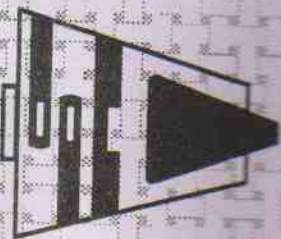


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YARN SYNDICATE LIMITED
86/2/4, S.N. Banerjee Road, 1st Floor, Flat No. : 2
Kolkata - 700 014

yarn syndicate limited



ANNUAL REPORT

2015 - 2016

YARN SYNDICATE LIMITED

BOARD OF DIRECTORS

SMT. SHEELA PATODIA, Chairperson & Managing Director
SRI RISHIRAJ PATODIA, Joint Managing Director
SRI DEVENDRA JHUNJHUNWALA
SRI KISHORE CHHABRIA

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

86/2/4, S. N. Banerjee Road, 1st Floor, Flat No. 2
Kolkata - 700 014

NOTICE OF THE 70TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventieth Annual General Meeting (AGM) of the Members of Yarn Syndicate Limited will be held at the Grand Hotel & Restaurant, 123/1, G.P. Road, Barrackpore, Kolkata-700120 on Friday, the 30th day of September, 2016 at 10.00 A.M. to transact the following business:

AS ORDINARY BUSINESS:

1. **Adoption of Financial Statements**
To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2016, including the Audited Balance Sheet as at 31st March, 2016, the Statement of Profit & Loss for the year ended on that date together with the Auditors' and the Directors' Reports thereon.
2. **Appointment of Director**
To appoint a Director in place of Sri Kishorelal Baharwal Chhabria (DIN No. 00306069) who retires by rotation and being eligible, offers himself for re-appointment.
3. **Appointment of Auditors**
To ratify appointment of auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next AGM and to fix their remuneration and to pass the following resolution as Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the underlying Rules viz. Companies (Audit and Auditors) Rules, 2014 as may be applicable, the retiring Auditors Lodia & Co., Chartered Accountants (Registration No. 301051E), who are to be reappointed as Statutory Auditors of the Company to hold office until the conclusion of the Annual General Meeting to be held in the year 2017, their appointment be and is hereby further ratified for a year and they shall hold office from the conclusion of this AGM to the conclusion of the next AGM and that the Board of Directors be and is hereby authorized to fix their remuneration as may be recommended by the Audit Committee."

AS SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
Reappointment of Mrs. Sheela Patodia (DIN No. 00276260) as the Chairperson & Managing Director of the Company:
"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and relevant Article of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mrs. Sheela Patodia, as Chairperson and Managing Director (designated as "Executive Chairman") of the Company with effect from 1st April, 2016 for 5 (five) years, as well as the payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mrs. Sheela Patodia."

RESOLVED FURTHER THAT the remuneration payable to Mrs. Sheela Patodia, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 and Schedule V of the Companies Act, 2013, or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this resolution."

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

Reappointment of Mr. Rishiraj Patodia (DIN No. 00259104) as the Joint Managing Director of the Company:

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and relevant Article of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Rishiraj Patodia, as Managing Director (designated as "Executive Director") of the Company with effect from 1st April, 2016 for 5 (five) years, as well as the payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Rishiraj Patodia."

RESOLVED FURTHER THAT the remuneration payable to Mr. Rishiraj Patodia, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 and Schedule V of the Companies Act, 2013, or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this resolution."

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

Authorisation to borrow money and invest the funds of the company.

"RESOLVED THAT pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the consent of the company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of paid-up share capital and Free Reserves of the company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from

the company's bankers in the ordinary course of business, shall not be in excess of Rs. 50 crores (Rupees Fifty Crores) over and above the aggregate of paid up share capital and Free Reserves of the Company."

"ALSO RESOLVED THAT pursuant to the provisions of Section 179(3)(e) and subject to limit envisaged under Section 186 read with Rule 11 of Companies (Meetings of Board and its Powers) Rules, 2014 of the Companies Act, 2013 the Board of the company be and is hereby empowered to invest surplus funds upto Rs. 3 crores (Rupees Three Crores Only) at any one time."

Registered Office :
86/2/4, S N Banerjee Road,
Kolkata-700014.

By order of the Board
For YARN SYNDICATE LIMITED

Dated : the 2nd day of June, 2016

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting ("Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective should be received at the Company's Registered Office, not less than 48 hours before the commencement of the Meeting.

As per section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Register of Members and the Share Transfer Books shall remain closed from 28th September 2016 to 30th September, 2016 (both days inclusive).

3. The Statement pursuant to Section 192(1) of the Companies Act, 2013 with respect to Special Business set out in the Notice is annexed.

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, Bellaria 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 Companies Act, 1956, or Section 20 of the Companies Act, 2013 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.

7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the company.

8. Voting through electronic means:

Process for Members opting for e-voting is as under:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and the relevant Rules framed thereunder, the Members are provided with the facility to exercise their vote at the 70th AGM by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Ltd. (NSDL).

The instructions for remote e-voting are as under:

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/ Depositories):-

- i. Open the e-mail and also open PDF file namely "YSL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
- ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>. Press Enter
- iii. Click on Shareholder – Login.
- iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- vii. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
- viii. Select "EVEN" (E-Voting Event Number) of YARN SYNDICATE LIMITED which is 104847. Now you are ready for e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it

subsequently.

Institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to 'sweetykapoor53@ediffmail.com' with a copy marked to 'evoting@nsdl.co.in'.

xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) – Shareholders and e-voting user manual – Shareholders, available at downloads section of 'www.evoting.nsdl.com'.

B. In case a Member receives physical copy of Notice of AGM (for Members whose email addresses are not registered with the Company / Depositories):-

i. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.

ii. Please follow all steps from Sl. No. (i) to Sl. No. (xii) Above, to cast vote.

C. Other Instructions:-

i. The e-voting period commences on Tuesday, 27th September, 2016 (9 a.m. IST) and ends on Thursday, 29th September, 2016 (5 p.m. IST). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on 23rd September, 2016 (cut-off date) may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.

ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 23rd September, 2016 and as per the Register of Members of the Company.

iii. Mrs. Sweety Kapoor, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.

iv. The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

v. Members who do not have access to remote e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, at R&D Intotech Pvt. Ltd, 1st Floor, 7A, Bellaria Road, Kolkata – 700 026 in the enclosed postage pre-paid self-addressed envelope, not later than 29th September, 2016 (5 p.m. IST). Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted. The duly completed Ballot Form should reach the Scrutinizer not later than Monday, 26th September, 2016 (5.30 p.m. IST). Ballot Form received after this date will be treated as invalid. A Member can opt for only one mode of voting i.e., either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

vi. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.yarnsyndicate.in and on the website of NSDL www.evoting.nsdl.com within three days of the passing of the resolutions at the 70th AGM of the Company on Friday, 30th September, 2016 and communicated to the BSE Limited, where the shares of the Company are listed.

(6)

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

(1)

1. Name	: Shri Kishorelal Beharilal Chhabria
2. Date of Birth	: 21.02.1943
3. Date of Appointment	: 27.05.2011
4. Qualifications	: B.Sc., Engg. (Mech.)
5. Expertise in Specific functional area	: Engineer & pioneer of manufacture of Non-foam Polyurethanes.
6. Chairman/Director of other DirectorshipsCompanies	: Directorships: 1. VCM Polyurethanes P Limited 2. YS Exports 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	Chairman
Yarn Syndicate Ltd.	Remuneration and Nomination Committee	Chairman
Yarn Syndicate Ltd.	Stakeholders Relationship Committee	Chairman

By order of the Board
For YARN SYNDICATE LIMITED

Registered Office :
86/2/4, S N Banerjee Road,
Kolkata-700014.

Dated : the 2nd day of June, 2016

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

(7)

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

The following statement sets out all material facts relating to certain Special Businesses mentioned in the accompanying Notice:

ITEM No. 4 :

Mrs. Sheela Patodia who was appointed Chairperson and Managing Director by the members to hold office upto March 31, 2016 is seeking reappointment and requires the approval of members by way of a ordinary resolution pursuant to the provisions of the Companies Act, 2013, its Schedules and Rules therewith. Keeping in view that Mrs. Sheela Patodia has rich and varied experience in the industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to continue the employment of Mrs. Sheela Patodia as Executive Chairperson and Managing Director designated as Executive Chairman.

In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company passed a resolution on March 28, 2016 approving re-appointment of Mrs. Sheela Patodia, as Executive Chairperson and Managing Director (designated as "Executive Chairperson") of the Company for a further period of five years with effect from April 1, 2016 to March 31, 2021. This is subject to the approval of the shareholders at this Annual General Meeting. This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mrs. Sheela Patodia and the terms and conditions of the re-appointment are given below:

1. Period:

For a period of 5 (five) years from 1st April, 2016 to 31st March, 2021.

2. Salary :

Rs.50,000/- per month in the scale of Rs. 50000-Rs. 5000- Rs. 70000.

3. Perquisites:**i) Commission:**

One percent commission on the net profits of the Company computed in accordance with the relevant provisions of the Companies Act, 2013 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 her.

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 her salary.

iii) Medical Reimbursement :

Expenses incurred for self and family subject to a ceiling on 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 for 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 her residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.

4. Other Terms & Conditions:

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

ii) So long as Mrs. Sheela Patodia functions as the CMD of the Company she 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 Mrs. Sheela Patodia holds the office of the CMD she will not be liable to retire by rotation.

iv) So long as Mrs. Sheela Patodia holds the office of the CMD of the Company she will not become interested or concerned in any selling agency directly or through her children without prior approval of the Central Government.

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

The agreement between the company and Mrs. Sheela 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 Mrs. Sheela Patodia pursuant to Section 197 of the Companies Act, 2013.

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

Except Mrs. Sheela Patodia and Mr. Rishiraj Patodia, none of the Directors and key managerial personnel of the company is concerned or interested in the resolution.

ITEM No. 5 :

Mr. Rishiraj Patodia who was appointed Joint Managing Director by the members to hold office upto March 31, 2016 is seeking reappointment and requires the approval of members by way of a ordinary resolution pursuant to the provisions of the Companies Act, 2013, its Schedules and Rules therewith. Keeping in view that Mr. Rishiraj Patodia has rich and varied experience in the industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to continue the employment of Mr. Rishiraj Patodia as Joint Managing Director designated as Executive Director.

In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company passed a

resolution on March 28, 2016 approving re-appointment of Mr. Rishiraj Patodia, as Joint Managing Director (designated as "Executive Director") of the Company for a further period of five years with effect from April 1, 2016 to March 31, 2021. This is subject to the approval of the shareholders at this Annual General Meeting. This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Rishiraj Patodia and the terms and conditions of the re-appointment are given below:

1. **Period:**
For a period of 5 (five) years from 1st April, 2016 to 31st March, 2021.
2. **Salary:**
Rs.25000/- per month in the scale of Rs. 25000-Rs. 5000- Rs. 45000.
3. **Perquisites:**
 - i) **Commission:**
One percent commission on the net profits of the Company computed in accordance with the relevant provisions of the Companies Act, 2013 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 on 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 fro 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.**

4. Other Terms & Conditions:

- i) In the case of inadequate or absence of profit, Mr. Rishiraj Patodia will get the same remuneration as mentioned herein above.
- ii) So long as Mr. Rishiraj Patodia functions as the JMD 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 Mr. Rishiraj Patodia holds the office of the JMD he will not be liable to retire by rotation.
- iv) So long as Mr. Rishiraj Patodia holds the office of the JMD of the Company he will not become interested or concerned in any selling agency directly or through his family without prior approval of the Central Government.
- v) The appointment of Mr. Rishiraj Patodia may be terminated by giving three months' notice by either side.

The agreement between the company and Mr. 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 Mr. Rishiraj Patodia pursuant to Section 197 of the Companies Act, 2013.

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

Except Mrs. Sheela Patodia and Mr. Rishiraj Patodia, none of the Directors and key managerial personnel of the company is concerned or interested in the resolution.

ITEM No. 6:

The company seeks the approval of the shareholders for borrowing of funds and investment of funds under the Companies Act, 2013. The limits enumerated are existing limits. As the company is looking at various other business like export and/or trading in bags, jewelry in addition to its main business being export of yarn, and may well require additional funds for finance and investment.

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

None of the Directors and key managerial personnel of the company is concerned or interested in the resolution.

Registered Office :
86/2/4, S N Banerjee Road,
Kolkata-700014.

Dated : the 2nd day of June, 2016

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

To
The Members of
YARN SYNDICATE LIMITED
Your Directors have pleasure in submitting their 70th Annual Report of the company together with the Audited Accounts for the Year ended on 31st March, 2016.

FINANCIAL RESULTS :

	2015-2016 Rs. in Thousand	2014-2015 Rs. in Thousand
Sale of Products	316	93
Profit/(Loss) before Interest & Depreciation	(8057)	(14142)
Less: Interest	1074	770
Depreciation	2109	2647
	(11240)	(17559)
Add: Exceptional Item - Provision for Doubtful Debts Advances & Deposits	27350	—
Profit/Loss before Tax	(38590)	(17559)
Less: Deferred Tax Charge/(Credit)	(8491)	(420)
Profit/(Loss) after Tax	(30099)	(17139)
Add: Balance brought from last year	(64219)	(47080)
Balance carried forward to next year	(94318)	(64219)

DIVIDEND

Your Directors do not recommend dividend on Equity Shares for the Financial Year ended 31st March, 2016.

SHARE CAPITAL:

The paid up equity share capital as on 31st March, 2015 was Rs. 375 lakhs. During the year under review, the company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

FINANCE:

Cash and cash equivalent as at 31st March 2016 was Rs. 241,657. The company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

PERFORMANCE REVIEW:

During the financial year under review, the company's export performance in yarn has not picked up mainly due to the unfavorable orders/enquiries from customers, even though a few trading activities have been undertaken during the year. The export market remains highly competitive and margins are thin. The company is also marketing different kind of bags used in Hotel Industry. The company has also ventured into the market for designer jewelry.

The company has continued to explore newer markets for yarn and other products and at the same time maintaining its excellent business relations with its existing customers in order to remain competitive in the export business. The sale of products was Rs.3.16 lakhs during the year 2015-16 as compared to Rs. 0.93 lakhs during the previous year. The company hopes that the overall market conditions will be more favorable this year.

CORPORATE SOCIAL RESPONSIBILITY:

Since the company does not fall within the purview of provisions as mentioned in Section 135 of the Companies Act, 2013 the details of constitution of Committee and initiatives taken by the company are not mentioned.

OCCUPATIONAL HEALTH AND SAFETY:

The company believes in the safe and healthy working conditions and has provided safety equipments in the offices.

PARTICULARS OF EMPLOYEES:

Your Company did not employ any person whose particulars are required to be attached to this Report under Rule 5 of the Companies (Appointment & Remuneration) Rules, 2014.

PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS:

Details of loans and guarantees given and investments made if any under Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

PUBLIC DEPOSITS:

The company has not accepted any deposit from the public under Chapter V of the Companies Act, 2013 or the corresponding provisions of Section 58A of the Companies Act, 1956 and there is no amount outstanding as on the Balance Sheet date.

DIRECTORS :

Shri Kishore B Chhabria, (DIN No. 00306069) Director of the Company retires by rotation and is eligible for re-appointment.

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of Independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

All contracts/arrangements/transactions entered by the company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

Your Directors draw attention of the members to Note No. (27.5) to the Financial Statement which sets out related party disclosures.

INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 & Section 134 of the Companies Act, 2013 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, 2016, the applicable accounting standards had been followed;
- that the Directors had selected such accounting policies and applied them consistently and made judgments 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, 2013 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, 2016 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.

The Company's activity of export is in the line of cotton yarn, other types of yarn and textiles, jute and non-woven products. 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 Canara Bank for their continued co-operation and timely assistance as and when required. The Board is grateful to the Reserve Bank of India, State Bank of India, Talila 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 Organizations, 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 :
86/2/4, S N Banerjee Road,
Kolkata - 700 014

Dated : the 2nd day of June, 2016

By order of the Board
For YARN SYNDICATE LIMITED

SHEELA PATODIA
CHAIRPERSON & MANAGING DIRECTOR

Annexure - A Form No. MGT - 9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : YARN SYNDICATE LIMITED
Category / Sub-Category of the Company : MERCHANT EXPORTER
Address of the Registered office and contact details : 86/2/4, S. N. BANERJEE ROAD, KOLKATA - 700014.
Whether listed company Yes / No : YES
Name, Address and Contact details of Registrar and Transfer Agent, if any : R. & D. INFOTECH PVT. LTD., 7A BELTALA ROAD, 1st FLOOR, KOLKATA - 700 026

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated :

Sl. No.	Description of main products / service	Name and NIC Code of the product / service	% to total turnover of the company
1.	JUTE BAG		30%
2.	NON-WOVENS, BAGS		70%
3.			

III.

PARTICULARS OF HOLDINGS, SUBSIDIARY AND ASSOCIATE COMPANIES -
Yarn Syndicate Limited has no Subsidiary or Associate Company and is not a Holding Company.

YARN SYNDICATE LIMITED - ANNUAL REPORT 2015-2016

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

YARN SYNDICATE LTD

(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

For Each of the Top 10 Shareholders		Shareholding at the beginning of the year, i.e. 01.04.2015	Shareholding at the end of the year, i.e. 31.03.2016	% of total shares of the Company	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total shares of the Company
1					
PRITHVI FINLEASE INDIA LIMITED		0	0.00	59540	1.59
Date	Reason				
17-Jul-15 Bought		39766	1.06	39766	1.06
30-Sep-15 Bought		19774	0.53	59540	1.59
		Closing Balance:	59540		1.59
2					
MAAMTA SANCHETTI		51507	1.37	51507	1.37
Date	Reason				
		40809			
		Closing Balance:	51507		1.37
3					
RAJENDRA NEMICHAND BACHAWAT		40809	1.09	40809	1.09
Date	Reason				
		0.00	40809	1.09	
		Closing Balance:	40809		1.09
4					
NILESHKUMAR MULJIBHAI KOTIARI		33503	0.89	33503	0.89
Date	Reason				
		0.00	33503	0.89	
		Closing Balance:	33503		0.89
5					
RAJESHKUMAR RAJNIKANT SHAH		34331	0.92	32331	0.86
Date	Reason				
30-Sep-15 Sold		2000	0.05	32331	0.86
		Closing Balance:	NO CHANGE DURING THE PERIOD		
6					
SAURAV GUPTA		0	0.00	22963	0.61
Date	Reason				
30-Sep-15 Bought		22963	0.61		
		Closing Balance:	22963		0.61
7					
CANARA ROBEKO MUTUAL FUND A/C GAD		20700	0.55	20700	0.55
Date	Reason				
		Closing Balance:	20700		0.55

(16)

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YARN SYNDICATE LTD

(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year, i.e. 01.04.2015	Shareholding at the end of the year, i.e. 31.03.2016	% of total shares of the Company
	No. of Shares	% of total shares of the Company	No. of Shares
8			
NO CHANGE DURING THE PERIOD			
ASHOK KUMAR	18879	0.50	18879
Date	Reason		
	Closing Balance:	18879	0.50
9			
NO CHANGE DURING THE PERIOD			
JATAN DEVI SURANA	13509	0.36	13509
Date	Reason		
	13609	0.36	
	Closing Balance:	13509	0.36
10			
NO CHANGE DURING THE PERIOD			
JATAN DEVI SURANA	13509	0.36	13509
Date	Reason		
	0.00		
	Closing Balance:	13509	0.36
NO CHANGE DURING THE PERIOD			

(17)