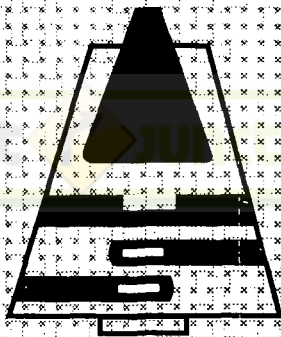


**yarn syndicate limited.**

**One Star Export House**



**ANNUAL REPORT**  
**2007 - 2008**

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YARN SYNDICATE LIMITED – ANNUAL REPORT 2007-08

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## 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 KHADELWAL

SMT. SHEELA PATODIA

SRI RISHIRAJ 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

23, Circus Avenue, Kolkata - 700 017

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## NOTICE OF THE 62ND ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty Second Annual General Meeting of the Members of the Company will be held at its Registered Office situated at Patodia House, 23, Circus Avenue, Kolkata - 700017 on Friday, the 19th day of September, 2008 at 10.00 A.M. to transact the following business :

### AS ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date together with the Auditors' and the Directors' Reports thereon.
2. To appoint a Director in place of Sri Krishna Prasad Bagaria, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. Sheela Patodia, who retires by rotation and being eligible, offers herself 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.

Registered Office :  
23, Circus Avenue,  
Kolkata - 700 017

By order of the Board  
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI  
COMPANY SECRETARY

Dated : the 5th day of June, 2008

### 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. The Register of Members and the Share Transfer Books shall remain closed from 16th September, 2008 to 19th September, 2008 (both days inclusive).

### 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. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. Members are requested to inform immediately any change in their address to the Company's Share Transfer Agents.
4. All communications relating to shares are to be addressed to the Company's Share Transfer Agents, "M/s R & D Infotech Pvt. Ltd., 22/4, Nakuleshwar Bhattacharjee Lane, Kolkata - 700026".
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.

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**DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT.**

(in pursuance of Clause 49 of the Listing Agreement)

1. Name : Shri Krishna Prasad Bagaria
2. Date of Birth : 13.11.1931
3. Date of Appointment : 30.04.1993
4. Qualifications : L.L.B.
5. Expertise in specific functional area. : Legal
6. Chairman/Director of other Companies : Directorships :  
1.Teage Limited

Chairman/Member of Committees of the

Board of Companies of which he is a Director : Nil

1. Name : Smt. Sheela Patodia
2. Date of Birth : 13.11.1949
3. Date of Appointment : 01.04.2002
4. Qualifications : H.S.
5. Expertise in Specific functional area : Business
6. Chairman/Director of other Companies : Directorships :  
1. Y. S. Exports Limited

Chairperson/Member of Committees of the Board

of Companies of which she is a Director : Nil

<u>Name of Company</u>	<u>Committee type</u>	<u>Membership status</u>
Yarn Syndicate Ltd.	1. Share Transfer- Cum-Grievance Committee	Chairperson

**Registered Office :**  
23, Circus Avenue,  
Kolkata - 700 017

Dated : the 5th day of June, 2008

By order of the Board  
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI  
COMPANY SECRETARY

## YARN SYNDICATE LIMITED – ANNUAL REPORT 2007-08

## REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors have pleasure in submitting their 62nd Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2008.

## FINANCIAL RESULTS :

	2007-2008	2006-2007
	Rs. in Thousand	Rs. in Thousand
Export Sales	166670	146917
Domestic Sales	8837	2500
	<u>175507</u>	<u>149417</u>
Profit/(Loss) before Interest & Depreciation	(12017)	(85073)
Less : Interest	1457	4195
Depreciation	2911	2731
	<u>4368</u>	<u>6926</u>
Profit/(Loss) before Tax	(16385)	(91999)
Less : Provision for Taxation (earlier year)	-	65
Provision for Deferred Tax	(61)	743
Fringe Benefit Tax	232	198
	<u>171</u>	<u>1006</u>
Profit/(Loss) after Tax	(16556)	(93005)
Balance brought from last year	(2010)	8184
	<u>(18566)</u>	<u>(84821)</u>
Transferred from General Reserve	-	82811
Balance carried forward to next year	<u>(18566)</u>	<u>(2010)</u>

## DIVIDEND :

Your Directors do not recommend dividend on Equity shares for the Financial Year ended 31st March, 2008.

## PERFORMANCE REVIEW :

During the financial year under review, the export sales have increased to Rs. 1666.70 lakhs as compared to export sales of Rs. 1469.17 lakhs during the previous year. Even though the Company posted higher export sales in 2007-08 as compared to the previous year, the export sales performance was lower than expected mainly because of the competition from low cost suppliers, which have put severe pressure on already thin margins. Furthermore, the impact of the appreciating rupee towards a major part of the last financial year also had an adverse effect on the Company's performance. However, the Company is making all possible effort to face the challenges ahead.

Your Company had fully set up a Home Textiles Unit in Gujarat and commercial production started on 1st September 2006. However, the Unit started making losses since inception and efforts to turn the Unit around were not successful. As it became a drain on the Company's resources, the Home Textiles unit was disposed off by way of outright sale of machineries, equipments and installations on 01-01-2008.

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**CHANGE OF REGISTERED OFFICE :**

The Registered Office of the Company was shifted within the local limits of the city from 7, Sambhunath Mullick Lane, Kolkata - 700 007 to 'Patodia House', 23 Circus Avenue, Kolkata - 700 017 with effect from 31st October, 2007. The latter had earlier been our Export Division Office and it was considered in the Company's best interest to shift the Registered Office to the Export Division Office at 23, Circus Avenue, Kolkata - 700 017.

**QUALITY MANAGEMENT SYSTEM CERTIFICATE :**

The Company was awarded QUALITY MANAGEMENT SYSTEM CERTIFICATE on 12.5.2008 for *Exports of Various Yarn, Fabric, Garments and Made-ups* by the Norsk Akkreditering of Norway.

**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 Krishna Prasad Bagaria and Smt. Sheela Patodia, 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, 2008, 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 are 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, 2008 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.

**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 13 annexed to the Audited Accounts. The Company's activity of export is in the line of cotton yarn & textiles. Your Directors plan to continue their initiatives in order to further increase the export turnover.

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**AUDITORS' 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 their prompt and timely assistance rendered by them as and when required. The Board is grateful to the Reserve Bank of India, State Bank of India, Park Circus and Ballygunge Branches, 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, the Federation of Indian Export Organisations 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**

23, Circus Avenue,  
Kolkata - 700 017.

For and on behalf of the Board

**M. L. PATODIA**

Chairman & Managing Director

Dated : 5th day of June, 2008.

## YARN SYNDICATE LIMITED – ANNUAL REPORT 2007-08

**REPORT ON CORPORATE GOVERNANCE**

The Directors present the Company's Report on Corporate Governance.

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

The Company's philosophy of Corporate Governance ensures that Company's business strategy and plans take care of the welfare of all its stakeholders while at the same time maximizing shareholders' value on a sustained basis. The Company's Board of Directors, management and employees consistently envisage attainment of the highest level of transparency, integrity and equity in all facets of the operations of the Company and also interactions with its stakeholders.

**2. BOARD OF DIRECTORS**

The Board of Directors consists of 8 Directors.

**COMPOSITION, CATEGORY AND DIRECTORSHIP IN OTHER COMPANIES**

Name of Director	Promoter Executive/ Non-executive Independent	Member of Board of Other Companies including Pvt. Ltd. Cos.	Total No. of Committed Membership held	
			As Chairperson/ Chairman	As Member
Shri M. L. Patodia	Promoter	7	-	1
Shri R. K. Patodia	Promoter	2	-	1
Shri K. P. Bagaria	Independent/ Non-executive	1	-	-
Shri S. R. Saraf	Independent/ Non-executive	4	2	-
Shri D. K. Jhunjhunwala	Independent/ Non-executive	3	-	-
Shri D. K. Khandelwal	Independent/ Non-executive	2	-	3
Smt. Sheela Patodia	Non-Executive	1	1	-
Shri Rishiraj Patodia	Non-Executive	-	-	2

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

Board Meetings were held on 16<sup>th</sup> April, 2007, 11<sup>th</sup> June, 2007, 30<sup>th</sup> June, 2007, 31<sup>st</sup> July, 2007, 31<sup>st</sup> October, 2007 and 31<sup>st</sup> January, 2008.

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

The Annual General Meeting was held on 14<sup>th</sup> September, 2007.

Director	No. of Board Meeting		Attended last AGM
	Held	Attended	
Shri M. L. Patodia	6	3	No
Shri R. K. Patodia	6	1	No
Shri K. P. Bagaria	6	3	No
Shri S. R. Saraf	6	5	Yes



## YARN SYNDICATE LIMITED – ANNUAL REPORT 2007-08

Director	No. of Board Meeting		Attended last AGM
	Held	Attended	
Shri D. K. Jhunjhunwala	6	3	No
Shri D. K. Khandelwal	6	5	Yes
Smt. Sheela Patodia	6	1	No
Shri Rishiraj Patodia	6	2	No

**3. AUDIT COMMITTEE**

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

- It shall oversee that 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.
- It shall review with management and statutory auditors the adequacy of internal control systems and internal audit functions.
- 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.
- 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 30<sup>th</sup> October 2002. Audit Committee Meetings were held on 14<sup>th</sup> April, 2007, 29<sup>th</sup> June, 2007, 30<sup>th</sup> July, 2007, 30<sup>th</sup> October, 2007 and 29<sup>th</sup> January, 2008. The composition of the Audit Committee meets the requirements of Clause 49 of the Listing Agreement.

**MEMBERS OF THE AUDIT COMMITTEE**

Sl. No.	Name of the Member	Status	Meetings held	Meetings Attended
1.	Sri S. R. Saraf	Chairman & Independent Director	5	5
2.	Sri D. K. Khandelwal	Member & Independent Director	5	5
3.	Sri Rishiraj Patodia	Member & Non-Executive Director	5	1

**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 30<sup>th</sup> October, 2002. A Remuneration Committee meeting was held on 14<sup>th</sup> April, 2007 for the appointment of a new Chairman and induction of a new Committee Member. Sri S. R. Saraf and Sri D. K. Khandelwal attended the Meeting.

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**MEMBERS OF THE REMUNERATION COMMITTEE :**

Chairman & Independent Director	: Sri S. R. Saraf
Member & Independent Director	: Sri D. K. Khandelwal
Member & Non-executive Director	: Sri Rishiraj Patodia

**Details of remuneration paid to Managing Director for the year :**

The aggregate of salary and perquisites paid for the year ended 31<sup>st</sup> March, 2008 to Managing Director were as follows :

Shri R. K. Patodia	: Rs.6,40,000/-
Shri M. L. Patodia	: Rs. NIL as payment of remuneration has been waived vide his letter dated 24.03.2004

Sitting Fees to Directors of the Board or any Committee thereof has been waived at the Meeting of the Board of Directors held on 27<sup>th</sup> 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 recommends measures for overall improvement in the quality of investor services.

Smt. Sheela Patodia as Chairperson is heading the Committee. Sri M. L. Patodia, Sri R. K. Patodia and Sri D. K. Khandelwal are other members of the Committee. Sri Bikash Chandra Chatterji, Company Secretary is the Compliance Officer.

The Company has received 17 complaints as on 31.03.2008 and all of them have been resolved.

There were no shares pending for transfer as on 31.03.2008 and all the transfers have been approved by the Share Transfer-cum-Grievance Committee of the Company.

**6. GENERAL BODY MEETINGS :**

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

FINANCIAL YEAR	DATE	VENUE	TIME
31 <sup>ST</sup> MARCH, 2005	14.09.2005	23, CIRCUS AVENUE KOLKATA 700 017.	10.00 A.M.
31 <sup>ST</sup> MARCH, 2006	15.09.2006	—DO—	10.00 A.M.
31 <sup>ST</sup> MARCH, 2007	14.09.2007	—DO—	10.00 A.M.

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

- At the Fifty Ninth Annual General Meeting held on 14th September, 2005, no special resolution was passed.
- At the Sixtieth Annual General Meeting held on 15th September, 2006 no special resolution was passed.
- At the Sixty-first Annual General Meeting held on 14th September 2007, special resolution was passed for change of Registrar & Share Transfer Agent of the Company.

No resolution was put through Postal Ballot.