
YARN SYNDICATE LIMITED – ANNUAL REPORT 2008-09

YARN SYNDICATE LIMITED

BOARD OF DIRECTORS

SRI M. L. PATODIA, Chairman & Managing Director (upto 11.12.2008)

SRI R. K. PATODIA, Chairman & Managing Director

SRI K. P. BAGARIA

SRI SITA RAM SARAF

SRI DEVENDRA JHUNJHUNWALA

SRI DILIP KUMAR KHANDELWAL

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 63RD ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty-Third 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 11th day of September, 2009 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, 2009 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 Sita Ram Saraf, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. D. K. Khandelwal, 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 modifications(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Section 310 of the Companies Act, 1956 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the terms and conditions with regard to the reappointment of Sri R. K. Patodia as Managing Director of the Company for a period of 5 (five) years w.e.f 1st July, 2007 included in the Notice and passed by the shareholders at the 61st Annual General Meeting of the Company held on 14th September 2007 be and is hereby modified only to the extent as given hereunder and all other terms and conditions to remain the same;

"The existing terms of salary of 'Rs. 35000/- per month in the scale of Rs. 35000 - Rs. 5000 - Rs. 55000' be replaced with 'Rs. 50000/- per month in the scale of Rs. 50000 - Rs. 5000 - Rs. 60000'.

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

"RESOLVED THAT Sri Rishiraj Patodia be and is hereby appointed as Executive Director of the Company for a period of 5 (five) years w.e.f. 1st July, 2009."

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

Date : The 30th day of June, 2009.

By order of the Board
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

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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 1st September, 2009 to 11th September, 2009 (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 of any change in their address to the Company's Share Transfer Agent.
4. All communications relating to shares are to be addressed to the Company's Share Transfer Agent, "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.

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT

(in pursuance of Clause 49 of the Listing Agreement)

(1)

1. Name : Shri Sita Ram Saraf
2. Date of Birth : 01.01.1937
3. Date of Appointment : 29.06.1992
4. Qualifications : B.Sc.
5. Expertise in specific functional area. : Since 1958, involved in various business activities.
6. Chairman/Director of other Companies : **Directorships :**
 1. Mangal Tea Marketing Limited
 2. Gunjan Estates Private Limited
 3. Europa Commercial & Traders Limited
 4. Tushar Agencies Private Limited

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

<u>Name of Company</u>	<u>Committee type</u>	<u>Membership status</u>
Yarn Syndicate Ltd.	1. Audit Committee	Chairman
Yarn Syndicate Ltd.	2. Remuneration Committee	Chairman

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(2)

1. Name : Sri Dilip Kumar Khandelwal
2. Date of Birth : 18.12.1943
3. Date of Appointment : 01.04.2002
4. Qualifications : B.E. (Civil Engineer)
5. Expertise in specific functional area. : Business
6. Chairman/Director of other Companies : **Directorships :**
 1. SSK Broking Services Private Limited
 2. Venus Funds Management Limited

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

<u>Name of Company</u>	<u>Committee type</u>	<u>Membership status</u>
Yarn Syndicate Ltd.	1. Share Transfer-Cum-Grievance Committee	Member
Yarn Syndicate Ltd.	2. Remuneration Committee	Member
Yarn Syndicate Ltd.	3. Audit Committee	Member

Registered Office :
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Kolkata - 700 017

By order of the Board
For YARN SYNDICATE LIMITED

Date : The 30th day of June, 2009.

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

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ANNEXURE TO NOTICE

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

Item No. 5

Shri R. K. Patodia was appointed as the Managing Director of the Company for a further period of 5 (five) years with effect from 1st July 2007 to 30th June 2012. With the passing away of Sri Madan Lal Patodia, Chairman & Managing Director and revered founder of the company on 11.12.08, Sri R. K. Patodia assumed greater responsibility in running the company and w.e.f 16.12.2008 was redesignated as Chairman & Managing Director. In view of this and subsequent to the approval of the Remuneration Committee of the company, the Board of Directors at its Meeting held on 30th June, 2009 has agreed to revise only the basic salary of Mr. R. K. Patodia with all other terms and conditions remaining the same subject to your approval.

Period (as per original agreement) :

5 Years from 01.07.2007 to 30.06.2012

A) Revised Salary :

Rs. 50,000/- per month in the scale of Rs.50000 - Rs. 5000 - Rs. 60000.

There is no change in all other terms and conditions given hereinbelow :-

B) Perquisites :**i) Commission :**

One percent commission on the net profits of the Company computed in accordance with the provisions of Section 349 of the Companies Act, 1956 subject to a ceiling of 50% of the Annual Salary.

ii) Housing :

a) The expenditure by the Company for hiring unfurnished accommodation shall be subject to a ceiling of 60% of the Salary over and above 10% payable by him.

b) The Expenditure incurred by the Company on gas, electricity, water and house maintenance shall be valued as per the Income-tax Rules, 1962 subject to a ceiling of 30% of his salary.

iii) Medical Reimbursement :

Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

iv) Leave Travel Concession :

For self and family once in a year, provided that only actual fare shall be paid to and from any place in India and no Hotel Expenses shall be paid.

v) Club fees :

Fees of clubs subject to a maximum of two clubs which will not include admission and life membership fees.

vi) Personal Insurance :

Premium not to exceed Rs. 10000 per annum.

vii) Contribution to Provident Fund as per Rules of the Company and will not be included in the Computation of ceiling in perquisites to the extent it is not taxable under the Income Tax Act.

viii) Gratuity payable as per the Rules of the Company.

ix) Earned / Privileged leave not exceeding one month for every eleven months of service. Leave accumulated but not availed of shall not be allowed to be encashed.

x) Provision of car for use on Company's business and telephone at his residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.

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C) Others Terms & Conditions :

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

The modified agreement between the Company and Sri R. K. Patodia is available for inspection by the Members of the Company at its registered office between 11.00 A.M. and 1.00 P.M. on any working day of the Company.

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

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

Except Shri R. K. Patodia, Smt. Sheela Patodia and Shri Rishiraj Patodia, none of the Directors of the Company is concerned or interested in the resolution.

Item No. 6

Shri Rishiraj Patodia was appointed as Director of the Company by the shareholders at the Annual General Meeting held on 15th September 2006. Being at the helm of the affairs of the company, he has gathered considerable experience in the operation of the company and is fully involved in the export business. Subsequent to the approval of the Remuneration Committee of the company, the Board of Directors, at its Meeting held on 30th June, 2009, has decided to appoint Shri Rishiraj Patodia as Executive Director of the Company for a period of 5 (five) years with effect from 1st July 2009 on the terms and conditions set out in the agreement subject to your approval. The main terms and conditions of Shri Rishiraj Patodia's appointment are set out below :

Period

5 Years from 01.07.2009 to 30.06.2014.

A) Salary :

Rs. 25,000/- per month in the scale of Rs.25000 - Rs. 5000 - Rs. 45000.

B) Perquisites :**i) Commission :**

One percent commission on the net profits of the Company computed in accordance with the provisions of Section 349 of the Companies Act, 1956 subject to a ceiling of 50% of the Annual Salary.

ii) Housing :

- a) The expenditure by the Company for hiring unfurnished accommodation shall be subject to a ceiling of 60% of the Salary over and above 10% payable by him.
- b) The Expenditure incurred by the Company on gas, electricity, water and house maintenance shall be valued as per the Income-tax Rules, 1962 subject to a ceiling of 30% of his salary.

iii) Medical Reimbursement :

Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

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iv) **Leave Travel Concession :**

For self and family once in a year, provided that only actual fare shall be paid to and from any place in India and no Hotel Expenses shall be paid.

v) **Club fees :**

Fees of clubs subject to a maximum of two clubs which will not include admission and life membership fees.

vi) **Personal Insurance :**

Premium not to exceed Rs. 10000 per annum.

vii) **Contribution to Provident Fund as per Rules of the Company and will not be included in the computation of ceiling in perquisites to the extent it is not taxable under the Income Tax Act.**viii) **Gratuity payable as per the Rules of the Company.**ix) **Earned / Privileged leave not exceeding one month for every eleven months of service. Leave accumulated but not availed of shall not be allowed to be encashed.**x) **Provision of car for use on Company's business and telephone at his residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.**C) **Others Terms & Conditions :**

i) In the case of inadequate or absence of profit, Sri Rishiraj Patodia will get the same remuneration as mentioned herein above.

ii) So long as Sri Rishiraj Patodia functions as the Executive Director of the Company he will not be entitled to any sitting fee for attending the meeting of the Board of Directors or any Committee thereof.

iii) So long as Sri Rishiraj Patodia holds the office of the Executive Director he will not be liable to retire by rotation.

iv) So long as Sri Rishiraj Patodia holds the office of the Executive Director of the Company he will not become interested or concerned in any selling agency directly or through his wife or children without prior approval of the Central Government.

v) The appointment of Sri. Rishiraj Patodia may be terminated by giving three months' notice by either side.

The agreement between the Company and Sri Rishiraj Patodia is available for inspection by the Members of the Company at its Registered Office between 11.00 A.M. and 1.00 P.M. on any working day of the Company.

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

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

Except Shri R. K. Patodia, Smt. Sheela Patodia and Shri Rishiraj Patodia, none of the Directors of the Company is concerned or interested in the resolution.

Registered Office :

23, Circus Avenue,
Kolkata - 700 017

By order of the Board
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

Date : The 30th day of June, 2009.

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REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors have pleasure in submitting their 63rd Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2009.

FINANCIAL RESULTS :

	2008-2009	2007-2008
	<u>Rs. in Thousand</u>	<u>Rs. in Thousands</u>
Export Sales	144635	166670
Domestic Sales	4602	8837
	<u>149237</u>	<u>175507</u>
Profit/(Loss) before Interest & Depreciation	(239)	(12017)
Less : Interest	2582	1457
Depreciation	2691	2911
	<u>5273</u>	<u>4368</u>
Profit/(Loss) before Tax	(5512)	(16385)
Less : Provision for Taxation (earlier year)	-	-
Provision for Deferred Tax	(448)	(61)
Fringe Benefit Tax	249	232
	<u>(199)</u>	<u>171</u>
Profit/(Loss) after Tax	(5313)	(16556)
Add : Balance brought forward from last year	(18566)	(2010)
	<u>(23879)</u>	<u>(18566)</u>
Transferred from General Reserve	-	-
Balance carried forward to next year	(23879)	(18566)

PASSING AWAY OF SHRI MADAN LAL PATODIAJI, FOUNDER OF THE GROUP :

The sad demise of the Company's revered founder and Managing Director of more than six decades, SHRI MADAN LAL PATODIA on 11th December 2008 at the age of 93, have marked the year. Shri M. L. Patodia founded Yarn Syndicate Limited in the year 1946 and was at the helm of the affairs of the Company throughout his life. Under his leadership and guidance the Company became one of the foremost traders and exporters of cotton and other types of yarn in the country and bagged many leading exporter awards for the year 1976-77, 1978-79, 1984 to 1988, 1990 to 1992 from Texprocil, highest export performance gold trophy for 1995-96 from FIEO, outstanding exporter award for the year 1992-93 from Canara Bank as well as the National Export Award, the highest in the land for exports, for the year 1991-92 presented by the President of India. Shri M.L. Patodia was equally committed to social and philanthropic causes for the betterment of mankind. His accomplished life is an inspiration to all and his passing away is deeply mourned.

Shri Rajendra Kumar Patodia took over as Chairman and Managing Director of the Company with effect from 16th December 2008.

DIVIDEND :

Your Directors do not recommend dividend on Equity shares for the Financial Year ended 31st March, 2009.

PERFORMANCE REVIEW :

The financial year under review has been particularly difficult for Indian exporters. The negative

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factors adversely affecting Indian exporters are the strengthening of the Rupee vis-a-vis the US Dollar for most of the year, the downturn of the Western economies resulting in lower demand for your company's products and the cutthroat competition from low cost suppliers of yarn. The export sales have decreased to Rs. 1446.35 lakhs during the year 2008-09 as compared to export sales of Rs. 1666.70 lakhs during the previous year. The company hopes that the market condition will be more favourable this year.

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 Sri Dilip Kumar Khandelwal, 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, 2009, 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, 2009 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.

AUDITORS' OBSERVATIONS :

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

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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

R. K. PATODIA
Chairman & Managing Director

Date : The 30th day of June, 2009.

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