

## YARN SYNDICATE LIMITED

### BOARD OF DIRECTORS

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, Executive Director

### 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

**NOTICE OF THE 64<sup>TH</sup> ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Sixty-Fourth Annual General Meeting of the Members of the Company will be held at its Registered Office situated at 23, Circus Avenue, Kolkata-700017 on Friday, the 24th day of September, 2010 at the following business.

**AS ORDINARY BUSINESS :**

1. To consider and adopt the Audited Financial Statements and the Report of the Auditors Account for the year ended on that day and the Directors' Report thereon
2. To appoint a Director in place of Mr. Swastic Habibat Private Limited who is retiring and being eligible, other than himself for re-appointment
3. To appoint a Director in place of Mr. Narayani Fabricators & Engineers Private Limited who is retiring and being eligible, other than himself for re-appointment
4. To appoint Auditors of the Company for the year ending on that day and to give them the conclusion of the most Approved mode of Accounts for the year ending on that day.

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

Dated : the 31st day of May, 2010.

For and on behalf of the  
YARN SYNDICATE LIMITED  
Sri Krishna Prasad Bagaria  
Chairman/Member of Committees of the  
Board of Companies of which he is a Director

**NOTES :**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/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 later than 48 hours before the commencement of the Meeting.
2. The Register of Members and the Share Transfer Agent, Swastic Habibat Private Limited, Kolkata-700026, will be open for inspection from 24th September 2010 to 24th September 2010.

**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 that the Company may be able to keep the information ready.
2. As a measure of economy, copies of the Annual Report of the Company for the year ending on that day will be made available to the Members at the Annual Meeting. Members are requested to bring the same 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 of the Company should be sent to the Company's Share Transfer Agent, M/s R & D Infotech Pvt. Ltd., 23, Circus Avenue, 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                                   | : Sri Devendra Kumar Jhurjhurwala |
| 2. Date of Birth                          | : 27.09.1952                      |
| 3. Date of Appointment                    | : 01.04.2002                      |
| 4. Qualifications                         | : B.Com.                          |
| 5. Expertise in specific functional area. | : Business                        |

6. Chairman/Director of other Companies

- Directorships :**
1. Swastic Heights Private Limited
  2. Swastic Habibat Private Limited
  3. Narayani Fabricators & Engineers Private Limited

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

: Nil

(2)

- |   |                              |
|---|------------------------------|
| 1. Name                                   | : Sri 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. Teege Limited

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

: Nil

By order of the Board  
For YARN SYNDICATE LIMITED

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

**BIKASH CHANDRA CHATTERJI**  
COMPANY SECRETARY

Dated : the 31st day of May, 2010.

## REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors have pleasure in submitting their 64th Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2010

### FINANCIAL RESULTS :

	2009-2010 Rs. in Thousand	2008-2009 Rs. in Thousands
Export Sales	247513	144635
Domestic Sales	247513	4602
Profit/(Loss) before Interest & Depreciation	6812	149237
Less : Interest	2721	2362
Depreciation	3231	2691
Profit/(Loss) before Tax	858	5273
Less : Provision for Deferred Tax	(174)	(448)
Fringe Benefit Tax	45	249
Profit/(Loss) after Tax	1567	(199)
Add : Balance brought forward from last year	(21117)	(18566)
	(22112)	(23879)
Transferred from General Reserve		
Balance carried forward to next year	(22312)	(23879)

### DIVIDEND

Your Directors do not recommend dividend on Equity Shares for the Financial Year ended 31st March, 2010

### PERFORMANCE RI VII W

During the financial year under review, the Company has posted higher export sales as compared to the previous year mainly due to the partial recovery of the Western economies resulting in greater demand for your company's products, and the weakening of the Rupee vis-à-vis the US dollar. The company has explored and moved into new markets, and at the same time maintaining its excellent business relations with its existing customers in order to remain competitive in the export business. The export sales have increased to Rs. 247.513 lakhs during the year 2009-10 as compared to export sales of Rs. 144.635 lakhs during the previous year. The company hopes that the market condition will continue on the favourable trend 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 :

Sri Devendra Kumar Jhunjhunwala and Sri Krishna Prasad Bagaria, Directors of the Company retire

(4)

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:

- that in the preparation of the Annual Accounts for the financial year ended 31st March, 2010, the applicable accounting standards had been followed;
- 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;
- 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;
- that the Directors had prepared the accounts for the financial year ended 31st March, 2010 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 AND 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, other types of yarn and 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.

### 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 Branch, HDFC Bank, Dr. U.N. Brahmachari Street Branch, The Cotton Textiles Export Promotion Council, Textile Committee, Export Credit Guarantee Corporation of India Ltd., Collector of Central Excise, Director General of Foreign Trade, New Delhi, Joint Director General of Foreign Trade, Kolkata, Registrar of Companies,

(5)

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 wholehearted co-operation.

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

Dated : the 31st day of May, 2010.

For and on behalf of the Board

**R. K. PATODIA**  
Chairman & Managing Director

## REPORT ON CORPORATE GOVERNANCE

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

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

The Company believes that Corporate Governance envisages attainment of high level of transparency, accountability for and equal treatment of all shareholders and compliance with regulations. The Company believes in corporate performance that will result in maximization of shareholders' value in the long run, protection of the interest of its shareholders and employees and maintenance of cordial relationship with its customers and bankers. The Company places due emphasis on regulatory compliances.

### 2. BOARD OF DIRECTORS

The Board of Directors consists of 7 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 Committee Membership held
Shri R. K. Patodia	Promoter	2	As Chairman 1
Shri S. R. Sanyal	Independent/ Non-executive	3	2
Shri K. P. Bagaria	Independent/ Non-executive	1	-
Shri D. K. Jhunjhunwala	Independent/ Non-executive	3	-
Shri D. K. Chandra	Independent/ Non-executive	3	3
Shri R. K. Patodia	Non-Executive	1	1
Shri R. K. Patodia	Executive	1	2

#### BOARD ANNUAL GENERAL MEETING & ATTENDANCE

6 usual Board Meetings were held during the year. The Board Meetings were held on 17th April 2009, 30th April 2009, 30th June 2009, 31st July 2009, 30th October 2009 and 30th January 2010.

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

The Annual General Meeting was held on 11th September, 2009.

Director	No. of Board Meeting Held	Attended	Attended last AGM
Shri R. K. Patodia	6	6	No
Shri K. P. Bagaria	6	1	No

Shri S. R. Saraf	6	1	Yes
Shri D. K. Jhunjhunwala	6	1	Yes
Shri D. K. Khandelwal	6	0	Yes
Smt. Sheela Patodia	6	5	No
Shri Rishiraj Patodia	6	5	Yes

**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 30th October, 2002. Audit Committee Meetings were held on 29th April 2009, 29th June 2009, 30th July 2009, 29th October 2009 and 29th January 2010. 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	Shri S. R. Saraf	Chairman & Independent Director	5	5
2	Shri D. K. Khandelwal	Member & Independent Director	5	3
3	Shri Rishiraj Patodia	Member & Executive Director	5	2

**3. 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.

The broad terms of reference and policy of the Remuneration Committee are given hereunder:  
The Committee while approving the remuneration shall –

- take into account, financial position of the Company, trend in the industry, appointee's qualifications, experience, past performance, past remuneration etc;
- be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders

- ensure that the Company should not have made any default in repayment of any of its debts (including public deposits) or liabilities for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial personnel.

**Members of the Remuneration Committee :**

Chairman & Independent Director	Shri S. R. Saraf
Member & Independent Director	Shri D. K. Khandelwal
Member & Executive Director	Shri Rishiraj Patodia

A Remuneration Committee meeting was held during the year on 29th June 2009. Shri S. R. Saraf and Shri Rishiraj Patodia attended the meeting.

**Details of remuneration paid to the Directors for the year :**

The aggregate of salary and perquisites paid for the year ended 31st March, 2010 to the Directors were as follows:

Shri R. K. Patodia	Rs. 7,79,070/-
Shri Rishiraj Patodia	Rs. 2,26,000/-

Sitting Fees to Directors of the Board or any Committee thereof has been waived at the Meeting of the Board of Directors held on 27th July, 2001.

**4. 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 is Chairperson and to her, the Committee, Shri R. K. Patodia and Shri D. K. Khandelwal are other members of the Committee. Shri Bhasha Chandra Chatterji, Company Secretary is the Compliance Officer.

The Company has received 5 complaints as on 31.03.2010 and all of them have been resolved. There were no shares pending for transfer as on 31.03.2010 and all the transfers have been approved by the Share Transfer-cum-Grievance Committee of the Company.

**5. GENERAL BODY MEETINGS :**

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

FINANCIAL YEAR	DATE	VENUE	TIME
31st MARCH 2007	14.03.2007	23, CIRCUS AVENUE	10:00 A.M.
31st MARCH 2008	19.06.2008	KOLKATA 700 017	10:00 A.M.
31st MARCH 2009	11.09.2009	DO –	10:00 A.M.

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

- 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.
  - At the Sixty-second Annual General Meeting held on 19th September 2008, no special resolution was passed.
  - At the Sixty-third Annual General Meeting held on 11th September 2009, special resolution was passed for appointment of Shri Rishiraj Patodia as Executive Director.
- No resolution was put through Postal Ballot.

**6. DISCLOSURES :**

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or 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 interests of the Company.

Details of non-compliance by the company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

None.

**Risk Management :** A systematic risk procedure is in place through appropriate internal control and checks and balances

**Compliance with Mandatory/Non-mandatory requirements:**

The Company has complied with all the mandatory requirements of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement. As regards adoption of non-mandatory requirements of this clause, a Remuneration Committee of the Directors, as detailed hereinabove, is already in existence. Moreover, the Company is making all possible effort to move towards a regime of unqualified financial statements.

**7. CEO & COMPANY SECRETARY CERTIFICATION :**

The Chairman & Managing Director and Company Secretary have certified to the Board that: We have reviewed financial statements and the cash flow statement for the year 2009-10 and that to the best of our knowledge and belief:

(a)(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements, together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2009-10 which are fraudulent, illegal or violative of the company's code of conduct

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware, and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors, and the Audit committee, wherever applicable:

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**8. SECRETARIAL AUDIT :**

A qualified practicing Chartered Accountant carried out Quarterly Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central

(10)

**9. MEANS OF COMMUNICATIONS :**

Depository Services (India) Ltd (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of shares in dematerialized form held with NSDL and CDSL.

– Half yearly results sent to each household of Shareholders.

– Quarterly Results

Although half-yearly report is not sent to each household of shareholders, the Company published the same in "Financial Express" and "Arthik Lipi".

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 forth with to the concerned Stock Exchange.

– which newspaper normally published in

Financial Express (English newspaper), Arthik Lipi (Bengali newspaper).

– any Website, where displayed.

The above said results and the Shareholding Pattern have been uploaded in the website of SEBI under EDIFAR system, periodically.

– 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.

**10. GENERAL SHAREHOLDERS INFORMATION :**

	DATE	TIME	VENUE
a) A.G.M. 24th September, 2010	10.00 A.M.		HOTEL AKASH DEEP 49, CIRCUS AVENUE, KOLKATA 700 017.
b) Financial Calendar (tentative)			2010 – 2011
i) Financial Year			April – March
ii) First Quarter Results			July, 2010
iii) Second Quarter Results			October, 2010
iv) Third Quarter Results			January, 2011
v) Audited Results for the year ending 31/03/2010			May, 2011
c) Date of Book Closure			22nd September, 2010 to 24th September, 2010 (both days inclusive)
d) Dividend payment date			Not applicable
e) Listing of Equity Shares on			The Bombay Stock Exchange Ltd
(i) Annual Listing Fees for the year 2010-2011 (as applicable) has been paid to the Bombay Stock Exchange Ltd., Mumbai.			
(ii) The Company's equity shares have been delisted from the Stock Exchanges at Ahmedabad, Chennai, Coimbatore and Kolkata.			

(11)