

YARN SYNDICATE LIMITED

EXPORTERS OF COTTON AND MANMADE FIBRE
YARNS, TEXTILES & KNITED FABRICS

CIN NO.: L51109WB1946PLC013842

REGD. OFFICE : 86/2/4, S N BANERJEE ROAD,
1ST FLOOR, FLAT NO. 2,

KOLKATA - 700 014

WEBSITE : www.yarnsyndicate.in

E-MAIL : yarncal@vsnl.com

Date: 22.09.2017

The General Manager
Corporate Relationship Dept.

BSE limited

1st Floor, New Trading Ring

Rotunda Building

P J Towers

Dalal Street, Fort

Mumbai - 400 001

Sub: Annual Report - Regulation 34 of the SEBI (LODR) Regulations, 2015

Dear Sir,

We are pleased to submit herewith the 71st Annual Report for the financial year 2016-17 as required under Regulation 34 of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

For YARN SYNDICATE LIMITED

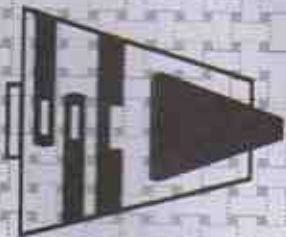


RISHIRAJ PATODIA
MANAGING DIRECTOR
DIN: 00259104

BOOK-POST

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

yarn syndicate limited



ANNUAL REPORT

2016 - 2017

YARN SYNDICATE LIMITED

BOARD OF DIRECTORS

SMT. SHEELA PATODIA, Chairman & Managing Director
SRI RISHIRAJ PATODIA, Joint Managing Director
SRI DEVENDRA JHUNJHUNWALA, Paigand w.a.L. 09.06.17
SRI KISHORE CHHABRIA

BANKERS

CANARA BANK
Overseas Branch
21, Russel Street, Kolkata - 700 071

AUDITORS

LODHA & CO.
Chartered Accountants
14, Government Place East, Kolkata - 700 089

REGISTERED OFFICE

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

NOTICE OF THE 71ST ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventy First Annual General Meeting (AGM) of the Members of Yarn Syndicate Limited will be held at the Grand Hotel & Restaurant, 123/1, G P Road, Barrackpore, Kolkata-700120 on Thursday, the 21st day of September, 2017 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, 2017, including the Audited Balance Sheet as at 31st March, 2017, the Statement of Profit & Loss for the year ended on that date together with the Auditors' and the Director Reports thereon.

2. **Appointment of Director**
To appoint a Director in place of Smt Sheela Patoda (DIN: 00276289), who retires by rotation and being eligible, offers herself for re-appointment.

3. **Appointment of Auditors**
To appoint the Auditors in place of the existing Auditors (who are not eligible to be re-appointed due to expiry of the maximum permissible tenure as Auditors of the Company) and to pass the following Resolution as an Ordinary Resolution:

***RESOLVED THAT** pursuant to provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, Messrs. S P Sarda & Co., Chartered Accountants (Registration No. 323054E) be and are hereby appointed as the Statutory Auditors of the Company in place of the retiring Auditors Messrs. Lohia & Co., Chartered Accountants (Registration No. 301051E) to hold office from the conclusion of the Annual General Meeting till the conclusion of the 70th Annual General Meeting of the Company to be held in calendar year 2022 subject to ratification by the shareholders at every intervening AGM, at a remuneration to be fixed by the Board of Directors in consultation with the Auditors plus applicable taxes and reimbursement of out of pocket expenses incurred by them for the purpose of audit.*

Registered Office :
66/2/4, S N Bhowmik Road,
Kolkata-700014.

Dated : the 31st day of May, 2017

By order of the Board
For YARN SYNDICATE LIMITED
BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

NOTES :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself through a form enclosed herewith and such proxy need not be a member of the Company. Proxies, in order to be valid, must be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the

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aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent 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 Member.

2. Member/Joint shareholder(s)/Proxies are requested to:
 - (a) bring the attendance slips duly completed to the meeting and sign the same at the meeting in order to obtain entry.
 - (b) bring their copy of the Annual Report with them to the Annual General Meeting.
3. Corporate members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of Companies Act, 2013 (The Act) are requested to send to the Company a certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
4. Proxy Form(s) and certified copy of Board resolution(s) authorizing representative(s) to attend and vote at the Meeting shall be sent to the registered office of the Company and addressed to the 'Secretarial Department'.
5. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from 18th September 2017 to 21st September, 2017 (both days inclusive).

REQUEST TO THE MEMBERS :

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast 7 (seven) days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. Members are requested to inform immediately of any change in their address to the Company's Share Transfer Agent.
4. All communications relating to shares are to be addressed to the Company's Share Transfer Agent, 'Ms R & D Infotech Pvt. Ltd., 7A, Beldia 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.

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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:

In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to Members the facility to exercise their right to vote on resolutions proposed to be considered at the 71st Annual General Meeting (AGM) by remote e-voting and the business may be transacted through remote e-voting services provided by National Securities Depository Limited (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>.
 - 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 Cycle.
 - VIII. Select "EVEN" (E-Voting Event Number) of YARN SYNDICATE LIMITED. Now you are ready for remote e-voting as "Cast Voter" 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 sweetlykapoor53@rediffmail.com with a copy marked to evoting@nsdl.com.
- 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.

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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. I. In case of any queries, please refer the Frequently Asked Questions (FAQs) and remote e-voting user manual available in the downloads section of NSDL's e-voting website www.evoting.nsdl.com.

II. If you are already registered with NSDL for remote e-voting then you can use your existing User ID and Password for casting your vote.

D. Other Instructions:-

- I. The e-voting period commences on Monday, 18th September, 2017 (9 a.m. IST) and ends on Wednesday, 20th September, 2017 (5 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 14th September, 2017 (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 14th September, 2017 and as per the Register of Members of the Company.
- III. Mr. Sweetly Kapoor, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the remote e-voting process and the polling at the AGM in a fair and transparent manner.
- IV. The facility for voting through poll paper shall also be made available at the AGM. Members attending the meeting, who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting through poll paper.
- V. Members who have cast their vote by remote e-voting prior to the AGM may also attend the meeting, but shall not be entitled to vote again at the AGM.
- VI. The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unlock 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.
- VII. 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 71st AGM of the Company on Thursday, 21st September, 2017 and communicated to the BSE Limited, where the shares of the Company are listed.

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Details of Directors seeking re-appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 issued by the Institute of Company Secretaries of India, are furnished below:-

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1. Name	: Sheela Padilla
2. Date of Birth	: 13.11.1949
3. Date of Appointment	: 01.04.2002
4. Qualifications	: Graduate
5. Expertise in Specific functional area	: Expertise in Management
6. Chairman/Director of the other : Directorships: Directorships/Companies	: 1. YS Exports Limited

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

Name of Company	Committee Type	Membership Status
Yarn Syndicate Ltd.	Audit Committee	Member
Yarn Syndicate Ltd.	Nomination and Remuneration Committee	Member
Yarn Syndicate Ltd.	Stakeholders Relationship Committee	Member

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

By order of the Board
For YARN SYNDICATE LIMITED

Dated : the 31st day of May, 2017

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

YARN SYNDICATE LIMITED

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

To
The Members of
YARN SYNDICATE LIMITED
Your Directors present their 71st Annual Report of the company together with the Audited Accounts for the Year ended on 31st March, 2017.

FINANCIAL RESULTS :

	2016-2017	2015-2016
	Rs. in Thousand	Rs. in Thousand
Sale of Products	82996	318
Profit/(Loss) before Interest & Depreciation	1685	(8057)
Less: Interest	714	1074
Depreciation	811	2109
	1525	3183
	(160)	(11240)
Add: Exceptional Item - Provision for doubtful Debts Advances & Deposits		27350
Profit/Loss before Tax	(160)	(38590)
Less: Deferred tax Charge/(Credit)	116	(8491)
Profit/(Loss) after Tax	(44)	(30099)
Add: Balance brought from last year	(94318)	(64219)
Balance carried forward to next year	(94352)	(94318)

DIVIDEND:

Your Directors do not recommend dividend on Equity Shares for the Financial Year ended 31st March, 2017

TRANSFER TO RESERVES:

Your Directors do not propose to transfer any amount to the general reserves.

SHARE CAPITAL:

The paid up equity share capital as on 31st March, 2017 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.

SUBSIDIARIES, JOINT VENTURES & ASSOCIATE COMPANIES:

The Company does not have any Subsidiaries or Joint ventures or Associate Companies.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

A Familiarization programme about roles, rights and responsibilities of Independent Directors in the Company, nature of industry in which the Company operates business model of the Company, etc. has been prepared by the Company.

FINANCE:

Cash and cash equivalent as at 31st March 2017 was Rs. 44,07,039 (previous year: Rs. 2,41,857).

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 order/enquiries from customers, even though trading activities have been undertaken during the year. The export market remains highly competitive and margins are thin and not lucrative at present. The company is also marketing different kind of products like jute fabric products, non-wovens, fabrics, jute bags and food items.

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 get some orders in the export business. The sale of products like jute fabric products, non-wovens, fabrics, jute bags and food items was Rs.829.96 lakhs during the year 2016-17 as compared to sales of Rs.316 lakhs during the previous year. The company hopes that the overall market conditions will be more favorable this year.

CORPORATE SOCIAL RESPONSIBILITY:

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

OCCUPATIONAL HEALTH AND SAFETY:

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

PARTICULARS OF EMPLOYEES:

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

PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS:

Details of loans and guarantees given and investments made if any under Section 185 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:

As per provisions of Section 152 of the Companies Act, 2013 Smt. Sheela Patodia, (DIN No. 00276265) Director of the Company retires by rotation and is eligible offers herself re-appointment. Shri Devendra Kumar Jhunjhunwala (DIN: 00276936) resigned from directorship of Company w.e.f. 09.09.2016. The Board placed on record deep appreciation for the services granted by him.

The Board is in process to comply with the composition of board due to vacancy caused by resignation of Shri Devendra Kumar Jhunjhunwala from the board of directors of the company. Mr. Kishorelal Beharilal Chhabra, Mr. Rishiraj Patodia and Mrs. Sheela Patodia are the present directors of the Company.

KEY MANAGERIAL PERSONNEL:

Mr. Bhaish Chandra Chatterji is the Company Secretary of the Company. Mrs. Sheela Patodia and Mr. Rishiraj Patodia are the Managing Director and Whole time Directors of the Company.

BOARD EVALUATION:

Pursuant to the provision of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders Relationship Committee. The evaluation of all the Directors and the Board as a whole was conducted and the Board approved the evaluation results as collated by the Nomination and Remuneration Committee.

COMMITTEES OF THE BOARD:

Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee have been constituted and the composition and their terms of reference have been furnished in the Corporate Governance Report.

NOMINATION AND REMUNERATION POLICY:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. For maintaining the independence of the Board and separate its functions, Company's policy is to have an appropriate combination of Executive and Independent Directors.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

During the year under review, 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 and hence do not fall under the ambit of Section 188(1) of the Act. There was no material RPT entered into by the Company with promoters, directors, KMP or other designated persons during FY 2016-2017. Your Directors draw attention of the members to Note No. 27.5 to the Financial Statement which sets out related party disclosures. In view of the above, the disclosure under the Act in Form AOC-2 is not applicable for FY 2016-2017.

None of the Director or KMP has any pecuniary relationships or transactions with the Company during FY 2016-2017.

MEETINGS OF THE BOARD OF DIRECTORS:

The Board of Directors of the Company met five times during the year on 30th May 2016, 12th August 2016, 14th September 2016, 14th November 2016 and 14th February 2017 and the AGM was held on 30.09.2016. The details of the Board Meetings and the attendance of Directors are provided in the Corporate Governance Report.

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 weaknesses in the design or operation were observed.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

The Statement on Particulars of Loans, Guarantees and Investments if any is furnished under to the financial Statements.

DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received declaration of independence in terms of Section 149(7) of the Companies Act, 2013 from the above mentioned Independent Directors.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required to be given under Rule 8 (3) of the Companies (Accounts) Rules, 2014 is provided below:

(A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy : Nil
- (ii) the steps taken by the company for utilizing alternate sources of energy : Nil
- (iii) the capital investment on energy conservation equipments : Nil

(B) Technology absorption-

- (i) the efforts made towards technology absorption - Nil
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution - Nil
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Nil
 - (a) the details of technology imported;
 - (b) the year of import;
 - (c) Whether the technology been fully absorbed;
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- (iv) the expenditure incurred on Research and Development - Nil

There were no foreign exchange earnings or outgo during the year under review.

EXTRACT OF ANNUAL RETURN:

Extract of Annual Return in form MGT 9 is attached as an Annexure to this Report.

VIGIL MECHANISM:

The company has a vigil mechanism named 'Whistle Blower Policy' to deal with instances of fraud and mismanagement.

DEPOSITS FROM PUBLIC:

Your Company has not accepted any deposits from the public and its such no amount of principal or interest on deposits from the public was outstanding as on the date of the Balance Sheet.

RISK MANAGEMENT:

Your Company has implemented a mechanism for risk management and has formulated a risk management policy. The policy provides for identification and assessment of risk and formulating mitigation plans. The Audit Committee and the Board are responsible for overall risk management.

COST RECORDS AND COST AUDIT:

Pursuant to Section 145 of the Companies Act, 2013, the Central Government has prescribed maintenance and audit of cost records vide the Companies (Cost Records and Audit) Rules, 2014 to such class of companies as mentioned in the Table appended to Rule 3 of the said Rules. These rules are not applicable to the Company.

SECRETARIAL AUDIT:

Secretarial Audit Report dated 31st May, 2017 issued by Mrs. Rakesh Kumar Gupta, Practising Company Secretary is attached as an Annexure to this Report. The observations made by the Secretarial Auditor are self-explanatory and do not require further comments.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company has no amount lying under unpaid dividend or unpaid interest account or such other amount as mentioned under Section 125 of the Companies Act, 2013 and hence no amount is required to be transferred to the Investor Education and Protection Fund.

DIRECTORS RESPONSIBILITY STATEMENT:

Disclosed in disclosures in the Annual Financial Statements and also on the basis of the discussion with the Statutory Auditors of the Company from time to time, the Board of Directors state as under:

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- (a) that in the preparation of the Annual Financial Statements, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that we 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 of the company for that period;
- (c) that we had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that we had prepared the Annual Financial Statements on a going concern basis;
- (e) and that we, had laid down internal financial controls to be followed by the company and that such internal financial controls were adequate and operating effectively;
- (f) that we had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE:

As per Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on corporate Governance is enclosed as a part of this Annual Report.

A certificate from the Auditors of the Company regarding compliance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Report on Corporate Governance. **DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION AND REDRESSAL) ACT, 2013:**

Your Company has zero tolerance towards sexual harassment at workplace. It has in place a policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

The Company has not received any complaint of sexual harassment during the financial year 2016-2017.

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:

Pursuant to provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the current Statutory Auditors of the Company, will end at the conclusion of the 71st AGM of the Company and the Company is required to appoint new statutory auditors to conduct the statutory audit of the books of accounts of the Company for the FY 2017-2018 onwards. The Board of Directors recommended the appointment of M/s S P Sarda & Co., Chartered Accountants (Registration No. 323054E) be and are hereby appointed as the Statutory Auditors of the Company in place of M/s Luthra & Co., Chartered Accountants (Registration No. 301051E) to hold office from the conclusion of this Annual General Meeting till the conclusion of the 78th Annual General Meeting of the Company to be held in calendar year 2022 subject to ratification by the shareholders at every intervening AGM. M/s S P Sarda & Co., Chartered Accountants have consented to their appointment as Statutory Auditors and have confirmed that, if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act. Accordingly, a resolution proposing appointment of M/s S P Sarda & Co., Chartered Accountants as the Statutory Auditors of the Company for a term of five consecutive years.

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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, Tahsil Branch, HDFC Bank, Dr. U.N. Bhattacharya 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, Kohala, 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.

By order of the Board
For YARN SYNDICATE LIMITED

SHEELA PATODIA
CHAIRPERSON & MANAGING DIRECTOR

Registered Office :
85/2/4, S. N Banerjee Road,
Kolkata - 700 014

Dated : the 31st day of May, 2017

Annexure - A

Form No. MGT - 9

EXTRACT OF ANNUAL RETURN**as on the financial year ended on 31.03.2017**

[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 : 85/2/4, 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 - 700 028

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 Fabric		0.04
2	Non Woven		0.13
3	Folder		0.02
4	Fabric		85.33
5	Jute Bag		1.47
6	Food Item		13.01

III. PARTICULARS OF HOLDINGS, SUBSIDIARY AND ASSOCIATE COMPANIES -

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

VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year/As on 31 March 2016		No. of Shares held at the end of the year/As on 31 March 2017		Change during the year
	Demat	Physical	Demat	Physical	

A. Promoters	No. of Shares held at the beginning of the year/As on 31 March 2016		No. of Shares held at the end of the year/As on 31 March 2017		Change during the year
	Demat	Physical	Demat	Physical	
1) Individuals					
2) Corporate Bodies					
3) Venture Capital Funds					
4) Foreign Venture Capital Investors					
5) Other Investors					
Total Shareholding of Promoters	38878	214408	253478	218408	239478

B. Public Shareholding

1. Institutions	No. of Shares held at the beginning of the year/As on 31 March 2016		No. of Shares held at the end of the year/As on 31 March 2017		Change during the year
	Demat	Physical	Demat	Physical	
2) Mutual Funds					
3) Banks/DFIs					
4) Depository Participants					
5) Foreign Venture Capital Investors					
6) Other Investors					
Total Shareholding of Public	28700	4300	25000	4200	26600

2. Non-Institutions

a) Bodies Corporate	No. of Shares held at the beginning of the year/As on 31 March 2016		No. of Shares held at the end of the year/As on 31 March 2017		Change during the year
	Demat	Physical	Demat	Physical	
b) Individuals					
c) Partnership Firms					
d) Sole Proprietorship Concerns					
e) Other Bodies Corporate					
Total Shareholding of Non-Institutions	750	0	750	0	0

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 Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding as on the beginning of the year, i.e. 01.04.2016		Shareholding as on the end of the year, i.e. 31.03.2017	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	5240	1.59	28092	1.59
PRITHVI FINLEASE INDIA LIMITED	1430	0.04	58092	1.59
2	2497	0.08	34207	0.91
REKHA JAIN	31250	0.83	34207	0.91
3	23503	0.88	33603	0.89
NILESHKUMAR MALIBHA KOTIARI	0.00	0.00	0.00	0.00
4	32331	0.96	32331	0.88
HANESHKUMAR RAJNIKANT SHAN	0.00	0.00	32331	0.88
5	61507	1.37	25017	0.67
MALATI SANCHETI	26500	0.71	24007	0.67
30. Sep. 16. SELL	0	0.00	0	0.00
6	22963	0.61	22963	0.61
SALIRAV GUPTA	0.00	0.00	22963	0.61
Reason				
Closing Balance				
NO CHANGE DURING THE PERIOD				

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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., 01.04.2016	Shareholding at the end of the year, i.e., 31.03.2017	For Each of the Top 10 Shareholders	
		No. of Shares	% of total shares of the Company
7			
HARSHVI BHALI/RAVA NEERVA			
100	100	0.00	0.00
Date Reason			
30/Jun/16 BUY	9809	0.26	0.26
30/Sep/16 BUY	2226	0.06	0.06
31/Oct/16 BUY	9877	0.26	0.26
Closing Balance: 22010			
8			
DANVARA ROBEKO MUTUAL FUND A/C GAD			
20700	20700	0.55	0.55
Date Reason			
Closing Balance: 20700			
9			
ASHOK KUMAR			
18879	18879	0.50	0.50
Date Reason			
13509		0.36	
Closing Balance: 18879			
10			
JATANI DEVI SUREVA			
13509	13509	0.36	0.36
Date Reason			
Closing Balance: 13509			
11			
NO CHANGE DURING THE PERIOD			
12			
NO CHANGE DURING THE PERIOD			

(16)

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v) Shareholding of Directors and Key Management Personnel :

S No.	For Each of the Directors and KMP	Shareholding at the beginning of the year	% of total shares of the company	Cumulative Shareholding during the year	% of total shares of the company
	At the beginning of the year Date when 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

Indebtedness at the beginning of the financial year	Secured Loans excluding	Unsecured Loans	Deposits	Total Indebtedness
DEPOSITS				
i) Principal Amount	2146144	27967657	5500000	
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	2146144	27967657	5500000	34643801
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net Change	(1955039)	5477099	3000000	3522060
Indebtedness at the end of the financial year				
i) Principal Amount	191105	33474756	5500000	
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	191105	33474756	5500000	39165861

(17)

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/NTD/ Manager	Mr. Rishraj Patodia	Total Amount
1.	Gross Salary a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites viz. 17(2) Income-tax Act, 1961 c) Profits in lieu of salary under section 17(2) Income-tax Act, 1961	Ms. Sheela Patodia	NIL	NIL
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify.....	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	237693	NIL	237693
	Ceiling as per the Act			

B. Remuneration to other directors :

Sl. No.	Particulars of Remuneration	Name of Directors	Mr. Kishore B Chhabra	Mr. D. K. Jhunkhunwala	Total Amount
	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 Ceiling as per the Act		-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/NTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
1.	Gross Salary a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites viz. 17(2) Income-tax Act, 1961 c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Mr. BIKASH Chaturji, Company Secretary	197406
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify.....	-	-
	Total	197406	197406

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ compounding fees imposed	Authority (IRD/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 31.03.2017

(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
85/2/4, 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 85/2/4, 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 conduct/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 31.03.2017 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, 2017 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, 1996 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, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015; (Not applicable to the Company during the audit period)
 - d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014; (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, 1983 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, 1986; (Not applicable to the Company during the audit period)

(vi) The law 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. My examination was limited to the verification of procedures on text laws.

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

1. Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
- ii. Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements) Regulations, 2015;

If 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 subjected to the following observations:

1. The Company has not filed the resolutions in e-form MGT-14 with the Registrar of Companies, WB 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.
 2. The Company is in default of provisions of Section 203 of the Companies Act, 2013 as it has not appointed Chief Financial Officer for the year.
 3. 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.
 4. All the shares of the promoters are not in dematerialized form.
 5. The Company has dispatched the Annual Report 2015 - 2016 by e-mail to those members whose e-mail address was available and by ordinary post to other shareholders.
 6. The Company was late in filing of few forms/returns during the year. Though the same were filed within the limits prescribed under Section 403 of the Companies Act, 2013.
- I further report that**
- A. The Board of Directors of the Company is not 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 : 31st May 2017

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

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and form forms an integral part of this report.

Annexure-A

The Members,

YARN SYNDICATE LIMITED

86/2/4, S.N. Banerjee Road, 1st Floor, Flat No. 2,

Kolkata - 700 014

West Bengal

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata

Date : 31st May 2017

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

REPORT ON CORPORATE GOVERNANCE

Pursuant to Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)¹

The Company believes that Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws with highest standards of transparency and business ethics. The basic principle is to achieve business excellence keeping in view the needs and interest of all its stakeholders.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company has always recognized the importance of good Corporate Governance and has strived to practice the same at all levels with its own employees and with outsiders having business relations with the company. The company has always focused on the policies of effective corporate governance by emphasizing on transparency, professionalism and accountability to its shareholders and other stakeholders like its employees, the government and others. The Company will make sustained effort to improve on these aspects on ongoing basis.

2. BOARD OF DIRECTORS

The Board of Directors of the Company comprises of Executive and Non-Executive Directors, with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As of the year ended 31st March, 2017, the Board of directors includes two Executive Director and one Non-Executive Independent director.

COMPOSITION, CATEGORY AND DIRECTORSHIP IN OTHER COMPANIES

Name & Director Identification No.	Position	Board Meetings Attended	No. of Shares	Director of Other Public Companies	Number of Committee positions in Other Companies (Note-1)
Smt. Sheela Patodia DIN: 00276298	Managing Director/ Chairperson	5	1302802	1	NIL
Smt. Rishraj Patodia DIN: 00259104	Managing Director	5	215500	1	NIL
Smt. Kishore Batrajal Chhabra DIN: 00306069	Non-Executive Independent Director	5	NIL	1	NIL
Smt. Devendra Kumar Jhunjhunwala* DIN: 00276838 (Resigned 09.06.2016)	Non-Executive Independent Director	1	NIL	NIL	NIL
wa.t.					

Notes: 1. As required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies considered here are only Audit Committee and Stakeholders Relationship Committee.

BOARD, ANNUAL GENERAL MEETING & ATTENDANCE :

5 (five) Board Meetings were held during the year. The Board Meetings were held on 30th May 2016, 12th August 2016, 14th September 2016, 14th November 2016 and 14th February 2017.

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

The Annual General Meeting was held on 30th September, 2016.

Director	No. of Board Meeting Held	Attended
Smt. Sheela Patodia	5	5
Shri Rishraj Patodia	5	5
Shri D. K. Jhurjhumwala (Resigned w.e.f. 08.06.2016)	5	1
Shri Kishor Chhabria	5	5

AUDIT COMMITTEE

The constitution of Audit Committee is as per requirement of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

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 the 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 :

Audit Committee Meetings were held on 27th May 2016, 11th August 2016, 11th November 2016 and 13th February 2017.

MEMBERS OF THE AUDIT COMMITTEE

Members of the Audit Committee	Meetings held	Meetings Attended
Chairman & Independent Director Smt. K. B. Chhabria	4	4
Member & Independent Director Shri. D. K. Jhurjhumwala (Resigned w.e.f. 9.6.2016)	1	-

Member & Executive Director	Sri Rishraj Patodia	4	4
Member & Executive Director	Smt. Sheela Patodia	3	2

3. REMUNERATION AND NOMINATION COMMITTEE:

The Nomination and Remuneration Committee is constituted as per Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 176(1) of the Companies Act, 2013.

The broad terms of reference and policy of the Remuneration & Nomination Committee are given hereunder:

The Committee while approving the remuneration shall -

- take into account, financial position of the Company, trend in the industry, applicant's qualifications, experience, past performance, past remunerator etc.
- be in a position to bring about objectively in determining the remuneration package while striking a balance between the interest of the company and the shareholders.
- ensure that the Company should not have made any default in repayment of any of its debts (including public deposits) or debentures for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial personnel.

Members of the Remuneration and Nomination Committee:

Chairman & Independent Director : Smt. K. B. Chhabria
Member & Independent Director : Shri D. K. Jhurjhumwala
(Resigned w.e.f. 9.6.2016)

Member & Executive Director : Shri Rishraj Patodia
Member & Executive Director : Smt. Sheela Patodia

Remuneration and Nomination Committee meeting was held on 11th August 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, 2017 to the Directors were as follows:

Smt. Sheela Patodia : Salary: Rs. NIL + Perquisites: Rs.237500.
Shri Rishraj Patodia : Rs. NIL

4. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholder Relationship Committee is constituted as per Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 179 (5) of the Companies Act, 2013.

Smt. K. B. Chhabria is the Chairman of the Committee, Smt. Sheela Patodia, Shri D. K. Jhurjhumwala (Resigned w.e.f. 9.6.2016) and Shri Rishraj Patodia are the other members of the Committee. Shri Bhash Chandora Chettyal, Company Secretary is the Compliance Officer.

The Company has not received any complaint as on 31.03.2017.

There were no shares pending for transfer as on 31.03.2017 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, 2014	26.09.2014	ORCHID HOTEL & RESTAURANT, 123 rd , G P ROAD, BARRACKPORE, KOLKATA-700120	10.00 A.M.
31 st MARCH, 2015	30.09.2015	ORCHID HOTEL & RESTAURANT, 123 rd , G P ROAD, BARRACKPORE, KOLKATA-700120	11.00 A.M.
31 st MARCH, 2016	30.09.2016	ORCHID HOTEL & RESTAURANT, 123 rd , G P ROAD, BARRACKPORE, KOLKATA-700120	10.00 A.M.

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

- i) 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
- ii) 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.
- iii) At the Seventieth Annual General Meeting held on 30th September, 2016, special resolution was passed for authorization to borrow money and invest the funds of the company. No resolution was put through Postal Ballot.

5. 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 Exchange 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 hereinafter, 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 2016-17 and that to the best of our knowledge and belief:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2016-17 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:
 - (i) significant changes in internal control over financial reporting during the year,
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) 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 'Political Business Daily' and 'Suhibar'.
- Quarterly Results	The quarterly results published in the proferta 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 any Website, where displayed.	Political Business Daily (English newspaper), Suhibar (Bengali newspaper). 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
 - whether Management Discussion and Analysis Report is a part of Annual Report

10. GENERAL SHAREHOLDERS INFORMATION :

DATE	TIME	VENUE
a) A.G.M. 21st September, 2017	10.00 A.M.	ORCHID HOTEL & RESTAURANT 123rd, G. F. ROAD, BARRACKPORE, KOLKATA 700 120.
b) Financial Calendar (tentative)	2017 - 2018	
i) Financial Year	April - March	
ii) First Quarter Results	August, 2017	
iii) Second Quarter Results	November, 2017	
iv) Third Quarter Results	February, 2018	
v) Audited Results for the year ending 31/03/2017	May, 2018	
c) Date of Book Closure	19th September, 2017 to 21st September, 2017 (both days inclusive)	
d) Dividend payment date	Not applicable	
e) Listing of Equity Shares on (i) (Annual Listing Fees for the year 2016-17 (as applicable) has been paid to the Bombay Stock Exchange Ltd. (BSE) Mumbai. The fees for the year 2017-18 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.	The Bombay Stock Exchange Ltd. Trading Code No. : 514378 Trading Symbol : YARN SYNDICAT INE 594C01013	

g) Stock Market Data :

Month	THE STOCK EXCHANGE, MUMBAI		
	Month's High Prices	Month's Low Prices	Closing BSE Sensex
April, 2016	5.80	5.56	25,606.82
May, 2016	6.28	5.80	26,667.96
June, 2016	6.56	6.56	26,999.72
July, 2016	6.24	6.24	28,051.86
August, 2016	6.35	6.13	28,452.17
September, 2016	6.28	5.97	27,856.96
October, 2016	5.97	5.97	27,930.21
November, 2016	6.86	5.94	26,552.81
December, 2016	7.10	6.10	25,526.46
January, 2017	6.10	6.10	27,656.96
February, 2017	6.10	5.85	28,743.32
March, 2017	6.10	5.85	29,520.50

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n) Register and Share Transfer Agents

R & D INFOTECH PVT. LTD.
7A, Bullish Road, 1st Floor, Kolkata - 700026.
TEL : 91(33)2419-264/142
FAX : 91(033)24701657
e-mail : rdinfotec@yahoo.com
rdinfotec@vsnl.net

o) Share Transfer System

The share transfer 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.

p) (a) Shareholding Pattern as on 31st March, 2017.

Sl. No.	Category	No. of Shares (Issued Equity)	% of Shareholding
01.	Promoters & Persons Acting in Concert	25,24679	67.330
02.	Indian Financial Institutions, Banks, Mutual Funds	22600	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, 2017.

No. of Shares held	No. of Shareholders	% of Shareholders	No. of shares Issued Equity	% of Shareholding
1-500	3993	51.805	406524	10.84
501-1000	153	4.152	116402	3.16
1001-2000	68	1.872	106097	2.83
2001-3000	21	0.570	63305	1.42
3001-4000	9	0.244	30416	0.81
4001-5000	9	0.244	41247	1.10
5001-10000	20	0.543	145569	3.88
10001-50000	15	0.407	291095	7.75
50001-100000	2	0.054	131092	3.50
100000 & above	4	0.109	242322	64.87
TOTAL	3679	100	3750000	100

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(K) Dematerialization of Shares and Liquidity :

The shares of the Company are continuously 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, 2017, 36.32% of shares of company were held in Dematerialised form. There are no electronic requests pending for approval as on 31.03.2017 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, Beldara Road, 1st Floor,
KOLKATA 700 026
TEL : 91(33)2419-2641/42
FAX : 91(33)2419-2641/657
e-mail : rdinfotech@yahoo.co.in
rdinfotech@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 : yarnca@vsnl.com

The Board of Directors at their Meeting held on 30th May 2017 adopted the above report and the said meeting was adjourned to 31st May 2017 for adoption of Annual Accounts.

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

Dated : the 31st May, 2017

For and on behalf of the Company

SHEELA PATODIA
Chairperson and Managing Director

MD Certification

The Managing Director have certified to the Board in accordance with Regulation 17(6) read with Part B of Schedule II to the Listing Regulations pertaining to MD certification for the Financial Year ended 31st March, 2017.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

In terms of SEBI (LODR) Regulations, 2015, I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the respective Codes of Conduct, as applicable to them for the year ended 31st March, 2017.

Place: Kolkata
Dated: 31.05.2017

Sheela Patodia
Managing Director and Chairman
DIN : 00276269

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**To The Members of Yarn Syndicate Limited**

We have examined the compliance of conditions of Corporate Governance by Yarn Syndicate Limited (the Company) for the year ended 31st March 2017, as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the Listing Regulations for the period 1st April, 2016 to 31st March, 2017.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

We have examined the relevant records of the company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidelines Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable except the following:

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **LODHA & CO.**

Chartered Accountants

Firm's ICAI Registration No. 301051E

H. K. VERMA

Partner

Membership No. 055104

Place : Kolkata

Dated : the 31st day of May, 2017

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 bags, nonwoven products, fabrics and food items. The export of yarn is the company's principal focus of business but due to very difficult export market conditions, the company has not done any export business during the year, but is always on the lookout for lucrative export deals. The company has moved into the business of jute fabric, jute bags and food items.

During the year under review, the company did not venture into the yarn export market due to difficult export market conditions. Total cotton exports from India had dropped considerably during the year, the main cause of which being the drop in demand of Indian yarn exports to China. Moreover, due to the general drop in demand and export markets, capacity utilization in textile mills had come down and fluctuations in cotton prices had hit the Indian export market. The company had found the domestic market more stable for products in Jute Fabric, Non-wovens, Jute bags and Food items.

The company has seized the opportunity of doing business in Jute bags and non-woven fabric and Food item products as the market is more lucrative and is expected to grow in the future. We are also exploring the market for designer jewellery.

In spite of difficult situation your company is finding, 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 and also doing business in the domestic market.

B) OPPORTUNITIES AND THREATS

With India having a strong yarn and textile industry, the global yarn market will always be an opportunity for Indian exporters like your company with decades of experience in the yarn export business. Similarly, the market in jute fabric and non-wovens 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 affect us directly. In the market of jute products Bangladesh and Pakistan can emerge as a competitor and cut into Indian dominance. On the domestic front economic stability is an important factor for continued growth of the industry.

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 comprise 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. Also continued economic stability is a crucial factor for further growth of the industry.

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 Jute products, non-wovens, fabrics and food items appears promising.

F) ADEQUACY OF INTERNAL CONTROL SYSTEM

The Company has adequate internal control systems for the business processes in respect of all operations, financial reporting, compliance with laws and regulations etc. The management information system forms an effective and sound tool for monitoring and controlling all operating parameters. Regular internal audits ensure that responsibilities are exercised effectively. The Audit Committee reviews the adequacy of internal controls on regular basis.

G) 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 forethought 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.

H) CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions may be forward looking, within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could influence the Company's operations include competition, government policies and regulations.

For and on behalf of the Company

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

Dated : The 31st day of May, 2017

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 the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, 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 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgments 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 there under.

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 the disclosures in the financial statements. The procedures selected depend on the auditors' 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 the Company's Director, 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.

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the Loss of the company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

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

- a) 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:

- a) 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;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those;
 - c) 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;
 - d) 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, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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.

- 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 position 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;
 - iv. The Company has provided requisite disclosures in the Financial statement as to holdings as well as dealing in the Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedure and relying on the Management Representation we report that the disclosures are in accordance with books of accounts maintained by the Company and as produced to us by the Management – Refer Note No. 16.1

Place : Kolkata
Dated : the 31st day of May, 2017

For LODHA & CO.
Chartered Accountants
Firm's (CA) Registration No. 301951E
H. K. VERMA
Partner
Membership No. 055104

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 whose principal has been repaid is outstanding.
 - b) Since the overdue amount of interest is not more than Rs. One lakhs, Para 3(ii) (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 72 to 75 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 149(1) of the Act has not been prescribed and as such, paragraph 3(vi) of the Order is not applicable to the Company.
 - 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 undispensed 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 undispensed amounts payable in respect of these which were in arrears as on 31st March 2017 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, 2017.

- vii) 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.
- (x) 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 by the Company or 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 nidi 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 or 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
Date : the 31st day of May, 2017

YARN SYNDICATE LIMITED**“Annexure B” referred to in our report of even date**

Report on the Internal Financial Controls under Clause (f) 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, 2017 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 judgment, 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

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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, 2017, 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.

Place : Kolkata
 Date : the 31st day of May, 2017

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

H. K. VERMA
 Partner
 Membership No. 055104

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BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	(Amount in Rs.)	
		As at 31st March 2017	As at 31st March 2016
EQUITY AND LIABILITIES :			
Shareholders' Funds			
Share Capital	2	37,500,000	37,500,000
Reserves and Surplus	3	(50,635,602)	(50,590,999)
Non-Current Liabilities			
Long-term borrowings	4	21,906,844	19,846,888
Long term provisions	5	307,620	774,591
Current Liabilities			
Short-term borrowings	6	5,500,000	5,500,000
Trade payables	7	-	-
- Dues to Micro and Small Enterprises		-	-
- Dues to Others		-	-
Other current liabilities	8	41,054,085	19,995
Short-term provisions	9	18,642,392	15,964,819
		1,412,291	813,350
Total		75,686,630	29,828,644

ASSETS :

Non-Current assets :			
Fixed assets	10		
- Tangible assets		5,355,319	7,085,836
Long term loans and advances	11	4,785,000	5,085,000
Other Non-current Assets	12	-	-
Deferred tax assets	13	10,343,164	10,458,711
Current assets			
Inventories	14	50,450	23,679
Trade receivables	15	43,216,368	5,395
Cash and Cash Equivalents	16	4,407,039	241,657
Short-term loans and advances	17	4,874,058	4,407,128
Other current assets	18	2,655,212	2,521,444
Total		75,686,630	29,828,644

Summary of Significant Accounting Policies 2-27
Notes to Financial Statements
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 : 31st May, 2017

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

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PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	(Amount in Rs.)	
		As at 31st March 2017	As at 31st March 2016
Revenue/Income from operations	19	82,996,430	315,564
Other Income	20	435,001	588,590
Total Revenue		83,431,431	904,154
Expenses:			
Purchase of Stock-in-Trade	21	76,086,380	248,572
Changes in Inventories of finished goods, work-in-progress and Stock-in-Trade	22	(26,771)	(23,679)
Employee benefit expense	23	2,186,739	3,452,148
Finance costs	24	714,325	1,073,680
Depreciation	10	811,491	2,108,808
Other expenses	25	3,508,323	5,244,543
Total Expenses		83,360,487	12,144,072
Profit before tax and exceptional items for the year		70,944	(11,239,918)
Exceptional items	26	-	27,350,496
Profit before tax for the year		70,944	(38,590,414)
Tax expense:			
- Current tax		-	-
- Tax for earlier years		-	-
- Deferred tax charge/(credit)		115,547	(8,490,885)
		115,547	(8,490,885)
Profit/(Loss) after tax for the year		(44,603)	(30,089,529)
Earning per equity share:			
- Basic		(0.01)	(6.03)
- Diluted		(0.01)	(6.03)

Summary of Significant Accounting Policies 2-27
Notes to Financial Statements
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 : 31st May, 2017

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

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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 demand/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 asset 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:**
- Short term employees 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.
 - 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:**
- Depreciation on tangible fixed assets has been provided as per Schedule II of the Companies Act, 2013 on written down value method.
 - Depreciation on additions to assets during the year valuing up to Rs. 5,000/- has been provided at the rate of 95%.
 - 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 2017 As at 31st March 2016

Note 2
SHARE CAPITAL :

Authorised 50,00,000 (50,00,000) Equity shares of Rs.10/- each	50,000,000	50,000,000
Issued, Subscribed & Paid-up 37,50,000 (37,50,000) Equity shares of Rs. 10/- each	37,500,000	37,500,000

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 2017	No. of shares held at 31st March 2016
Sheela Palodia	1,302,802	1,302,802
Rishal Palodia	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
Surplus/ (Deficit) As per last Balance Sheet Add : Net Profit/(Loss) After Tax transferred from Statement of Profit and Loss Net Surplus	(94,340,999)	(64,241,470)
	(44,503)	(30,099,529)
	(94,385,502)	(94,340,999)
	(50,835,502)	(50,590,999)

Note 4 LONG TERM BORROWINGS :	Ref.	As at 31st March 2017		As at 31st March 2016	
		Non-Current	Current	Non-Current	Current
Secured Vehicle Finance Loan From Banks	4.1 & 4.2	-	191,105	95,844	2,050,200

Unsecured From Directors	21,905,844	11,568,913	18,750,944	9,246,713
	<u>21,905,844</u>	<u>11,760,018</u>	<u>18,846,888</u>	<u>11,296,913</u>

4.1 Secured by way of hypothecation of vehicles acquired there against

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NOTE TO THE ACCOUNTS

(Amount in Rs.)

As at 31st March 2017 As at 31st March 2016

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

Rate of Interest	2017-18
	11.51%
	191,105

Note 5

LONG TERM PROVISIONS :

- Provision for Employee benefits Provision for Gratuity	307,620	774,591
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Note 5

SHORT TERM BORROWINGS

Unsecured Loan from body corporate	5,500,000	5,500,000
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Note 7

TRADE PAYABLE

Dues to Micro and Small Enterprises	41,054,085	19,995
Dues to Others	41,054,085	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 27.8

Note 8
OTHER CURRENT LIABILITIES

Current Maturities of Long Term Borrowings	4	11,760,018	11,296,913
Interest accrued and due on Loan from Bodies Corporate		718,805	489,357
Interest accrued but not due on Vehicle loans	0.1	6,163,569	18,096
Other Payable		16,642,392	5,160,443
		16,642,392	16,984,819

Note 9

SHORT TERM PROVISIONS :

- Provision for Employee benefits Provision for Gratuity	1,412,291	813,350
	<u>1,412,291</u>	<u>813,350</u>

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SCHEDULES TO THE ACCOUNTS

Notes forming part of the financial statements as at 31st March, 2017

Note 10 : FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION BLOCK					NET BLOCK	
	As on 01.04.16	Additions during the Period	Sales/ad-justment during the Period	Total as on 31.03.17	Up to 31.03.16	For the year	Deduction for sales/adjustment	Adjust-ment to Opening Retained Earnings	Upto 31.03.17	As on 31.03.17	As on 31.03.16
Tangible Assets											
Freehold Land	620,000	-	-	620,000	-	-	-	-	-	620,000	620,000
Building*	16,138,151	-	-	16,138,151	13,028,652	91,855	-	-	13,120,507	3,017,644	3,109,499
Office Equipments	1,070,290	-	-	1,070,290	860,781	19,548	-	-	1,000,329	60,961	80,509
Computer	259,979	-	-	259,979	259,241	-	-	-	259,241	738	738
Furniture & Fittings	379,435	-	-	379,435	304,545	19,226	-	-	323,771	55,664	74,890
Vehicles	16,225,043	-	4,990,812	11,234,231	13,025,041	680,862	4,071,984	-	9,633,919	1,600,312	3,200,002
TOTAL :	34,692,898	-	4,990,812	29,702,886	27,607,280	811,491	4,071,984	-	24,346,767	5,355,310	7,085,638
PREVIOUS YEAR :	34,692,898	-	-	34,692,898	25,498,452	2,108,808	-	-	27,607,200	7,085,638	-

* Includes 10 shares (Previous year 10 shares) of Rs. 50/- each (Total face value Rs. 1,000/-) fully paid up issued by Maker Bhawan No.11 Premises Co-operative Society Limited at Mumbai.

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NOTE TO THE ACCOUNTS

(Amount in Rs.)

Rel. Note No. 31st March 2017 31st March 2016

Note 11 LONG TERM LOANS AND ADVANCES

Unsecured		
Loan/Finer Corporate Deposits	27.6	27.6
Security Deposits	10,376,732	10,575,732
Loss : Provision for Doubtful advances and deposits	(6,637,397)	(6,637,397)
	4,739,000	5,085,000

11.1 In respect of certain overdue balances in respect of loan given to a company and advance to others amounting to Rs. 6,637,397, pending outcome of the steps taken for recovery, an an abundant caution, provision of Rs. 6,637,397, has been made.

Note 12 OTHER NON-CURRENT ASSETS

Long Term Trade Receivable (Unsecured - Considered Good unless otherwise stated)	27.6	27.6
Loss : Provision for Doubtful Debts	(17,301,387)	(17,301,387)
	-	-

12.1 In respect of certain overseas local customers amounting to Rs. 173,01,387 (net of ECGC claim of Rs. 47,92,845), 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. 173,01,387 has been made.

Note 13		
Deferred Tax Assets		
Expenses allowable on payment basis	608,702	587,673
Depreciation Differences	1,283,159	1,438,735
Provision for Doubtful Debts	(8,451,303)	(8,451,303)
Deferred Tax Liabilities	10,343,163	10,496,711

Note 14		
INVENTORIES		
Trading Goods	50,450	23,679
	50,450	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.	27.6	5,386
Other Debts	43,216,388	5,386
	43,216,388	5,386

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NOTE TO THE ACCOUNTS

(Amount in Rs.)

Ref. Note No.	As at 31st March 2017	As at 31st March 2016
---------------	-----------------------	-----------------------

Note 16		
CASH AND CASH EQUIVALENTS		
Cash in hand	379,450	103,993
Balance with Scheduled Banks	4,021,070	130,996
- on Current Accounts	6,519	6,889
- on EEFC Account	4,407,039	241,657

16.1 Disclosure on Specified Bank Notes

During the year, the Company had Specified Bank Notes (SBNs) and other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016 are as follows:

Particulars	SBNs	Other denomination notes	Total
Closing Cash in hand as on November 8, 2016	176,500	308,194	484,694
Add: Permitted receipts	-	182,250	182,250
Less: Permitted payments	-	33,417	209,917
Less: Amount deposited in Banks	176,500	-	-
Closing cash in hand as on December 30, 2016	-	456,987	456,987

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

Note 17

SHORT TERM LOANS AND ADVANCES

(Unsecured and considered good unless otherwise stated)

	17.2	8,198,113	7,728,246
Advance (recoverable in cash or in kind or for value to be received)		41,192	41,192
Tax deducted at Source		625	625
Deposit with Govt. Authorities		45,840	45,778
Staff Advances		(3,411,712)	(3,411,712)
Less: Provision for Doubtful advances	17.1	4,874,058	4,407,130

17.1 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.

17.2 Advance includes Rs. 18,18,980 (P.Y. Rs. 16,80,505) recoverable from one of the directors. As agreed, the amount is adjustable against loan taken from directors from April 1st, 2015.

17.3 Refer Note 27.6

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NOTE TO THE ACCOUNTS

(Amount in Rs.)

Ref. Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
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Note 18		
OTHER CURRENT ASSETS		
Interest Receivable	1,531,026	1,397,258
Export Incentives Receivable	796,511	795,511
Fixed Assets retired from active use	328,675	328,675
	2,656,212	2,521,444

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 'Other Current Assets'. In the absence of determination of their realisable value, these have been recorded at book value. In the opinion of the management the realisable value will not be lower than the book value. Necessary adjustments, if any will be carried on disposal of the same.

Note 19

REVENUE / INCOME FROM OPERATIONS

	19.1	82,998,430	315,564
Sale of Products		82,998,430	315,564
19.1 Sales of Products		1,254,491	95,000
July Bag		81,741,939	220,564
Others		82,996,430	315,564

Note 20

OTHER INCOME

Interest Received	435,001	574,242
Difference in Exchange(Net)	-	376
Miscellaneous Income	435,001	588,590

Note 21

PURCHASE OF STOCK IN TRADE

	21.1	76,066,380	248,572
21.1 Details of Purchase		76,066,380	248,572
July Bag		1,177,447	71,900
Others		74,888,933	176,672
		76,066,380	248,572

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NOTE TO THE ACCOUNTS

(Amount In Rs.)

Ref. Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
---------------	---------------------------------------	---------------------------------------

Note 22
CHANGES IN INVENTORIES OF FINISHED GOODS,
WORK-IN-PROGRESS AND STOCK-IN-TRADE

Closing stock	50,450	23,679
Less : Opening stock	23,679	-
	<u>(26,771)</u>	<u>(23,679)</u>

Note 23
EMPLOYEE BENEFIT EXPENSES

Salaries & Wages	1,950,740	3,335,894
Contribution to Provident and other Funds	199,768	315,468
Staff welfare expenses	99,231	89,974
	<u>2,186,739</u>	<u>3,741,336</u>

Note 24
FINANCE COSTS

Interest Paid :		
On Vehicles Loan	117,854	477,332
On Loans/Inter Corporate Deposits & Others	596,471	596,348
	<u>714,325</u>	<u>1,073,680</u>

Note 25
OTHER EXPENSES

Rent	595,328	2,727,264
Repairs :		
- Building	594,933	75,622
- Others	16,800	69,987
Insurance	87,773	48,916
Rates & Taxes	128,669	30,546
Travelling & Conveyance	31,596	174,646
Sales/Export Promotion Expenses	-	22,500
Payment to Auditors	-	-

- Audit Fees	67,716	55,000
- Other Services	30,000	30,000
Shipping Expenses	10,400	4,996
Discount/Claims/Samples	600	48,539
Bank Charges	51,566	22,985
Charity & Donation	-	4,000
Difference in Foreign Exchange (Net)	150	-
Miscellaneous Expenses	1,992,792	1,926,562
	<u>3,608,533</u>	<u>5,244,543</u>

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NOTE TO THE ACCOUNTS

(Amount In Rs.)

Ref. Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
---------------	---------------------------------------	---------------------------------------

Note 26
EXCEPTIONAL ITEMS
Provision for Doubtful Debts,
Advances and Deposits

	26.1	27,350,496
	-	<u>27,350,496</u>

26.1 Represents provisions made for doubtful recoveries against certain Trade Receivables, Advances and Deposits. (Refer Note 11.1, 12.1 and 17.1)

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

	2016-17	2015-16
Employer's Contribution to Provident Fund	117,032	192,531
Employer's Contribution to Pension Fund	51,561	84,824
	<u>168,593</u>	<u>277,355</u>

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.

	2016-17	2015-16
A. Change In Defined Benefit Obligation :		
Present Value of Defined Benefit Obligations at the beginning of the year	1,587,941	1,978,000
Current Service Cost	113,953	111,231
Interest Cost	124,044	143,028
Benefit Paid	(78,000)	(51,909)
Actuarial (Gain) / Losses	(28,027)	(592,409)
Present Value of Defined Benefit Obligations as at the end of the year	<u>1,719,911</u>	<u>1,587,941</u>

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NOTE TO THE ACCOUNTS

B. Change in Fair Value of Assets :					
Fair value of Plan Assets at the beginning of the year		559,568		380,000	
Expected Return on Plan Assets		40,615		37,563	
Contributions by the Employer		-		51,905	
Benefit paid		(78,000)		(51,909)	
Actuarial Gains/(Losses)		1,305		141,985	
Fair value of Plan Assets at the end of the year		523,486		559,568	
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		(1,719,911)		(1,587,941)	
Fair value of Plan Assets at the end of the year		523,486		559,568	
(Liability) / Assets recognized in the Balance Sheet		(1,196,423)		(1,028,373)	
D. Expenses recognized in the Statement of Profit and Loss					
Current Service Cost		113,953		111,231	
Interest Cost		124,044		143,028	
Expected Return on Plan Assets		(40,615)		(37,583)	
Net Actuarial (Gain)/ Loss		(29,322)		(734,394)	
Total Expenses recognized in the Statement of Profit and Loss*		168,050		(517,718)	
E. Principal Actuarial Assumptions used					
Discounted Rate (per annum) Compound		7.50%		8.00%	
Expected Rate of return on Plan Assets		7.50%		8.00%	

Notes forming part of the financial statements as at March 31, 2017 (Amount in Rs.)

Experience History	2016-17	2015-16	2014-15	2013-14	2012-13
F. Net Assets/(Liability) recognized in Balance Sheet (including experience adjustment impact)					
Present Value of Defined Benefit Obligations	(1,719,911)	(1,587,941)	(1,978,000)	(1,717,000)	(1,472,000)
Fair value of Plan Assets	523,486	559,568	380,000	359,000	337,000
Status (Surplus/(Deficit))	(1,196,423)	517,718	(239,000)	(224,000)	(16,000)
Experience Adjustment of Plan Assets (Gain/(Loss))	1,305	141,985	-	-	(8,000)
Experience Adjustment of Obligation (Gain/(Loss))	(18,729)	(22,998)	26,000	(155,000)	(92,000)

Disclosures for defined benefit plans based on actuarial reports as on March 31, 2017

* 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 2017-18 is not ascertained.

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NOTE TO THE ACCOUNTS

27.3 Earning Per Share (EPS)				
		2016-17	2015-16	(Amount in Rs.)
a) Profit / (Loss) attributable to Shareholders (*)		(44,603)	(30,099,529)	
b) Weighted average number of Equity Shares		3,750,000	3,750,000	
c) Nominal Value of Equity Share (*)		10/-	10/-	
d) Basic and Diluted EPS (*)		(0.01)	(8.03)	
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 comprises of the export to various countries.				
a) Sale of products		2016-17	(Amount in Rs.)	2015-16
Domestic		82,996,430		315,564
Export		-		-
Total		82,996,430		315,564
b) Assets*				
Trade Receivable (Gross)		43,216,386		5,398
Within India		17,301,387		17,301,387
Outside India (under other Non Current Assets)		(17,301,387)		(17,301,387)
Loss - Provision for Doubtful Debts		-		-
Total		43,216,386		5,398

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

Notes forming part of the financial statements as at March 31, 2017

27.5 Related Party Disclosure

Related Party Disclosure as required by the Accounting Standard 18 - Related Party Disclosure as specified in the Companies (Accounting standard) Rules, 2008 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

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NOTE TO THE ACCOUNTS

(i) Details of transactions made with Related Parties during the year:

(Amount in Rs.)

Nature of transaction	Smt. Sheela Patodia	Sri Rajni Raj Patodia	Y S Exports Limited
	2016-17	2015-16	2016-17
Renewal/paid			
Loan taken	4,110,200	4,590,000	1,880,200
Loan Repaid	955,600	187,000	246,600
Loan given	4,101	134,373	-
Loan Recovered	-	-	-
Outstanding			
- Loan taken	21,503,944	20,750,244	9,588,913
- Loan given	1,818,580	1,814,579	7,246,712
			2,359,700
			2,559,730

(ii) 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 Confirmational 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 when required and accordingly the financial statements for the year ended 31st March 2017 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 regrouped/ 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 : 31st May 2017

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

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

Particulars

Year ended
31st March, 2017
(Rs.)

Year ended
31st March, 2016
(Rs.)

Particulars	Year ended 31st March, 2017 (Rs.)	Year ended 31st March, 2016 (Rs.)
A		
Cash Flow from Operating Activities		
Net Profit/(Loss) before Taxes	70,944	(36,550,414)
Adjustment for:		
Depreciation	811,491	2,108,006
Interest paid	714,325	1,073,690
Interest Received	(855,001)	(574,242)
Miscellaneous Received	150	1,15,972
Difference in Foreign Exchange (Net)	1,090,985	(375)
Operating Profit/(Loss) before working Capital Changes	1,161,999	2,193,169
Adjustment for:		
Trade and Other Receivables	(43,211,152)	(6,019)
Inventories	(28,771)	(23,575)
Advances	(468,025)	(882,845)
Trade Payables	42,189,186	(146,500)
Cash Generated From Operations	(1,535,959)	(1,157,834)
Direct Taxes Paid	(313,757)	(37,154,349)
Net Cash from Operating Activities	(973,357)	187,268
Net Cash from Operating Activities before exceptional item	(973,357)	(64,967,861)
Provision for Doubtful Debt, Advances and Deposits		27,350,465
Net Cash from Operating Activities after exceptional item (A)	(973,357)	(6,018,593)
B		
Cash Flow from Investing Activities		
Sale of Fixed Assets	919,839	2,000,000
Leasing & other corporate Deposits	300,000	291,522
Interest Received	301,233	13,972
Miscellaneous Received	1,520,521	2,305,194
Net Cash Used in Investing Activities (B)	1,530,991	2,305,194
C		
Cash flow from Financing Activities		
Net Increase/Decrease in Secured Borrowing	(1,955,039)	(1,837,469)
Net Increase/Decrease in Unsecured Borrowing	5,477,100	8,362,000
Interest Paid	(592,863)	(601,917)
Net Cash from Financing Activities (C)	3,019,078	5,722,614
Net increase in Cash & Cash equivalents(A+B+C)	3,019,078	5,722,614
Cash & Cash equivalents as at opening	4,185,382	(1,598,377)
Cash & Cash equivalents as at closing (Ref Note 16)	241,557	1,303,034
Cash & Cash equivalents as at closing (Ref Note 16)	4,407,039	241,457

Notes: (1) The above Cash Flow Statement has been computer prepared based on the audited accounts of the Company under the "Modified Method" set out in Accounting Standard - 3 on Cash Flow Statements. (2) Previous Year figures have been regrouped/reclassified 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 : 31st May 2017

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

(59)

YARN SYNDICATE LIMITED
 Registered Office: 80/2/4, S. N. BANERJEE ROAD, KOLKATA - 700014
 CIN NO. L61109WB1946PLC013842

YARN SYNDICATE LIMITED

CIN NO. L61109WB1946PLC013842
 REGD. OFF.: 80/2/4, S. N. BANERJEE ROAD, KOLKATA - 700014
 EMAIL: yarnocl@vsnl.com, ysl@yarnsyndicate.in, WebSite: www.yarnsyndicate.in

ATTENDANCE SLIP

Annual General Meeting 21st September, 2017 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
106771	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 21st September, 2017 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.

YARN SYNDICATE LIMITED

CIN No. L51109WB1946PLC013842

Registered Office: 99/2/A, S N Banerjee Road, 1st Floor, Flat No. 2, Kolkata-700014.

Email: yarncat@yarnl.com, website: www.yarnsyndicate.ln.

Seventy First Annual General Meeting - Thursday, 21st September, 2017

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 Thursday, the 21st September, 2017 at 10.00 A.M. in respect of business as stated in the Notice dated 31st May, 2017 by conveying my/our assent/dissent to the said resolution(s) by placing the mark at the box against the respective matters:

Res No	Resolution	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, 2017, the Statement of Profit & Loss for the year ended on that date together with the Auditors and the Directors Reports thereon.			
2	Reappointment of Smt. Snehal Pradha Director (DIN: 00276201) retiring by rotation.			
3	To appoint the Messrs. S. P. Sarma & Co., Chartered Accountants as the Statutory Auditors of the company in place of the retiring Auditors Messrs. Lodha & Co., Chartered Accountants (the latter are not eligible to be re-appointed due to expiry of the maximum permissible tenure as Auditors of the Company) to hold office from the conclusion of the Annual General Meeting till the conclusion to the 76th Annual General Meeting of the Company to be held in calendar year 2022 subject to confirmation by the shareholders at every intervening AGM, at a remuneration to be fixed by the Board of Directors in consultation with the Auditors plus applicable taxes and reimbursement of out of pocket expenses incurred by them for the purpose of audit.			

INSTRUCTIONS FOR FILLING THE BALLOT FORM

1. A member desiring to vote by ballot form may complete this Ballot Form and send it to the Scrutinizer appointed by the company viz: Ms. Sweety Kapoor, Practising Company Secretary, C/o R & D Infotech Pvt. Ltd., 1st Floor, 7A, Balaia Road, Kolkata - 700028.
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 Wednesday 20th September, 2017 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

DEFINITIONS AND HOW TO USE THIS FORM

This form is to be used by a member of the Company to authorize another person to attend and vote at the Annual General Meeting of the Company on his behalf. The member who signs this form is referred to as the "Member" and the person authorized to attend and vote on his behalf is referred to as the "Proxy".

MEMBER'S DETAILS

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 Thursday, the 21st September, 2017 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, 2017, the Statement of Profit & Loss for the year ended on that date together with the Auditors and the Directors Report thereon.		
2.	Reappointment of Sri Shreea Pradip Director (DIN: 00278269) retiring by rotation.		
3.	To appoint the Messrs. S.P. Sarda & Co., Chartered Accountants as the Statutory Auditors of the company in place of in place of the retiring Auditors Messrs. Lohia & Co., Chartered Accountants (the latter are not eligible to be re-appointed due to expiry of the maximum permissible tenure as Auditors of the Company) to hold office from the conclusion of the Annual General Meeting in the conclusion of the 75th Annual General Meeting of the Company to be held in calendar year 2022, subject to ratification by the shareholders at every intervening AGM, at a remuneration to be fixed by the Board of Directors in consultation with the Auditors plus applicable taxes and reimbursement of out of pocket expenses incurred by them for the purpose of audit.		

Signed this _____ day of _____ 2017.
 Signature of Shareholder: _____
 Signature of Proxy holder(s): _____

Note:

- The term 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.
- For the Resolutions, Explanatory Statement and notes please refer to the Notice of the Annual General Meeting.
- It is optional to put a '✓' 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 the Proxy thinks appropriate.
- Please complete all details including details of member(s) in above box before submission.

Please Affix
 Re. Revenue Stamp

YARN SYNDICATE LIMITED
 CIN NO. L51109WB1946PLC013842
 REGD. OFF: 88/2/4, S. N BANERJEE ROAD, KOLKATA - 700014
 EMAIL: yarncat@yarn.com, yarn@yarnsyndicate.in, Website: www.yarnsyndicate.in
FORM OF PROXY
ANNUAL GENERAL MEETING 21st September, 2017 at 10.00 A.M.