

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 68TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty-Eighth Annual General Meeting of the Members of the Company will be held at the Orchid Hotel & Restaurant, 123/1, G P Road, Barrackpore, Kolkata - 700120 on Friday, the 26th day of September, 2014 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, 2014 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 Jhunjhunwala (holding DIN No.: 00276938), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Lodha & Co., Chartered Accountants (ICAI Registration No.: 301051E) as Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT, in supersession of the Ordinary Resolution adopted under section 293(1)(d) of the Companies Act, 1956 in the Extraordinary General Meeting held on 19th March 1991, and pursuant to Section 180(1) (c) and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), 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."

Registered Office :

86/2/4, S N Banerjee Road,
Kolkata - 700 014

Dated : The 30th day of May, 2014

By order of the Board

For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

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 24th September 2014 to 26th September, 2014 (both days inclusive).
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the Meeting, is annexed hereto.

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.
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 new Act and the relevant Rules framed thereunder, the Members are provided with the facility to exercise their vote at the 68th AGM by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Ltd. (NSDL).

The instructions for 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 e-voting. Please note that the password is an initial password.
 - ii. Open the internet browser and type the following URL: <https://www.evoting.nsd.com>.
 - 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 101119. 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 Scrutineer through e-mail to sweetypoor53@rediffmail.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.nsd.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. (ii) to Sl. No. (xiii) Above, to cast vote.

C. Other Instructions:-

- i. The e-voting period commences on Saturday, 20th September, 2014 (9.30 a.m. 1ST) and ends on Monday, 22nd September, 2014 (5.30 p.m. 1ST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 22nd August, 2014, 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 22nd August, 2014 and as per the Register of Members of the Company.
- iii. Ms. Sweety Kapoor, Practising Company Secretary has been appointed as the Scrutineer 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 Scrutineer 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 Scrutineer'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 e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutineer appointed by the Board of Directors of the Company, at R&D Infotech Pvt. Ltd. 1st Floor, 7A, Beltala Road, Kolkata – 700 026 in the enclosed postage pre-paid self-addressed envelope, not later than Monday, 22nd September, 2014 (5.30 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 Scrutineer not later than Monday, 22nd September, 2014 (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 Scrutineer's Report shall be placed on the Company's website www.yarnsyndicate.in and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the 68th AGM of the Company on Friday, 26th September, 2014 and communicated to the BSE Limited, where the shares of the Company are listed.

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:

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

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**ITEM NO. 4**

The members of the Company at their Extra-ordinary General Meeting held on 19th March, 1991 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs. 50 Crores (Rupees fifty crores).

(5)

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 4 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs. 50 Crores (Rupees Fifty crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

Registered Office :
86/2/4, S. N. Banerjee Road,
Kolkata - 700 014

By order of the Board
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

Dated : The 30th day of May, 2014.

(6)

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors have pleasure in submitting their 68th Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2014.

FINANCIAL RESULTS :

	2013-2014 <u>Rs. in Thousand</u>	2012-2013 <u>Rs. in Thousand</u>
Export Sales	10947	16716
Domestic Sales	20380	-
	<u>31327</u>	<u>16716</u>
Profit/(Loss) before Interest & Depreciation	(9476)	(8468)
Less: Interest	898	1716
Depreciation	<u>3179</u>	<u>4172</u>
	<u>(13553)</u>	<u>5888</u>
Add: Exceptional item-profit on sale of one Of the office premises of the company	<u>16889</u>	<u>----</u>
Profit/(Loss) before Tax	3336	(14356)
Less: Deferred Tax Charge/(Credit)	(275)	(5)
Profit/(Loss) after Tax	<u>3611</u>	<u>(14351)</u>
Add: Balance brought from last year	<u>(50692)</u>	<u>(36342)</u>
	<u>(47080)</u>	<u>(50692)</u>
Balance carried forward to next year	<u>(47080)</u>	<u>(50692)</u>

DIVIDEND :

Your Directors do not recommend dividend on Equity Shares for the Financial Year ended 31st March, 2014.

PERFORMANCE REVIEW :

During the financial year under review, the Company's export performance has suffered mainly due to the extremely competitive market conditions in the export market and rigid price of cotton yarn in India. The company is also marketing other products like bags used in Hotel industry. We are also exploring the market for designer jewellery.

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 export sales have decreased to Rs. 109.47 lakhs during the year 2013-14 as compared to Rs. 167.16 lakhs during the previous year. The company also had domestic sales of Rs. 203.80 lakhs for the year 2013-14. The company hopes that the overall market conditions will be favorable this year.

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.

DIRECTORS :

Shri Devendra Kumar Jhunjhunwala, Director of the Company retires by rotation and is eligible for re-appointment. During the year, Shri Sita Ram Saraf resigned as a Director and Committees Member of the company. The company thanks him and appreciates the long and useful service rendered by him during his long tenure as an independent director and Chairman-member of three committees.

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, 2014, the applicable accounting standards had been followed;
- (ii) 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, 1956 & 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, 2014 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 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, Park Circus Branch and Taltala 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

By order of the Board

For YARN SYNDICATE LIMITED

SHEELA PATODIA

CHAIRPERSON & MANAGING DIRECTOR

Dated : The 30th day of May, 2014

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy of Corporate Governance ensures that Company's business strategy and plans take care of the welfare of all its stakeholders while at the same time maximizing shareholders' value on a sustained basis. The Company's Board of Directors, management and employees consistently envisage attainment of the highest level of transparency, integrity and equity in all facets of the operations of the Company and also interactions with its stakeholders.

2. BOARD OF DIRECTORS

The Board of Directors consists at present of 4 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 Director)	Promoter / Executive	1	-	1
Shri Rishiraj Patodia (Joint Managing Director)	Executive	1	-	2
Shri S. R. Saraf (Resigned w.e.f 13th November, 2013)	Independent/ Non-executive	3	3	-
Shri D. K. Jhunjhunwala	Independent/ Non-executive	3	-	3
Shri Kishore Chhabria (succeeded Mr. Saraf as Committees' Chairman)	Independent/ Non-executive	1	3	-

BOARD, ANNUAL GENERAL MEETING & ATTENDANCE :

5 (five) Board Meetings were held during the year. The Board Meetings were held on 30th May 2013, 20th June 2013, 14th August 2013, 13th November 2013 and 7th February 2014.

The Board has met at least once in every 3 (three) calendar months.

The Annual General Meeting was held on 20th September, 2013.

Director	No. of Board Meeting		Attended last AGM
	Held	Attended	
Smt. Sheela Patodia	5	5	No
Shri Rishiraj Patodia	5	5	Yes
Shri S. R. Saraf (resigned (w.e.f 13.11.2013))	5	-	No
Shri D. K. Jhunjhunwala	5	-	No
Shri Kishore Chhabria	5	-	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 29th May 2013, 13th August 2013, 12th November 2013 and 6th February 2014. The composition of the Audit Committee meets the requirements of Clause 49 of the Listing Agreement.

MEMBERS OF THE AUDIT COMMITTEE

Name of the Member	Status	Meetings held	Meetings Attended
Chairman & Independent Director (upto 13.11.2013)	Sri S. R. Saraf	4	3
Member & Independent Director	Sri D. K. Jhunjhunwala	4	4
Member & Executive Director	Sri Rishiraj Patodia	4	1
Chairman & Independent Director (Succeeded Mr. Saraf)	Sri K B Chhabria	4	1

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 (upto 13.11.2013)
Member & Independent Director	: Sri D. K. Jhunjhunwala
Member & Executive Director	: Sri Rishiraj Patodia
Chairman & Independent Director	: Sri K B Chhabria (Succeeded Mr. Saraf)

A Remuneration Committee meeting was held 6th February 2014 to appoint Sri K B Chhabria as the Committee Chairman.

Details of remuneration paid to the Directors for the year :

The aggregate of salary and perquisites paid for the year ended 31st March, 2014 to the Directors were as follows:

Smt. Sheela Patodia	: Rs. 8,23,976/-
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 was the Chairman and headed the Committee upto 13.11.2013. Thereafter Sri K B Chhabria became the Chairman of 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 4 complaints as on 31.03.2014 and all of them have been resolved.

There were no shares pending for transfer as on 31.03.2014 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, 2011	23.09.2011	HOTEL AKASH DEEP 48, CIRCUS AVENUE, KOLKATA - 700 017.	10.00 A.M.
31 ST MARCH, 2012	21.09.2012	—DO—	10.00 A.M.
31 ST MARCH, 2013	20.09.2013	—DO—	12.00 P.M.

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

- 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.
 - At the Sixty-sixth Annual General Meeting held on 21st September 2012, no special resolution was passed.
 - At the Sixty-seventh Annual General Meeting held on 20th September 2013, no special resolution was passed
- 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 2013-14 and that to the best of our knowledge and belief:

- (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 2013-14 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 :**

	<u>DATE</u>	<u>TIME</u>	<u>VENUE</u>
a)	A.G.M. 26th September, 2014	10.00 A.M.	ORCHID HOTEL & RESTAURANT 123/1, G. P. ROAD, BARRACKPORE KOLKATA 700 120.
b)	Financial Calendar (tentative)	:	2014 – 2015
	i) Financial Year	:	April – March
	ii) First Quarter Results	:	August, 2014
	iii) Second Quarter Results	:	November, 2014
	iv) Third Quarter Results	:	February, 2015
	v) Audited Results for the year ending 31/03/2015	:	May, 2015
c)	Date of Book Closure	:	24th September, 2014 to 26th September, 2014 (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 2014-15 (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 and CDSL for equity shares.	:	INE 564C01013

g) **Stock Market Data :**

Month	THE STOCK EXCHANGE, MUMBAI		
	Month's High Prices	Month's Low Prices	Closing BSE Sensex
April, 2013	2.50	2.50	19504.18
May, 2013	2.38	2.38	19760.30
June, 2013	2.80	2.48	19395.81
July, 2013	2.80	2.54	19345.70
August, 2013	2.67	2.41	18619.72
September, 2013	2.53	1.89	19379.77
October, 2013	1.81	1.37	21164.52
November, 2013	1.95	0.98	20791.93
December, 2013	0.99	0.94	21170.68
January, 2014	1.01	0.89	20513.85
February, 2014	-	-	21120.12
March, 2014	1.00	1.00	22386.27

h) Registrar and Share Transfer Agents	: R & D INFOTECH PVT. LTD. 7A, Beltala Road, 1st Floor, Kolkata – 700026. TEL : 91(33)2419-2641/42 FAX : 91(033)24761657 e-mail : rdinfotec@yahoo.com rd.infotech@vsnl.net
i) Share Transfer System	: The share transfers which are received in physical form are processed by the Company's Registrar and Share Transfer Agents (RTA) within a period of 15 days and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. Dematerialization requests received by our Registrar & Share Transfer Agents (RTA) are processed and duly confirmed within 21 days of respective receipts.

j) (a) Shareholding Pattern as on 31st March, 2014.

Sl. No.	Category	No. of Shares (Issued Equity)	% of Shareholding
01.	Promoters & Persons Acting in Concert	2527279	67.394
02.	Indian Financial Institutions, Banks, Mutual Funds.	22500	0.600
03.	Foreign Institutional Investor/NRI's	2500	0.067
04.	Others	1197721	31.939
	Total	37,50,000	100.00

(b) Distribution on Shareholding as on 31st March, 2014.

No. of Shares held	No. of Shareholders	Percentage of Shareholders	No. of shares Issued Equity	Percentage of Shareholding
1-500	3359	91.826	417151	11.12
501-1000	155	4.237	121634	3.24
1001-2000	61	1.668	92929	2.48
2001-3000	24	0.656	59530	1.59
3001-4000	6	0.164	19881	0.53
4001-5000	11	0.301	51108	1.36
5001-10000	17	0.465	122693	3.27
10001-50000	20	0.547	366822	9.78
50001-100000	1	0.027	73000	1.95
100000 & above	4	0.109	2425252	64.67
TOTAL	3658	100	3750000	100

- (k) Dematerialisation of shares and Liquidity :
The shares of the Company are compulsorily traded in DEMAT form by all categories of investors with effect from 26th December, 2000. The company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) to establish electronic connectivity of our shares for scripless trading. As on 31st March, 2014, 36.18% of shares of company were held in Dematerialised form. There are no electronic requests pending for approval as on 31.03.2014 for Dematerialization/Rematerialization under NSDL and CDSL.

Liquidity of Shares :

The shares of the company are actively traded in The Bombay Stock Exchange Ltd., Mumbai.

(l) Investor Correspondence :

(i) For transfer/dematerialisation of shares and any other query relating to the shares of the Company etc.	: R & D INFOTECH PVT. LTD. 7A, Beltala Road, 1st Floor, KOLKATA 700 026. TEL : 91(33)2419-2641/42 FAX : 91(033)24761657 e-mail : rdinfotec@yahoo.com rd.infotech@vsnl.net
(ii) Any query on Annual Report to : the Company's Registered Office address	: Secretarial Department YARN SYNDICATE LIMITED 86/2/4, S. N. BANERJEE ROAD, KOLKATA 700 014. TEL : 033-2281-0270 & 033-2290-4383 FAX : 033-2281-0270 E-mail : yarncal@vsnl.com

The Board of Directors at their Meeting held on 30th May 2014 adopted the above report.

Registered Office :
86/2/4, S N Banerjee Road,
Kolkata - 700 014

Dated : The 30th day of May, 2014

For and on behalf of the Company

SHEELA PATODIA
Chairperson and Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of Yarn Syndicate Limited,

1. We have examined the compliance of the conditions of Corporate Governance by Yarn Syndicate Limited for the year ended 31st March 2014 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and explanations given to us and representations made by the Directors and the management, we certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further report that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For **LODHA & CO.**
Chartered Accountants
Firm ICAI Registration No. 301051E

H. K. VERMA
Partner
Membership No. 055104

Place : Kolkata
Dated : 30th May, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

We have pleasure in submitting the Management Discussion & Analysis Report on the Company's business.

A) INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Textile and Yarn Industry is a vital sector of the Indian economy and contributes significantly to industrial production, to the country's growing trade and is a major provider of employment. The year 2013-14 was the fourth consecutive season in which production of cotton yarn exceeded consumption. This has resulted in a huge stock of cotton. China has become a major player and has purchased both domestic and imported cotton for its national reserve. During 2013-14, Yarn Syndicate Ltd. had exported cotton yarn to the United Kingdom. The company is also marketing different kinds of bags used in Hotel industry. We are also exploring the market for designer jewellery.

In spite of difficult situation your company is facing, we are constantly searching for customers in lucrative export markets for yarn and at the same time on the lookout for the export of other products whose exports will benefit us in the long run. Your Company is adhering to its policy of exporting quality yarn and strictly following delivery schedules to our customers.

B) OPPORTUNITIES AND THREATS

The biggest opportunity for Indian cotton and yarn exporters are the Chinese and Bangladesh market. The Chinese are accumulating stocks for its national reserve. On the domestic front, cotton prices has remained stable.

There are several threats facing Indian yarn industry in both the domestic and international markets. On the domestic front, the biggest threat is the discontinuation of the Focus Market Scheme (FMS) and Incremental Export Incentivisation Scheme which has led to a setback for India's cotton yarn exports. On the international front, the export of cotton yarn will be adversely affected if China cuts down on its level of imports.

C) SEGMENT-WISE PERFORMANCE

The Company is presently engaged in the business of export of yarn and accordingly this is the reportable segment.

D) RISKS AND CONCERNS

The biggest risk and concern for the Indian yarn exporters are their dependence on the Chinese market. When China stops purchasing for its national reserve, cotton prices will fall. If China liquidates the reserve slowly, prices will remain lower for many years. If China liquidates the reserve rapidly, prices will fall rapidly.

E) OUTLOOK

During the past year, the cotton yarn market price was stable. However the discontinuation of the FMS Scheme by the Textile Ministry of India was a blow to the exporters. On the export front, even though China continues to be a major market for Indian cotton exporters, the current pattern of accumulating stocks by the Chinese Government cannot continue forever. Clearly, the direction of world cotton industry over the next few years will be determined by policy decisions by the Government of China.

Furthermore, countries like Pakistan, Brazil and Uzbekistan are becoming major suppliers of cotton products and competing with India.

F) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper internal control system, which provides adequate safeguards and effective monitoring of the transactions and ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition.

Moreover, an audit committee of the Board of Directors regularly review the audit plans, adequacy of internal control as well as compliance of accounting standards.

G) FINANCIAL AND OPERATIONAL PERFORMANCE

Please refer to 'Performance Review' in the Board of Directors' Report.

H) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

We firmly believe that safe and healthy working conditions in the offices are as necessary and important as production, productivity and quality. Our policy requires conduct of activities in such a way as to take foremost account of health and safety of all concerned, besides

conservation of natural resources and protection of the environment.

Your organization appreciates the constructive support of Banks, Institutions, Suppliers, Export Promotion Organisations, executives, employees, creditors and the confidence shown by them in the company. Employer-Employee relations in all the offices of the company were cordial throughout the year under review.

The total numbers of people employed by the Company are 16.

1) CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are "Forward looking statements". Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand/supply, the exchange rate of the Rupee vis-à-vis the U. S. Dollar and price conditions in the domestic and overseas markets, also effect of political situations, change in the Government regulations on Export, tax laws and other statutes and incidental factors over which the company does not have any control.

For and on behalf of the Company

Registered Office :
86/2/4, S N Banerjee Road,
Kolkata - 700 014

SHEELA PATODIA
Chairperson and Managing Director

Dated : The 30th day of May, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of YARN SYNDICATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of YARN SYNDICATE LIMITED ("the Company"), which comprise of the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss, the Cash Flow Statement, significant accounting policies and other notes for the year ended on that date.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- I. Attention is invited to the following Notes regarding:
 - a. *Certain debts from overseas buyers are overdue and have not been confirmed. However the extent of amount recoverable out of the balance and provision there against if any as presently not ascertainable. (Note 12)*
 - b. *Non-provisioning of certain balances in loan given to companies, advance to others, sundry deposits, tax deducted at source. (Note 26.6)*
- II. We further report that impact with respect to the Notes given in paragraph I above cannot be ascertained and commented by us.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the

financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit of the company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report Order, 2004) (the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Act and according to the information and explanations given to us and also on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in the said order.

As required by section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, *except for the effects of the matter described in the Basis for Qualified opinion paragraph*, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of section 274 (1) (g) of the Act.

For **LODHA & CO.**
Chartered Accountants
Firm ICAI Registration No. 301051E

H. K. VERMA
Partner
Membership No. 055104

Place : Kolkata
Dated : 30th May, 2014.

YARN SYNDICATE LIMITED

Annexure referred to in paragraph 6 of our report of even date.

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is regular program of verification, which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies noticed on such verifications were not material.
- (c) The company has not disposed off a substantial part of its fixed assets during the year, which affect its going concern status.
- ii. (a) The Company is trading in textile yarn. Orders for procurement are directly dispatched to customers and goods are generally dispatched from the place of procurement itself. Hence inventory only represents goods in transit for which sales has not been completed keeping in view the same, the inventory is not verified by the management.
- (b) Read with our comments in Para (a) above, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) Read with our comments in Para (a) above, the Company is maintaining proper records of inventories and no discrepancies were noticed on physical verification.
- iii. (a) According to the information and explanations given to us the company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore the provisions of the clause 4 (iii) (b) of the order, 2004 are not applicable to the company.
- (b) According to information and explanations given to us, interest amounting to Rs.31,507 in respect of loans granted earlier where principal has been repaid is outstanding.
- (c) As informed to us, having regard to the terms and conditions to the loans granted in earlier years overdue interest is outstanding in respect of such loan.
- (d) As informed to us, the Company has taken interest free unsecured loans from a company and the directors, which is covered in the register maintained under section 301 of the Act. The maximum amount of such loans during the year was Rs. 22,21,130 lacs and Rs.1,83,43,584 lacs whereas the year-end balances were Rs. 22,12,130 lacs and Rs.1,26,10,044 lacs respectively.
- (e) In our opinion, the loan is interest free and other terms and conditions of such loan are not prima facie prejudicial to the interest of the company.
- (f) The above interest free loan was not due for repayment during the year.
- iv. In our opinion there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- vi. The Company has not accepted any deposits from the public during the year within the meaning of the provisions of Section 58A, 58 AA or any other relevant provision of the Act and rules made thereunder.
- vii. There is no internal audit system in the company.
- viii. As informed, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Act, for the product of the company. Accordingly provision of the Para (vii) of the order is not applicable to the company.

- ix. (a) According to the information and explanations given to us and as per the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, there are no material undisputed statutory dues payable in respect of aforesaid dues for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Service Tax, Sales Tax, Income Tax, Wealth Tax, Custom Duty, Excise Duty and Cess that has not been deposited as on 31.03.2014 on account of dispute
- x. The Company has accumulated losses at the end of the financial year which has not exceeded fifty percent of its Networth. However, the effect of the unqualified qualification has not been taken into consideration for the purpose of making our comments in this clause. The Company has not incurred cash losses during the financial year covered by our audit. However the Company had incurred cash loss in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders..
- xii. According to the information and explanations given to us, and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a Chit fund or a Nidhi / Mutual benefit fund / society. Accordingly, the provisions of the clause 4(xiii) of the Order are not applicable to the Company.
- xiv. According to the information and explanation to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Order are not applicable to the company.
- xv. According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from bank or financial institution.
- xvi. In our opinion and according to the information and explanations given to us, the Company has not availed fresh term loan during the year.
- xvii. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we have not come across any cases where fund raised on short-term basis have been utilized for long-term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. According to information and explanations given to us, the Company has not issued any debentures during the year. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issue during the year.
- xxi. During the course of our examination of the books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the Management.

For **LODHA & CO.**
Chartered Accountants
Firm ICAI Registration No. 301051E

H. K. VERMA
Partner
Membership No. 055104

Place : Kolkata
Dated : 30th May, 2014.

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	(Amount in Rs.)	
		As at 31st March 2014	As at 31st March 2013
EQUITY AND LIABILITIES :			
Shareholder's Funds			
Share Capital	2	37,500,000	37,500,000
Reserves and Surplus	3	(3,330,073)	(6,941,697)
Non-Current Liabilities			
Long-term borrowings	4	10,347,557	16,504,598
Long term provisions	5	493,000	565,000
Current Liabilities			
Short-term borrowings	6	2,500,000	1,500,000
Trade payables	7	1,000,000	149,191
Other current liabilities	8	13,376,495	10,694,582
Short-term provisions	9	866,129	570,000
Total		62,753,108	60,541,674
ASSETS :			
Non-Current assets :			
Fixed assets	10		
- Tangible assets		12,488,408	15,636,471
Long term loans and advances	11	14,291,851	12,888,889
Other Non-current Assets	12	17,301,387	17,301,387
Deferred tax assets	13	1,538,087	1,263,170
Current assets			
Trade receivables	14	2,013,100	1,121,524
Cash and Cash Equivalents	15	2,732,796	643,945
Short-term loans and advances	16	6,747,605	5,735,358
Other current assets	17	5,639,874	5,950,930
Total		62,753,108	60,541,674

Summary of Significant Accounting Policies 1
Notes to Financial Statements 2-26
The notes are an integral part of the Financial Statements

As per our report of even date

For **LODHA & CO.**
Chartered Accountants
H. K. VERMA
Partner

Place : Kolkata
Dated : The 30th day of May, 2014.

For and on behalf of the Board of Director
SHEELA PATODIA, Chairperson & Managing Director
RISHI RAJ PATODIA, Joint Managing Director
K. CHHABRIA, Director
B. C. CHATTERJI, Company Secretary

**PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2014**

	Note No.	(Amount in Rs.)	
		As at 31st March 2014	As at 31st March 2013
Revenue/Income from operations	18	31,911,765	18,421,899
Other Income	19	2,731,460	4,088,321
Total Revenue		34,643,225	22,510,220
Expenses:			
Purchase of Stock-in-Trade	20	28,463,096	11,693,340
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	-	1,859,030
Employee benefit expense	22	6,786,047	5,783,717
Financial costs	23	897,631	2,698,804
Depreciation	10	3,178,501	4,171,842
Other expenses	24	8,870,609	10,659,252
Total Expenses		48,195,884	36,865,985
Profit before tax and exceptional items for the year		(13,552,659)	(14,355,765)
- Profit/(loss) on sale of fixed assets	25	16,889,364	-
Profit before tax for the year		3,336,705	(14,355,765)
Tax expense:			
- Current tax		-	-
- Tax for earlier years		-	-
- Deferred tax charge/ (credit)		(274,917)	4,940
		(274,917)	4,940
Profit/(Loss) after tax for the year		3,611,622	(14,350,825)
Earning per equity share:			
- Basic		0.96	(3.83)
- Diluted		0.96	(3.83)

Summary of Significant Accounting Policies 1
Notes to Financial Statements 2-26
The notes are an integral part of the Financial Statements

As per our report of even date

For LODHA & CO.
Chartered Accountants
H. K. VERMA
Partner

Place : Kolkata
Dated : The 30th day of May, 2014.

For and on behalf of the Board of Director
SHEELA PATODIA, Chairperson & Managing Director
RISHI RAJ PATODIA, Joint Managing Director
K. CHHABRIA, Director
B. C. CHATTERJI, Company Secretary

NOTE TO THE ACCOUNTS

Note 1

SIGNIFICANT ACCOUNTING POLICIES :

A) General:

The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956 and Accounting Standards notified vide Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated September 13, 2013.

Accounting policies have been consistently applied except where a revision to an existing AS requires a change in the accounting policy hitherto in use.

All expenses and income are accounted on accrual basis except where there is uncertainty about the receipt thereof in view of the claims/dispute.

B) Use of estimates:

The preparation of financial statement requires management to make estimates and assumption that affect the reported amount of assets and liabilities on the date of financial statements and disclosure relating to contingent assets and liabilities as at the balance sheet date and reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognised in the year in which the result are known/materialised.

C) Sales and Other Income:

Income from Export Incentives is recognised on the basis of certainties as to its utilisation and related realisation.

D) Inventories:

Inventory is valued at lower of cost and net realisable value. Traded goods are valued using FIFO method.

E) Employee Benefits:

(a) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered. Leave Encashment - accrued year-end leave are provided for on accrual basis and paid off as at the year end. No accumulation of leave is allowed to be carried forward.

(b) Gratuity - year-end liabilities on account of gratuity payable to employees are determined on the basis of actuarial valuation with appropriate contributions to the Company's gratuity fund and charged to profit and loss account.

Actuarial gains and losses in respect of above post employment benefits are charged to the profit and loss account.

F) Fixed Assets:

Fixed Assets have been stated at cost.

G) Depreciation:

a) Depreciation on Fixed Assets has been provided on written down value basis at the rates as prescribed under the Income Tax Rules 1962, except in the case of assets mentioned at serial Nos.(b) and (f) hereinbelow whereon it has been provided at the rates as prescribed under Schedule XIV to the Companies Act, 1956.

	Rates as per Schedule XIV to the Companies Act 1956	Rates as per Income Tax
	(%)	(%)
a) Building :		
Office	5	10
Residential (Area less than 80sq metres)	5	5
b) Furniture & Fixtures	18.1	10
c) Office Equipments	13.91	15
d) Air Conditioning Machine	13.91	15
e) Refrigerator	13.91	15
f) Motor Car	25.89	15
g) Computer	40	60

- b) Depreciation on additions to assets during the year valuing up to Rs.5,000/- has been provided at the rate of 95%.
- c) Depreciation on additions to assets has been provided for the full year. No depreciation is being provided on assets sold during the year.

H) **Impairment:**

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed asset is determined. An impairment loss is recognised, wherever the carrying amount of assets either belonging to cash generating units or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flow from the use of assets is discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective asset, which in case of CGU, are allocated to assets on a prorated basis.

I) **Foreign Exchange Transaction:**

i) **Assets & Liabilities :**

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated using closing exchange rates. The loss or gain thereon and also on the exchange difference on settlement of the foreign currency transaction during the year are recognised as income or expenses and are adjusted to the profit and loss account under respective heads of accounts.

ii) **Export Sales:**

These transactions are stated at the rate as on the date of negotiation or collection or at forward contract rates, wherever applicable.

J) **Borrowing Cost :**

Borrowing cost incurred in relation to the acquisitions or construction of assets are capitalised/ allocated as part of the cost of such assets. Other borrowing costs are charged as an expense in the year in which these are incurred.

K) **Taxation :**

Provision for tax is made for current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference, which are capable of reversal in subsequent periods are recognised using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is "virtual certainty" that such deferred tax assets can be realised against future taxable profits.

L) **Provision, contingent liabilities and contingent assets :**

Provision involving substantial degree of estimates in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent assets are neither recognised nor disclosed in the financial statement. Contingent Liabilities are not provided for but disclosed by way of Note.

NOTE TO THE ACCOUNTS

(Amount in Rs.)

	As at 31st March 2014	As at 31st March 2013
Note 2		
SHARE CAPITAL :		
Authorised		
50,00,000 (50,00,000) Equity shares of Rs.10/- each	50,000,000	50,000,000
Issued, Subscribed & Paid-up		
37,50,000 (37,50,000) Equity shares of Rs. 10/- each.	37,500,000	37,500,000
	37,500,000	37,500,000

- 2.1 There is no movement in the number of shares outstanding at the beginning and at the end of the reporting period.
- 2.2 Out of the above issued shares, the company has only one class of equity shares having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amount in proportion to their shareholding.
- 2.3 Details of the shareholder holding more than 5% shares of the total number of equity shares issued by the company:

Name of the Shareholder	No. of shares held at 31st March 2014	No. of shares held at 31st March 2013
	Sheela Patodia	1,302,802
Rishiraj Patodia	215,500	215,500
Y.S.Exports Limited	994,950	994,950

Note 3**RESERVES & SURPLUS :**

As per last Balance Sheet	43,750,000	43,750,000
	43,750,000	43,750,000
Surplus/ (Deficit)		
As per last Balance Sheet	(50,691,695)	(36,340,870)
Add : Net Profit/(Loss) After Tax transferred from Statement of Profit and Loss	3,611,622	(14,350,825)
Net Surplus	(47,080,073)	(50,691,695)
	(3,330,073)	(6,941,695)

Note 4**LONG TERM BORROWINGS :**

	Ref.	As at 31st March 2014		As at 31st March 2013	
		Non-Current	Current	Non-Current	Current
Secured					
Vehicle Finance Loan	4.1				
From Banks					
HDFC Bank Limited	4.2	1,566,931	1,163,128	2,257,860	616,256
ICICI Bank Limited	4.3	2,221,682	853,657	3,075,339	761,296
From Others					
Tata Capital Limited	4.4	-	407,869	407,869	1,256,105
Unsecured					
From Directors	4.5	6,558,944	6,051,100	10,763,530	2,000,000
		10,347,557	8,475,754	16,504,598	4,633,657

- 4.1 Secured by way of hypothecation of vehicles acquired there against
- 4.2 35 instalments due @ Rs.76,230 per month (47 instalments due @ Rs.76,230) as on 31.03.2014

NOTE TO THE ACCOUNTS

(Amount in Rs.)

Ref. Note No.	As at 31st March 2014	As at 31st March 2013
---------------	--------------------------	--------------------------

- 4.3 38 instalments due @ Rs.96,950 per month (50 instalments due @ Rs.96,950) as on 31.03.2014
- 4.4 05 intalments due @ Rs.83,835 per month (17 instalments due @ Rs.83835) as on 31.03.2014
- 4.5 Loan from Directors are interest free and are repayable as follows:

Financial Year	Amount(Rs.)
2015-2016	2,000,000
2016-2017	2,000,000
2017-2018	2,558,944

Note 5**LONG TERM PROVISIONS :****- Provision for Employee benefits**

Provision for Gratuity	493,000	565,000
	493,000	565,000

Note 6**SHORT TERM BORROWINGS****Unsecured**

Loan from body corporate	2,500,000	500,000
Loan from others	-	1,000,000
	2,500,000	1,500,000

Note 7**TRADE PAYABLE**

7.1

	1,000,000	149,191
	1,000,000	149,191

- 7.1 To the extent information available, there are no parties covered under Micro, Small and medium Enterprise Development Act, 2006.
- 7.2 Refer Note 26.9

Note 8**OTHER CURRENT LIABILITIES**

Current Maturities of Long Term Borrowings	4	8,475,754	4,633,657
Interest accrued and due on Loan from Bodies Corporate		9,500	115,040
Interest accrued but not due on Vehicle loans		49,147	72,549
Other Payable		4,842,094	5,873,335
		13,376,495	10,694,582

NOTE TO THE ACCOUNTS

(Amount in Rs.)

Ref. Note No.	As at 31st March 2014	As at 31st March 2013
Note 9		
SHORT TERM PROVISIONS :		
- Provision for Employee benefits		
Provision for Gratuity	866,129	570,000
	866,129	570,000
Note 11		
LONG TERM LOANS AND ADVANCES		
Unsecured		
Loans/Inter Corporate Deposits	26.9 13,229,844	11,923,282
Security Deposits	1,062,007	965,607
	14,291,851	12,888,889
Note 12		
OTHER NON-CURRENT ASSETS		
Long Term Trade Receivable		
(Unsecured - Considered Good unless otherwise stated)	26.9 17,301,387	17,301,387
	17,301,387	17,301,387
12.1 Trade Receivables of Rs.1,73,01,387 (Net of ECGC Claim Rs.4,792,846) (Previous year Rs. 1,73,01,387) due from certain overseas buyers. Such balances have not been realigned at the year end rate. In the opinion of the management, these will be recovered in due course and as such no provision is considered necessary in this respect. These balances are subject to confirmation.		
Note 13		
Deferred Tax Assets		
Expenses allowable on payment basis	509,703	117,170
Depreciation Difference	1,028,384	1,146,000
Deferred Tax Liabilities	-	-
	1,538,087	1,263,170
Note 14		
TRADE RECEIVABLES		
(Unsecured - Considered Good unless otherwise stated)		
Outstanding for a period of more than six months from the date they are due for payment.		
Other Debts	26.9 2,013,100	1,121,524
	2,013,100	1,121,524

SCHEDULES TO THE ACCOUNTS

Notes forming part of the financial statements as at 31st March, 2014

Note 10 : FIXED ASSETS

PARTICULARS	GROSS BLOCK (AT COST)		DEPRECIATION BLOCK		NET BLOCK	
	As on 01.04.14	Addition Sales/ad- during justment the year during the year	Up to 31.03.13	For the Deduction year for sales amount adjustment	As on 31.03.14	As on 31.03.13
Tangible Assets						
Freehold Land	620,000	-	-	-	620,000	620,000
Building*	16,350,987	212,836	12,669,266	367,109	12,834,175	3,303,976
Office Equipments	5,295,487	8,000	4,239,059	161,380	4,400,439	903,048
Computer	2,332,435	-	2,313,840	11,157	2,324,997	7,438
Furniture & Fittings	2,503,264	33,075	2,203,225	60,293	2,263,518	272,821
Vehicles	16,326,608	-	6,366,921	2,578,562	8,945,483	7,381,125
TOTAL :	43,428,781	41,075	27,792,311	3,178,501	202,200	12,488,408
PREVIOUS YEAR :	40,975,428	5,896,972	43,428,781	25,662,418	2,041,950	15,636,471

* Includes 10 shares (Previous year 20 shares) of Rs. 50/- each (Total face value Rs.1,000/-) fully paid up issued by Maker Bhavan No.II Premises Co-operative Society Limited at Mumbai.

NOTE TO THE ACCOUNTS

(Amount in Rs.)

Ref. Note No.	(Amount in Rs.)	
	As at 31st March 2014	As at 31st March 2013
Note 15		
CASH AND CASH EQUIVALENTS		
Cash in hand	1,149,344	913,078
Balance with Scheduled Banks		
- on Current Accounts	1,557,466	(292,623)
- on EEFC Account	25,986	23,490
	2,732,796	643,945

Note 16**SHORT TERM LOANS AND ADVANCES**

(Unsecured and considered good unless otherwise stated)

Advance (recoverable in cash or in kind or for value to be received)	5,642,106	4,701,114
Tax deducted at Source	1,035,082	863,099
Staff Advance	70,417	171,145
	6,747,605	5,735,358

16.1 Advance includes Rs.9,43,831 (P.Y. Rs. 4,35,181) recoverable from one of the directors.As agreed,the amount is adjustable against loan taken from directors from 1st April'2014.

16.2 Refer Note 26.9

Note 17**OTHER CURRENT ASSETS**

Interest Receivable	545,078	464,988
Export Incentives Receivable	4,766,121	5,157,267
Fixed Assets retired from active use	328,675	328,675
	5,639,874	5,950,930

17.1 Certain Fixed assets amounting to Rs.328,675 (Previous year Rs.328,675) have been discarded on retiring from their active use and shown under the head inventories. In the absence of determination of their realisable value, these have been recorded at book value. In the opinion of the management the realisable value will not be lower than the book value. Necessary adjustments, if any will be carried on disposal of the same.

Note 18**REVENUE/INCOME FROM OPERATIONS**

Ref. Note No.	(Amount in Rs.)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Sale of Product	31,326,970	16,715,981
Export Incentives	584,795	1,705,918
	31,911,765	18,421,899
18.1 Sales of Products		
Yarn	10,947,041	16,715,981
Fabric	20,377,072	-
Jute Bag	2,857	-
	31,326,970	16,715,981

NOTE TO THE ACCOUNTS

(Amount in Rs.)

Ref. Note No.	(Amount in Rs.)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Note 19		
OTHER INCOME		
Interest Received	523,059	981,521
Rent Received	1,793,749	3,105,000
Difference In Exchange(net)	228,966	-
Sundry Balance written Back	182,821	-
Miscellaneous Income	2,865	1,800
	2,731,460	4,088,321

Note 20**PURCHASE OF STOCK IN TRADE**

20.1 Details of Purchase	20.1	28,463,096	11,693,340
Yarn		9,060,246	11,693,340
Fabric		19,401,431	-
Jute Bag		1,419	-
		28,463,096	11,693,340

Note 21**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

Closing stock of yarn/Fabric	-	-
Less : Opening stock of Yarn/Fabric	-	1,859,030
	-	1,859,030

Note 22**EMPLOYEE BENEFIT EXPENSES**

Salaries & Wages	6,088,465	5,145,569
Contribution to Provident and other Funds	568,662	539,915
Staff welfare expenses	128,920	98,233
	6,786,047	5,783,717

Note 23**FINANCE COSTS**

Interest Paid :		
On Packing Credit	-	1,180,020
On Foreign Bills Negotiation	-	274,563
On Vehicles Loan	791,641	987,114
On Loans/Inter Corporate Deposits & Others	105,990	257,107
	897,631	2,698,804

NOTE TO THE ACCOUNTS

(Amount in Rs.)

Ref. Note No.	For the year ended 31st March 2014	For the year ended 31st March 2013
Note 24		
OTHER EXPENSES		
Rent	2,617,264	2,627,264
Repairs :		
- Building	70,067	56,468
- Others	149,037	87,173
Insurance	215,911	167,691
Rates & Taxes	516,302	183,608
Travelling & Conveyance	642,797	654,812
Sales/Export Promotion Expenses	329,270	406,223
Payment to Auditors:		
- Audit Fees	55,000	55,000
- Other Services	32,500	49,354
Shipping Expenses	471,629	1,222,738
Brokerage	80,993	72,288
Discount/Claims/Samples	1,504,227	601,287
Bank Charges	25,269	273,602
Charity & Donation	2,500	5,500
Difference in Foreign Exchange (Net)	-	129,155
Sundry Balances written off	155,254	1,922,047
Loss on sale of Fixed Assets	-	101,669
Miscellaneous Expenses	2,002,589	2,043,373
	8,870,609	10,659,253

Note 25**EXCEPTIONAL ITEMS**

Profit on sale of fixed assets	25.1	16,889,364	-
		16,889,364	-

25.1 Represents profit on sale of office premises situated at Mumbai, which has been sold during the year for Rs. 1,69,00,000.

Note 26**Notes forming part of the financial statements as at March 31, 2014**

26.1 Contingent Liabilities (to the extent not provided for) : Rs. NIL(Previous Year Rs. NIL)

26.2 Employee Benefits

a) Contributions to Defined Contribution plan recognised as expences for the year are as under

(Amount in Rs.)

	2013-14	2012-13
Employer's Contribution to Provident Fund	414,885	381,171
Employer's Contribution to Pension Fund	76,976	85,776

NOTE TO THE ACCOUNTS

b) The disclosure as per the Accounting Standard 15 (AS 15) "Employee Benefits" are given below :

The Company operates post retirement benefits plans as following ;

Defined Benefit Scheme

The Company has defined benefit plan comprising of gratuity. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit (PUC) actuarial Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(Amount in Rs.)

	2013-14	2012-13
For Gratuity		
A . Change in Defined Benefit Obligation		
Present Value of Defined Benefit Obligations as at the beginning of the year	1,472,000	1,444,000
Current Service Cost	125,000	87,000
Interest Cost	114,000	108,000
Benefit Paid	(91,000)	(275,000)
Actuarial (Gain) / Losses	97,000	116,000
Present Value of Defined Benefit Obligations as at the end of the year	1,717,000	1,480,000
B . Change in Fair Value of Assets :		
Fair value of Plan Assets at the beginning of the year	337,000	325,000
Expected Return on Plan assets	21,000	20,000
Cotributions by the Employers	91,000	275,000
Benefit paid	(91,000)	(275,000)
Actuarial Gains/(Losses)	-	(8,000)
Fair value of plan Assets at the end of the year	358,000	337,000
C . Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets:		
Present Value of Defined Benefit Obligations as at the end of the year	(1,717,000)	(1,480,000)
Fair value of Plan Assets at the end of the year	358,000	337,000
Liability /(Assets) recognized in the Balance Sheet	(1,359,000)	(1,143,000)
D . Expenses recognized in the Statement of Profit and Loss		
Current Service Cost	125,000	87,000
Interest Cost	114,000	108,000
Expected Return on Plan Assets	(21,000)	(20,000)
Net Actuarial (Gain)/ Loss	97,000	116,000
Total Expenses recognized in the Statement of Profit and Loss*	315,000	291,000
E . Principal Actuarial Assumptions used		
Discounted Rate (per annum) Compound	9.10%	8%
Expected Rate of return on Plan Assets	6.20%	6.20%

NOTE TO THE ACCOUNTS

(Amount in Rs.)

Experience History	2013-14	2012-13	2011-12	2010-11	2009-10
F . Net Assets/(Liability) recognized in Balance Sheet (including experience adjustment impact)					
Present Value of					
Defined Benefit Obligations	(1,717,000)	(1,472,000)	(1,442,000)	(1,963,000)	(1,337,000)
Fair value of Plan Assets	358,000	337,000	325,000	1,205,000	1,115,000
Status [Surplus/(Deficit)]	(224,000)	(16,000)	23,000	26,000	45,000
Experience Adjustment of Plan Assets [Gain/(Loss)]	(155,000)	(92,000)	(230,000)	(686,000)	(180,000)
Experience Adjustment of Obligation [Gain/(Loss)]	-	(8,000)	-	-	(22,000)

Disclosures for defined benefit plans based on actuarial reports as on March 31, 2014

* Included in "Salaries, Wages and Bonus " and "Contribution to Provident Fund, Gratuity and Other Funds" under "EMPLOYEES BENEFIT EXPENSES" on Note 21.

**The contributions expected to be made by the Company for the year 2014-15 is not ascertained.

26.3 Earning Per Share (EPS)

(Amount in Rs.)

	2013-14	2012-13
a) Profit / (Loss) attributable to Shareholders (₹)	3,611,622	(14,350,825)
b) Weighted average number of Equity Shares	3,750,000	3,750,000
c) Nominal Value of Equity Share (₹)	10/-	10/-
d) Basic and Diluted EPS (₹)	0.96	(3.83)

26.4 Segment Reporting

The company operates only in one business segment viz. exporting yarn and fabric and other activities are incidental thereto. The geographical Segments of the Company mainly comprise of the export to various countries.

(Amount in Rs.)

	2013-14	2012-13
a) Sale of products		
Domestic	20,379,929	-
Export	10,947,041	16,715,981
Total	31,326,970	16,715,981
b) Assets*		
Trade Receivable		
Within India	2,013,100	-
Outside India (under other Non Current Assets)	17,301,387	18,422,911
Total	19,314,487	18,422,911

* All Assets other than Trade Receivable are located within India.

NOTE TO THE ACCOUNTS

26.5 Related Party Disclosure

- i) Related Party Disclosure as required by Accounting Standard 18 "Related Party Disclosure " as specified in the Companies (Accounting Standard) Rules, 2006 prescribed by Central Govt. are as follows :
- a) Key Management Personnel : Smt.Sheela Patodia - Chairperson & Managing Director
Sri Rishi Raj Patodia - Joint Managing Director
- b) Relative of Key Management Personnel : NIL
- c) Enterprises where Key Management Personnel & their relatives exercise significant influence : Y S Exports Limited
- ii) Details of transactions made with Related Parties during the year :

(Amount in Rs.)

Nature of transaction	Smt.Sheela Patodia		Sri Rishi Raj Patodia		Y S Exports Limited	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Remuneration paid	895,976	849,956	336,000	336,000	-	-
Loan taken	2,988,000	15,973,530	4,590,624	3,000,000	250,000	2,002,364
Loan Repaid	7,192,586	11,210,000	1,968,589	1,570,935	9,000	23,722
Loan given	508,649	455,937	-	-	-	-
Loan Recovered	-	59,598	-	-	-	-
Outstanding						
_ Loan taken	8,558,944	12,763,530	4,051,100	1,429,065	2,212,130	1,971,130
_ Loan given	943,830	435,181	-	-	-	-

- iii) The above related party information have been disclosed to the extent such parties have been identified by the management on the basis of information available. This has been relied upon by the Auditors.
- 26.6 a) Loans/ intercorporate deposits includes Rs.6,775,732 (previous year Rs.7,025,732) given to a company, which was overdue but started coming from last year.
- b) Certain balances included in security deposits, advances, etc. amounting to Rs.38,93,228(Previous year Rs.45,45,629) are lying unmoved for a considerable period.

26.7 Expenditure in Foreign Currency :

(Amount in Rs.)

Particulars	2013-14	2012-13
Claim Paid to Overseas Buyers	-	50,287

NOTE TO THE ACCOUNTS

26.8 Earning in Foreign Currency :

(Amount in Rs.)

	2013-14	2012-13
F.O.B. Value of Export	10,506,811	15,815,402

26.9 Balances of Trade Receivable(note 14 & 12), Trade payable(note 7), Security Deposits and Other Deposits & Advances(note 11 & 16), Other Liabilities, are subject to Confirmations/ reconciliations and consequential adjustments, if any, arising therefrom. Accordingly, the year end shortfall or otherwise, if any, as may pertain to these balances, are presently not ascertainable.

26.10 The Board is of the opinion that the assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

26.11 Previous year figures are rerogruped/ reclassified wherever necessary to confirm to this year's classification

Note 1 to 26.11 forms an integral part of the Financial Statements.

As per our report of even date

For LODHA & CO.
Chartered Accountants
H. K. VERMA
Partner

Place : Kolkata
Dated : The 30th day of May, 2014.

For and on behalf of the Board of Director
SHEELA PATODIA, Chairperson & Managing Director
RISHI RAJ PATODIA, Joint Managing Director
K. CHHABRIA, Director
B. C. CHATTERJI, Company Secretary

CASH FLOW STATEMENT FOR THE
YEAR ENDED 31st MARCH, 2014

(Amount in Rs.)

Particulars	Year ended 31st March, 2014 (Rs.)	Year ended 31st March, 2013 (Rs.)	
A. Cash Flow from Operating Activities			
Net Profit/(Loss) before Taxes	3,336,705		(14,355,765)
Adjustments for :			
Depreciation	3,178,501	4,171,842	
Interest paid	897,631	2,698,804	
Loss on Diminution in Investment	-	-	
(Profit)/Loss on Sale of Investments (Net)	-	-	
(Profit)/Loss on Sale of Assests (Net)		101,669	
Interest Received	(523,059)	(981,521)	
Miscellaneous Received	(2,865)	(1,800)	
Difference in Foreign Exchange (Net)	(228,966)	129,155	
Sundry Balances Written Off (Net)	(27,567)	1,922,047	8,040,196
Operating Profit before working Capital Changes	6,630,380		(6,315,569)
Adjustment for :			
Inventories	-	1,859,030	
Trade and Other Receivables	(635,042)	(3,172,726)	
Advances	(562,310)	5,068,735	
Trade Payables	43,686	(1,153,666)	6,559,572
Cash Generated From Operations	5,476,714		244,003
Direct Taxes Paid	(171,983)	(171,983)	(3,107)
Net Cash from Operating Activities before exceptional item	5,304,731		240,896
Profit on Sale of Asset	(16,889,364)		-
Net Cash from Operating Activities after exceptional item (A)	(11,584,633)		240,896
B. Cash Flow from Investing Activities			
Purchase of Fixed Assets	(41,075)	(5,896,972)	
Sale of Fixed Assets	16,900,000	1,300,000	
Sale of Investment	-	-	
Purchase of Investment	-	-	
Loans & Inter-corporate Deposits	(1,306,561)	(244,016)	
Interest Received	442,969	860,549	
Miscellaneous Received	2,875	1,800	(3,978,639)
Net Cash Used In Investing Activities (B)	15,998,208		(3,978,639)
C. Cash flow from Financing Activities			
Net Increase/Decrease in Secured Borrowing	(2,161,457)	(14,413,850)	
Net Increase/Decrease in Unsecured Borrowing	846,514	6,263,530	
Interest Paid	(1,009,781)	(2,324,724)	(10,723,314)
Net Cash from Financing Activities (C)	(2,324,724)		(10,723,314)
Net Increase in Cash & Cash equivalents(A+B+C)	2,088,851		(14,461,057)
Cash & Cash equivalents as at opening	643,945		15,105,002
Cash & Cash equivalents as at closing (Ref Note 15)	2,732,796		643,945

Notes :

- 1) The above Cash Flow Statement has been compiled/prepared based on the audited accounts of the Company under the "Indirect Method" as set out in Accounting Standard -3 on Cash Flow Statements.
- 2) Previous Years figures have been regrouped/ rearranged wherever necessary.
- 3) Notes 1 to 26.11 forms an integral part of the Financial Statements.

As per our report of even date

For LODHA & CO.
Chartered Accountants
H. K. VERMA
Partner

Place : Kolkata
Dated : The 30th day of May, 2014.

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YARN SYNDICATE LIMITED

CIN No: L51109WB1946PLC013842

Registered Office: 86/2/4, S N Banerjee Road, 1st Floor, Flat No.2, Kolkata-700014.

Email: yarncal@vsnl.com, website: www.yarnsyndicate.in.

FORM OF PROXY

ANNUAL GENERAL MEETING 26th September, 2014 at 10.00 A.M.

Name of the Member(s) :
Registered Address :
E-Mail Id :
Folio No./ Client Id DP ID :

I/ We, being the member(s) of _____ shares of the above named Company, hereby appoint:

1. _____ of _____ having e-mail id _____ or failing him
2. _____ of _____ having e-mail id _____ or failing him
3. _____ of _____ having e-mail id _____ or failing him

As my/our proxy to attend and vote (on a poll) for me/us and on /my behalf at the Annual General Meeting of the Company to be held on Friday the 26th September, 2014 at 10.00 A.M. at Orchid Hotel & Restaurant, 123/1, G P Road, Barrackpore, Kolkata - 700120 and at any adjournment thereof in respect of such resolutions as are indicated below :

Res. No.	Resolution	Optional	
		For	Against
1.	Adoption of the Audited Balance Sheet as at 31st March, 2014, the Statement of Profit & Loss for the financial year ended 31st March, 2014, the Report of Board of Directors and Auditors thereon.		
2.	Re-appointment of Shri Devendra Kumar Jhunjhunwala retiring by rotation.		
3.	To appoint M/s Lodha & Co. as 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.		
4.	To approve borrowing money(jes) for the business of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013.		

Signed this _____ day of _____ 2014.

Signature of Shareholder: _____

Signature of Proxy holder(s): _____

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and notes please refer to the Notice of the Annual General Meeting.
3. It is optional to put a "X" in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' or 'against' column blank against the Resolutions, your Proxy will be entitled to vote in the manner as He/She thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

Please Affix
Re. 1
Revenue Stamp

YARN SYNDICATE LIMITED

CIN No: L51109WB1946PLC013842

Registered Office: 86/2/4, S N Banerjee Road, 1st Floor, Flat No.2, Kolkata-700014.

Email: yarncal@vsnl.com, website: www.yarnsyndicate.in.

Sixty Eighth Annual General Meeting - Friday, 26th September, 2014

BALLOT FORM

(To be returned to Scrutinizer appointed by the Company)

Name(s) of the First Named Shareholder (In Block Letters).....

Postal Address:

Registered Folio No. /D.P ID No. and Client ID* :

Number of Equity Shares held :

I/ We hereby exercise my/our vote in respect of the following resolution(s) to be passed at the Sixty-Eighth Annual General Meeting of the Company, to be held on Friday, 26th September, 2014 at 10.00 A.M. in respect of businesses as stated in the Notice dated 30th May, 2014 by conveying my/our assent/dissent to the said resolutions(s) by placing the tick (✓) mark at the box against the respective matters:

Item No.	Description	No. of Equity shares held	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1.	Adoption of the Audited Balance Sheet as at 31st March, 2014, the Statement of Profit & Loss for the financial year ended 31st March, 2014, the Report of Board of Directors and Auditors thereon.			
2.	Re-appointment of Shri Devendra Kumar Jhunjhunwala retiring by rotation.			
3.	To appoint M/s Lodha & Co. as 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.			
4.	To approve borrowing money(ies) for the business of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013.			

INSTRUCTIONS FOR FILLING THE BALLOT FORM

1. A member desiring to vote by ballot form may complete this ballot form and send it to the Scrutinizer, appointed by the Company viz: Ms. Sweety Kapoor, Practising Company Secretary, c/o R & D Infotech Pvt. Ltd., 1st Floor, 7A, Beltala Road, Kolkata -700 026.
2. In case of companies, trusts, societies etc. the duly completed ballot form should be accompanied by a certified true copy of Board Resolution/ Authority.
3. Unsigned Ballot Forms will be rejected.
4. A Member need not cast all the votes in the same way.
5. Duly completed Ballot Form should reach the Scrutiniser not later than 5.30 p.m IST on Monday, 22nd September, 2014 at the address mentioned in point no. 1 above.
6. The Scrutinizer's decision on the validity of Ballot Form will be final.

*Applicable to investors holding shares in Electronic Form.

Place :

Date :

Signature of the Member/ Beneficial Owner

YARN SYNDICATE LIMITED

CIN No: L51109WB1946PLC013842

Registered Office: 86/2/4, S N Banerjee Road, 1st Floor, Flat No.2, Kolkata-700014.

Email: yarncal@vsnl.com, website: www.yarnsyndicate.in.

ATTENDANCE SLIP

ANNUAL GENERAL MEETING 26TH SEPTEMBER, 2014 AT 10.00 A.M.

DP ID		Name & Address of the Registered Shareholder
Client ID/Regd Folio No.		
No. of Shares held		

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the Company at Orchid Hotel & Restaurant, 123/1, G P Road, Barrackpore, Kolkata - 700120 on 26th September, 2014 at 10.00 A.M.

.....
Member's Signature

.....
Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.