

YARN SYNDICATE LIMITED

EXPORTERS OF COTTON AND MANMADE FIBRE
YARNS, TEXTILES & KNITTED FABRICS
CIN NO: L51109WB1946PLC013842
REGD. OFF: 86/2/4, S N BANERJEE ROAD,
1ST FLOOR, FLAT NO.2,
KOLKATA – 700014
WEBSITE: www.yarnsyndicate.in
E-MAIL : yarncal@vsnl.com

OUR REF: YSL/BC/036/2016-17

22nd September 2016

The Manager,
Dept. of Corporate Services,
Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai – 400 001.

Dear Sir,

SCRIP CODE: 514378

We would like to inform you that we are enclosing herewith the following: -

- (a) Annual Report of the company for the financial year 2015-16 under Regulation 34(1) is enclosed herewith.

Thanking you,

Yours faithfully,

For YARN SYNDICATE LIMITED



(Bikash Chatterji)
Company Secretary

Encl: As stated above

YARN SYNDICATE LIMITED

BOARD OF DIRECTORS

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

BANKERS

CANARA BANK
Overseas Branch
2/1, Russel Street, Kolkata - 700 071

AUDITORS

LODHA & CO.
Chartered Accountants
14, Government Place East, Kolkata - 700 069

REGISTERED OFFICE

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

NOTICE OF THE 70TH ANNUAL GENERAL MEETING

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

AS ORDINARY BUSINESS :

1. **Adoption of Financial Statements**

To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2016, including the Audited Balance Sheet as at 31st March, 2016, the Statement of Profit & Loss for the year ended on that date together with the Auditors' and the Directors' Reports thereon.

2. **Appointment of Director**

To appoint a Director in place of Sri Kishorelal Beharilal Chhabria (DIN No. 00306069) who retires by rotation and being eligible, offers himself for re-appointment.

3. **Appointment of Auditors**

To ratify appointment of auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next AGM and to fix their remuneration and to pass the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the underlying Rules viz, Companies (Audit and Auditors) Rules, 2014 as may be applicable, the retiring Auditors Lodha & Co., Chartered Accountants (Registration No. 301051E), who are to be reappointed as Statutory Auditors of the Company to hold office until the conclusion of the Annual General Meeting to be held in the year 2017, their appointment be and is hereby further ratified for a year and they shall hold office from the conclusion of this AGM to the conclusion of the next AGM and that the Board of Directors be and is hereby authorized to fix their remuneration as may be recommended by the Audit Committee."

AS SPECIAL BUSINESS:

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

Reappointment of Mrs. Sheela Patodia (DIN No. 00276269) as the Chairperson & Managing Director of the Company:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

By order of the Board
For YARN SYNDICATE LIMITED

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

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

Dated : the 2nd day of June, 2016

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting ('Meeting') is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective should be received at the Company's Registered Office, not less than 48 hours before the commencement of the Meeting.
As per section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. The Register of Members and the Share Transfer Books shall remain closed from 28th September 2016 to 30th September, 2016 (both days inclusive).
3. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to Special Business set out in the Notice is annexed.

REQUEST TO THE MEMBERS :

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast 7 (seven) days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. Members are requested to inform immediately of any change in their address to the Company's Share Transfer Agent.
4. All communications relating to shares are to be addressed to the Company's Share Transfer Agent, 'M/s R & D Infotech Pvt. Ltd., 7A, 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 Companies Act, 1956, or Section 20 of the Companies Act, 2013 if service of documents have been made through electronic mode. In such a case, the company has to obtain email addresses of its members for sending e notices / documents electronically by giving an advance opportunity to the members to register their email addresses and changes therein, if any from time to time with the company. Accordingly, documents such as notices for general meetings, Financial Statements, Annual Reports for the year etc. can be sent in electronic form, to the email addresses of those members as available in the Register of Members of the Company. In case a shareholder desires to receive the documents stated above in either physical form or electronic form, they are to convey their preferences to the company.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the company.

8. **Voting through electronic means:**

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

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

The instructions for remote e-voting are as under:

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

subsequently.

Institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to 'sweetyp Kapoor53@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.nsdl.com'.
- B. **In case a Member receives physical copy of Notice of AGM (for Members whose email addresses are not registered with the Company / Depositories):-**
- i. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.
 - ii. Please follow all steps from Sl. No. (i) to Sl. No. (xii) Above, to cast vote.
- C. **Other Instructions:-**
- i. The e-voting period commences on Tuesday, 27th September, 2016 (9. a.m. 1ST) and ends on Thursday, 29th September, 2016 (5 p.m. 1ST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 23rd September, 2016 (cut-off date) may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
 - ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 23rd September, 2016 and as per the Register of Members of the Company.
 - iii. Mrs. Sweety Kapoor, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
 - iv. The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
 - v. Members who do not have access to remote e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, at R&D Infotech Pvt. Ltd. 1st Floor, 7A, Beltala Road, Kolkata – 700 026 in the enclosed postage pre-paid self-addressed envelope, not later than 29th September, 2016 (5.p.m. IST). Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted. The duly completed Ballot Form should reach the Scrutinizer not later than Monday, 26th September, 2016 (5.30 p.m. IST). Ballot Form received after this date will be treated as invalid. A Member can opt for only one mode of voting i.e., either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
 - vi. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.yarnsyndicate.in and on the website of NSDL www.evoting.nsdl.com within three days of the passing of the resolutions at the 70th AGM of the Company on Friday, 30th September, 2016 and communicated to the BSE Limited, where the shares of the Company are listed.

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT

(in pursuance of Clause 49 of the Listing Agreement)

(1)

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

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

<u>Name of Company</u>	<u>Committee Type</u>	<u>Membership Status</u>
Yarn Syndicate Ltd.	Audit Committee	Chairman
Yarn Syndicate Ltd.	Remuneration and Nomination Committee	Chairman
Yarn Syndicate Ltd.	Stakeholders Relationship Committee	Chairman

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

By order of the Board

For YARN SYNDICATE LIMITED**BIKASH CHANDRA CHATTERJI**
COMPANY SECRETARY

Dated : the 2nd day of June, 2016

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

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

ITEM No. 4 :

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

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

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

1. **Period:**
For a period of 5 (five) years from 1st April, 2016 to 31st March, 2021.
2. **Salary :**
Rs.50,000/- per month in the scale of Rs. 50000-Rs. 5000- Rs. 70000.
3. **Perquisites:**
 - i) **Commission:**
One percent commission on the net profits of the Company computed in accordance with the relevant provisions of the Companies Act, 2013 subject to a ceiling of 50% of the Annual Salary.
 - ii) **Housing :**
 - a) The expenditure by the Company for hiring unfurnished accommodation shall be subject to a ceiling of 60% of the Salary over and above 10% payable by her.
 - b) The Expenditure incurred by the Company on gas, electricity, water and house maintenance shall be valued as per the Income-tax Rules, 1962 subject to a ceiling of 30% of her salary.
 - iii) **Medical Reimbursement :**
Expenses incurred for self and family subject to a ceiling on one month's salary in a year or three months' salary over a period of three years.
 - iv) **Leave Travel Concession :**
For self and family once in a year, provided that only actual fare shall be paid to and from any place in India and no Hotel Expenses shall be paid.
 - v) **Club fees:**
Fees of clubs subject to a maximum of two clubs which will not include admission and life

membership fees.

vi) **Personal Insurance:**

Premium not to exceed Rs. 10000 per annum.

vii) Contribution to Provident Fund as per Rules of the Company and will not be included in the Computation of ceiling in perquisites to the extent it is not taxable under the Income Tax Act.

viii) Gratuity payable as per the Rules of the Company.

ix) Earned/Privileged leave not exceeding one month for every eleven months of service. Leave accumulated but not availed of shall not be allowed to be encashed.

x) Provision of car for use on Company's business and telephone at her residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.

4. **Other Terms & Conditions:**

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

ii) So long as Mrs. Sheela Patodia functions as the CMD of the Company she will not be entitled to any sitting fee for attending the meeting of the Board of Directors or any Committee thereof.

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

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

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

The agreement between the company and Mrs. Sheela Patodia is available for inspection by the members of the company at its Registered Office between 11.00 A.M. and 1.00 P.M. on any working day of the company.

This may be treated as an abstract of the Agreement made by the company with Mrs. Sheela Patodia pursuant to Section 197 of the Companies Act, 2013.

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

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

ITEM No. 5 :

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

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

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

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

1. **Period:**

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

2. **Salary :**

Rs.25000/- per month in the scale of Rs. 25000-Rs. 5000- Rs. 45000.

3. **Perquisites:**

i) **Commission:**

One percent commission on the net profits of the Company computed in accordance with the relevant provisions of the Companies Act, 2013 subject to a ceiling of 50% of the Annual Salary.

ii) **Housing:**

a) The expenditure by the Company for hiring unfurnished accommodation shall be subject to a ceiling of 60% of the Salary over and above 10% payable by him.

b) The Expenditure incurred by the Company on gas, electricity, water and house maintenance shall be valued as per the Income-tax Rules, 1962 subject to a ceiling of 30% of his salary.

iii) **Medical Reimbursement :**

Expenses incurred for self and family subject to a ceiling on one month's salary in a year or three months' salary over a period of three years.

iv) **Leave Travel Concession :**

For self and family once in a year, provided that only actual fare shall be paid to and from any place in India and no Hotel Expenses shall be paid.

v) **Club fees:**

Fees of clubs subject to a maximum of two clubs which will not include admission and life membership fees.

vi) **Personal Insurance:**

Premium not to exceed Rs. 10000 per annum.

vii) Contribution to Provident Fund as per Rules of the Company and will not be included in the Computation of ceiling in perquisites to the extent it is not taxable under the Income Tax Act.

viii) Gratuity payable as per the Rules of the Company.

ix) Earned/Privileged leave not exceeding one month for every eleven months of service. Leave accumulated but not availed of shall not be allowed to be encashed.

x) Provision of car for use on Company's business and telephone at his residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.

4. Other Terms & Conditions:

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

The agreement between the company and Mr. Rishiraj Patodia is available for inspection by the members of the company at its Registered Office between 11.00 A.M. and 1.00 P.M. on any working day of the company.

This may be treated as an abstract of the Agreement made by the company with Mr. Rishiraj Patodia pursuant to Section 197 of the Companies Act, 2013.

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

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

ITEM No. 6:

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

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

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

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

By order of the Board
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

Dated : the 2nd day of June, 2016

YARN SYNDICATE LIMITED**REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS**

To

The Members of

YARN SYNDICATE LIMITED

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

FINANCIAL RESULTS :

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

DIVIDEND

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

SHARE CAPITAL:

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

FINANCE:

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

PERFORMANCE REVIEW:

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

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

CORPORATE SOCIAL RESPONSIBILITY:

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

OCCUPATIONAL HEALTH AND SAFETY:

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

PARTICULARS OF EMPLOYEES:

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

PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS:

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

PUBLIC DEPOSITS:

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

DIRECTORS :

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

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

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

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

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

INTERNAL FINANCIAL CONTROLS:

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

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 & Section 134 of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the Annual Accounts for the financial year ended 31st March, 2016, 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2016 on a 'going concern' basis.

CORPORATE GOVERNANCE :

A Report on Corporate Governance and Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is attached.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 issued under Section 217(1)(e) of the Companies Act, 1956, your Directors have to state that the particulars in respect of Energy Conservation and Technology Absorption are not applicable to your Company.

The Company's activity of export is in the line of cotton yarn, other types of yarn and textiles, jute and non-woven products. Your Directors plan to continue their initiatives in order to further increase the export turnover and are exploring possibilities for the export of other types of products as well.

AUDITORS' OBSERVATIONS:

In respect of the reference to the Notes on Accounts in the Auditors Report, your Directors have to state that the same are self-explanatory and do not need further clarification.

AUDITORS:

M/s. Lodha & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS:

The Board is grateful to Canara Bank for their continued co-operation and timely assistance as and when required. The Board is grateful to the Reserve Bank of India, State Bank of India, 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

Dated : the 2nd day of June, 2016

By order of the Board

For YARN SYNDICATE LIMITED

SHEELA PATODIA

CHAIRPERSON & MANAGING DIRECTOR

**Annexure - A
Form No. MGT - 9**

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016

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

Name of the Company : YARN SYNDICATE LIMITED

Category / Sub-Category of the Company : MERCHANT EXPORTER

Address of the Registered office and contact details : 86/2/4, S. N. BANERJEE ROAD, KOLKATA - 700014.

Whether listed company Yes / No : YES

Name, Address and Contact details of Registrar and Transfer Agent, if any : R. & D. INFOTECH PVT. LTD., 7A BELTALA ROAD, 1st FLOOR, KOLKATA - 700 026

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDINGS, SUBSIDIARY AND ASSOCIATE COMPANIES -

Yarn Syndicate Limited has no Subsidiary or Associate Company and is not a Holding Company.

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

YARN SYNDICATE LTD

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)				
		Shareholding at the beginning of the year, i.e. 01.04.2015	Shareholding at the end of the year, i.e. 31.03.2016	
For Each of the Top 10 Shareholders		% of total shares of the Company	No. of Shares	% of total shares of the Company
	No. of Shares			
1				
PRITHVI FINLEASE INDIA LIMITED	0	0.00	59540	1.59
Date	Reason			
17-Jul-15	Bought	39766	39766	1.06
30-Sep-15	Bought	19774	59540	1.59
Closing Balance:			59540	1.59
2				
MAMTA SANCHETI	51507	1.37	51507	1.37
Date	Reason			
		40809		
Closing Balance:			51507	1.37
NO CHANGE DURING THE PERIOD				
3				
RAJENDRA NEMICHAND BACHHAWAT	40809	1.09	40809	1.09
Date	Reason			
		0.00	40809	1.09
		0.00		
Closing Balance:			40809	1.09
NO CHANGE DURING THE PERIOD				
4				
NILESHKUMAR MULJIBHAI KOTHARI	33503	0.89	33503	0.89
Date	Reason			
		0.00		
Closing Balance:			33503	0.89
NO CHANGE DURING THE PERIOD				
5				
RAJESHKUMAR RAJNIKANT SHAH	34331	0.92	32331	0.86
Date	Reason			
30-Sep-15	Sold	2000	0.05	
Closing Balance:			32331	0.86
NO CHANGE DURING THE PERIOD				
6				
SAURAV GUPTA	0	0.00	22963	0.61
Date	Reason			
30-Sep-15	Bought	22963	0.61	
Closing Balance:			22963	0.61
7				
CANARA ROBECO MUTUAL FUND A/C GAD	20700	0.55	20700	0.55
Date	Reason			
Closing Balance:			20700	0.55

YARN SYNDICATE LTD

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)				
For Each of the Top 10 Shareholders	Shareholding at the beginning of the year, i.e. 01.04.2015		Shareholding at the end of the year, i.e. 31.03.2016	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
NO CHANGE DURING THE PERIOD				
8				
ASHOK KUMAR	18879	0.50	18879	0.50
Date	Reason			
		Closing Balance:	18879	0.50
NO CHANGE DURING THE PERIOD				
9				
JATAN DEVI SURANA	13509	0.36	13509	0.36
Date	Reason			
		Closing Balance:	13509	0.36
NO CHANGE DURING THE PERIOD				
10				
JATAN DEVI SURANA	13509	0.36	13509	0.36
Date	Reason			
		Closing Balance:	13509	0.36
NO CHANGE DURING THE PERIOD				

V. Shareholding of Directors and Key Management Personnel :

Sl. No.	Shareholding at the beginning of the year	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors and KMP				
	At the beginning of the year				
	Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer / bonus / sweat equity etc) ;				
	At the End of the year				

NO CHANGE DURING THE YEAR

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding	Insecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	DEPOSITS			
i) Principal Amount	3983613	22635657	2500000	
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	33200	-	-	
Total (i+ii+iii)	4016813	22635657	2500000	29152470
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net Change	(1852573)	5362000	3000000	6509427
Indebtedness at the end of the financial year				
i) Principal Amount	2146144	27997657	5500000	
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	18096	-	-	
Total (i+ii+iii)	2164240	27997657	5500000	35661897

VI. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager :

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Ms. Sheela Patodia	Mr. Rishiraj Patodia	
1.	Gross Salary a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s. 17(2) Income-tax Act, 1961 c) Profits in lieu of salary under section 17(2) Income-tax Act, 1961	300,000	150,000	450,000
		294,460	-	294,460
		-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify.....	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	594,460	150,000	744,460
	Celling as per the Act			

B. Remuneration to other directors :

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Kishore B Chhabria	Mr. D. K. Jhunkhunwala	
	1. Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	-	-	-
	Total (1)			
	2. Other Non-Executive Directors • Fee for attending board / Committee meetings • Commission • Others, please specify	-	-	-
	Total (2)			
	Total (B) = (1+2)	-	-	-
	Total Managerial Remuneration	-	-	-
	Overall Ceilling as per the Act	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGERWTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Mr. Bikash Chatterji, Company Secretary	Total
	1. Gross Salary a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s 17(2) Income-tax Act, 1961 c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	159,371	159,371
		-	-
		-	-
	2. Stock Option	-	-
	3. Sweat Equity	-	-
	4. Commission - as % of profit - others, specify.....	-	-
	Total	159,371	159,371

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ compounding fees imposed	Authority [RD/NCLT /COURT]	Appeal made, if any (give details)
A. COMPANY		NOT	APPLICABLE		
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Form No. MR-3

ANNEXURE '1'

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
YARN SYNDICATE LIMITED
86/2/4, S.N. Banerjee Road, 1st Floor, Flat No. 2
Kolkata – 700 014
West Bengal

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Yarn Syndicate Limited having its Registered Office at 86/2/4, S.N. Banerjee Road, 1st Floor, Flat No. 2, Kolkata – 700 014 West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31.03.2016 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the audit period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the audit period)
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the audit period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) The laws specifically applicable to the industry to which the Company belongs as identified by the management are

1. Textile (Development and Regulation) Order, 2001

Wherever required, I have obtained the Management Representation about the compliance of laws, rules, and regulation and happening of events. The compliance of provisions of Corporate and other applicable laws, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on text laws.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India mandated with effect from 1st July, 2015.
- (ii) The Listing Agreements for the period 1st April, 2015 to 30th November, 2015 entered into by the Company with BSE Ltd.
- (iii) The Listing Regulations as per the SEBI (LODR) Regulations, 2015 for the period 1st December, 2015 to 31st March, 2016 entered into by the Company with BSE Ltd.

I further confirm that compliance of applicable financial laws including Direct & Indirect Laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- The Company has not filed the resolutions in e-form MGT-14 with the Registrar of Companies, W.B in respect of the Adoption of Accounts and Board's Report, & other resolutions as required under the provisions of the section 179(3)(g) of the Companies Act, 2013.
- The Annual General Meeting for the financial year ended on 31st March, 2015 was held on 30th September, 2015, after giving notice to the members of the Company and the resolutions passed were recorded in the Minutes Book maintained for the purpose, however, the Company has not filled e-form MGT-15 with the Registrar of Companies, W.B.
- The Company has yet to file e-form AOC-4 (XBRL) and MGT-7 with the Registrar of Companies, W.B regarding filing of financial statements and annual report for the financial year ended 31st March, 2015.
- Despite the fact that the Company has generally complied with the provisions, rules, regulations guidelines to some extent, it is felt that the compliance mechanisms systems, procedures need to be further strengthened in applicability of SS-1, SS-2, SEBI (LODR) Regulations, 2015 and Companies Act, 2013
- CFO has resigned w.c.f 01.07.2015. However the company is in search of a new CFO, Key Managerial personnel as required under section 203 of the companies Act, 2013.
- The Company has despatched the Annual Report 2014 - 2015 by e-mail to those members whose e-mail address was available and by ordinary post to other shareholders

I further report that

- A. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition

of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- B. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- C. None of the Directors in any meeting dissented on any resolution and hence there were no instances of recording any dissenting member's view in the Minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

I further report that during the audit period there were no instances of:

- Public/Rights/Preferential Issue of Shares/ Debentures/Sweat Equity, etc.
- Redemption/ Buy Back of Securities
- Major decisions taken by the members in pursuance of section 180 of the Companies Act, 2013
- Merger/Amalgamation/ reconstruction, etc.

Place : Kolkata

Date : the 2nd day of June, 2016

RAKESH KUMAR GUPTA
Practising Company Secretary
ACS: 32018, COP: 15143

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of the Company has adopted its Corporate Governance obligations under relevant regulations, listing agreement and laws and implemented them soon after its introduction. The Board believes that good governance is voluntary and self-disciplining with the strongest impetus coming from Directors themselves and ultimately leads to enhancement of value for all stakeholders and has always taken care to maintain a high level of transparency and accountability and foremost the fair and equal treatment of all shareholders and employees. The Company's philosophy is to progressive, competent and trustworthy, creating and enhancing value for all concerned, while reflecting and respecting the best of Indian values in conduct.

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 D. K. Jhunjhunwala	Independent/ Non-executive	3	–	3
Shri Kishore Chhabria	Independent/ Non-executive	2	3	–

BOARD, ANNUAL GENERAL MEETING & ATTENDANCE :

5 (five) Board Meetings were held during the year. The Board Meetings were held on 30th May 2015, 14th August 2015, 14th November 2015, 11th February 2016 and 28th March 2016.

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

The Annual General Meeting was held on 30th September, 2015.

Director	No. of Board Meeting		Attended last AGM
	Held	Attended	
Smt. Sheela Patodia	5	4	No
Shri Rishiraj Patodia	5	5	Yes
Shri D. K. Jhunjhunwala	5	1	No
Shri Kishore Chhabria	5	4	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 2015, 13th August 2015, 14th November 2015 and 10th February 2016. 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
Sri K B Chhabria	Chairman & Independent Director	4	4
Sri D. K. Jhunjhunwala	Member & Independent Director	4	--
Sri Rishiraj Patodia	Member & Executive Director	4	4

3. NOMINATION & REMUNERATION COMMITTEE :

The Remuneration Committee now renamed Nomination & 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 Nomination & 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 Nomination and Remuneration Committee:

Chairman & Independent Director : Sri K. B. Chhabria
Member & Independent Director : Sri D. K. Jhunjhunwala
Member & Executive Director : Sri Rishiraj Patodia

Remuneration and Nomination Committee meeting was held on 27th March 2016 during the year.

Details of remuneration paid to the Directors for the year:

The aggregate of salary and perquisites paid for the year ended 31st March, 2016 to the Directors were as follows:

Smt. Sheela Patodia : Salary: Rs. 3,00,000/- + Perquisites: Rs.294460

Sri Rishiraj Patodia : Rs. 1,50,000/-

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.

Smt Sheela Patodia and Sri Rishiraj Patodia have informed the company vide their letters dated 30.09.2015 that they waive their monthly salary from October 2015 onwards until further notice.

4. STAKEHOLDERS'/INVESTORS' GRIEVANCE & RELATIONSHIP COMMITTEE :

The Investors' Grievance Committee of the company, now under the nomenclature "Stakeholders Relationship 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 K. B. Chhabria is 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 not received any complaint as on 31.03.2016.

There were no shares pending for transfer as on 31.03.2016 and all the transfers have been approved by the Stakeholders Relationship 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, 2013	20.09.2013	HOTEL AKASH DEEP 48, CIRCUS AVENUE, KOLKATA - 700 017.	12.00 P.M.
31 ST MARCH, 2014	26.09.2014	ORCHID HOTEL & RESTAURANT, 123/1, G P ROAD, BARRACKPORE, KOLKATA-700120	10.00 A.M.
31 ST MARCH, 2015	30.09.2015	—DO—	11.00 A.M.

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

- At the Sixty-seventh Annual General Meeting held on 20th September 2013, no special resolution was passed.
- At the Sixty-eighth Annual General Meeting held on 26th September, 2014, special resolution was passed to borrow moneys pursuant to Section 180 of the Companies Act, 2013.
- At the Sixty-ninth Annual General Meeting held on 30th September, 2015, special resolution was passed for adoption of corresponding new sections under Companies Act, 2013 in lieu of existing sections and appointment of Directors.

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 & Nomination 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 2015-16 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 2015-16 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" or 'Political Business Daily' and "Arthik Lipi" or 'Sukhabar'.
- 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 forthwith to the concerned Stock Exchange.
- which newspaper normally published in

Financial Express or Political Business Daily (English newspaper), Arthik Lipi (Bengali newspaper).
- any Website, where displayed.

The above said results and the Shareholding Pattern used to be uploaded in the website of EDIFAR system under SEBI, periodically. That 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.
- whether it displays Official news releases

No
- whether presentation made to Institutional investors or to analyst.

No
- whether Management Discussion and Analysis Report is a part of Annual Report or not

Management Discussion and Analysis Report is a part of Annual Report.

10. **GENERAL SHAREHOLDERS INFORMATION :**

	DATE	TIME	VENUE
a)	A.G.M.	30th September, 2016	10.00 A.M.
			ORCHID HOTEL & RESTAURANT 123/1, G. P. ROAD, BARRACKPORE KOLKATA 700 120.
b)	Financial Calendar (tentative)	:	2016 – 2017
	i) Financial Year	:	April – March
	ii) First Quarter Results	:	August, 2016
	iii) Second Quarter Results	:	November, 2016
	iv) Third Quarter Results	:	February, 2017
	v) Audited Results for the year ending 31/03/2016	:	May, 2017
c)	Date of Book Closure:		28th September, 2016 to 30th September, 2016 (both days inclusive)
d)	Dividend payment date	:	Not applicable
e)	Listing of Equity Shares on	:	The Bombay Stock Exchange
	(i) Annual Listing Fees for the year 2015-16 (as applicable) has been paid to the Bombay Stock Exchange Ltd., (BSE) Mumbai. The fees for the year 2016-17 is yet to be paid. The company is following up with the BSE to obtain a copy of the Bill for payment of Annual Listing Fees.		
	(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, 2015	2.86	2.03	27,011.31
May, 2015	3.32	2.75	27,828.44
June, 2015	5.52	3.00	27,780.83
July, 2015	6.76	5.79	28,114.56
August, 2015	6.50	4.96	26,283.09
September, 2015	5.20	4.49	26,154.83
October, 2015	-	-	26,656.83
November, 2015	4.70	4.70	26,145.67
December, 2015	5.64	4.69	26,117.54
January, 2016	5.30	5.30	24,870.69
February, 2016	5.30	5.30	23,002.00
March, 2016	-	-	25,341.86

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, 2016.

Sl. No.	Category	No. of Shares (Issued Equity)	% of Shareholding
01.	Promoters & Persons Acting in Concert	2524879	67.330
02.	Indian Financial Institutions, Banks, Mutual Funds.	22500	0.600
03.	Foreign Institutional Investor/NRI's	2500	0.067
04.	Others	1200121	32.003
	Total	37,50,000	100.00

(b) Distribution on Shareholding as on 31st March, 2016.

No. of Shares held	No. of Shareholders	Percentage of Shareholders	No. of shares Issued Equity	Percentage of Shareholding
1-500	3379	91.846	411149	10.96
501-1000	153	4.159	121990	3.25
1001-2000	68	1.848	95973	2.56
2001-3000	24	0.652	65810	1.75
3001-4000	9	0.245	23774	0.63
4001-5000	8	0.217	46108	1.23
5001-10000	18	0.489	129545	3.45
10001-50000	13	0.353	305892	8.16
50001-100000	3	0.082	124507	3.33
100000 & above	4	0.109	2425252	64.68
TOTAL	3679	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, 2016, 36.28% of shares of company were held in Dematerialised form. There are no electronic requests pending for approval as on 31.03.2016 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 new 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 2016 adopted the above report and the said meeting was adjourned to 2nd June 2016 for adoption of Annual Accounts.

For and on behalf of the Company

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

Dated : the 2nd day of June, 2016

SHEELA PATODIA
Chairperson and Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

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

A) INDUSTRY STRUCTURE AND DEVELOPMENTS

During the year under review, the Company has diversified its business portfolio from export of yarn to jute and nonwoven bags. While the export of yarn remains the principal focus of business of the company, due to very difficult export market conditions, the company has not ventured much in this market but is on the look-out for lucrative export deals. The company is also going into the business of jute and nonwoven bags which is a growing business opportunity.

In the business of yarn, Indian companies are a well established player in the export market as India has the world's second largest spinning capacity and its spinning industry is one of the most modern and efficient in the world. However with the Chinese demand slowing down cotton yarn exports declined over much of the year. Falling export has meant excess supply with spinning companies and falling prices.

The company has seized the opportunity of doing business in Jute bags and non-woven fabric products as the market is still in its nascent stage and is expected to grow in the future. The company is marketing different kinds of bags used in Hotel industry. In the jute bags market, Indian entrepreneurs see a huge opportunity for themselves as they do not see major competition from any other country, not even jute-growing Bangladesh. Furthermore, the Indian government is aware of the potential global market for jute bags and started several initiatives to popularize its use domestically as well. The company is marketing non-woven products like shirt-covers, suit-covers, mats and a variety of bags. Non-woven fabric and jute products are gaining in popularity as an alternative to plastics.

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.

B) OPPORTUNITIES AND THREATS

With India having a strong industrial base, the global yarn market will always be an opportunity for Indian exporters. Similarly the market in jute and non-woven bags is an opportunity as the market is a growing one.

The biggest threat in yarn is the Chinese market which is bigger than the Indian market, hence decisions made by the Chinese effect us directly. In the market of jute products Bangladesh can emerge as a competitor and cut into Indian dominance.

C) SEGMENT-WISE PERFORMANCE

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 comprises of the exports to various countries

D) RISKS AND CONCERNS

The biggest risk and concern for the Indian yarn exporters is the dominance of the Chinese market. Another area of concern is the emerging markets like Bangladesh, Pakistan and Vietnam.

E) OUTLOOK

The global market for yarn is highly competitive with many established players like China, USA

and EU countries. Many smaller countries are emerging for their share in the market and this has led to very slim margins.

On the other hand the market in bags appears promising. Amid increasing awareness against the use of plastic bags, exporters & dealers of Indian jute and non-woven fabric carry and shopping bags see a bright future. Many Indian states are coming to terms with the hazards of plastic, disposal issues etc. which have led to increase in consumption of bags which are reusable and recyclable.

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 11.

I) 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

Dated : the 2nd day of June, 2016

SHEELA PATODIA
Chairperson and Managing Director

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, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other notes for the year on that date.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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 audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- in the case of the Statement of Profit and Loss, of the Loss of the company for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements :

- Note no. 27.8 in the financial statements which indicates that the Company has accumulated losses and its net worth has become negative as at the balance sheet date. Further, the Company has incurred a net loss in the current year and, the company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 27.8, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the financial statements of the company have been prepared on a going concern basis for the reasons stated in the Note 27.8 of the financial statements.

Our opinion is not modified in respect of above matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by section 143(3) of the Act, we report that :

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- 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;
- The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act;
- On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164(2) of the Act.
- With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- With respect to the other matters to be included in the Auditors' Report in accordance with

Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The company does not have any Pending litigations having material impact on the financial positions of the Company have been disclosed in the financial statement as required in terms of the accounting standards and provisions of the Companies Act, 2013;
- ii. The Company does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

H. K. VERMA
Partner
Membership No. 055104

Place : Kolkata

Dated : the 2nd day of June, 2016

YARN SYNDICATE LIMITED

“Annexure A” to the Auditors 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 Fixed assets have not been physically verified by the Management during the year but there is regular programme 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. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) As explained to us, the inventories of the Company have been physically verified by the management at reasonable intervals during the year / at the year-end. In our opinion and according to the information and explanations given to us, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) The company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnerships or parties covered in the register maintained under Section 189 of the Act. Accordingly, clause 3(iii) of the Order is not applicable to the Company.
 - a) 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 in outstanding.
 - b) Since the overdue amount of interest is not more than Rs. One lakhs, Para 3(iii) (b) of the order is not applicable.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v) The Company has not accepted any deposits from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder.
- vi) According to the information and explanations given to us, the maintenance of cost records under Section 148(1) of the Act has not been prescribed and as such, paragraph 3(vi) of the Order is not applicable to the Company.
- vii) a) According to the information and explanations given to us, during the year, the Company has generally been regular in depositing to the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of Customs, duty of excise, value added tax, cess and other statutory dues as applicable to it. However, according to the information and explanations given to us, there is no undisputed amounts payable in respect of these which were in arrears as on 31st March 2016 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 is no disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and cess, as at 31st March, 2016.

- viii) in our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. There are no debenture holders.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). As per the information and explanation given to us, the Company has not availed fresh term loan during the year.
- x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on the Company by its officers or employees nor have we been informed of any such cases by the management.
- xi) In our opinion and according to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of the Section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

H. K. VERMA
Partner
Membership No. 055104

Place : Kolkata
Dated : the 2nd day of June, 2016

YARN SYNDICATE LIMITED

“Annexure B” referred to in our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of YARN SYNDICATE LIMITED (“the Company”) as at March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that

transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

H. K. VERMA
Partner
Membership No. 055104

Place : Kolkata
Dated : the 2nd day of June, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note No.	(Amount in Rs.)	
		As at 31st March 2016	As at 31st March 2015
EQUITY AND LIABILITIES :			
Shareholder's Funds			
Share Capital	2	37,500,000	37,500,000
Reserves and Surplus	3	(50,590,999)	(20,491,470)
Non-Current Liabilities			
Long-term borrowings	4	18,846,888	16,304,686
Long term provisions	5	774,591	589,000
Current Liabilities			
Short-term borrowings	6	5,500,000	2,500,000
Trade payables	7	-	-
Total Outstanding dues of micro and small enterprise		-	-
Total Outstanding dues of creditors other than micro and small enterprise		19,995	-
Other current liabilities	8	16,964,819	15,867,033
Short-term provisions	9	813,350	1,009,129
Total		29,828,644	53,278,378

ASSETS :

Non-Current assets :

Fixed assets	10		
- Tangible assets		7,085,638	9,194,446
Long term loans and advances	11	5,085,000	13,737,739
Other Non-current Assets	12	-	17,301,387
Deferred tax assets	13	10,458,711	1,967,826

Current assets

Inventories	14	23,679	-
Trade receivables	15	5,386	-
Cash and Cash Equivalents	16	241,657	1,830,034
Short-term loans and advances	17	4,407,129	6,622,799
Other current assets	18	2,521,444	2,624,147
Total		29,828,644	53,278,378

Summary of Significant Accounting Policies 1
Notes to Financial Statements 2-27
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 : 2nd June, 2016

For and on behalf of the Board of Directors
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, 2016**

	Note No.	(Amount in Rs.)	
		As at 31st March 2016	As at 31st March 2015
Revenue/Income from operations	19	315,564	93,457
Other Income	20	588,590	644,932
Total Revenue		904,154	738,389
Expenses:			
Purchase of Stock-in-Trade	21	248,572	77,356
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(23,679)	-
Employee benefit expense	23	3,492,148	4,961,491
Finance costs	24	1,073,680	769,878
Depreciation	10	2,108,808	2,646,900
Other expenses	25	5,244,543	9,841,244
Total Expenses		12,144,072	18,296,869
Profit/(loss) before tax and exceptional items for the year		(11,239,918)	(17,558,480)
Exceptional Items	26	27,350,496	-
Profit/(loss) before tax for the year		(38,590,414)	(17,558,480)
Tax expense:			
- Current tax		-	-
- Tax for earlier years		-	-
- Deferred tax charge/ (credit)		(8,490,885)	(419,648)
		(8,490,885)	(419,648)
Profit/(Loss) after tax for the year		(30,099,529)	(17,138,832)
Earning per equity share:			
- Basic		(8.03)	(4.57)
- Diluted		(8.03)	(4.57)

Summary of Significant Accounting Policies 1
Notes to Financial Statements 2-27

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 : 2nd June, 2016

For and on behalf of the Board of Directors
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 financial statements have been prepared under the historical cost convention and accounting standards as prescribed under section 133 of the Companies Act, 2013 and other recognized accounting practices. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

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 Statement of profit and loss 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) i) 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 the Statement of profit and loss.

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

F) Fixed Assets:

Fixed Assets have been stated at cost.

G) Depreciation:

a) Depreciation on tangible fixed assets has been provided as per Schedule II of the Companies Act, 2013 on written down value method.

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 statement of profit and loss 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) **Investments :**

Long Term Investments are stated at cost less provision for diminution in value other than temporary, if any. Current Investments are valued at lower of cost and fair value determined on an individual investment basis.

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 2016	As at 31st March 2015
Note 2		
SHARE CAPITAL :		
Authorised		
50,00,000 (50,00,000) Equity shares of Rs.10/- each	50,00,000	50,00,000
Issued, Subscribed & Paid-up		
37,50,000 (37,50,000) Equity shares of Rs. 10/- each.	37,50,000	37,50,000
	37,50,000	37,50,000

- 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 2016	No. of shares held at 31st March 2015
	Sheela Patodia	1,302,802
Rishiraj Patodia	215,500	215,500
Y.S.Exports Limited	994,950	994,950

Note 3**RESERVES & SURPLUS :**

Securities Premium		
As per last Balance Sheet	43,750,000	43,750,000
	43,750,000	43,750,000
Surplus/ (Deficit)		
As per last Balance Sheet	(64,241,470)	(47,080,073)
Less : Amount transferred due to transitional provision of Companies Act, 2013	-	(22,565)
Add : Net Profit/(Loss) After Tax transferred from Statement of Profit and Loss	(30,099,529)	(17,138,832)
Net Surplus / (Deficit)	(94,340,999)	(64,241,470)
	(50,590,999)	(20,491,470)

Note 4**LONG TERM BORROWINGS :**

Secured	Ref.	As at 31st March 2016		As at 31st March 2015	
		Non-Current	Current	Non-Current	Current
Vehicle Finance Loan					
From Banks	4.1 & 4.2	95,944	2,050,200	2,056,742	1,926,871
Unsecured					
From Directors		18,750,944	9,246,713	14,247,944	8,387,713
		18,846,888	11,296,913	16,304,686	10,314,584

- 4.1 Secured by way of hypothecation of vehicles acquired there against

NOTE TO THE ACCOUNTS

(Amount in Rs.)

Ref. Note No.	(Amount in Rs.)	
	As at 31st March 2016	As at 31st March 2015

4.2 Vehicle Finance Loan is secured by hypothecation of Vehicles acquired against the said loan and is repayable as follows :

Rate of Interest	2016-17	2017-18
11.49%	–	–
11.51%	95,944	–

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

Provision for Gratuity	774,591	589,000
	774,591	589,000

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

Loan from body corporate	5,500,000	2,500,000
	5,500,000	2,500,000

Note 7**TRADE PAYABLE**

Payable for Goods and Services	19,995	–
	19,995	–

7.1 To the extent information available with the company, there are no parties covered under The Micro, Small and Medium Enterprise Development Act, 2006.

7.2 Refer Note 27.6

Note 8**OTHER CURRENT LIABILITIES**

Current Maturities of Long Term Borrowings	4	11,296,913	10,314,584
Interest accrued and due on Loan from Bodies Corporate		489,367	202,500
Interest accrued but not due on Vehicle loans		18,096	33,200
Other Payable		5,160,443	5,316,749
		16,964,819	15,867,033

Note 9**SHORT TERM PROVISIONS :****- Provision for Employee benefits**

Provision for Gratuity	1,062,538	1,009,129
	1,062,538	1,009,129

(47)

NOTE TO THE ACCOUNTS

(Amount in Rs.)

Ref. Note No.	(Amount in Rs.)	
	As at 31st March 2016	As at 31st March 2015

Note 11**LONG TERM LOANS AND ADVANCES****Unsecured**

Loans/Inter Corporate Deposits	27.6	10,675,732	12,675,732
Security Deposits		1,046,665	1,062,007
Less : Provision for Doubtful advances and deposits	11.1	(6,637,397)	–
		5,085,000	13,737,739

11.1 In respect of certain overdue balances in respect of loan given to a company and advance to others amounting to Rs. 66,37,397/= pending outcome of the steps taken for recovery, as an abundant caution, provision of Rs. 66,37,397/= has been made during the year ended on 31st March 2016.

Note 12**OTHER NON-CURRENT ASSETS****Long Term Trade Receivable**

(Unsecured - Considered Good unless otherwise stated)	27.6	17,301,387	17,301,387
Less : Provision for Doubtful Debts	12.1	(17,301,387)	–
		–	17,301,387

12.1 Certain overseas/ local customers amounting to RS. 1,73,01,387/- (net of ECGC claim of Rs. 47,92,846/-) ,even though legal and other steps have been taken for recovery of such dues, pending outcome of the matter, as an abundant caution, provision of Rs. 1,73,01,387/- has been made during the year ended on 31st March 2016.

Note 13**Deferred Tax Assets**

Provision for doubtful debts		567,673	–
Expenses allowable on payment basis		8,451,303	583,554
Depreciation Difference		1,439,735	1,384,272
Deferred Tax Liabilities		–	–
		10,458,711	1,967,826

Note 14**INVENTORIES**

STOCK OF YARN / FABRICS		23,679	–
		23,679	–

Note 15**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	27.6	5,386	–
		5,386	–

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SCHEDULES TO THE ACCOUNTS

Notes forming part of the financial statements as at 31st March, 2016

Note 10 : FIXED ASSETS

PARTICULARS	GROSS BLOCK (AT COST)		DEPRECIATION BLOCK		NET BLOCK	
	As on 01.04.15	As on 31.03.16	Up to 31.03.15	For the year ending 31.03.16	As on 31.03.16	As on 31.03.15
Tangible Assets						
Freehold Land	620,000	620,000	-	-	620,000	620,000
Building *	16,138,151	16,138,151	12,931,816	96,836	3,109,499	3,206,335
Office Equipments	1,070,290	1,070,290	918,115	71,666	80,509	152,175
Computer	259,979	259,979	259,241	-	738	738
Furniture & Fittings	379,435	379,435	256,934	47,611	74,890	122,501
Vehicles	16,225,043	16,225,043	11,132,346	1,892,695	3,200,002	5,092,697
TOTAL :	34,692,898	34,692,898	25,498,452	2,108,808	7,085,638	9,194,446
PREVIOUS YEAR :	43,257,020	8,691,822	30,768,612	2,646,900	32,656	25,498,452

* Includes 10 shares (Previous year 10 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.	As at 31st March 2016	As at 31st March 2015
Note 16		
CASH AND CASH EQUIVALENTS		
Balance with Scheduled Banks		
- on Current Accounts	130,996	121,285
- on EEFC Account	6,668	6,292
Cash in hand	103,993	1,702,457
	241,657	1,830,034

Ref. Note No.	As at 31st March 2016	As at 31st March 2015
Note 17		
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)	17.1	
Tax deducted at Source	7,728,246	6,314,008
Deposit with Govt. Authorities	41,192	228,460
Staff Advance	625	-
	48,778	80,331
Less : Provision for Doubtful advances	17.2	
	(3,411,712)	-
	4,407,129	6,622,799

17.1 Advance includes Rs.16,80,506 (P.Y. Rs.9,43,831) recoverable from one of the directors.As agreed,the amount is adjustable against loan taken from directors from 1st April, 2015.

17.2 In respect of certain overdue balances in respect of loan given to a company and advance to others amounting to Rs. 34,11,712/-, pending outcome of the steps taken for recovery, as an abundant caution, provision of Rs. 34,11,712/- has been made during the year ended on 31st March 2016.

17.3 Refer Note 27.6.

Ref. Note No.	As at 31st March 2016	As at 31st March 2015
Note 18		
OTHER CURRENT ASSETS		
Interest Receivable	1,397,258	1,114,638
Export Incentives Receivable	795,511	1,180,834
Fixed Assets retired from active use	18.1	
	328,675	328,675
	2,521,444	2,624,147

18.1 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.

Ref. Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
Note 19		
REVENUE/INCOME FROM OPERATIONS		
Sale of Product	19.1	
	315,564	93,457
	315,564	93,457

Ref. Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
19.1 Sales of Products		
Jute Bag	95,000	-
Other	220,564	93,457
	315,564	93,457

NOTE TO THE ACCOUNTS

(Amount in Rs.)

Ref. Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015	
Note 20			
OTHER INCOME			
Interest Received	574,242	639,025	
Difference In Exchange (net)	376	1,468	
Sundry Balance written Back	-	2,619	
Miscellaneous Income	13,972	1,820	
	588,590	644,932	
Note 21			
PURCHASE OF STOCK IN TRADE			
Purchase for Resale	21.1	248,572	77,356
		248,572	77,356
21.1 Details of Purchase			
Jute Bag		71,900	-
Others		176,672	77,356
		248,572	77,356
Note 22			
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE			
Closing stock of Yarn/Fabric		23,679	-
Less : Opening stock of Yarn/Fabric		-	-
		(23,679)	-
Note 23			
EMPLOYEE BENEFIT EXPENSES			
Salaries & Wages		3,335,894	4,351,092
Contribution to Provident and other Funds		315,468	450,852
Staff welfare expenses		89,974	159,547
		3,741,336	4,961,491
Note 24			
FINANCE COSTS			
Interest Paid :			
On Vehicles Loan		477,332	528,933
On Loans/Inter Corporate Deposits & Others		596,348	240,945
		1,073,680	769,878

NOTE TO THE ACCOUNTS

(Amount in Rs.)

Ref. Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015	
Note 25			
OTHER EXPENSES			
Rent	2,727,264	2,562,264	
Repairs :			
- Building	75,622	57,640	
- Others	69,967	120,342	
Insurance	49,916	192,318	
Rates & Taxes	20,412	8,586	
Travelling & Conveyance	174,646	351,241	
Sales/Export Promotion Expenses	22,500	233,511	
Payment to Auditors:			
- Audit Fees	55,000	55,000	
- Other Services	30,000	32,500	
- Service Tax on above	10,134	10,815	
Shipping Expenses	4,996	1,000	
Discount/Claims/Samples	48,539	-	
Bank Charges	22,985	12,519	
Charity & Donation	4,000	10,000	
Sundry Balances written off	-	3,505,530	
Fixed assets written off	-	742,106	
Miscellaneous Expenses	1,928,562	1,945,872	
	5,244,543	9,841,244	
Note 26			
EXCEPTIONAL ITEMS			
Provision for Doubtful Debts, Advances and Deposits	26.1	27,350,496	-
		27,350,496	-
26.1	Exceptional Items for the year ended 31st March 2016 amounting to Rs. 273.50 Lacs represents provisions made for doubtful recoveries against certain Trade Receivables, Advances and against Deposits. (Refer Note 12, 11.1 & 17.2)		
Note 27			
Notes forming part of the financial statements as at March 31, 2016			
27.1 Contingent Liabilities and capital commitments (to the extent not provided for) : Rs. NIL (Previous Year Rs. NIL)			
27.2 Employee Benefits			
a)	Contributions to Defined Contribution plan recognised as expenses for the year are as under		
			(Amount in Rs.)
	2015-16	2014-15	
	Employer's Contribution to Provident Fund	192,531	304,769
	Employer's Contribution to Pension Fund	84,824	87,261

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.)	
For Gratuity	2015-16	2014-15
A . Change in Defined Benefit Obligation :		
Present Value of Defined Benefit		
Obligations as at the beginning of the year	1,978,000	1,717,000
Current Service Cost	111,231	62,000
Interest Cost	143,028	156,000
Benefit Paid	(51,909)	-
Actuarial (Gain) / Losses	(592,409)	43,000
Present Value of Defined Benefit Obligations as at the end of the year	1,587,941	1,978,000
B . Change in Fair Value of Assets :		
Fair value of Plan Assets at the beginning of the year	380,000	358,000
Expected Return on Plan assets	37,583	22,000
Contributions by the Employers	51,909	-
Benefit paid	(51,909)	-
Actuarial Gains/(Losses)	141,985	-
Fair value of plan Assets at the end of the year	559,568	380,000
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	(1,587,941)	(1,978,000)
Fair value of Plan Assets at the end of the year	559,568	380,000
(Liability) /Assets recognized in the Balance Sheet	(1,028,373)	(1,598,000)
D . Expenses recognized in the Statement of Profit and Loss		
Current Service Cost	111,231	62,000
Interest Cost	143,028	156,000
Expected Return on Plan Assets	(37,583)	(22,000)
Net Actuarial (Gain)/ Loss	(734,394)	43,000
Total Expenses recognized in the Statement of Profit and Loss*	(517,718)	239,000
E . Principal Actuarial Assumptions used		
Discounted Rate (per annum) Compound	8.00%	7.80%
Expected Rate of return on Plan Assets	8.00%	6.20%

NOTE TO THE ACCOUNTS

Notes forming part of the financial statements as at March 31, 2016 (Amount in Rs.)

Experience History	2015-16	2014-15	2013-14	2012-13	2011-12
F . Net Assets/(Liability) recognized in Balance Sheet (including experience adjustment impact)					
Present Value of					
Defined Benefit Obligations	(1,587,941)	(1,978,000)	(1,717,000)	(1,472,000)	(1,442,000)
Fair value of Plan Assets	559,568	380,000	358,000	337,000	325,000
Status [Surplus/(Deficit)]	517,718	(239,000)	(224,000)	(16,000)	23,000
Experience Adjustment of Plan Assets [Gain/(Loss)]	141,985	-	-	(8,000)	-
Experience Adjustment of Obligation [Gain/(Loss)]	(22,998)	26,000	(155,000)	(92,000)	(230,000)

Disclosures for defined benefit plans based on actuarial reports as on March 31, 2016

* Included in "Salaries, Wages and Bonus" and "Contribution to Provident Fund, Gratuity and Other Funds" under "EMPLOYEES BENEFIT EXPENSES" on Note 23.

**The contributions expected to be made by the Company for the year 2016-17 is not ascertained.

27.3 Earning Per Share (EPS)

	(Amount in Rs.)	
	2015-16	2014-15
a) Profit / (Loss) attributable to Shareholders (‘)	(30,099,529)	(17,138,832)
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 (‘)	(8.03)	(4.57)

27.4 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.)	
	2015-16	2014-15
a) Sale of products		
Domestic	315,564	93,457
Export	-	-
Total	315,564	93,457
b) Assets*		
Trade Receivable (Gross)		
Within India	5,386	-
Outside India (under other Non Current Assets)	17,301,387	17,301,387
Less : Provision for Doubtful Debts	(17,301,387)	-
Total	5,386	17,301,387

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

NOTE TO THE ACCOUNTS

Notes forming part of the financial statements as at March 31, 2016

27.5 Related Party Disclosure

- i) Related Party Disclosure as required by the 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 :

Nature of transaction	Smt.Sheela Patodia		Sri Rishi Raj Patodia		Y S Exports Limited	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Remuneration paid	-	887,318	-	336,000	-	-
Loan taken	4,690,000	8,589,000	1,890,200	2,658,000	-	350,000
Loan Repaid	187,000	900,000	1,031,200	321,387	-	2,400
Loan given	134,373	1,278,186	-	-	-	-
Loan Recovered	-	541,510	-	-	-	-
Outstanding						
- Loan taken	20,750,944	16,247,944	7,243,712	6,387,713	2,559,730	2,559,730
- Loan given	1,814,879	1,680,506	-	-	-	-

- 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.

27.6 Balances of Trade Receivable(note 15 & 12), Trade payable(note 7), Security Deposits and Other Deposits & Advances(note 11 & 17), 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.

27.7 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.

27.8 "(I) Due to substantial losses incurred in earlier years and current year, the networth of the company has been eroded and thereby has become negative as at the Balance Sheet date. In view of the above and the unfavourable sales orders received from the customers ,steps are being taken by the management to get the favourable orders from the customers. In the meantime other alternative business propositions and combinations etc. are being done ." Taking the above into consideration, the management of the company believes that the company has the ability to continue its operations as a going concern in the foreseeable future and promoters of the company have agreed to infuse the funds as and

NOTE TO THE ACCOUNTS

when required and accordingly the financial statements for the year ended 31st March 2016 have been prepared on the basis that the Company is a going concern."

" (II) In view of above, even though a few trading activities have been undertaken during the year, considering the pending proposals, negotiations & prospects thereof, and future plans and expectations, operations as such has not been discontinued."

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

Notes 1 to 27.9 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 2nd day of June, 2016

For and on behalf of the Board
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, 2016

(Amount in Rs.)

Particulars	Year ended 31st March, 2016 (Rs.)	Year ended 31st March, 2015 (Rs.)	
A. Cash Flow from Operating Activities			
Net Profit/(Loss) before Taxes	(38,590,414)	(17,558,480)	
Adjustment for :			
Depreciation	2,108,809	2,646,900	
Interest paid	1,073,680	769,878	
Interest Received	(574,242)	(639,025)	
Miscellaneous Received	(13,972)	(1,820)	
Difference in Foreign Exchange (Net)	(376)	(1,468)	
Fixed Assets Written off	–	742,106	
Sundry Balances Written Off (Net)	–	2,593,899	7,019,483
Operating Profit/(Loss) before working Capital Changes	(35,996,515)	(10,538,997)	
Adjustment for :			
Trade and Other Receivables	(5,010)	(1,488,344)	
Inventories	(23,679)		
Advances	(982,645)	2,903,472	
Trade Payables	(146,500)	(286,345)	1,128,783
Cash Generated From Operations	(37,154,349)	(9,410,214)	
Direct Taxes Paid	187,268	187,268	806,622
Net Cash from Operating Activities before exceptional item	(36,967,081)	(8,603,592)	
Provision for Doubtful Debts, Advances and Deposits	27,350,496		–
Net Cash from Operating Activities after exceptional item (A)	(9,616,585)	(8,603,592)	
B. Cash Flow from Investing Activities			
Purchase of Fixed Assets	–	(127,700)	
Loans & Inter-corporate Deposits	2,000,000	554,112	
Interest Received	291,622	69,465	
Miscellaneous Received	13,972	2,305,594	497,697
Net Cash Used In Investing Activities (B)	2,305,594	497,697	
C. Cash flow from Financing Activities			
Net Increase/Decrease in Secured Borrowing	(1,837,469)	(2,229,655)	
Net Increase/Decrease in Unsecured Borrowing	8,362,000	10,025,613	
Interest Paid	(801,917)	5,722,614	7,203,133
Net Cash from Financing Activities (C)	5,722,614	7,203,133	
Net Increase in Cash & Cash equivalents(A+B+C)	(1,588,377)	(902,762)	
Cash & Cash equivalents as at opening	1,830,034	2,732,796	
Cash & Cash equivalents as at closing (Ref Note 16)	241,657	1,830,034	

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 27.9 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 2nd day of June, 2016

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

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 30th September, 2016 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 30th September, 2016 at 10.00 A.M. at Orchid Hotel & Restaurant, 123/1, G P Road, Barrackpore, Kolkata – 700120 or 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, 2016, the Statement of Profit & Loss for the year ended on that date together with the Auditors and the Directors Reports thereon.		
2.	Reappointment of Sri Kishorelal Beharilal Chhabria (DIN No. 00306069) retiring by rotation.		
3.	To ratify appointment of M/s Lodha & Co., Chartered Accountants as auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next AGM and to fix their remuneration.		
4.	To Reappoint Mrs. Sheela Patodia (DIN No. 00276269) as the Chairperson & Managing Director of the Company.		
5.	To Reappoint of Mr. Rishiraj Patodia (DIN No. 00259104) as the Joint Managing Director of the Company.		
6.	Authorisation to borrow money and invest the funds of the company under Section 180(1)(c) & Section 179(3)(e) of the Companies Act, 2013 read with relevant Rules.		

Signed this _____ day of _____ 2016.

Signature of Shareholder: _____

Signature of Proxy holder(s): _____

Note:

1. The 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.

Seventieth Annual General Meeting - Friday, 30th September, 2016

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 my/our vote in respect of the following resolution(s) to be passed at the Seventieth Annual General Meeting of the Meeting, to be held on Friday, the 30th September, 2016 at 10.00 A.M. in respect of businesses as stated in the Notice dated 2nd June, 2016 by conveying my/our assent/dissent to the said resolution(s) by placing the (✓) 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, 2016, the Statement of Profit & Loss for the year ended on that date together with the Auditors and the Directors Reports thereon.			
2	Reappointment of Sri Kishorelal Beharilal Chhabria (DIN No. 00306069) retiring by rotation.			
3	To ratify appointment of M/s Lodha & Co., Chartered Accountants as auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next AGM and to fix their remuneration.			
4	To Reappoint Mrs. Sheela Patodia (DIN No. 00276269) as the Chairperson & Managing Director of the Company.			
5	To Reappoint of Mr. Rishiraj Patodia (DIN No. 00259104) as the Joint Managing Director of the Company.			
6	Authorisation to borrow money and invest the funds of the company under Section 180(1)(c) & Section 179(3)(e) of the Companies Act, 2013 read with relevant Rules.			

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, Practicing Company Secretary, C/o R & D Infotech Pvt. Ltd., 1st Floor, 7A, Beltala Road, Kolkata – 700026.
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 Form will be rejected.
4. A Member need not cast all the votes in the same way.
5. Duly completed Ballot Form should reach the Scrutinizer not later than 5.00 PM IST on Thursday 29th September, 2016 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 30TH SEPTEMBER, 2016 AT 10.00 A.M.

Name of the Member(s) :		
Registered Address :		
Email ID :		
Folio No. / Client ID No. & DP ID :		
EVEN No.	USER ID	PASSWORD
104847	YOUR FOLIO NO.	USE EXISTING USER ID & PASSWORD

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 30th September, 2016 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.