

YARN SYNDICATE LIMITED

BOARD OF DIRECTORS

SMT. SHEELA PATODIA, Chairperson & Managing Director

SRI RISHIRAJ PATODIA, Joint Managing Director

SRI K. P. BAGARIA

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



SRI R. K. PATODIAJI

Late Chairman & Managing Director

(04.07.1946 – 06.03.2011)

REGISTERED OFFICE

42, Broad Street, Kolkata - 700 019

NOTICE OF THE 65TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty-Fifth Annual General Meeting of the Members of the Company will be held at the Conference Hall in Hotel Akash Deep, 48, Circus Avenue, Kolkata-700017 on Friday, the 23rd day of September, 2011 at 10.00 A.M. to transact the following business:

AS ORDINARY BUSINESS :

- To consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Auditors' and the Directors' Reports thereon.
- To appoint a Director in place of Sri Sitla Ram Saraf, who retires by rotation and being eligible, offers himself for re-appointment.
- 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:

- To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the relevant provisions of the Companies Act, 1956 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, Sri Rishiraj Patodia be and is hereby appointed as the Joint Managing Director of the company for a period of 5 (five) years with effect from 1st April 2011."
- To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the relevant provisions of the Companies Act, 1956 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, Sri Rishiraj Patodia be and is hereby appointed as the Joint Managing Director of the company for a period of 5 (five) years with effect from 1st April 2011."
- To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri Kishore Chhabria, who was appointed as an Additional Director of the company with effect from 27.05.2011 be and is hereby appointed as a Director of the company"

Registered Office :
42, Broad Street
Kolkata - 700 019

By order of the Board
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

Date : The 31st day of May, 2011.

NOTES :

- 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.
- The Register of Members and the Share Transfer Books shall remain closed from 21st September 2011 to 23rd September, 2011 (both days inclusive).

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REQUEST TO THE MEMBERS :

- 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.
- 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.
- Members are requested to inform immediately of any change in their address to the Company's Share Transfer Agent.
- 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'. With effect from 1.7.2011, their new office address will be as follows : 7A, Beltala Road, 1st Floor, Kolkata - 700 026.
- 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.
- 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 DIRECTOR RETIRING BY ROTATION AND SEEKING REAPPOINTMENT

(In pursuance of Clause 49 of the Listing Agreement)

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

Registered Office :
42, Broad Street
Kolkata - 700 019

Date : The 31st day of May, 2011

By order of the Board
For YARN SYNDICATE LIMITED

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. 4

Shri Rajendra Kumar Patodia, MD since 1987 passed away on 6th March, 2011 in Mumbai. The Board of Directors at its Meeting held on 26th March 2011 decided in the best interest of the company and its stakeholders to appoint Smt. Sheela Patodia, Director of the company since 2002, as the Chairperson & Managing Director (or CMD) of the company with effect from 01.04.2011. The Remuneration Committee of the company also approved the appointment. The salary and the main terms and conditions in the agreement dated 23.03.2011 between the company and Smt. Sheela Patodia is set out hereinbelow for your approval.

Period:

5 Years from 01.04.2011 to 31.03.2016.

A) Salary :

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

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 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 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 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.

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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.

C) Other Terms & Conditions:

- i) In the case of inadequate or absence of profit, Smt. Sheela Patodia will get the same remuneration as mentioned herein above.
- ii) So long as Smt. 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 Smt. Sheela Patodia holds the office of the CMD she will not be liable to retire by rotation.
- iv) So long as Smt. Sheela Patodia holds the office of 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 Smt. Sheela Patodia may be terminated by giving three months' notice by either side.

The agreement between the company and Smt. 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 Smt. Sheela 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 Smt. Sheela Patodia and Shri Rishiraj Patodia, none of the Directors of the company is concerned or interested in the resolution.

Item No. 5

Shri Rajendra Kumar Patodia, MD since 1987 passed away on 6th March, 2011 in Mumbai. The Board of Directors at its Meeting held on 26th March 2011 decided in the best interest of the company and its stakeholders to appoint Shri Rishiraj Patodia, Executive Director of the company since 2009, as the Joint Managing Director (or JMD) of the company with effect from 01.04.2011. The Remuneration Committee of the company also approved the appointment. The salary and the main terms and conditions in the agreement dated 23.03.2011 between the company and Shri Rishiraj Patodia is set out hereinbelow for your approval.

Period:

5 Years from 01.04.2011 to 31.03.2016.

A) Salary :

Rs. 25000/- per month in the scale of Rs. 25000-5000-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.

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- ii) **Housing :**
- 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.
 - 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 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 in 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) Other Terms & Conditions:**
- In the case of inadequate or absence of profit, Sri Rishiraj Patodia will get the same remuneration as mentioned herein above.
 - So long as Sri 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.
 - So long as Sri Rishiraj Patodia holds the office of JMD he will not be liable to retire by rotation.
 - So long as Sri 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.
 - 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 Sri Rishiraj Patodia

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pursuant to Section 302 of the Companies Act, 1956.

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

Except Smt. Sheela Patodia and Sri Rishiraj Patodia, none of the Directors of the company is concerned or interested in the resolution.

Item No. 6

Shri Kishore Chhabria was appointed as an Additional Director by the Board of Directors of the company at its Board Meeting held on 27th May 2011. By virtue of the provisions of Section 260 of the Companies Act, 1956 read with Article 93 of the Articles of Association of the company, Shri Kishore Chhabria holds office only upto the date of the forthcoming Annual General Meeting.

The company has received a notice in writing from a member under section 257 of the Companies Act, 1956 alongwith requisite deposit in respect of appointment of Shri Kishore Chhabria as a Director of the company and therefore recommends his appointment.

None of the Directors except Shri Kishore Chhabria is concerned or interested in the resolution.

By order of the Board
For YARN SYNDICATE LIMITED

Registered Office :
42, Broad Street
Kolkata - 700 019

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

Date : The 31st day of May, 2011

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REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors have pleasure in submitting their 65th Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2011.

FINANCIAL RESULTS :

	2010-2011	2009-2010
	Rs. in Thousand	Rs. in Thousand
Export Sales	294469	247513
Domestic Sales	-	-
Profit/(Loss) before Interest & Depreciation	10140	6812
Less : Interest	7131	2723
Depreciation	3064	3231
Profit/(Loss) before Tax	10195	5954
Less : Deferred Tax Charge / (Credit)	(508)	(754)
Fringe Benefit Tax	-	45
Profit/(Loss) after Tax	453	(709)
Add : Balance brought forward from last year	(22312)	(23879)
Balance carried forward to next year	(21859)	(22312)

DIVIDEND :

Your Directors do not recommend dividend on Equity shares for the Financial Year ended 31st March, 2011

PERFORMANCE REVIEW :

During the financial year under review, the Company has posted higher export sales as compared to the previous year due to the recovery of the Western economies, especially the US economy and the economy of the EU countries. However, the rise of prices of yarn within the country has had a negative impact since yarn is also a raw material for textile products. This had led the Government of India to adopt measures to put a cap on the total amount of exports from India in an effort to stabilise the price of yarn within the country. 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 increased to Rs. 2944.69 lakhs during the year 2010-11 as compared to Rs. 2475.13 lakhs during the previous year. The company hopes that the market condition will continue to be 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 Rajendra Kumar Patodia, Chairman & Managing Director since 1987 passed away on 6th March, 2011 at Mumbai. Shri Patodia was the guiding light of the company for many decades and under his stewardship, the company became one of the leading export houses of cotton yarn in the

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country. His efforts were rewarded with many awards bagged by the company, from Texprofil for the years 1987-88 and 1990-92, highest export performance gold trophy for 1995-96 from FIEO, outstanding exporter award for the year 1992-93 from Canara Bank and the National Export Award for the year 1991-92 from the President of India. Shri Patodia managed the company with integrity and transparency and constantly sought to improve the company's position in the highly competitive environment of the yarn export business. His accomplishments are considerable and his passing away is deeply mourned.

The Board at its Meeting held on 26th March 2011 appointed Smt. Sheela Patodia, Director as Chairperson & Managing Director and Shri Rishiraj Patodia, Executive Director as Joint Managing Director. Mr. Kishore Chhabria joined the Board as an additional director in May 2011. Mr. D. K. Khandelwal resigned from the Board and the Board of Directors accepted his resignation at its Meeting held on 8th April 2011. The Board put on record its appreciation for the services rendered by Mr. Khandelwal during his tenure as a Director and Committee Member of the company.

Shri Sitla Ram Saraf, 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, 2011, 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, 2011 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.

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