

Govt. Recognised Trading House



**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31ST MARCH 2003**

# **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 VIKASH SINGHAL

SMT. SHEELA PATODIA

## **COMPANY SECRETARY**

SHRI BIKASH CHANDRA CHATTERJI

## **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 57TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty Seventh Annual General Meeting of the Members of the Company will be held at Patodia House, 23, Circus Avenue, Kolkata - 700 017 on Tuesday the 23rd day of September, 2003 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, 2003 and the Profit & Loss Account for the year ended on that date together with the Auditor's and the Directors' Reports thereon.
2. To appoint a Director in place of Shri Sita Ram Saraf, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Vikash Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS :

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

**"RESOLVED THAT** pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines –2003, and also subject to the provisions of all other applicable Acts, rules, regulations, guidelines and agreements (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval, consent, permission or sanction of all appropriate authorities, institutions or regulators as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board") to delist the equity shares of the Company from the Stock Exchanges at Ahmedabad, Chennai, Coimbatore and Kolkata at such time or times as the Board may decide."

6. 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 all other applicable provisions, if any, of the Companies Act, 1956 (including all statutory modifications(s) or re-enactment thereof for the time being in force), the Articles of Association of the company, be and is hereby altered in the following manner and to the extent, set out below :

*Insert the following headings and Articles 34A and 34B after Articles 34.*

#### **34A. Nomination of Shares**

1. Every holder of shares in, or holder of debentures of, the company may, at any time, nominate in the prescribed manner, a person to whom the holder's shares in, or debentures of the company shall vest in the event of the death of such holder.
2. Where the shares in, or debentures of, the company are held by more than one person jointly, the joint holders are required to jointly nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company shall vest in the event of the death of all the Joint holders.
3. Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the company, the nominee shall, on the death of the shareholder or holder of debentures of the company, or as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the company, as the case may be, of all the joint holders in such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
4. Where the nominee is a minor, the existing holder or holders may make a nomination to appoint, in the prescribed manner, any person to become entitled to the shares in, or debentures of, the company in the event of the death of the holders or holders during the minority of the nominee.

#### **34B. Nomination of Shares**

1. Any person who becomes a nominee by virtue of Article 34A upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either
  - (i) to be registered himself as holder of the shares or debentures, as the case may be; or
  - (ii) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, could have made.

# YARN SYNDICATE LIMITED

2. If the nominee elects himself to be registered as holder of the shares or debentures, as the case may be, he shall deliver or send to the company a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the death certificate of the deceased holder.
  3. Subject to provisions of the Act and these Articles, the relevant shares or debentures may be registered in the name of the nominee or the transferee as if the death of the holder of the shares or debentures had not occurred and the notice or transfer signed by the Registered holder.
  4. A nominee on becoming entitled to any shares or debentures by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would have been entitled if he were the registered holder of the shares or debentures except that he shall not, before being registered as a member of such shares or debentures, be entitled in respect of them to exercise any right conferred on a member or debenture holder in relation to meetings of the company.
  5. The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable in respect of the relevant shares or debentures, until the requirements of the notice have been complied with."
7. 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 295 and other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification or re-enactment thereof, consent be and is hereby accorded to the lending by the Company of a sum of money as loan to Sri Rajendra Kumar Patodia, Managing Director, for the purpose of the further education of his son subject to the limits prescribed under the said Act."

By order of the Board  
**For YARN SYNDICATE LIMITED**

Place : Kolkata

Dated : the 28th day of June, 2003.

**BIKASH CHANDRA CHATTERJI**  
Company 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/herself and such proxy need not be a member of the Company. Proxies in order to be valid, must be received by the Company not less than 48 hours before the commencement of the meeting.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
3. The Register of Members and the Share Transfer Books shall remain closed from 16th September, 2003 to 23rd September, 2003 (both days inclusive).
4. Pursuant to Section 205A(5) of the Companies Act, 1956 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 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.  
Unclaimed/Unpaid dividend amounts for the Financial year 1994-95 have been transferred to the Investor Education and Protection Fund of the Central Government.  
Members who have not encashed the dividend warrant(s) for the Financial Year 1995-96 and any subsequent Dividend payment(s) are requested to make their claims to the Company.
5. As the Members are aware, your Company's shares are tradable compulsorily in electronic form and in view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialisation.

## REQUEST TO THE MEMBERS :

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

# YARN SYNDICATE LIMITED

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

(Annual Listing fees for the year 2003-04 have been duly paid to all the above Stock Exchanges).

### (B) Demat ISIN Number in :

NSDL & CDSL : Equity Shares INE 564C01013

## DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT

(in pursuance of Clause 49 of the Listing Agreement)

1. Name Shri Sita Ram Saraf  
Date of Birth 01.01.1937  
Date of Appointment 29.06.1992  
Qualifications B.Sc.  
Expertise in specific functional area. Since 1958, involved in various business activities.

Chairman/Director of other Companies

### **Directorships :**

1. Mangal Tea Marketing Limited
2. Gunjan Estates Private Limited
3. Saffron Agencies Limited
4. Eurpoa Commercial & Traders Ltd.
5. Tushar Agencies Private Limited
6. Tetron Commercial Limited

Chairman/Member of Committees of the Board of Companies of which he is a Director.

<u>Name of the Company</u>	<u>Committee Type</u>	<u>Membership Status</u>
Yarn Syndicate Limited	1. Audit	Member
	2. Remuneration	Member

2. Name Shri Vikash Singhal  
Date of Birth 27.12.1970  
Date of Appointment 29.11.1996  
Qualifications B.Com, AICWA, FCA  
Expertise in specific functional area. Working Partner of M/s. B. L. Singhal & Co., Chartered Accountants, since 1994

Chairman/Director of other Companies

### **Directorships :**

1. Beekaypee Credit Private Limited
2. Patodia Exports & Investments Private Limited
3. Umang Finance Private Limited
4. BLS Securities Private Limited

Chairman/Member of Committees of the Board of Companies of which he is a Director.

<u>Name of the Company</u>	<u>Committee Type</u>	<u>Membership Status</u>
Yarn Syndicate Limited	1. Audit	Chairman
	2. Remuneration	Chairman
	3. Share Transfer & Grievance	Chairman

# YARN SYNDICATE LIMITED

## ANNEXURE TO NOTICE

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

#### Item No. 5 :

The shares of your company are currently listed at Calcutta Stock Exchange, Coimbatore Stock Exchange, Madras Stock Exchange, Ahmedabad Stock Exchange and the Stock Exchange, Mumbai (BSE).

The trading volumes on the Company's Equity Shares in Stock Exchanges other than BSE are negligible. Also the listing fee payable to the said Stock Exchanges is very high. In such circumstances, the Board of Directors consider the listing fee as revised from time to time, payable to the Stock Exchanges at Kolkata, Coimbatore, Chennai and Ahmedabad as burdensome and disproportionate to any benefits that accrue to the Company and its shareholders out of such listing and therefore, proposed to get its shares delisted from the said Stock Exchanges.

The members may note that the shares of their company shall continue to be listed at the Stock Exchange, Mumbai. With the extensive net working of BSE terminals to other cities, the investors will continue to have access to trade and deal in the company's securities across the country.

Your Directors recommend this resolution for your approval.

None of the Directors of the company is concerned or interested in the said Resolution.

#### Item No. 6 :

The Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999, has provided to every holder of shares or debentures an option to nominate a person to whom his shares or debentures of the company shall vest in the event of his death.

It is proposed to amend the Articles of Association of the Company suitably incorporating therein necessary provisions relating to nomination facilities in conformity with the Depositories Act, 1996 and Companies Act, 1956 respectively.

Your Directors recommend this resolution for your approval.

None of the Directors of the company is concerned or interested in the said Resolution.

#### Item No. 7 :

The proposed Companies (Amendment) Bill, 2003 envisages permitting a Company to give loan to Managing Director without obtaining approval of the Central Government but with the requirement that a special resolution be passed by the shareholders of the Company in a general meeting. In view of this, it is felt it would be desirable to place an enabling special resolution for the purpose of obtaining the approval of the shareholders of the Company for grant of proposed loan to Sri Rajendra Kumar Patodia, Managing Director. In the event that such giving of loan by the Company to its Managing Director is permitted by law, the resolution will confer authority upon the Board to embark on such action at the appropriate time.

Your Directors recommend this resolution for your approval.

None of the Directors except Sri Rajendra Kumar Patodia, Sri Madan Lal Patodia and Smt. Sheela Patodia are concerned or interested in this resolution.

#### Registered Office :

7, Sambhu Nath Mullick Lane,  
Kolkata - 700 007

Dated : the 28th day of June, 2003.

By order of the Board  
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI  
Company Secretary

# YARN SYNDICATE LIMITED

## REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the 57th Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2003.

### FINANCIAL RESULTS :

	<u>2002-2003</u> Rs. in Lacs	<u>2001-2002</u> Rs. in Lacs
Sales - Exports	2,805.08	3,670.53
Domestic	6.91	6.29
	<u>2,811.99</u>	<u>3,676.82</u>
Profit / (Loss) before Interest & Depreciation	16.88	49.35
Less : Interest	11.34	36.98
Depreciation	19.51	33.07
	<u>30.85</u>	<u>70.05</u>
Profit/(Loss) before Tax	(13.97)	(20.70)
Less : Provision for Taxation	-	-
Provision for Deferred Tax Assets	7.79	4.10
Profit/(Loss) after Tax	(6.18)	(16.60)
Less : Adjustment of Income Tax for earlier years	0.07	(1.40)
	(6.25)	(15.20)
Add : Balance brought forward from last year	162.28	177.48
	<u>156.03</u>	<u>162.28</u>

### Appropriations :

Balance carried forward to next year	156.03	162.28
	<u>156.03</u>	<u>162.28</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, 2003.

### PERFORMANCE REVIEW :

For the past several years, the textile industry has been going through a major recession.

The depressed market conditions had its effect on the Export Sales of the company for the period under review.

Despite the above, your company has improved on its bottom line and it continues the thrust to expand its export market share of yarn products.

### PARTICULARS OF EMPLOYEES :

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

### DIRECTORS :

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

# YARN SYNDICATE LIMITED

## **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, 2003, 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, 2003 on a 'going concern' basis.

## **CORPORATE GOVERNANCE :**

A Report on Corporate Governance and Management Discussion and Analysis as required Under Clause 49 of the Listing Agreement is attached.

## **DELISTING OF EQUITY SHARES FROM STOCK EXCHANGES :**

The shares of the Company are already listed with The Stock Exchange, Mumbai having nationwide trading terminals in addition to The Calcutta Stock Exchange Association Ltd., Coimbatore Stock Exchange Ltd., The Stock Exchange, Ahmedabad and Madras Stock Exchange Ltd. The volume of trading in the last twelve months at the said Stock Exchanges, except the Mumbai Stock Exchange, has been insignificant. As per the Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003, it is open for the Company to get delisted Securities voluntarily from the Calcutta Stock Exchange Association Ltd., Coimbatore Stock Exchange Ltd., The Stock Exchange, Ahmedabad and Madras Stock Exchange Ltd.. Therefore, in view of the above, the Ordinary Shares of the Company are proposed to be got delisted from the said Stock Exchanges.

## **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, your Directors have to state that the particulars in respect of Energy Conservation and Technology Absorption are not applicable to your Company. As regards the Foreign Exchange earning and outgo, your Directors have to state that the relevant figures are given in Schedule 14 annexed to the Audited Accounts. The Company's activity of export is in the line of Cotton Yarn and Textiles. Your Directors plan to continue their initiatives in order to further increase the export turnover.

## **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.

## **ACKNOWLEDGEMENTS :**

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

## **Registered Office**

7, Sambhu Nath Mullick Lane,  
Kolkata - 700 007

Dated : the 28th day of June, 2003.

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



# YARN SYNDICATE LIMITED

## REPORT ON CORPORATE GOVERNANCE

The following is a report on the ongoing implementation of the code by your Company.

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company has always recognized the importance of good Corporate Governance and has strived to practice and improve its focus on it by increasing transparency, professionalism and accountability to its shareholders and other stakeholders, including employees, the government and lenders. The company will strive to improve on these aspects on ongoing basis.

### 2. COMPOSITION, CATEGORY AND DIRECTORSHIP IN OTHER COMPANIES

#### BOARD OF DIRECTORS

<u>Director</u>	<u>Executive/ Non-Executive Independent</u>	<u>Member of Board of Other Companies including Pvt. Ltd. Cos.</u>	<u>Total no. of Committee Membership held</u>	
			<u>As Chairman</u>	<u>As Member</u>
Shri M. L. Patodia	Executive	7	-	1
Shri R. K. Patodia	Executive	7	-	1
Shri K. P. Bagaria	Independent	1	-	-
Shri S. R. Saraf	Independent	6	-	2
Shri D. K. Jhunjunwala	Independent	6	-	-
Shri D. K. Khandelwal	Independent	2	-	2
Smt. Sheela Patodia	Non -Executive	4	-	-
Shri Vikash Singhal	Independent	4	3	-

#### **BOARD, ANNUAL GENERAL MEETING & ATTENDANCE :**

Board Meetings were held on 21st June, 2002, 30th July, 2002, 30th October, 2002, 18th November, 2002, 29th November, 2002, 31st January, 2003 and 22nd February, 2003.

The maximum time gap between any two meetings was not more than four calendar months.

The Annual General Meeting was held on 28th September, 2002.

<u>Director</u>	<u>No. of Board Meeting</u>		<u>Attended last AGM</u>
	<u>Held</u>	<u>Attended</u>	
Shri M. L. Patodia	7	7	Yes
Shri R. K. Patodia	7	2	Yes
Shri K. P. Bagaria	7	3	No
Shri S. R. Saraf	7	6	Yes
Shri D. K. Jhunjunwala	7	5	No
Shri D. K. Khandelwal	7	5	Yes
Smt. Sheela Patodia	7	1	Yes
Shri Vikash Singhal	7	7	Yes

### 3. AUDIT COMMITTEE

The broad terms of reference of the Audit Committee are given hereunder :

- It shall oversee the Company's financial reporting process and the disclosure of its financial information and ensure that financial statements are correct, sufficient and credible.
- It shall recommend the appointment and removal of external auditor, fix the audit fee and also approve payment for any other services.
- It shall review with management the annual, half-yearly and quarterly financial statements in all respects.

# YARN SYNDICATE LIMITED

- d) Review with management and statutory auditors the adequacy of internal control systems and internal audit functions.
- e) Discuss with external auditors before the audit commences nature and scope of audit as well have post-audit discussion to ascertain any area of concern.
- f) Review the company's financial and risk management policies.

## COMPOSITION, NAME OF MEMBERS AND CHAIRMAN :

The Audit Committee was formed pursuant to a resolution passed at the Meeting of the Board of Directors of the Company held on 30th October, 2002. Audit Committee Meeting were held on 26th November, 2002 and 30th January, 2003.

<b>MEMBERS OF THE AUDIT COMMITTEE</b>		<b>Meetings held</b>	<b>Meeting Attended</b>
Chairman & Independent Director	: Sri Vikash Singhal	2	2
Member & Independent Director	: Sri S. R. Saraf	2	2
Member & Independent Director	: Sri D. K. Khandelwal	2	2

## 4. REMUNERATION COMMITTEE :

The Remuneration Committee was formed pursuant to a resolution passed at the Meeting of the Board of Directors of the Company held on 30th October, 2002.

### MEMBERS OF THE REMUNERATION COMMITTEE :

Chairman & Independent Director	: Sri Vikash Singhal
Member & Independent Director	: Sri S. R. Saraf
Member & Independent Director	: Sri D. K. Khandelwal

A Remuneration Committee Meeting was held on 27th November, 2002. The Committee noted that Sri M. L. Patodia and Sri R. K. Patodia, Managing Directors of the Company, had waived payment of remuneration to them with effect from 01.02.2000 in view of weak financial position of the company. Letters from Sri M. L. Patodia dated 01.02.2000 and Sri R. K. Patodia dated 01.02.2000 and 21.06.2002 (prior to reappointment) waiving payment of remuneration were taken on record by the Committee. Consequently, no payment of remuneration were made to them.

The Committee further noted that payment of sitting fees to Directors of the company for attending meetings of the Board or any Committee thereof has been waived at the Meeting of the Board of Directors held on 27th July, 2001.

## 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

The Investors Grievance Committee of the company, under the nomenclature "Share Transfer-cum-Grievance Committee" approves transfer and transmission, duplicate, sub-division, consolidation and replacement of shares and other related matters and to deal with complaints regarding transfer of shares, non-receipt of balance sheet and non-receipt of dividend. The Committee also oversees the performance of Share Transfer Agents and recommend measures for overall improvement in the quality of investor services.

The Committee is headed by Sri Vikash Singhal. Sri M. L. Patodia and Sri R. K. Patodia are other members of the Committee and Sri Bikash Chandra Chatterji, Company Secretary, is the Compliance Officer.

The company has received 22 complaints as on 31/03/2003 and all of them has been resolved.

The number of shares pending for transfer on 31/03/2003 were 100 shares involved in one case which was received after meeting date of 20/03/2003 and the same has been processed subsequently.

# YARN SYNDICATE LIMITED

## 6. GENERAL BODY MEETINGS :

A. Location and time for last three Annual General Meeting were :

<u>FINANCIAL YEAR</u>	<u>DATE OF AGM</u>	<u>VENUE</u>	<u>TIME</u>
31st March, 2000	14/09/2000	23, Circus Avenue Kolkata - 700 017	10.00 A.M.
31st March, 2001	14/09/2001	- Do -	10.00 A.M.
31st March, 2002	28/09/2002	- Do -	10.00 A.M.

B. Special Resolution at the last three Annual General Meetings :

- i) At the Fifty Forth Annual General Meeting held on 14th September, 2000 :
  - under section 163 of Companies Act, 1956, keeping of Register of Members etc. with Company's Transfer Agents M/s. United Management Consultancy Private Limited.
  - alteration of Articles of Association under section 31 of the Companies Act, 1956 relating to Dematerialisation of Securities.
- ii) At the Fifty Fifth Annual General Meeting held on 14th September, 2001
  - under section 163 of Companies Act, 1956, keeping of Register of Members etc. with Company's Transfer Agents M/s AMI Computers (I) Limited.

No resolution was put through Postal Ballot.

## 7. DISCLOSURES :

Disclosures on materially significant related party transactions of the Company of material nature, with its promoters, the directors, the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large :

During the year, the Company had not entered into any transaction of a material nature with any of the related parties which were in conflict with the interest of the company.

Details of non-compliance by the company, penalties, strictures on the company by Stock Exchanges, SEBI or any statutory authority, on any matter related to the Capital Markets, during the last three years :

None.

## 8. MEANS OF COMMUNICATIONS :

- Half yearly results sent to each household of Shareholders : Although half-yearly report is not sent to each household of shareholders, the Company published the same in "Asian Age" and "Khoborer Kagaz".
- Quarterly Results : The quarterly results published in the proforma prescribed under the Listing Agreement are approved and taken on record within one month of the close of the relevant quarter. The approved results are notified forthwith to the concerned Stock Exchange.
- which newspaper normally published in : Asian Age (English newspaper), Khoborer Kagaz (Bengali newspaper).
- any Website, where displayed : No.
- whether it displays Official news releases : No.
- whether presentation made to Institutional investors or to analyst : No.
- whether Management Discussion and Analysis Report is a Part of Annual Report or not : Management Discussion and Analysis Report is a Part of Annual Report.

# YARN SYNDICATE LIMITED

## 9. GENERAL SHAREHOLDERS INFORMATION :

<u>DATE</u>	<u>TIME</u>	<u>VENUE</u>
a) A. G. M. 23rd September, 2003	10.00 A.M.	23, Circus Avenue Kolkata - 700 017
b) Financial Calendar (tentative)	:	2003 - 2004
(i) Financial Year	:	April - March
(ii) First Quarter Results	:	July, 2003
(iii) Second Quarter Results	:	October, 2003
(iv) Third Quarter Results	:	January, 2004
(v) Audited Results for the year ending 31/03/2004	:	June, 2004
c) Date of Book Closure	:	16 Sept., 2003 to 23 Sept., 2003 (both days inclusive)
d) Dividend payment date	:	Not applicable.
e) Listing of Equity Shares on Stock Exchange	:	Mumbai, Kolkata, Ahmedabad, Coimbatore & Chennai.

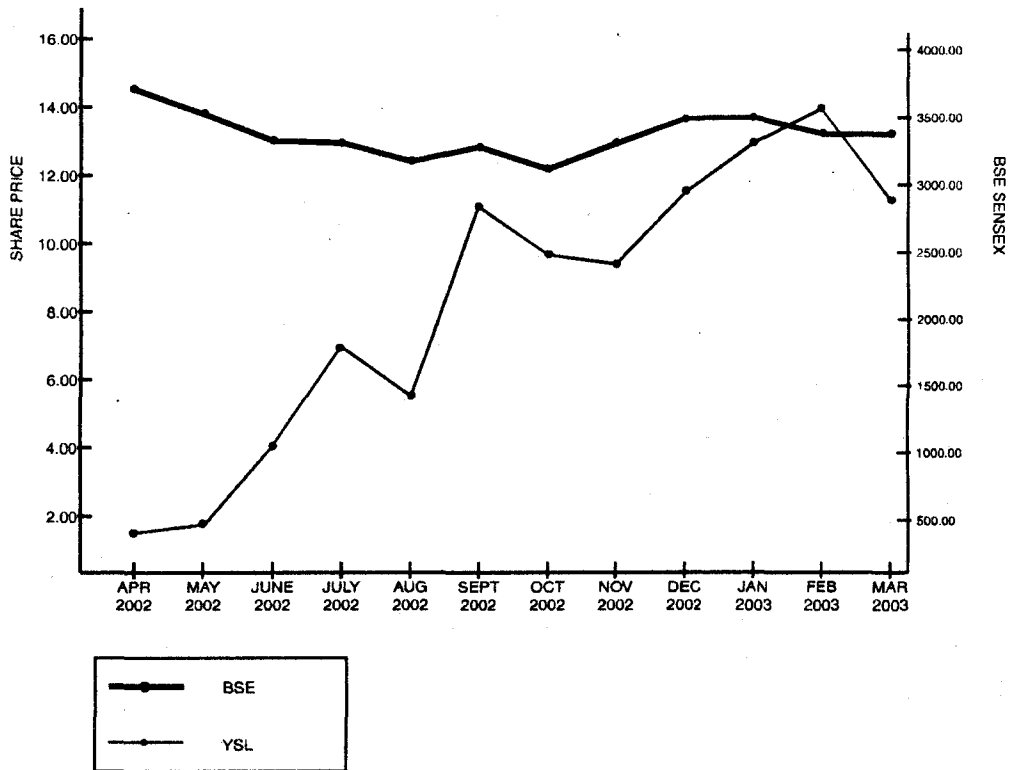
Listing Fees for the year 2003 – 2004 have been paid to all Stock Exchanges.

- |  |   |                              |
|--|---|------------------------------|
| f) (i) Stock Code  | : | Scrip Code No. - 514378      |
| Mumbai Stock Exchange                                      | : | Trading Symbol - YARN SYNDCT |
| (ii) Demat ISIN Nos. in NSDL<br>and CDSL for equity shares | : | INE 564C 01013               |
- g) Stock Market Data :

Month	Bombay Stock	Exchange (BSE)
	Month's High Price	Month's Low Price
April, 2002	1.65	1.40
May, 2002	1.90	1.10
June, 2002	3.70	2.15
July, 2002	6.60	3.05
August, 2002	5.30	2.45
September, 2002	11.15	3.35
October, 2002	10.75	10.75
November, 2002	10.25	9.75
December, 2002	11.70	11.65
January, 2003	12.80	12.80
February, 2003	14.05	12.70
March, 2003	12.70	12.70

# YARN SYNDICATE LIMITED

h) Performance in comparison to BSE Sensex is given in the chart below :



- i) Registrar and Share Transfer Agents : AMI COMPUTERS (I) LTD.  
60A & B, CHOWRINGHEE ROAD  
KOLKATA - 700 020  
TEL : 2280-0812/0900/0901  
FAX : 2240-6585  
e-mail : amicompulers@vsnl.com
- j) Share Transfer System : Presently, the share transfers which are received in physical form are processed within a period of 15 days and the share certificates returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. The company has, as per SEBI guidelines with effect from 26/12/2000 offered the facility of transfer cum demat. Under the said system, the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP, based on the option letter, generates a demat request and sends the same to the company alongwith the option letter issued by the company. On receipt of

# YARN SYNDICATE LIMITED

the same, the Company dematerializes the shares. In case the transferee does not wish to dematerialize the shares, he need not exercise the option and the company will despatch the share certificates after 30 days from the date of such option letter.

k) Shareholding pattern as on 31st March, 2003 :

<u>Sl. No.</u>	<u>Category</u>	<u>No. of Shares (Issued Capital)</u>	<u>% of Shareholding</u>
01.	Promoters & Persons Acting In Concert	25,75,200	68.6720
02.	Indian Financial Institutions, Banks, Mutual Funds	1,18,600	3.1627
03.	Foreign Institutional Investor/NRI's	2,600	0.0693
04.	Others	10,53,600	28.0960
		<u>37,50,000</u>	<u>100.00</u>

l) Dematerialisation of Shares and Liquidity :

The shares of the Company are compulsorily traded in DEMAT form by all categories of investors with effect from 26th December, 2000. The company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) to establish electronic connectivity of our shares for scripless trading. As on 31st March, 2003, 23.11% of shares of company were held in Dematerialised form.

Liquidity of Shares :

The shares of the company are actively traded in The Stock Exchange, Mumbai.

m) Investor Correspondence :

- (i) For transfer/dematerialisation of shares and any other query relating to the shares of the company etc. : AMI COMPUTERS (I) LTD.  
60A & B, Chowringhee Road  
Kolkata - 700 020  
Tel. : 2280-0812/0900/0901  
Fax : 2240-6585  
E-mail : amicomputers@vsnl.com
- (ii) Any query on Annual Report : Secretarial Department  
YARN SYNDICATE LIMITED  
7, Sambhu Nath Mullick Lane  
Kolkata - 700 007  
Tel. : 2281-0270 (4 Lines)  
Fax : 91-33-2247 5685  
E-mail : yarncal@vsnl.com

The above report was adopted by Board of Directors at their Meeting held on 28th June, 2003.

Place : Kolkata  
Dated : the 28th day of June, 2003.

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

# YARN SYNDICATE LIMITED

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of  
Yarn Syndicate Limited.

We have reviewed the compliance of conditions of Corporate Governance by Yarn Syndicate Limited for the year ended 31st March, 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s), with the relevant records and documents maintained by the Company and furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

No investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respect by the Company.

For **LODHA & CO.**  
Chartered Accountants

Place : Kolkata  
Date : 28th June, 2003.

**P. L. VADERA**  
Partner

## MANAGEMENT DISCUSSION AND ANALYSIS

### A) INDUSTRY STRUCTURE AND DEVELOPMENTS

The Textile industry in India is the oldest and largest industry and has an important role in the Indian economy.

On the export front, the textile industry enjoys the highest position in exports of textiles and textile goods amounting to about Rs. 47,000 Crores in the total exports from India. The cotton yarn exports from India have grown substantially in the last two decades and at present, Indian exports has a significant market share in the global cotton yarn trade.

Yarn Syndicate Limited is engaged entirely in exports of various types of yarn having decades of experience in this field and has built up a strong customer base in the export market. The company exports yarns to various countries like Belgium, Bulgaria, Germany, Spain, Switzerland, U.K., Mexico, Bangladesh, Hong Kong, Japan, South Korea among others. The company is always striving to keep its overseas customers satisfied by exporting yarns of desired quality and strictly following delivery schedules.

The introduction and commercial marketing of Bt. Cotton seeds in India is a major development expecting that, with the Bt. Cotton successfully fighting the bollworm disease, it will lead to saving about 25% of the country's cotton crop resulting in higher production of cotton.

### B) OPPORTUNITIES, THREATS, RISKS AND CONCERNS

As the present quota system under WTO is going to be lifted in the year 2005 resulting more free trade with USA and Europe and Yarn Syndicate Limited sees this as a major opportunity to increase its exports.

# YARN SYNDICATE LIMITED

In India, the textile industry is facing four major problems on cotton front – viz. (i) short-fall and uncertainty about cotton production (ii) very low cotton yields per hectare (iii) Quality of cotton and (iv) cultivation of large number of cotton varieties. These problems are being tackled by the technological mission on cotton launched by the Government recently, which has led to modernisation of the cotton mills and thus, improved quality. On the export front there is strong competition from countries like Egypt, Indonesia, China, Pakistan etc. However, with the company's vast experience in the field of export and with the increasing demand for yarns in the export market, Yarn Syndicate Limited is confident it will increase its export market share in the years to come.

## **C) OUTLOOK**

The long term objective of the company is to improve its share of exports of various types of yarns in the world market and to continue to provide prompt customer services.

The company has targeted to expand its customer base and its marketing network and increase its turnover and thereby improve the bottom line in this highly competitive industry.

The areas of operation of the company is fully computerised and there is interconnectivity to all its offices and to its marketing network, thereby leading to quicker response to its customers.

## **D) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has established an Internal Control System which provides reasonable assurance with regards to maintaining proper financial record, preserving economy and efficiency of operations, safeguarding assets against unauthorised use or losses and facilitating reliability of financial and operational information. The company has a well organised Internal audit function which review internal control in all key business processes. An Audit Committee of the Board of Directors comprising of Independent Directors regularly review the audit plans, significant audit findings, adequacy of internal control as well as compliance with accounting standards.

## **E) FINANCIAL AND OPERATIONAL PERFORMANCE**

Please refer to the Board of Directors Report.

## **F) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS**

A major factor for the continued growth of your organization is the constructive support of Bank, Institutions, suppliers, Export Promotion Organisations, executives, employees, creditors and the confidence shown by them in the company. Employer-Employee relations in all the offices of the company were cordial throughout the year under review.

## **G) CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are "Forward looking statements". Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand/supply, the exchange rate of the Rupee vis-a-vis the U.S. Dollar and price conditions in the domestic and overseas markets, also effect of political situations, change in the Government regulations on Export, tax laws and other statutes and incidental factors over which the company does not have any control.

Place : Kolkata

Dated : the 28th day of June, 2003.

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, 2003 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. However, in respect of Mumbai Branch such records are in process of updation.  
As informed to us, the management has conducted physical verification of fixed assets at regular intervals and no material discrepancies were noticed on such verification to the extent reconciled with available records.
  - 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.
  - iv) In our opinion, the procedure of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - v) As explained, no discrepancies were noticed on verification of stocks as compared to book records, to the extent stocks verified.
  - vi) On the basis of our examination of stock records of goods traded in by the Company, we are of the opinion that the valuation of stocks in 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. 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 exist. 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. The internal control procedure with regard to the purchase of assets need to be strengthened in as much as documentation such as quotations and their analysis chart are required to be maintained.

# YARN SYNDICATE LIMITED

- x) As informed to us, the Company has not entered into any transaction for the purchase of goods and materials and sale of goods, materials and services aggregating to Rs. 50,000 or more in respect of each party in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
  - 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) According to the information and explanations given to us, there are no undisputed amounts of Income tax, Wealth-tax, Sales-tax, Customs duty and Excise duty, outstanding as on 31st March, 2003 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. 129.89 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 Sunday Debtors, Sunday 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. 28.65 Lacs (including interest), 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).*
  - g) *In the absence of quotation/approved valuer's report, we are unable to express an opinion with regard to the adequacy of the sale consideration of Godown (Note No. 14(a)).*
3. *We further report that, in respect of the Notes mentioned in Paragraph 2 above the impact thereof cannot be ascertained and therefore, cannot be commented upon by us.*

# YARN SYNDICATE LIMITED

4. Further to above, we report that :

- a) *Subject to para 2(g) above*, 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 such books of Accounts,
- c) *The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account,*
- d) *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 (3C) of section 211 of the Companies Act, 1956.
- e) 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, 2003 from being appointed as a Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956 and
- f) 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 our remarks as given in Para 2 above together with their overall impact as given in para 3 above (presently 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, 2003 and
  - ii) in case of the Profit & Loss Account, of the Loss for the year ended on the date.
  - iii) in case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

14, Government Place East,  
Kolkata - 700 069.  
Dated : 28th day of June, 2003.

**For LODHA & CO**  
Chartered Accountants

**P. L. VADERA**  
Partner

# YARN SYNDICATE LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2003

	SCHEDULE	31.03.2003 Rs. in lacs	31.03.2002 Rs. in lacs
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds :</b>			
Share Capital	1	375.00	375.00
Reserves & Surplus	2	1,421.64	1,427.89
		<u>1,796.64</u>	<u>1,802.89</u>
<b>Loan Funds :</b>			
Secured Loans	3	307.94	613.63
Unsecured Loans	4	-	73.37
		<u>307.94</u>	<u>687.00</u>
TOTAL		<u>2,104.58</u>	<u>2,489.89</u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets :</b>			
Gross Block	5	306.61	432.41
Less : Depreciation		146.86	220.72
Net Block		<u>159.75</u>	<u>211.69</u>
<b>Investments :</b>	6	119.25	115.59
<b>Current Assets, Loans &amp; Advance :</b>			
Inventories	7	71.50	52.59
Sundry Debtors		339.00	362.84
Cash & Bank Balances		139.27	192.96
Loans & Advances		1,345.08	1,629.34
		<u>1,894.85</u>	<u>2,237.73</u>
Less : Current Liabilities & Provisions :	8		
Current Liabilities		76.73	89.18
Provision		5.58	14.36
		<u>82.31</u>	<u>103.54</u>
Net Current Assets :		<u>1,812.54</u>	<u>2,134.19</u>
<b>MISCELLANEOUS EXPENDITURE :</b>			
To the extent not adjusted or written of			
Share Issue Expenses		8.52	15.82
Quota Expenses		4.52	12.60
TOTAL		<u>2,104.58</u>	<u>2,489.89</u>
NOTES :	14		

As per our report of even date

**For LODHA & CO.**

Chartered Accountants

**P. L. VADERA**

Partner

Place : Kolkata

Dated : the 28th day of June, 2003.

For and on behalf of the Board

**M. L. PATODIA**, Managing Director

**S. R. SARAF**, Director

**VIKASH SINGHAL**, Director

**BIKASH CHANDRA CHATTERJI**,

Company Secretary

# YARN SYNDICATE LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	SCHEDULE	2002-2003 Rs. in lacs	2001-2002 Rs. in lacs
<b>INCOME :</b>			
Sales	9	2,811.99	3,676.82
Other Income	10	156.79	215.69
Increase / (Decrease) in Stock	11	15.62	(119.18)
		<u>2,984.40</u>	<u>3,773.33</u>
<b>EXPENDITURE :</b>			
Purchases		2,717.71	3,483.94
Interest (Net)	12	11.34	36.98
Depreciation		19.51	33.07
Manufacturing, Administrative, Selling & Other Expenses	13	242.51	232.74
Share Issue Expenses Written Off		7.30	7.30
		<u>2,998.37</u>	<u>3,794.03</u>
Profit/(Loss) before Tax		(13.97)	(20.70)
Deferred Tax Assets		7.79	4.10
Provision for Taxation		-	-
Provision for Income Tax for earlier years		0.07	(1.40)
		<u>(6.25)</u>	<u>(15.20)</u>
Profit and Loss Account balance brought forward		162.28	177.48
		<u>156.03</u>	<u>162.28</u>
<b>APPROPRIATIONS :</b>			
Balance carried to Balance Sheet		156.03	162.28
		<u>156.03</u>	<u>162.28</u>
<b>BASIC &amp; DILUTED EPS (Rs.)</b>		<b>(0.17)</b>	<b>(0.41)</b>

**NOTES :** 14

As per our report of even date

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

Place : Kolkata  
Dated : the 28th day of June, 2003.

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

**BIKASH CHANDRA CHATTERJI**,  
Company Secretary

# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

	2002-2003 Rs. in lacs	2001-2002 Rs. in lacs
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised :</b>		
50,00,000 Equity Shares of Rs. 10/- each	<u>500.00</u>	<u>500.00</u>
<b>Issued, Subscribed &amp; Paid Up :</b>		
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>
<b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>		
<b>Share Premium</b>	437.50	437.50
<b>General Reserve :</b>		
As per last Balance Sheet	828.11	840.00
Less : Deferred Tax Liabilities as on April 1, 2001	-	11.89
	<u>828.11</u>	<u>828.11</u>
<b>Profit &amp; Loss Account :</b>		
Balance Carried Forward	<u>156.03</u>	<u>162.28</u>
	<u>1,421.64</u>	<u>1,427.89</u>
<b>SCHEDULE 3 : SECURED LOANS</b>		
Cash Credit, Packing Credit from Bank (Secured by Hypothecation of Stock-in-Trade including goods-in-transit and Export Goods lying with manufactures. Guaranteed by Personal Guarantee of Managing Director of the Company)	<u>307.94</u>	<u>613.63</u>
	<u>307.94</u>	<u>613.63</u>
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
Short Term Loan from :		
Director	-	2.00
Life Insurance Corporation of India	-	71.37
	<u>0.00</u>	<u>73.37</u>

# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

### SCHEDULE 5 : FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As on 01-04-02	Additions during the year	Sales/ Adjustment during the year	Total As on 31.03.03	Upto 31.03.02	For the year amount	Deductions for sales/ Adjustments	Total As on 31-03-03	As on 31.03.03	As on 31.03.02
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
FREEHOLD LAND	24.28	-	-	24.28	-	-	-	-	24.28	24.28
BUILDING*	186.67	-	5.55	181.12*	55.66	12.31	2.97	65.00	116.12	131.01
PLANT AND MACHINERY	120.72	-	120.72	-	85.64	-	85.64	-	-	35.08
OFFICE APPLIANCE & OTHER EQUIPMENTS	20.83	0.26	0.60	20.49	19.19	0.41	0.35	19.25	1.24	1.64
COMPUTER	14.32	1.19	0.81	14.70	13.70	1.08	0.81	13.97	0.73	0.62
FURNITURE & FITTINGS	20.14	-	0.98	19.16	16.65	0.54	0.45	16.74	2.42	3.49
VEHICLES	32.47	3.60	3.65	32.42	19.36	4.12	2.85	20.63	11.79	13.11
AIR-CONDITIONER, REFRI- GERATOR, COOLER, GENERATOR	12.98	1.80	0.34	14.44	10.52	1.05	0.30	11.27	3.17	2.46
<b>TOTAL :</b>	<b>432.41</b>	<b>6.85</b>	<b>132.65</b>	<b>306.61</b>	<b>220.72</b>	<b>19.51</b>	<b>93.37</b>	<b>146.86</b>	<b>159.75</b>	<b>211.69</b>
<b>PREVIOUS YEAR :</b>	<b>428.90</b>	<b>8.86</b>	<b>5.35</b>	<b>432.41</b>	<b>192.72</b>	<b>33.07</b>	<b>5.07</b>	<b>220.72</b>	<b>211.69</b>	<b>236.18</b>

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

# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

		2002-2003	2001-2002
		Rs. in lacs	Rs. in lacs
<b>SCHEDULE 6 : INVESTMENTS</b>			
<b>TRADE INVESTMENTS</b>			
<b>UNQUOTED :</b> (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
<b>QUOTED :</b> (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
50000	Essar Steel Limited	4.63	0.01
(75)			
2,965	Patspin Limited	0.22	0.22
(10,000)	Reliance Petroleum Limited	-	3.65
1.009	Reliance Industries Limited*	3.95	-
		<b>121.70</b>	<b>116.78</b>
Less : Provision for Diminution in Investment		<b>2.45</b>	<b>1.19</b>
		<b>119.25</b>	<b>115.59</b>
<b>AGGREGATE VALUE OF INVESTMENTS :</b>			
Book Value :			
	Quoted	8.96	4.04
	Unquoted	112.74	112.74
		<b>121.70</b>	<b>116.78</b>
Market Value :			
	Quoted	6.56	2.84

Figures in bracket indicate previous year figures

### **PURCHASE AND SALE OF CURRENT INVESTMENTS DURING THE YEAR :**

Name of the Companies	No. of Shares
Reliance Petroleum Limited	1,100
Reliance Industries Limited	16,500
Zee Telefilm Limited	9,000
Steel Authority of India Limited	80,000
Satyam Computers Limited	11,000
Shipping Corporation of India Limited	10,000
Essar Steel Limited	85,000
United Phosphorus Limited	3,000
Telco Limited	3,000
Canara Bank Limited	40,600

\* In terms of the scheme of Amalgamation of Reliance Petroleum Limited (RPL) with Reliance Industries Limited (RIL) as sanctioned by the Hon'ble High Court at Mumbai and Hon'ble High Court of Gujarat at Ahmedabad, one fully paid up equity share of Rs. 10 each of RIL has been received in lieu of 11 fully paid up equity share of Rs. 10 each of RPL.



# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

	2002-2003 Rs. in lacs	2001-2002 Rs. in lacs
<b>SCHEDULE 7 : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS :</b>		
Inventories including goods in transit (As taken valued and certified by the Management)		
Trading Goods	68.21	52.59
Discarded Assets	3.29	-
	71.50	52.59
 Sundry Debtors (Unsecured, considered good by the Management) :		
Debts due for a period exceeding six months	131.75	168.36
Other Debts	207.25	194.48
	339.00	362.84
 Cash and Bank Balances :		
Cash Balance	2.82	3.09
Cheques in hand	58.27	6.92
Balance with Scheduled Banks :		
In Current Account	34.05	14.13
In Fixed Deposit	41.43	166.34
In Dividend Account	2.16	2.44
In E.E.F.C. Account	0.54	0.04
	139.27	192.96
 <b>LOANS &amp; ADVANCES :</b>		
Loans/Inter Corporate Deposits	125.62	233.32
Advance recoverable in Cash or in kind or for value to be received :		
Unsecured :		
Advance to Staff	0.61	0.45
Advance to Others	1,181.21	1,347.85
Sundry Deposits	5.80	5.91
Tax Deducted at Source	30.62	39.42
Interest Receivable	1.22	2.39
	1,345.08	1,629.34
	1,894.85	2,237.73

# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

	2002-2003 Rs. in lacs	2001-2002 Rs. in lacs
<b>SCHEDULE 8 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors :		
For Goods Supplied	15.18	13.50
For Expenses	22.26	33.03
For Others	36.19	26.06
	73.63	72.59
Bank Overdraft (due to Reconciliation)	-	13.21
Dividend Payable (Un-encashed Warrants)	2.16	2.44
Investor Education and Protection Fund :		
Share Application Money	0.94	0.94
	76.73	89.18
<b>PROVISIONS :</b>		
For Taxation	5.58	6.57
Deferred Tax Liabilities	-	7.79
	82.31	103.54
<b>SCHEDULE 9 : SALES</b>		
Export (On C.I.F. Value)	2,805.08	3,670.53
Domestic	6.91	6.29
	2,811.99	3,676.82
<b>SCHEDULE 10 : OTHERS INCOME</b>		
Export Incentives	147.20	148.01
Claim Received	4.27	-
Difference in Foreign Exchange (Net)	-	18.82
Rent Received	0.50	9.74
Dividend	0.09	0.04
Profit on Sale of Fixed Assets (Net)	-	36.27
Profit on Sale of Current Investments (Net)	4.73	2.81
	156.79	215.69
<b>SCHEDULE 11 : INCREASE / (DECREASE) IN STOCK</b>		
Stock at Closing		
Trading Goods	68.21	52.59
	68.21	52.59
Stock at Opening		
Trading Goods	52.59	171.77
	52.59	171.77
	15.62	(119.18)

# YARN SYNDICATE LIMITED

## SCHEDULES TO THE ACCOUNTS

	2002-2003 Rs. in lacs	2001-2002 Rs. in lacs
<b>SCHEDULE 12 : INTEREST (Net)</b>		
On Loan from Managing Directors	0.24	0.30
To Banks and others	45.17	77.66
	45.41	77.96
Less received on Loans/Inter		
Corporate Deposits & from Banks	34.07	40.98
(Gross : TDS 6.70 lacs Previous Year 6.71 lacs)		
	11.34	36.98
<b>SCHEDULE 13 : MANUFACTURING, ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Salaries, Wages, Bonus & Gratuity	18.87	17.83
Contribution to Provident & Other Funds	2.02	2.14
Staff Welfare Expenses	0.67	0.67
Directors' Fees	-	0.03
Insurance	4.11	3.35
Rent	0.27	0.32
Rates & Taxes (Including Licence Fee)	0.79	1.05
Repairs :		
Building	1.55	1.51
Others	1.71	1.65
	3.26	3.16
Shipping Expenses	95.18	115.45
Commission (Net)	38.84	1.42
Brokerage	0.84	0.44
Discount / Claims / Samples	0.11	10.35
Payment to Auditors :		
Audit Fee	0.50	0.46
Tax Audit Fee	0.02	0.02
Certificate etc.	0.14	0.02
Re-imbursement of out of Pocket Expenses	-	0.01
	0.66	0.51
Bank Charges	11.10	14.62
Charity & Donation	1.25	0.02
Quota Expenses	8.08	8.39
Sundry Balance w/off (net)	0.26	12.61
Diminution in investment (net)	1.26	1.05
Difference in Foreign Exchange (Net)	9.05	-
Loss on Sale of Fixed Assets (Net)	0.32	-
Miscellaneous Expenses	45.57	39.33
	242.51	232.74

## 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. 218.02 Lacs (Previous Year Rs. 215.59 Lacs).
  - b) Income Tax demand pending and under appeal Rs. 6.07 Lacs (Previous Year Rs. 6.07 Lacs ).
2. Sundry Debtors include an amount of Rs. 207.14 Lacs (Previous Year Rs. 193.90 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 include Rs. 129.89 Lacs (Previous Year Rs. 166.63 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. 1089.60 Lacs (Previous Year Rs. 1089.60 Lacs) (excluding interest and other compensations) given to M/s. 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. 38.60 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. 13.50 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 recoverable.
8. In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has accounted for deferred Tax. The company has carry forward losses and unabsorbed depreciation. As a matter of prudence, deferred Tax assets has been

# YARN SYNDICATE LIMITED

recognised to the extent deferred tax liabilities. The component of deferred tax assets and liabilities are as follows :

	Opening as on 01.04.2002	Charge / Credit during the year	Closing as on 31.03.2003
	Rs. (in lacs)	Rs. (in lacs)	Rs. (In lacs)
<b>Deferred Tax Liabilities</b>			
On account of Depreciation	11.89	-	11.89
<b>Deferred Tax Assets</b>			
On account of unabsorbed Depreciation and carry forward Losses	4.10	7.79	11.89
Net deferred Tax Liabilities/(Assets)	7.79	7.79	-

9. Expenses and Income pertaining to earlier year Rs. 0.02 (Previous Year Rs. 0.05 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 include Rs. 12.15 Lacs being Loss (Previous Year Rs. 20.53 Lacs being gain) on account of cancellation of forward exchange Contract.

12. Profit on Sale of current Investments (net) comprises :

(Rs. in Lacs)

i) Profit on Sale of current Investments	5.19
ii) Loss on Sale of current Investments	0.46

13. Remuneration payable to Managing Directors has not been provided in view of the waiver by them.

14. a) Certain Plant & Machinery and Godown has been sold at a sale consideration of Rs. 23.75 Lacs and 10.50 Lacs respectively in terms of Board Resolution passed. In the opinion of Management such sale consideration is adequate.

b) Certain assets have been discarded on retiring from their active use and shown under the head inventories. In the absence of determination of their realisable value, these have been recorded at book value. Necessary adjustments will be carried on disposal of the same.

15. Disclosure in respect of related parties pursuant to Accounting Standard 18.

**A) List of related parties :**

I. Parties where control exists – NIL.

II. Other parties with whom the Company has entered into transactions during the year.

i) 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 :**

Madanlal Brijlal (P) Ltd.

ii) - Firm in which Directors have substantial interest

M/s. B. L. Singhal & Co.

M/s. Perfect Cotton Corporation.

# YARN SYNDICATE LIMITED

**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>Key Management Personnel</u>	<u>Enterprises of Key Management Personnel</u>	<u>Directors Interested Firm</u>
1) Electricity charges paid	-	0.68	-
2) Rent paid	-	0.07	-
3) Interest paid	0.24	-	-
4) Loans repaid	2.00	-	-
5) Professional fees paid	-	-	0.03
6) Commission received	-	-	6.53

**C) Outstanding Balance as on 31st March, 2003**

<u>Nature of transactions</u>	<u>Key Management Personnel</u>	<u>Enterprises of Key Management Personnel</u>	<u>Directors Interested Firm</u>
1) Amount payable	-	0.03	-

**16. Earning Per Share (EPS)**

		<u>Year Ended 31.03.2003</u>	<u>Year Ended 31.03.2002</u>
a) Profit / (Loss) attribute to Equity Share Holders	Rs.	(6,25,105.00)	(15,19,440.00)
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.	(0.17)	(0.41)

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

<b>A. QUANTITATIVE INFORMATION</b>		<u>Quantity</u>		<u>Amount Rs. in Lacs</u>	
Unit		<u>2002-2003</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2001-2002</u>
<b>a) Opening Stock :</b>					
Yarn	Packages	819	2570	52.59	171.77
Cloth	Packages	-	-	-	-
<b>b) Purchases :</b>					
Yarn	Packages	39261	42030	2717.71	3483.94
Cloth	Packages	-	-	-	-
<b>c) Sales :</b>					
Yarn	Packages	38857	43781	2811.99	3676.82
Cloth	Packages	-	-	-	-
<b>d) Closing Stock :</b>					
Yarn	Packages	1223	819	68.21	52.59
Cloth	Packages	-	-	-	-

**B. EXPENDITURE IN FOREIGN CURRENCY**

	<u>Rupees in Lacs</u>	
	<u>2002-2003</u>	<u>2001-2002</u>
	<u>Rs.</u>	<u>Rs.</u>
Travelling	9.07	6.06
Commission (Including outstanding)	49.42	12.11
Claims paid to Overseas Buyers	-	9.26

**C EARNING IN FOREIGN CURRENCY**

F.O.B. Value of goods Exported	2,702.57	3,617.05
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# 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 :**

Registration No.	21-13842
State Code	21
Balance Sheet Date	31.03.2003

**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	2104.58
Total Assets	2104.58
<b>Sources of Funds :</b>	
Paid up Capital	37500
Reserves & Surplus	142164
Secured Loans	30794
Unsecured Loans	NIL
<b>Application of Funds :</b>	
Net Fixed Assets	15975
Investment	11925
Net Current Assets	181254
Miscellaneous Expenditure	1304
Accumulated Losses	NIL

**4. Performance of Company : (Rs. In 000)**

Turnover (including other Income)	296878
Total Expenditure	298275
Profit/(Loss) before Tax	(1397)
Profit/(Loss) after Tax	(625)
Earning per Share (Rs.)	- 0.17
Dividend Rate	NIL

**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 :**

Indigenous	100%
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20. Figures are given in Lacs and rounded to nearest Thousand.

21. Previous Year figures have been regrouped/rearranged wherever 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 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.
- 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) 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 (%)
<b>a) Building :</b>		
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	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.



# YARN SYNDICATE LIMITED

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.

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 defences 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.

L) **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

Place : Kolkata  
Dated : the 28th day of June, 2003.

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

**BIKASH CHANDRA CHATTERJI**,  
Company Secretary

# YARN SYNDICATE LIMITED

## CASH FLOW STATEMENT OF YARN SYNDICATE LIMITED AS PER LISTING AGREEMENT

CASH FLOW STATEMENT	Year ended 31st March, 2003 Rs. in Lacs	Year ended 31st March, 2002 Rs. in Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Taxes	(13.97)	(20.70)
Depreciation	19.51	33.07
Interest paid	45.41	77.96
Share Issue expenses	7.30	7.30
Quota Expenses	8.08	8.39
Loss on Diminution in Investment	1.26	1.05
Profit on Sale of Investments (Net)	(4.73)	(2.81)
Profit on Sale of Assets (Net)	0.32	(36.27)
Interest Received	(34.07)	(40.98)
Dividend Received	(0.09)	(0.04)
Exchange Fluctuation (Loss)/Gain (to the extent not paid/realised)	-	0.02
Sundry balances written off/(back) (Net)	0.26	12.61
Operating Profit before Working Capital Changes	<u>29.28</u>	<u>39.60</u>
Adjustment for :		
Inventories	(18.91)	119.18
Trade & Other Receivables	23.65	(231.16)
Advances	165.83	(224.31)
Trade Payables	<u>(12.04)</u>	<u>(8.06)</u>
	<u>187.81</u>	<u>(344.35)</u>
Cash generated from Operations		
Miscellaneous Expenditure	-	(0.64)
Direct Taxes paid	<u>7.74</u>	<u>10.38</u>
Net Cash from Operating Activities (A)	<u><u>195.55</u></u>	<u><u>(295.01)</u></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(6.85)	(8.86)
Sale of Fixed Assets	38.96	36.55
Sale of Investment	126.37	135.75
Purchase of Investment	(126.56)	(125.72)
Loans & Inter-corporate Deposits	106.83	(16.89)
Interest Received	36.11	52.46
Dividend Received	<u>0.09</u>	<u>0.04</u>
Net Cash used in Investing Activities (B)	<u><u>174.95</u></u>	<u><u>73.33</u></u>

# YARN SYNDICATE LIMITED

## CASH FLOW STATEMENT (Contd.)

	Year ended 31st March, 2003 Rs. in Lacs	Year ended 31st March, 2002 Rs. in Lacs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Increase / (Decrease) in Secured Borrowing	(305.69)	434.05
Net Increase / (Decrease) in Unsecured Borrowing	(73.37)	3.56
Dividend Paid	(0.28)	(0.02)
Interest Paid	(44.85)	(72.55)
<b>Net Cash from Financing Activities (C)</b>	<b>(424.19)</b>	<b>365.04</b>
Net Increase in Cash & Cash equivalents (A+B+C)	(53.69)	143.36
Cash & Cash equivalents as at opening	192.96	49.60
* Cash & Cash equivalents as at closing	139.27	192.96

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

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

Place : Kolkata  
Dated : the 28th day of June, 2003.

For and on behalf of the Board  
**M. L. PATODIA**, Managing Director  
**S. R. SARAF**, Director  
**VIKASH SINGHAL**, Director  
**BIKASH CHANDRA CHATTERJI**,  
Company Secretary

**PROXY FORM**

**YARN SYNDICATE LIMITED**

REGD. OFF. 7, SAMBHU NATH MULLICK LANE, KOLKATA - 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 me/our behalf at the 57th Annual General Meeting of the Company  
to be held at Patodia House, 23, Circus Avenue, Kolkata - 700 017 on Tuesday, the 23rd day of  
September, 2003, at 10.00 a.m. and/or at any adjournment thereof.

signed this ..... day of ..... 2003

Signature .....

Please Affix  
Rs. 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 57th Annual General Meeting of the Company held at Patodia  
House, 23, Circus Avenue, Kolkata - 700 017 on Tuesday, the 23rd day of September, 2003  
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