

YARN SYNDICATE LIMITED

BOARD OF DIRECTORS

SMT. SHEELA PATODIA, Chairperson & Managing Director

SRI RISHIRAJ PATODIA, Joint Managing Director

SRI K. P. BAGARIA (resigned w.e.f. 03.09.2011)

SRI SITA RAM SARAF

SRI DEVENDRA JHUNJHUNWALA

SRI KISHORE CHHABRIA (w.e.f. 27.05.2011)

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

42, Broad Street, Kolkata - 700 019

NOTICE OF THE 66TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty-Sixth Annual General Meeting of the Members of the Company will be held at the Conference Hall in Hotel Akash Deep, 48, Circus Avenue, Kolkata-700019 on Friday, the 21st day of September, 2012 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, 2012 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 Devendra Kumar Jhunjunwala, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 :
42, Broad Street,
Kolkata - 700 019

By order of the Board
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

Dated : The 30th day of May, 2012.

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 19th September 2012 to 21st September, 2012 (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., 7A, Beltala Road, 1st Floor, 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.

6. The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide circular dated April 21, 2011 in terms of which a company would have ensured compliance with the provisions of Section 53 of the Act, if service of documents have been made through electronic mode. In such a case, the company has to obtain email addresses of its members for sending e notices / documents electronically by giving an advance opportunity to the members to register their email addresses and changes therein, if any from time to time with the company. Accordingly, documents such as notices for general meetings, Financial Statements, Annual Reports for the year etc. can be sent in electronic form, to the email addresses of those members as available in the Register of Members of the Company. In case a shareholder desires to receive the documents stated above in either physical form or electronic form, they are to convey their preferences to the company.

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT
(in pursuance of Clause 49 of the Listing Agreement)

(1)

- | | |
|--|--|
| 1. Name | : Shri Devendra K. Jhunjhunwala |
| 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 Habitat Private Limited
3. Narayani Fabricators & Engineers Private Limited. |

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

Name of Company	Committee Type	Membership Status
Yarn Syndicate Ltd.	Audit Committee	Member
Yarn Syndicate Ltd.	Remuneration Committee	Member
Yarn Syndicate Ltd.	Share Transfer & Grievance Committee	Member

Registered Office :
42, Broad Street,
Kolkata - 700 019

Dated : The 30th day of May, 2012

By order of the Board
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors have pleasure in submitting their 66th Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2012.

FINANCIAL RESULTS :

	2011-2012 Rs. in Thousand	2010-2011 Rs. in Thousand
Export Sales	58300	294469
Domestic Sales	-	-
	58300	294469
Profit/(Loss) before Interest & Depreciation	(9003)	10140
Less: Interest	1746	7131
Depreciation	3964	3064
Profit/Loss before Tax	(14713)	(55)
Less: Deferred Tax Charge/(Credit)	(230)	(508)
Fringe Benefit Tax	-	(508)
Profit/(Loss) after Tax	14483	453
Add: Balance brought from last year	(21858)	(22312)
Balance carried forward to next year	(36342)	(21858)

DIVIDEND :

Your Directors do not recommend dividend on Equity Shares for the Financial Year ended 31st March, 2012.

PERFORMANCE REVIEW :

During the financial year under review, the Company's export performance has suffered mainly due to the dismal market conditions for much of the year. The price of cotton yarn at first shot up and then slumped. The production of cotton yarn was cut down by the manufacturers who preferred to work with minimum low stock due to unstable market conditions. At the same time, the export market conditions were extremely competitive and margins are very low. In view of this, your company is exploring possibilities for the export of other types of products like raw cotton and foodstuff in addition to export of yarn.

The company has continued to explore newer 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 decreased to Rs.583 lakhs during the year 2011-12 as compared to Rs.2944.69 lakhs during the previous year. The company hopes that the overall market conditions which have improved will continue to 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 :

Mr. K. P. Bagaria resigned from the Board with effect from 03.09.2011 and the Board of Directors accepted his resignation. The Board put on record its appreciation for the services rendered by Mr.

Bagaria during his tenure as a Director of the company.

Shri Devendra Kumar Jhunjunwala, Director of the Company retires by rotation and is 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, 2012, 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, 2012 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 Note 31 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 and are exploring possibilities for the export of other types of products as well.

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, the Federation of Indian Export Organisations, The Commercial Tax Office, Kolkata 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 :
42, Broad Street,
Kolkata - 700 019

Dated : The 30th day of May, 2012

For and on behalf of the Company

SHEELA PATODIA
Chairperson and Managing Director

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that good Corporate Governance is a structure and relationship which determine corporate direction and performance by sound management, transparency, accountability and fairness. The company believes that the key to achieve sustainable long term growth as well as protecting the interests of the shareholders, directors and management is sound corporate governance. For Yarn Syndicate Ltd., corporate governance is a continuous journey, seeking to provide an enabling environment to harmonize the goals of maximizing shareholder value, maintaining a customer-centric focus and cordial relationship with the bankers and the employees of the company.

2. BOARD OF DIRECTORS

The Board of Directors consists of 5 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	
			As Chairperson/ Chairman	As Member
Smt. Sheela Patodia (Chairperson & Managing)	Promoter / Executive	1	–	1
Shri Rishiraj Patodia (Joint Managing Director)	Executive	1	–	2
Shri S. R. Saraf	Independent/ Non-executive	3	3	–
Shri K. P. Bagaria (Resigned w.e.f. 3.09.2011)	Independent/ Non-executive	1	–	–
Shri D. K. Jhunjhunwala	Independent/ Non-executive	3	–	3
Shri Kishore Chhabria (Appointed w.e.f. 27.05.2011)	Independent/ Non-executive	1	–	–

BOARD, ANNUAL GENERAL MEETING & ATTENDANCE :

5 (five) Board Meetings were held during the year. The Board Meetings were held on 8th April 2011, 31st May 2011, 8th August 2011, 14th November 2011 and 13th February 2012.

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

The Annual General Meeting was held on 23rd September, 2011.

Director	No. of Board Meeting		Attended last AGM
	Held	Attended	
Smt. Sheela Patodia	5	5	No
Shri Rishiraj Patodia	5	5	No
Shri K. P. Bagaria	5	–	No
Shri S. R. Saraf	5	–	Yes
Shri D. K. Jhunjhunwala	5	–	No
Shri Kishore Chhabria	5	1	No

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 30th May 2011, 6th August 2011, 12th November 2011 and 11th February 2012. 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	4	4
2.	Sri D. K. Jhunjhunwala	Member & Independent Director	4	4
3.	Sri Rishiraj Patodia	Member & Executive Director	4	–

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 debentures 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	: Sri S. R. Saraf
Member & Independent Director	: Sri D. K. Jhunjhunwala
Member & Executive Director	: Sri Rishiraj Patodia

No Remuneration Committee meeting was held during the year.

Details of remuneration paid to the Directors for the year:

The aggregate of salary and perquisites paid for the year ended 31st March, 2012 to the Directors were as follows:

Smt. Sheela Patodia : Rs. 7,79,624/-

Sri Rishiraj Patodia : Rs. 3,00,000/-

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.

Sri S. R. Saraf is the Chairperson and is heading the Committee. Smt. Sheela Patodia and Sri D. K. Jhunjhunwala are the other members of the Committee. Sri Bikash Chandra Chatterji, Company Secretary is the Compliance Officer.

The Company has received 6 complaints as on 31.03.2012 and all of them have been resolved.

There were no shares pending for transfer as on 31.03.2012 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
31 ST MARCH, 2009	11.09.2009	23, CIRCUS AVENUE KOLKATA 700 017.	10.00 A.M.
31 ST MARCH, 2010	24.09.2010	HOTEL AKASH DEEP 48, CIRCUS AVENUE, KOLKATA - 700 019.	10.00 A.M.
31 ST MARCH, 2011	23.09.2011	—DO—	10.00 A.M.

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

- At the Sixty-third Annual General Meeting held on 11th September 2009, special resolution was passed for appointment of Sri Rishiraj Patodia as Executive Director.
 - At the Sixty-fourth Annual General Meeting held on 24th September 2010, no special resolution was passed.
 - At the Sixty-fifth Annual General Meeting held on 23rd September 2011, special resolution was passed for appointment of Sri Rishiraj Patodia as Joint Managing 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. Furthermore, the Company is making all possible effort to move towards a regime of unqualified financial statements.

7. CEO & COMPANY SECRETARY CERTIFICATION :

The Chairperson & Managing Director and Company Secretary have certified to the Board that: We have reviewed financial statements and the cash flow statement for the year 2011-12 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 2011-12 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:
- significant changes in internal control over financial reporting during the year;
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 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 Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central 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.

9. 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 "Financial Express" and "Arthik Lipi".
- Quarterly Results The quarterly results published in the proforma prescribed under the Listing Agreement are approved and taken on record within 45 days of the close of the relevant quarter. The approved results are notified forth with to the concerned Stock Exchange. Financial Express (English newspaper), Arthik Lipi (Bengali newspaper).
- which newspaper normally published in The above said results and the Shareholding Pattern used to be uploaded in the website of EDIFAR system under SEBI, periodically. The system has been discontinued and as per current requirement, a soft copy of Annual Report in single PDF file has been uploaded to the Exchange's website.
- any Website, where displayed.
- 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. 21st September, 2012	10.00 A.M.	HOTEL AKASH DEEP 48, CIRCUS AVENUE, KOLKATA 700 017.
b)	Financial Calendar (tentative)	:	2012 – 2013
i)	Financial Year	:	April – March
ii)	First Quarter Results	:	August, 2012
iii)	Second Quarter Results	:	November, 2012
iv)	Third Quarter Results	:	February, 2013
v)	Audited Results for the year ending 31/03/2012	:	May, 2013
c)	Date of Book Closure	:	19th September, 2012 to 21st September, 2012 (both days inclusive)
d)	Dividend payment date	:	Not applicable
e)	Listing of Equity Shares on	:	Mumbai Stock Exchange
(i)	Annual Listing Fees for the year 2012-13 (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.		
f)	(i) Stock Code	:	Scrip Code No. : 514378
	The Bombay Stock Exchange Ltd.	:	Trading Symbol : YARN SYNDICT
	(ii) Demat ISIN Nos. in NSDL	:	INE 564C01013
	and CDSL for equity shares.		

g) Stock Market Data :

Month	THE STOCK EXCHANGE, MUMBAI		
	Month's High Prices	Month's Low Prices	Closing BSE Sensex
April, 2011	5.14	4.00	19135.96
May, 2011	4.46	3.67	18503.28
June, 2011	5.07	4.15	18845.87
July, 2011	5.30	4.31	18197.20
August, 2011	4.52	3.45	16676.75
September, 2011	4.16	3.41	16453.76
October, 2011	3.50	3.06	17705.01
November, 2011	3.82	3.10	16123.46
December, 2011	3.10	2.81	15454.92
January, 2012	3.68	2.95	17193.55
February, 2012	3.57	3.24	17752.68
March, 2012	3.57	2.95	17404.20