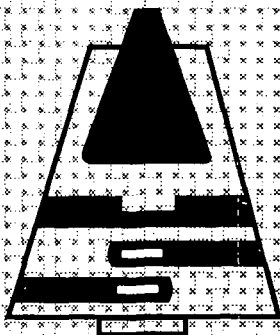


yarn syndicate limited.

One Star Export House



ANNUAL REPORT

2007 - 2008

YARN SYNDICATE LIMITED

BOARD OF DIRECTORS

SRI M. L. PATODIA, Chairman & Managing Director

SRI R. K. PATODIA, Managing Director

SRI K. P. BAGARIA

SRI SITA RAM SARAF

SRI DEVENDRA JHUNJHUNWALA

SRI DILIP KUMAR KHANDLWAL

SMT. SHEELA PATODIA

SRI RISHIRAJ PATODIA

BANKERS

CANARA BANK

Overseas Branch

2/1, Russel Street, Kolkata - 700 071

AUDITORS

LODHA & CO.

Chartered Accountants

14, Government Place East, Kolkata - 700 069

REGISTERED OFFICE

23, Circus Avenue, Kolkata - 700 017

NOTICE OF THE 62ND ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty Second Annual General Meeting of the Members of the Company will be held at its Registered Office situated at Patodia House, 23, Circus Avenue, Kolkata - 700017 on Friday, the 19th day of September, 2008 at 10.00 A.M. to transact the following business :

AS ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date together with the Auditors' and the Directors' Reports thereon.
2. To appoint a Director in place of Sri Krishna Prasad Bagaria, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. Sheela Patodia, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

Registered Office :
23, Circus Avenue,
Kolkata - 700 017

By order of the Board
For YARN SYNDICATE LIMITED

Dated : the 5th day of June, 2008

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be valid must be received by the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and the Share Transfer Books shall remain closed from 16th September, 2008 to 19th September, 2008 (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 any change in their address to the Company's Share Transfer Agents.
4. All communications relating to shares are to be addressed to the Company's Share Transfer Agents, "M/s R & D Infotech Pvt. Ltd., 22/4, Nakuleshwar Bhattacharjee Lane, 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.

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT.

(in pursuance of Clause 49 of the Listing Agreement)

1. Name : Shri Krishna Prasad Bagaria
2. Date of Birth : 13.11.1931
3. Date of Appointment : 30.04.1993
4. Qualifications : L.L.B.
5. Expertise in specific functional area. : Legal

6. Chairman/Director of other Companies : **Directorships** :
1.Teage Limited

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

1. Name : Smt. Sheela Patodia
2. Date of Birth : 13.11.1949
3. Date of Appointment : 01.04.2002
4. Qualifications : H.S.
5. Expertise in Specific functional area : Business

6. Chairman/Director of other Companies : **Directorships** :
1. Y. S. Exports Limited

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

<u>Name of Company</u>	<u>Committee type</u>	<u>Membership status</u>
Yarn Syndicate Ltd.	1. Share Transfer- Cum-Grievance Committee	Chairperson

Registered Office :
23, Circus Avenue,
Kolkata - 700 017

Dated : the 5th day of June, 2008

By order of the Board
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors have pleasure in submitting their 62nd Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2008.

FINANCIAL RESULTS :

	2007-2008		2006-2007	
	Rs. in Thousand		Rs. in Thousand	
Export Sales	166670		146917	
Domestic Sales	8837		2500	
	<u>175507</u>		<u>149417</u>	
Profit/(Loss) before Interest & Depreciation	(12017)		(85073)	
Less : Interest	1457		4195	
Depreciation	2911	4368	2731	6926
Profit/(Loss) before Tax	<u>(16385)</u>		<u>(91999)</u>	
Less : Provision for Taxation (earlier year)	-		65	
Provision for Deferred Tax	(61)		743	
Fringe Benefit Tax	232	171	198	1006
Profit/(Loss) after Tax	<u>(16556)</u>		<u>(93005)</u>	
Balance brought from last year	<u>(2010)</u>		<u>8184</u>	
	<u>(18566)</u>		<u>(84821)</u>	
Transferred from General Reserve	-		82811	
Balance carried forward to next year	<u>(18566)</u>		<u>(2010)</u>	

DIVIDEND :

Your Directors do not recommend dividend on Equity shares for the Financial Year ended 31st March, 2008.

PERFORMANCE REVIEW :

During the financial year under review, the export sales have increased to Rs. 1666.70 lakhs as compared to export sales of Rs. 1469.17 lakhs during the previous year. Even though the Company posted higher export sales in 2007-08 as compared to the previous year, the export sales performance was lower than expected mainly because of the competition from low cost suppliers, which have put severe pressure on already thin margins. Furthermore, the impact of the appreciating rupee towards a major part of the last financial year also had an adverse effect on the Company's performance. However, the Company is making all possible effort to face the challenges ahead.

Your Company had fully set up a Home Textiles Unit in Gujarat and commercial production started on 1st September 2006. However, the Unit started making losses since inception and efforts to turn the Unit around were not successful. As it became a drain on the Company's resources, the Home Textiles unit was disposed off by way of outright sale of machineries, equipments and installations on 01-01-2008.

CHANGE OF REGISTERED OFFICE :

The Registered Office of the Company was shifted within the local limits of the city from 7, Sambhunath Mullick Lane, Kolkata - 700 007 to 'Patodia House', 23 Circus Avenue, Kolkata - 700 017 with effect from 31st October, 2007. The latter had earlier been our Export Division Office and it was considered in the Company's best interest to shift the Registered Office to the Export Division Office at 23, Circus Avenue, Kolkata - 700 017.

QUALITY MANAGEMENT SYSTEM CERTIFICATE :

The Company was awarded QUALITY MANAGEMENT SYSTEM CERTIFICATE on 12.5.2008 for *Exports of Various Yarn, Fabric, Garments and Made-ups* by the Norsk Akkreditering of Norway.

PARTICULARS OF EMPLOYEES :

Particulars of Employees as required under Sub-section (2A) of Section 217 of the Companies Act, 1956 and the rules made thereunder are not applicable for the year under review.

DIRECTORS :

Shri Krishna Prasad Bagaria and Smt. Sheela Patodia, Directors of the Company retire by rotation and are eligible for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT :

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

- (i) that in the preparation of the Annual Accounts for the financial year ended 31st March, 2008, the applicable accounting standards had been followed;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2008 on a 'going concern' basis.

CORPORATE GOVERNANCE :

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

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

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 issued under Section 217(1)(e) of the Companies Act, 1956, your Directors have to state that the particulars in respect of Energy Conservation and Technology Absorption are not applicable to your Company. As regards the Foreign Exchange earning and outgo, your Directors have to state that the relevant figures are given in Schedule 13 annexed to the Audited Accounts. The Company's activity of export is in the line of cotton yarn & textiles. Your Directors plan to continue their initiatives in order to further increase the export turnover.

AUDITORS' OBSERVATIONS :

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

AUDITORS :

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

ACKNOWLEDGEMENTS :

The Board is grateful to the Company's Bankers, Canara Bank for their continued co-operation and financial assistance. The Board is thankful to the Management, Officers and staff of Canara Bank for their prompt and timely assistance rendered by them as and when required. The Board is grateful to the Reserve Bank of India, State Bank of India, Park Circus and Ballygunge Branches, United Bank of India, Burrabazar Branch, The Cotton Textiles Export Promotion Council, Textile Committee, Export Credit Guarantee Corporation of India Limited, Collector of Central Excise, Director General of Foreign Trade, New Delhi, Joint Director General of Foreign Trade, Kolkata, Registrar of Companies, the Federation of Indian Export Organisations 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 whole-hearted co-operation.

Registered Office
23, Circus Avenue,
Kolkata - 700 017.

For and on behalf of the Board

Dated : 5th day of June, 2008.

M. L. PATODIA
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

The Board of Directors consists of 8 Directors.

COMPOSITION, CATEGORY AND DIRECTORSHIP IN OTHER COMPANIES

Name of Director	Promoter Executive/ Non-executive Independent	Member of Board of Other Companies including Pvt. Ltd. Cos.	Total No. of Committed Membership held	
			As Chairperson/ Chairman	As Member
Shri M. L. Patodia	Promoter	7	-	1
Shri R. K. Patodia	Promoter	2	-	1
Shri K. P. Bagaria	Independent/ Non-executive	1	-	-
Shri S. R. Saraf	Independent/ Non-executive	4	2	-
Shri D. K. Jhunjhunwala	Independent/ Non-executive	3	-	-
Shri D. K. Khandelwal	Independent/ Non-executive	2	-	3
Smt. Sheela Patodia	Non-Executive	1	1	-
Shri Rishiraj Patodia	Non-Executive	-	-	2

BOARD, ANNUAL GENERAL MEETING & ATTENDANCE :

Board Meetings were held on 16th April, 2007, 11th June, 2007, 30th June, 2007, 31st July, 2007, 31st October, 2007 and 31st January, 2008.

The maximum time gap between any two meetings was not more than three calendar months.

The Annual General Meeting was held on 14th September, 2007.

Director	No. of Board Meeting		Attended last AGM
	Held	Attended	
Shri M. L. Patodia	6	3	No
Shri R. K. Patodia	6	1	No
Shri K. P. Bagaria	6	3	No
Shri S. R. Saraf	6	5	Yes

YARN SYNDICATE LIMITED – ANNUAL REPORT 2007-08

Director	No. of Board Meeting		Attended last AGM
	Held	Attended	
Shri D. K. Jhunjhunwala	6	3	No
Shri D. K. Khandelwal	6	5	Yes
Smt. Sheela Patodia	6	1	No
Shri Rishiraj Patodia	6	2	No

3. AUDIT COMMITTEE

The broad terms of reference of the Audit Committee are given hereunder :

- a) It shall oversee that Company's financial reporting process and the disclosure of its financial information and ensure that financial statements are correct, sufficient and credible.
- b) It shall recommend the appointment and removal of external auditor, fix the audit fee and also approve payment for any other services.
- c) It shall review with management the annual, half-yearly and quarterly financial statements in all respects.
- d) It shall review with management and statutory auditors the adequacy of internal control systems and internal audit functions.
- e) 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.
- f) Review the company's financial and risk management policies.

COMPOSITION, NAME OF MEMBERS AND CHAIRMAN :

The Audit Committee was formed pursuant to a resolution passed at the Meeting of the Board of Directors of the Company held on 30th October 2002. Audit Committee Meetings were held on 14th April, 2007, 29th June, 2007, 30th July, 2007, 30th October, 2007 and 29th January, 2008. The composition of the Audit Committee meets the requirements of Clause 49 of the Listing Agreement.

MEMBERS OF THE AUDIT COMMITTEE

Sl. No.	Name of the Member	Status	Meetings held	Meetings Attended
1.	Sri S. R. Saraf	Chairman & Independent Director	5	5
2.	Sri D. K. Khandelwal	Member & Independent Director	5	5
3.	Sri Rishiraj Patodia	Member & Non-Executive Director	5	1

4. REMUNERATION COMMITTEE :

The Remuneration Committee was formed pursuant to a resolution passed at the Meeting of the Board of Directors of the Company held on 30th October, 2002. A Remuneration Committee meeting was held on 14th April, 2007 for the appointment of a new Chairman and induction of a new Committee Member. Sri S. R. Saraf and Sri D. K. Khandelwal attended the Meeting.

MEMBERS OF THE REMUNERATION COMMITTEE :

Chairman & Independent Director : Sri S. R. Saraf
 Member & Independent Director : Sri D. K. Khandelwal
 Member & Non-executive Director : Sri Rishiraj Patodia

Details of remuneration paid to Managing Director for the year :

The aggregate of salary and perquisites paid for the year ended 31st March, 2008 to Managing Director were as follows :

Shri R. K. Patodia : Rs.6,40,000/-
 Shri M. L. Patodia : Rs. NIL as payment of remuneration has been waived vide his letter dated 24.03.2004

Sitting Fees to Directors of the Board or any Committee thereof has been waived at the Meeting of the Board of Directors held on 27th July, 2001.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

The Investors' Grievance Committee of the company, under the nomenclature "Share Transfer-cum-Grievance Committee" approves transfer and transmission, duplicate, sub-division, consolidation and replacement of shares and other related matters and to deal with complaints regarding transfer of shares, non-receipt of balance sheet and non-receipt of dividend. The Committee also oversees the performance of Share Transfer Agents and recommends measures for overall improvement in the quality of investor services.

Smt. Sheela Patodia as Chairperson is heading the Committee. Sri M. L. Patodia, Sri R. K. Patodia and Sri D. K. Khandelwal are other members of the Committee. Sri Bikash Chandra Chatterji, Company Secretary is the Compliance Officer.

The Company has received 17 complaints as on 31.03.2008 and all of them have been resolved.

There were no shares pending for transfer as on 31.03.2008 and all the transfers have been approved by the Share Transfer-cum-Grievance Committee of the Company.

6. GENERAL BODY MEETINGS :

A. Location and time for last three Annual General Meetings were :

FINANCIAL YEAR	DATE	VENUE	TIME
31 ST MARCH, 2005	14.09.2005	23, CIRCUS AVENUE KOLKATA 700 017.	10.00 A.M.
31 ST MARCH, 2006	15.09.2006	—DO—	10.00 A.M.
31 ST MARCH, 2007	14.09.2007	—DO—	10.00 A.M.

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

- i) At the Fifty Ninth Annual General Meeting held on 14th September, 2005, no special resolution was passed.
- ii) At the Sixtieth Annual General Meeting held on 15th September, 2006 no special resolution was passed.
- iii) At the Sixty-first Annual General Meeting held on 14th September 2007, special resolution was passed for change of Registrar & Share Transfer Agent of the Company.

No resolution was put through Postal Ballot.

7. DISCLOSURES :

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives-etc., that may have potential conflict with the interests of the company at large :

During the year, the Company had not entered into any transaction of a material nature with any of the related parties, which were in conflict with the interests of the Company.

Details of non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to the 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, the Company has formed a Remuneration Committee of the Directors on 30th October, 2002, and Committee Meetings are held as and when required. The Company is making all possible effort to move towards a regime of unqualified financial statements.

8. GEO CERTIFICATION : Shri Madan Lal Patodia, the Managing Director of the Company has placed a certificate before the Board at its Meeting held on 5th June, 2008 as required under Clause 49V of the Listing Agreement.

9. SECRETARIAL AUDIT : A qualified practicing Chartered Accountant carried out Quarterly Secretarial 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.

10. MEANS OF COMMUNICATIONS :

- | | |
|--|---|
| <ul style="list-style-type: none"> - Half yearly results sent to each household of Shareholders. - Quarterly Results - which newspaper normally published in - any Website, where displayed. - whether it displays Official news releases | <p>Although half-yearly report is not sent to each household of shareholders, the Company published the same in "Financial Express" and "Arthip Lipi".</p> <p>The quarterly results published in the proforma prescribed under the Listing Agreement are approved and taken on record within one month of the close of the relevant quarter. The approved results are notified forth with to the concerned Stock Exchange.</p> <p>Financial Express (English newspaper) and Arthip Lipi (Bengali newspaper). The above said results and the Shareholding Pattern have been uploaded in the website of SEBI under EDIFAR system, periodically.</p> <p>No</p> |
|--|---|

YARN SYNDICATE LIMITED – ANNUAL REPORT 2007-08

- whether presentation made to Institutional investors or to analyst. No
- whether Management Discussion and Analysis Report is a part of Annual Report or not Management Discussion and Analysis Report is a part of Annual Report.

11. GENERAL SHAREHOLDERS INFORMATION :

	<u>DATE</u>	<u>TIME</u>	<u>VENUE</u>
a)	A.G.M. 19th September, 2008	10.00 A.M.	23, CIRCUS AVENUE, KOLKATA 700 017.
b)	Financial Calendar (tentative)	:	2008 – 2009
	i) Financial Year	:	April – March
	ii) First Quarter Results	:	July, 2008
	iii) Second Quarter Results	:	October, 2008
	iv) Third Quarter Results	:	January, 2009
	v) Audited Results for the year ending 31/03/2009	:	June, 2009
c)	Date of Book Closure	:	16th September, 2008 to 19th September, 2008(both days inclusive).
d)	Dividend payment date	:	Not applicable
e)	Listing of Equity Shares on	:	The Bombay Stock Exchange Ltd.
	(i) Annual Listing Fees for the year 2008-2009 (as applicable) has been paid to the Bombay Stock Exchange Ltd., Mumbai. The Annual Custodial Charges to NSDL and CDSL has also been paid.		
	(ii) The Company's equity shares have been delisted from the Stock Exchanges at Ahmedabad, Chennai, Coimbatore and Kolkata.		
f)	(i) Stock Code	:	Scrip Code No. : 514378
	The Bombay Stock Exchange Ltd.	:	Trading Symbol : YARN SYNDICT
	(ii) Demat ISIN Nos. in NSDL and CDSL for equity shares.	:	INE 564C01013

g) Stock Market Data :

Month	BOMBAY STOCK EXCHANGE LTD.	
	Month's High Prices	Month's Low Prices
April, 2007	8.19	6.89
May, 2007	7.89	6.36
June, 2007	8.45	6.50
July, 2007	7.99	6.67
August, 2007	7.75	6.66
September, 2007	8.87	7.00
October, 2007	7.46	5.61
November, 2007	8.09	5.50
December, 2007	10.87	7.05
January, 2008	12.55	7.75
February, 2008	8.10	6.18
March, 2008	8.35	5.32

h) Location of Home Textile Unit	<p>From 1.09.06 to 31.05.07 : Shed No. 9 & 10, Survey No. 166/P, Navakuan, Kanadi Fatak, Naroli, Union Territory of Dādra & Nagar Haveli.</p> <p>From 1.06.07 to 31.12.07 : C/o. Microwood Pvt. Ltd. Plot. No. 4712, Plastic Zone, GIDC Sarigam - 396115 Dist. - Valsad, Gujarat.</p>
----------------------------------	---

i) Registrar and Share Transfer Agents	<p>R & D INFOTECH PVT. LTD. 22/4, NAKULESHWAR BHATTACHARJEE LANE, KOLKATA 700 026. TEL : 91 (33) 2463-1657 FAX : 91 (33) 2463-1658 e-mail : rdinfotec@yahoo.com</p>
j) Share Transfer System	<p>The share transfers which are received in physical form are processed a by the Company's Registrar and Share Transfer Agents (RTA) within 15 days and the share certificates returned within a period of 30 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>

k) (a) Shareholding Pattern as on 31st March, 2008.

Sl. No.	Category	No. of Shares (Issued Equity)	% of Shareholding
01.	Promoters & Persons Acting in Concert	25,05,325	66.8100
02.	Indian Financial Institutions, Banks, Mutual Funds.	62,500	1.6600
03.	Foreign Institutional Investor/NRI's	2,500	0.0700
04.	Others	11,79,675	31.4600
	Total	37,50,000	100.00

(b) Distribution on Shareholding as on 31st March, 2008.

No. of Shares held	No. of Shareholders	Percentage of Shareholders	No. of shares Issued Equity	Percentage of Shareholding
1 - 500	3443	91.32	445235	11.88
501 - 1000	177	4.69	141462	3.77
1001 - 2000	60	1.59	91215	2.43
2001 - 3000	30	0.79	76373	2.04
3001 - 4000	8	0.21	28738	0.76
4001 - 5000	9	0.23	39825	1.07
5001 - 10000	19	0.50	132731	3.53
10001 - 50000	16	0.42	358123	9.55
50001 - 100000	1	0.02	73000	1.94
100000 & above	7	0.18	2363298	63.03
Total	3770	100.00	3750000	100.00

(l) Dematerialisation of shares and Liquidity :

The shares of the Company are compulsorily traded in DEMAT form by all categories of investors with effect from 26th December, 2000. The company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) to establish electronic connectivity of our shares for scripless trading. As on 31st March, 2008, 34.17% of shares of company were held in Dematerialised form. There are no electronic requests pending for approval as on 31.03.2008 for Dematerialisation/Rematerialisation under NSDL and CDSL.

Liquidity of Shares :

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

(m) 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.
22/4, Nakuleshwar Bhattacharjee Lane
KOLKATA 700 026.
TEL : 91 (33) 2463-1657
FAX : 91 (33) 2463-1658
e-mail : rdinfotec@yahoo.com |
| (ii) Any query on Annual Report | : Secretarial Department
YARN SYNDICATE LIMITED
23, Circus Avenue,
KOLKATA 700 017.
TEL : 033-2281-0270
FAX : 033-2290-5685
E-mail : yarnca1@vsnl.com |

The above report was adopted by Board of Directors at their Meeting held on 5th June, 2008.

For and on behalf of the Board
M. L. PATODIA
Chairman & Managing Director

Place : Kolkata
Dated : 5th June, 2008

Declaration by the CEO on affirmation by Directors and Senior Management Personnel of compliance with the Code of Conduct

I, Madan Lal Patodia, Managing Director of the company do hereby declare that the Directors and Senior Management Personnel of the Company have affirmed that they have complied with the provisions of the Code of Conduct as prescribed by the Company.

M. L. PATODIA
Managing Director

Place : Kolkata
Dated : 5th June, 2008

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

To the Members of

Yarn Syndicate Limited,

We have reviewed the compliance of conditions of Corporate Governance by Yarn Syndicate Limited for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s), with the relevant records and documents maintained by the Company and furnished to us.

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

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.

No investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

On the basis of our review and according to the information and explanation given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange have been complied with in all material respect by the Company.

For LODHA & CO.
Chartered Accountants

H. S. JHA
Partner

Place : Kolkata
Dated : 5th June, 2008

Membership No. 055854

MANAGEMENT DISCUSSION AND ANALYSIS

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

A) INDUSTRY STRUCTURE AND DEVELOPMENTS

The Textile industry in India continues to play an important role both as a producer and as an exporter of cotton and other types of yarn. The year under review was difficult for the yarn exporters and the situation became more favourable only towards the end of the year. During 2007-08, Yarn Syndicate Ltd. had exported cotton yarn, viscose yarn, polyester yarn, polyester viscose yarn, polyester textured yarn, polyester cotton yarn and jute yarn to countries like Belgium, Bulgaria, U.K., China, Hong Kong, Korea, Philippines, Sri Lanka, Brazil, Egypt, Kenya, Israel, South Africa.

The Company, which had launched its Home Textiles Unit on 1st September 2006, has disposed off this Unit on 1st January, 2008 as the venture was forced to operate in a highly competitive environment and proved to be commercially unviable.

The export market for yarn remains extremely competitive and consequently, margins are low. Furthermore, the rising rupee rise has had a negative impact on yarn exports. The hardening rupee had left yarn exporters with fewer export orders, which had resulted in lower exports for yarn. The export scenario has improved with the weakening of the rupee and that impact is only now being felt. In spite of the difficulty being faced, the Company is making all possible effort to increase the volume of its exports and is committed in maintaining its policy in terms of style, quality, pricing and timely delivery of goods to our international customers.

B) OPPORTUNITIES AND THREATS

The export market for textile and yarn has grown appreciably for countries like India and exports from India of yarn has increased significantly over the past several years. Over a period of many decades, the Company has developed a strong and impeccable reputation in the textile yarn export business. Considerable portion of our business is by way of repeat orders from regular customers over the years. In our drive to expand our export market, the company continues to explore new export markets. Since beginning of this year, yarn exports have increased and Indian yarn exports have recovered on weakening of the rupee.

The global textile and yarn industry is extremely competitive and Indian exporters have to compete against low cost suppliers like China, Vietnam, Indonesia and Bangladesh. Also, changes on the exchange rate front have impacted the export market of yarn.

C) OUTLOOK

The outlook for the Indian yarn export market looks promising. The depreciation of the rupee against the US dollar since January 2008 has made exports attractive once again. The Textile & Clothing industry is the largest and prominent sector in Indian economy in terms of manufacturing, foreign exchange earnings and employment generation. The Government of India has plans to create a development council to identify the problems faced by the textile industry and suggest possible solutions with an aim to double the country's share in global textile trade from current 4% to 8%. The weakening of the rupee against the dollar has made the export scenario much brighter and India with its capability for producing high quality cotton yarn and skilled workforce is capitalizing to increase on its market share of the global yarn trade. Yarn Syndicate Limited, a pioneering export house, is making every effort to increase on its export order position and always making special efforts to explore new markets.

D) SEGMENT-WISE PERFORMANCE

The Company is engaged in the business of export of yarn and till 31.12.2007 was also engaged in job works of Home Textile products and the business of export of yarn is the reportable segment.

E) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The Company has an internal audit system, which ensures that the company's control mechanism is properly followed and all statutory requirements are duly complied with.

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

F) FINANCIAL AND OPERATIONAL PERFORMANCE

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

G) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

We had ensured safe and healthy working conditions in the Unit and have continued with our policy to ensure safe and healthy working conditions in other premises of the Company taking into account of health and safety of all concerned, besides conservation of natural resources and protection of the environment.

A major factor for the continued growth of your organization is 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 number of people employed by the Company total 20 in all.

H) CAUTIONARY STATEMENT

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

For and on behalf of the Board
M. L. PATODIA
Chairman & Managing Director

Place : Kolkata
Dated : 5th day of June, 2008

Auditors' Report to the Members of YARN SYNDICATE LIMITED

We have audited the attached Balance Sheet of YARN SYNDICATE LIMITED (the Company) as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2004 ("the order") issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, ("the Act") and on the basis of such checks of the books of records of the Company as we considered appropriate and according to the information and explanations given to us, we report that :
 - i)
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) All the fixed assets have not been verified by the management during the year but according to the information and explanations given to us, there is a regular programme of verification which, in our opinion, is reasonable having regard to the size and the nature of its assets. In respect of assets verified during the year, no material discrepancies have been noticed.
 - c) During the year the Company has disposed off substantial part of its fixed assets of their textile unit, apart from that Company had not disposed of other fixed assets which could affect the going concern status of the Company.
 - ii)
 - a) The inventory has been physically verified during the year by the management at reasonable intervals.
 - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventories and discrepancies notified on physical verification of inventory, as explained, were not material as compared to the book records.
 - iii)
 - a) The Company has not granted any loan secured/unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. According para "a" to "d" are not applicable.
 - b) The Company has not taken any secured and/or unsecured loan from companies, firms or the other parties covered in the register maintained under section 301 of the Act. According para "e" to "g" are not applicable.
 - iv) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
 - v) According to the information and explanations provided by the management, the particulars of contracts or arrangement referred to in section 301 of the Act have been entered in the

register required to be maintained under that section.

In our opinion and according to the information and explanations given to us, the company has not entered into any transaction in pursuance of contract or arrangements to the extent entered into the register maintained under Section 301 of the Act and exceeding to the extent Rupees five lakhs in respect of any party during the year.

- vi) The Company has not accepted any deposits under Section 58A, 58AA or other relevant provisions of the Act.
- vii) In our opinion the internal audit system in respect of the areas covered during the year is commensurate with the size and nature of the business of the Company.
- viii) As informed, the Central Government has not prescribed maintenance of Cost records under Section 209(1)(d) of the Act, for the product of the Company.

Accordingly provisions of Para (viii) of the order is not applicable to Company.

- ix) a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance dues, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues as applicable to it. According to the information and explanation given to us, there are no undisputed amounts payable in respect of aforesaid dues for a period of more than six months from the date they became payable.
b) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess that have not been deposited with the appropriate authorities on account of any dispute.
- x) The company has incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
- xi) According to the information and explanations given by the management, the Company has not defaulted in the repayment of dues to the financial institutions and banks. There were no debenture holders during the year.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the company.
- xiv) The Company is dealing and trading in shares, securities and other investments. According to the information and explanation given to us and based on the documents and records produced to us, proper records have been maintained of transactions and contracts and timely entries have been made therein. The share, securities and other investments have been held by the company in its own name.
- xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanation given to us and on all overall examination of the Balance sheet of the Company, we report that no funds raised on short term basis have been utilized for the long term purposes.

- xviii) The company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Act.
 - xix) According to the information and explanations given to us, the Company has not issued any debentures during the year. Accordingly, the provisions of clause 4 (xix) of the Order is not applicable to the Company.
 - xx) The Company has not raised any money by public issues during the year.
 - xxi) During the course of our examination of the Books of Account carried out in accordance with generally accepted auditing practices in India, we have neither come across any instances of fraud on or by the Company nor have we been informed of any such case by the management.
2. **Attention is invited to the following Notes of Schedule 13 regarding :**
- a. *Certain old debts from overseas buyers amounting to Rs. 10021 thousand, the extent of amount recoverable and provision there against if any is presently not ascertainable (Note No. 3).*
 - b. *Confirmations and reconciliation in respect of Sundry Debtors, Sundry Creditors certain bank balances and Loans and Advances etc. are not available (Note No. 4).*
 - c. *Loans given to companies amounting to Rs. 9046 thousand (including interest), pending legal proceedings the extent of amount recoverable is presently not ascertainable (Note No. 5)*
 - d. *Non-identification and non-disclosure of information in respect of suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006. (Note No. 7)*
3. **We further report that, in respect of the Notes mentioned in Paragraph 2 above, the impact thereof cannot be ascertained and therefore cannot be commented upon by us.**
4. Further to above, we report that :
- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) The Balance Sheet, the Profit and Loss Account alongwith Cash Flow Statement are in agreement with the books of account;
 - c) In our opinion books of account as required by law have been kept by the company so far as appears from our examination of those books. Proper returns adequate for the purpose of our audit have been received from the branch not visited by us.
 - d) The reports on the accounts of a Branch audited by other Auditors have been forwarded to us and have been appropriately dealt by us in preparing our reports;
 - e) Except as given in *Note No. 2 of Schedule 13 regarding non ascertainment and consequential adjustments regarding impairment of fixed assets and Note No. 20 (1)(ii) of Schedule 13 regarding accounting of sales on the date of negotiation/ collection and accordingly the foreign exchange fluctuation remaining included in sales*, the Profit and Loss Account, Balance Sheet and Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section 3(C) of Section 211 of the Act, to the extent applicable.

- f) On the basis of written representations from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2008 from being appointed as a director of the Company in terms of Clause (g) of Sub-Section (1) of Section 274 of the Act;
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and *subject to Para 2 above, together with their overall impact as given in Paragraph 3 above (presently not ascertainable)* and read together with the other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India :
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008; and
 - ii) in case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For LODHA & CO
Chartered Accountants

Place : Kolkata
Dated : 5th June, 2008

H. S. JHA
Partner
Membership No. 055854

BALANCE SHEET AS AT 31ST MARCH, 2008

	SCHEDULE	31.03.2008	31.03.2007
		Rs. in thousands	Rs. in thousands
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	37,500.00	37,500.00
Reserves & Surplus	2	43,750.00	43,750.00
		<u>81,250.00</u>	<u>81,250.00</u>
Loan Funds :			
Secured Loans	3	32,631.00	31,156.00
Deferred Tax Liability (Refer Note 6 of Schedule 13)		682.00	743.00
	TOTAL	<u>1,14,563.00</u>	<u>1,13,149.00</u>
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	4	30,564.00	40,619.00
Less : Depreciation		19,500.00	19,436.00
Net Block		11,064.00	21,183.00
Investments :			
	5	5,291.00	2,512.00
Current Assets, Loans & Advances :			
	6		
Inventories		7,712.00	10,408.00
Sundry Debtors		12,306.00	15,874.00
Cash & Bank Balances		5,716.00	9,150.00
Loans & Advances		60,486.00	57,976.00
		<u>86,220.00</u>	<u>93,408.00</u>
Less : Current Liabilities & Provisions :			
	7		
Current Liabilities		5,920.00	5,492.00
Provisions		658.00	472.00
		<u>6,578.00</u>	<u>5,964.00</u>
Net Current Assets :		79,642.00	87,444.00
PROFIT & LOSS ACCOUNT		<u>18,566.00</u>	<u>2,010.00</u>
	TOTAL	<u>1,14,563.00</u>	<u>1,13,149.00</u>
NOTES :	13		

As per our report of even date

For **LODHA & CO.**
Chartered Accountants

H. S. JHA
Partner

Place : Kolkata
Dated : the 5th day of June, 2008.

For and on behalf of the Board
M. L. PATODIA, Managing Director

S. R. SARAF, Director
D. K. KHANDELWAL, Director

B. C. CHATTERJI, Company Secretary

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2008**

	SCHEDULE	2007-2008 Rs. in thousands	2006-2007 Rs. in thousands
INCOME :			
Sales	8	1,75,507.00	1,49,417.00
Other Income	9	21,685.00	10,873.00
Increase/(Decrease) in Stock	10	(2,513.00)	9,896.00
		<u>1,94,679.00</u>	<u>1,70,186.00</u>
EXPENDITURE :			
Purchases		1,61,394.00	1,46,698.00
Interest (Net)	11	1,457.00	4,195.00
Depreciation		2,911.00	2,731.00
Manufacturing Administrative, Selling & Other Expenses	12	45,302.00	34,601.00
		<u>2,11,064.00</u>	<u>1,88,225.00</u>
Profit/(Loss) before Tax and Exceptional items		(16,385.00)	(18,039.00)
Exceptional Items			
– Advance written off		0.00	73,960.00
Profit/(Loss) before Tax		(16,385.00)	(91,999.00)
Provision for Tax			
– Income Tax - Current Year		0.00	0.00
– Income Tax - Earlier Year		0.00	65.00
– Deferred Tax		(61.00)	743.00
– Fringe Benefit Tax		232.00	198.00
Profit/(Loss) after Tax		(16,556.00)	(93,005.00)
Profit and Loss Account balance brought forward		(2,010.00)	8,184.00
Transfer from General Reserve		0.00	82,811.00
Balance carried to Balance Sheet		<u>(18,566.00)</u>	<u>(2,010.00)</u>
BASIC & DILUTED EPS (Rs.)		(4.41)	(24.80)
NOTES :	13		

As per our report of even date

For LODHA & CO.
Chartered Accountants
H. S. JHA
Partner

Place : Kolkata
Dated : the 5th day of June, 2008.

For and on behalf of the Board
M. L. PATODIA, Managing Director
S. R. SARAF, Director
D. K. KHANDELWAL, Director
B. C. CHATTERJI, Company Secretary

SCHEDULES TO THE ACCOUNTS

	2007-2008 Rs. in thousands	2006-2007 Rs. in thousands
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
50,00,000 Equity Shares of Rs. 10/- each	50,000.00	50,000.00
Issued, Subscribed & Paid Up :		
37,50,000 Equity Shares of Rs. 10/- each	37,500.00	37,500.00
	<u>37,500.00</u>	<u>37,500.00</u>
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium	43,750.00	43,750.00
General Reserve :		
As per last Balance Sheet	0.00	82,811.00
Less : Transferred to Profit & Loss Account	0.00	82,811.00
	0.00	0.00
Profit & Loss Account :		
Balance Carried Forward	0.00	0.00
	<u>43,750.00</u>	<u>43,750.00</u>
SCHEDULE 3 : SECURED LOANS		
Term Loan from Bank (Secured by Hypothecation of Machinery & Other Accessories. Guaranteed by Personal Guarantee of Managing Director of the Company)	0.00	5,978.00
Cash Credit, Packing Credit from Bank (Secured by Hypothecation of Stock-in-Trade including goods-in-transit and Export Goods tying with manufacturers. Guranteed by Personal Gurantee of Managing Director of the Company. Packing Credit is further secured by Fixed Deposites amounting to Rs. 4000 (Previous Year Rs. 4000).	31,040.00	23,979.00
Vehicle Loans from Banks (Secured by way of hypothecation of vehicles)	1,591.00	1,199.00
	<u>32,631.00</u>	<u>31,156.00</u>

SCHEDULES TO THE ACCOUNTS

SCHEDULE 4 : FIXED ASSETS

(Rs. in thousands)

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION BLOCK				NET BLOCK	
	As on 01.04.07	Addition during the year	Sales/ad- justment during the year	Total as on 31.03.08	Up to 31.03.07	For the year amount	Deduction for sales adjustment	Total as on 31.03.08	As on 31.03.08	As on 31.03.07
FREEHOLD LAND	620.00	0.00	0.00	620.00	0.00	0.00	0.00	0.00	620.00	620.00
BUILDING*	19,904.00	0.00	2,694.00	17,210.00*	9,770.00	732.00	263.00	10,238.00	6,971.00	10,134.00
PLANT & MACHINERY	3,809.00	0.00	3,809.00	0.00	313.00	395.00	708.00	0.00	0.00	3,496.00
OFFICE APPLIANCE & OTHER EQUIPMENTS	2,461.00	135.00	108.00	2,488.00	2,170.00	70.00	41.00	2,199.00	289.00	291.00
ELECTRICAL INSTALLATION	2,442.00	498.00	2,940.00	0.00	143.00	290.00	433.00	0.00	0.00	2,299.00
COMPUTER	1,767.00	185.00	34.00	1,918.00	1,705.00	144.00	21.00	1,828.00	90.00	62.00
FURNITURE & FITTINGS	4,085.00	142.00	2,121.00	2,106.00	2,188.00	313.00	605.00	1,896.00	210.00	1,897.00
VEHICLES	4,013.00	1,756.00	1,100.00	4,669.00**	1,809.00	929.00	768.00	1,970.00	2,699.00	2,204.00
AIR-CONDITIONER, REFRIGERATOR, COOLER, GENERATOR	1,518.00	97.00	62.00	1,553.00	1,338.00	39.00	8.00	1,369.00	185.00	181.00
TOTAL :	40,619.00	2,814.00	12,867.00	30,564.00	19,435.00	2,912.00	2,847.00	19,500.00	11,064.00	21,183.00
PREVIOUS YEAR :	33,844.00	10,800.00	4,025.00	40,619.00	18,232.00	2,731.00	1,527.00	19,436.00	21,183.00	-

* Includes 20 shares (Previous year 20 shares) of Rs. 50/- each (Total face value Rs. 1,000/-) fully paid up.

** Includes Rs. 812 thousands for which the registration is not in the name of the Company.

(25)

SCHEDULES TO THE ACCOUNTS

		2007-2008	2006-2007
		Rs. in thousands	Rs. in thousands
SCHEDULE 5 : INVESTMENTS			
TRADE INVESTMENTS.			
UNQUOTED	:(Long term; equity shares of Rs. 10/- each fully paid up)		
(1500)	Mona Textiles Ltd.	0.00	15.00
QUOTED	:(Current; Fully Paid Equity Shares of Rs. 10/- each)		
11170	J. J. Exporter Ltd.	1,306.00	1,306.00
90	Victoria Mills Limited	776.00	0.00
1400	Jai Corporation Limited	1,011.00	0.00
400	Mundra Port & SEZ Limited	313.00	0.00
300	Kolte Patil Developers Limited	59.00	0.00
(75)	Reliance Energy Ltd.	0.00	66.00
(50)	Reliance Capital Limited	0.00	12.00
(475)	Reliance Communication Ltd.	0.00	177.00
(5000)	GTC Ltd.	0.00	1,705.00
(3200)	MTNL Ltd.	0.00	503.00
(677)	VOLTAS Ltd.	0.00	76.00
1422	BGR Energy System Limited	1,234.00	0.00
17738	GTN Textiles Ltd.	0.00	399.00
1298	Renaissance Jewellery Limited	254.00	0.00
179	Future Capital Limited	218.00	0.00
8461	Reliance Power Limited	4,972.00	0.00
1000	Gati Limited	127.00	0.00
10000	Prime Textiles Limited	488.00	0.00
		10,758.00	4,259.00
Less :	Provision for Diminution in Investments	5,467.00	1,746.00
		5,291.00	2,512.00
AGGREGATE VALUE OF INVESTMENTS :			
Book Value :	Quoted	4,699.00	4,244.00
	Unquoted	0.00	15.00
		4,699.00	4,259.00
Figures in bracket indicate previous year figures.			
Market Value :	Quoted	5,327.00	2,542.00

SCHEDULES TO THE ACCOUNTS

	2007-2008 Rs. in thousands	2006-2007 Rs. in thousands
SCHEDULE 6 : CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS :		
Inventories including goods in transit (As taken valued and certified by the Management)		
Trading Goods	7,383.00	9,896.00
Stock of Stores	-	183.00
Discarded Fixed Assets (Refer Note No. 13 of Schedule - 13)	329.00	329.00
	7,712.00	10,408.00
 Sundry Debtors (Unsecured, considered good by the Management) :		
Debts due for a period exceeding six months	10,163.00	10,021.00
Other Debts	2,143.00	5,853.00
	12,306.00	15,874.00
 Cash and Bank Balances : (As certified by the Management)		
Cash Balance	902.00	702.00
Balance with Scheduled Banks :		
In Current Account	800.00	4,428.00
In Fixed Deposit	4,005.00	4,005.00
In E.E.F.C. Account	9.00	15.00
	5,716.00	9,150.00
 * Rs. 4000 secured against Packing Credit loan		
LOANS & ADVANCES :		
Loans/Inter Corporate Deposits (Refer Note No. 5 of Schedule - 13)	25,443.00	41,916.00
Advance recoverable in Cash or in kind or for value to be received :		
Unsecured :		
Advance to Staff	541.00	582.00
Advance to Others	30,382.00	8,923.00
Sundry Deposits	1,948.00	4,374.00
Advance Fringe Benefit Tax	647.00	420.00
Tax Deducted at Source	1,483.00	1,721.00
Interest Receivable	42.00	40.00
	60,486.00	57,976.00
	86,220.00	93,408.00

SCHEDULES TO THE ACCOUNTS

	2007-2008	2006-2007
	Rs. in thousands	Rs. in thousands

SCHEDULE 7 : CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES :

Sundry Creditors : (Refer Note 7)

For Goods Supplied	1,375.00	538.00
For Expenses	1,621.00	2,995.00
For Others	2,924.00	1,959.00
	5,920.00	5,492.00

PROVISIONS :

For Taxation	0.00	45.00
For Fringe Benefit Tax	658.00	427.00
	658.00	472.00

SCHEDULE 8 : SALES

Export	1,66,670.00	1,46,917.00
Domestic	8,837.00	2,500.00
	1,75,507.00	1,49,417.00

SCHEDULE 9 : OTHER INCOME

Export Incentives	10,965.00	6,793.00
Miscellaneous receipts	189.00	0.00
Profit on sale of Fixed Assets (Net)	394.00	357.00
Profit on sale of Investments	2,674.00	538.00
Dividend on Current Investments	40.00	37.00
Job Charges	4,623.00	3,046.00
Sundry Balances Written Back (Net)	74.00	0.00
Discount / Claim Received	1,263.00	102.00
Rent received	1,350.00	0.00
Difference in Exchange	113.00	0.00
	21,685.00	10,873.00

SCHEDULE 10 : INCREASE / (DECREASE) IN STOCK

Stock at Closing		
Trading Goods	7,383.00	9,896.00
	7,383.00	9,896.00
Stock at Opening		
Trading Goods	9,896.00	0.00
	9,896.00	0.00
	(2,513.00)	9,896.00

SCHEDULES TO THE ACCOUNTS

	2007-2008 Rs. in thousands	2006-2007 Rs. in thousands
SCHEDULE 11 : INTEREST (Net)		
To Banks and others	4,608.00	6,050.00
	<u>4,608.00</u>	<u>6,050.00</u>
Less received on Loans/Inter		
Corporate Deposits & from Banks	3,151.00	1,855.00
(Gross : TDS Rs.48 thousand		
Previous Year Rs. 449 thousand)	<u>1,457.00</u>	<u>4,195.00</u>
SCHEDULE 12 : MANUFACTURING, ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Salaries, Wages, Bonus & Gratuity	6,515.00	4,946.00
Contribution to Provident & Other Funds	420.00	399.00
Staff Welfare Expenses	248.00	335.00
Store Consumption	763.00	342.00
Insurance	394.00	600.00
Rent	2,564.00	2,216.00
Rates & Taxes (Including Licence Fee)	228.00	393.00
Repairs :		
Building	207.00	55.00
Others	604.00	1,039.00
	811.00	1,094.00
Shipping Expenses	13,373.00	9,630.00
Commission (Net)	1,003.00	2,335.00
Brokerage	430.00	210.00
Discount / Claims / Samples	2,503.00	1,520.00
Payment to Auditors :		
Audit Fee	46.00	46.00
Certificate etc.	0.00	17.00
	46.00	63.00
Branch Auditors' Remunerations	21.00	20.00
Bank Charges	676.00	797.00
Charity & Donation	220.00	329.00
Sundry Balance Written off (Net)	0.00	26.00
Loss in Derivative Transactions (Net)	4,881.00	1,910.00
Loss on Sale of Investments (Net)	0.00	0.00
Diminution in Investment (Net)	4,790.00	1,626.00
Difference In Foreign Exchange (Net)	0.00	1,320.00
Miscellaneous Expenses	5,416.00	4,490.00
	<u>45,302.00</u>	<u>34,601.00</u>

SCHEDULES TO THE ACCOUNTS

SCHEDULE 13 :

Notes forming part of the Accounts

1. Contingent Liability not Provided for :
 - a) Outstanding Bills Purchased/Discounted for Rs.58,943 (Previous Year Rs. 30,460).
2. Impairment in the carrying value of the fixed assets as at the balance sheet date has not been ascertained, pending detailed review and technical evaluation in this respect. The company intends to get the said review carried by independent valuer/consultant and adjustment if any will then be made in the accounts.
3. Sundry Debtors over six months include Rs. 10,021 (Net of ECGC Claim Rs. 4,792) (Previous Year Rs. 10,021) outstanding from certain overseas buyers for a considerable period. Such balances have not been realigned at the year end rate. In the opinion of the management, these will be recovered in due course and as such no provision is considered necessary in this respect.
4. Balance of Debtors, Creditors, certain Bank balances, Loans and Advances etc. are subject to confirmation and reconciliation with respective parties.
5. Loans / Inter corporate deposits include Rs. 9,046 (including interest of Rs. 365) (Previous year Rs. 9,235) given to companies, which is overdue. In one of the case the company has filed suit for recovery of the loan together with interest on this loan. As a matter of abundant precaution, interest on the said loan amounting to Rs. 3,600 (including Rs. 450 for the year) has not been accounted for. Pending outcome of the legal suit, in the opinion of management, no provision for outstanding amount is considered necessary, as the same is considered good and recoverable.
6. In accordance with Accounting Standard 22 "Accounting for Taxes on Income" the company has accounted for deferred Tax. The company has carry forward losses and unabsorbed depreciation which has not been recognized in the absence of virtual certainty of reversal of such assets. The component of deferred tax assets and liabilities are as follows :-

Particulars	Opening as on 01.04.2007 Rs.	Charge/(Credit) during the year Rs.	Closing as on 31.03.2008 Rs.
Deferred Tax Liabilities			
On account of Depreciation Difference	743	(61)	682

7. The Company is in the process of compiling information with regard to suppliers covered under Micro, Small and Medium Enterprise Development Act, 2006. To the extent identified, the Company has no information from the suppliers under the Act and according to the disclosure as required in Sec. 22 of the said Act could not be given in these accounts.
8. In view of the mandatory applicability of Accounting Standard 15 (Revised) "Employee Benefits" (AS 15) to the Company, the additional charge of Rs. 32 in respect of period upto 31st March 2007,

YARN SYNDICATE LIMITED – ANNUAL REPORT 2007-08

has been charged off during the year.

Expenses recognized during the year ended March 31, 2008 (included in Schedule 12 of Profit and Loss Account)		Gratuity (Funded)
		31/03/2008
1	Current Service Cost	66
2	Interest Cost	67
3	Expected return on plan assets	(49)
4	Actuarial Losses/(Gains)	(31)
Total Expenses		53
Change in the obligation during the year ended March 31, 2008		
1	Present value of Defined Benefit Obligation at the beginning of the year	828
2	Current Service Cost	66
3	Interest Cost	67
4	Benefit Paid	0
5	Actuarial (Gains)/Losses	(33)
Present value of Defined Benefit Obligation at the end of the year		928
Change in Assets during the year ended March 31, 2008		
1	Plan Assets at the beginning of the year	796
2	Contribution by Employer	0
3	Expected return on plan assets	49
4	Benefit Paid	0
5	Actuarial (Gains)/Losses	(2)
Plan Assets at the end of the year		843
Reconciliation of Net Asset/(Liability) recognized in the Balance Sheet During the year ended March 31, 2008		
1	Net Asset/(Liability) at beginning of the year	(32)
2	Employer Expenses	53
3	Employer Contributions	0
4	Net Asset/(Liability) at the end of the year (The shortfall has been paid on 31st March 2008 by the Company)	(85)
Actuarial Assumptions		
1	Discount Rate	7.75%
2	Expected Rate of Return on Plan assets	6.20%
3	Expected Rate of Salary Increase	5.00%
4	Mortality	LIC (1994-96) Ultimate

This being first year of applicability of AS 15, previous year's figures have not been disclosed.

9. Difference in Foreign Exchange includes Rs. 145 being Profit (Previous Year Rs. 956 Loss) on account of cancellation of forward exchange Contract.

10. Details of profit/loss on Sale of Investments are as follows :

	Particulars	2007-08	2006-07
i)	Profit on Sale of Current Investments	2,077	731
ii)	(Loss) on Sale of Current Term Investments	(488)	(352)
iii)	Profit on Sale of Long Term Investment	15	-
	Total	1,604	379
iv)	Add : Provision for diminution in Investments written back	1,070	159
	Total	2,674	538

11. Initial margin on Equity Derivative Instruments Contracts has been paid in cash only. Loan & advances includes Rs. 2343 on account of open interest in Equity Stock Futures as given below:

Name of Equity Stock Futures	Number of Contracts	Units
FUTSTK DLF	1	2,000
FUTSTK RELIANCE	1	750
FUTSTK RPL	3	30,150

12. a) Directors' remuneration is :

	2007-2008	2006-2007
	Rs.	Rs.
Salary	420	420
Contribution to Employees Provident Fund & Other Fund	50	50
Other Perquisites	170	198
	640	668

* (Contribution to Employees Gratuity Fund which are based on actuarial valuation on an overall basis are excluded above.)

- b) Remuneration payable to Managing Director Sri Madanlal Patodia has not been provided in these accounts in view of the waiver to receive the same by him.
13. Certain Fixed assets amounting to Rs. 329 (Previous year Rs. 329) have been discarded on retiring from their active use and shown under the head inventories. In the absence of determination of their realisable value, these have been recorded at book value. In the opinion of the management the realisable value will not be lower than the book value. Necessary adjustments, if any will be carried on disposal of the same.
14. Related party disclosure as identified by the Management in accordance with the Accounting Standard (AS-18) is as follows :

A) List of related parties :

- I. Parties where control exists – NIL.
- II. Other parties with whom the Company has entered into transactions during the year.

a) Key Management Personnel and their relatives.

Sri M.L.Patodia-Chairman and Managing Director
Sri R. K. Patodia - Managing Director

b) Group/Associates Companies.

- i) Enterprise having common Director / Management personnel
Madanlal Brijlal (P) Ltd.

c) Firm in which Directors have substantial interest

- M/s. B.L.Singhal & Co.
M/s. B. M. Bagaria & Co.

B) During the year, the following transactions were carried out with the related parties in the ordinary course of the business and at arms length price.

Nature of transactions	Key Management Personnel		Enterprises of Key Management Personnel		Directors interested Firm	
	2007 - 08	2006-07	2007-08	2006-07	2007-08	2006-07
1) Electricity charges paid	-	-	60	55	-	-
2) Rent paid	-	-	7	7	-	-
3) Professional fees paid	-	-	-	-	-	85
4) Remuneration paid	640	668	-	-	-	-

ii) Outstanding Balance as on 31st March, 2008

Nature of transactions	Key Management Personnel		Enterprises of Key Management Personnel		Directors interested Firm	
	2007 - 08	2006-07	2007-08	2006-07	2007-08	2006-07
1) Electricity charges	-	-	4	3	-	-

Note : In respect of above parties, there is no provision for doubtful debts as on 31st March 2008 and no amount has been written off or written back during the year in respect of debts due from / to them. The above related party information is as identified by the management.

15. Calculation in respect to Earning Per Share as required by Accounting Standard (AS-20) is as follows:

	Year Ended 31.03.2008 (Rs.)	Year Ended 31.03.2007 (Rs.)
(a) Profit/(Loss) after taxes	(16553)	(93005)
(b) Basic and weighted average no of Equity Shares during the year (in Nos.)	3750000	3750000
(c) Nominal Value of Equity Shares	10/-	10/-
(d) Basic and Diluted EPS (a/b)	(4.41)	(24.80)

16. Segment Reporting

The Company's business segment comprises of Yarn Trading and Home Textile Unit. These have been identified by the type of their respective sales and services rendered.

Primary Segment (Business Segment)

Yarn Trading
Home Textile Unit

Particulars	Yarn Trading	Home Textile	Total
Revenue :			
External sales	175,507	-	-
Other Income	13,320	4,943	-
Segment Result before Unallocable Expenses, Interest and Taxes	(2,863)	(5,255)	(8,118)
Unallocable Expenses (Net of unallocable income)			6,810
Interest cost (net)			1,457
Profit / (Loss) Before Tax			(16,385)
Provision for Tax			171
Profit/Loss After Tax			(16,556)
Segments Assets	65,373	1,953	67,326
Unallocable Corporate Assets			35,249
TOTAL			1,02,575
Segments Liabilities	7,472	39	7,511
Unallocable Corporate Liabilities			32,380
TOTAL			39,891
Capital Expenditure	2,194	620	2,814
Depreciation	1,954	957	2,911

Segment Information :

1. Segments have been identified in line with the Accounting Standards AS-17 taking into account the organization structure as well as the differencing risk and return.
2. The company has disclosed Business Segment as the primary segment. These have been identified on the basis of the products/revenue of the company. Accordingly, the company has identified "Trading of Yarn" and "Home-Textile" as the operating segments.
Revenue and expenses have been identified to segment on the basis of their relationship to the operating activities of the segment. Revenue and expenses which relates to enterprise as a whole and not allocable to segment on a reasonable basis have been included under the head other common expenses.
3. The geographical segments of the company mainly comprise of exports to various countries.

17. Additional Information pursuant to the provisions of Part II Schedule VI to the Companies Act, 1956 :-

A. Quantitative Information			Quantity (in Packages)		Amount Rs. in thousand	
	Unit	2007-2008	2006-2007	2007-2008	2006-2007	
a) <u>Opening Stock</u>						
Yarn	Packages	1336	—	8096	—	
Fabrics	Packages	34	—	1800	—	
b) <u>Purchases :</u>						
Yarn	Packages	25369	26340	161393	144898	
Fabrics	Packages	—	34	—	1800	
c) <u>Sales :</u>						
Yarn	Packages	26021	25004	173858	149417	
Fabrics	Packages	34	—	1649	—	
d) <u>Damage :</u>						
Yarn	Packages	1	—	8	—	
e) <u>Closing Stock :</u>						
Yarn	Packages	683	1336	7383	8096	
Fabrics	Packages	—	34	—	1800	

Sales exclude job charges.

B. Expenditure in Foreign Currency

(Rupees)

Particulars	2007-2008	2006-2007
Travelling	938	73
Commission	1,430	2,358
Claims paid to Overseas Buyers	2,503	1,114

C. Earning in Foreign Currency

F.O.B.Value of Export	1,58,502	1,45,999
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18. Figures are given in thousand and accordingly rounded to nearest thousand
19. The Home Textile unit was fully setup and commercial production commenced from 1st September 2006 and operations were discontinued during the year from 1st January 2008. Therefore the previous year figures are not comparable with those of the current year.

20. **ACCOUNTING POLICIES :**

A) General :

These Accounts have been prepared on the historical cost basis and on the accounting principles of going concern.

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

Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

B) Use of estimates :

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

C) Sales and other Income :

- i) Sales are net of returns, rebates, discounts and rate difference in respect of sales of previous year.
- ii) Income from Export Incentives is recognised on the basis of certainties as to its utilisation and related realisation.
- iii) Job Charges are accounted for on the basis of work performed.

D) Inventories :

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

E) Retirement Benefits :

- (a) Shorts term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (b) (i) Gratuity - year-end liabilities on account of gratuity payable to employee are determined on the basis of actuarial valuation with appropriate contributions to the Company's gratuity fund and charged to profit and loss account.
- (ii) 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.

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

F) Fixed Assets :

Fixed Assets have been stated at Cost.

G) Depreciation :

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

		Rates as per Schedule XIV to the Companies Act 1956 (%)	Rates as per Income Tax (%)
a)	Building :		
	Office	5	10
	Residential (Area less than 80Sq. Meters)	5	5
b)	Furniture & Fixtures	18.10	10
c)	Office Equipments	13.91	15
d)	Air Conditioning Machine	13.91	15
e)	Refrigerator	13.91	15
f)	Motor Car	25.89	15

g)	Computer	40	60
h)	Plant & Machinery	13.91	15
i)	Electrical Installation	13.91	15

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

H) Impairment :

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

I) Foreign Exchange Transaction :

i) Assets & Liabilities :

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated using closing exchange rates. The loss or gain thereon and also on the exchange difference on settlement of the foreign currency transaction during the year are recognised as income or expenses and are adjusted to the profit and loss account under respective heads of accounts, except in case (a) where such liabilities and / or transaction relate to fixed assets/ projects and there were entered into before 1-4-2005 : (b) fixed assets acquired from a country outside India, in which case, these are adjusted to the cost of respective fixed assets.

ii) Export Sales :

These transaction 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 cost 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.

L) Taxation :

Provision for Tax is made for current, deferred and fringe benefits 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 realized. 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 realized against future taxable profits.

M) 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. Contingement assets are neither recognised nor disclosed in the financial statement. Contingent Liabilities are not provided but disclosed by way of Note.

As per our report of even date

For **LODHA & CO.**

Chartered Accountants

H. S. JHA

Partner

Place : Kolkata

Dated : the 5th day of June, 2008.

For and on behalf of the Board

M. L. PATODIA, Managing Director

S. R. SARAF, Director

D. K. KHANDELWAL, Director

B. C. CHATTERJI, Company Secretary

20. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

1. Registration Details :

Registration No.	21-13842
State Code	21
Balance Sheet Date	31.03.2008

2. Capital raised during the Year : (Rs. in thousand)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

3. Position of Mobilisation and Deployment of Funds : (Rs.in thousand)

Total Liabilities	102575
Total Assets	102575

Sources of Funds :

Paid up Capital	37500
Reserves & Surplus	25184
Secured Loans	32631
Unsecured Loans	NIL

Application of Funds :

Net Fixed Assets	11064
Investment	5291
Net Current Assets	79642
Miscellaneous Expenditure	NIL
Accumulated Losses	NIL

4. Performance of Company : (Rs. in thousand)

Turnover (Including other Income)	194679
Total Expenditure	211064
Profit/(Loss) before Tax	(16385)
Profit/(Loss) after Tax	(16556)
Earning per Share (Rs.)	(4.41)
Dividend Rate	NIL

5. Generic Names of Principal Products, Services of the Company :

Item Code No.	52.05
Product Description	Cotton Yarn

For and on behalf of the Board
M. L. PATODIA, Managing Director
S. R. SARAF, Director
D. K. KHANDELWAL, Director
B. C. CHATTERJI, Company Secretary

Dated : the 5th day of June, 2008.

**CASH FLOW STATEMENT FOR THE
YEAR ENDED 31st MARCH, 2008**

CASH FLOW STATEMENT	Year ended 31st March, 2008 (Rs. in '000)	Year ended 31st March, 2007 (Rs. in '000)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Taxes	(16,385.00)	(91,999.00)
Adjustments for :		
Depreciation	2,911.00	2,731.00
Interest paid	4,608.00	6,050.00
Loss on Diminution in Investment	4,790.00	1,626.00
(Profit)/Loss on Sale of Investments(Net)	(2,674.00)	(538.00)
(Profit)/Loss on Sale of Assets (Net)	(394.00)	(357.00)
Interest Received	(3,151.00)	(1,855.00)
Dividend Received	(40.00)	(37.00)
Sundry Balance Written Off/(Back) (Net)	(74.00)	26.00
	5,976.00	7,646.00
Operating Profit before working Capital Changes	(10,409.00)	(84,353.00)
Adjustment for :		
Inventories	2,696.00	(10,079.00)
Trade and Other Receivables	3,568.00	12,346.00
Advances	(19,085.00)	38,573.00
Trade payables	582.00	(300.00)
	(12,239.00)	40,540.00
	(22,648.00)	(43,813.00)
Cash Generated From Operations		
Direct Taxes paid	(34.00)	(34.00)
	(211.00)	(211.00)
Net Cash from Operating Activities		
before exceptional item (A)	(22,682.00)	(44,024.00)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,814.00)	(10,800.00)
Sale of Fixed Assets	10,415.00	2,855.00
Sale of Investment	14,160.00	10,301.00
Purchase of Investment	(19,055.00)	(7,523.00)
Loans & Inter-corporate Deposits	16,757.00	(16,172.00)
Interest Received	2,865.00	1,384.00
Dividend Received	40.00	37.00
	22,368.00	(19,918.00)
Exceptional items :		
Advance written of	-	73,960.00
Net Cash used in Investing Activities (B)	22,368.00	54,042.00

YARN SYNDICATE LIMITED – ANNUAL REPORT 2007-08

CASH FLOW STATEMENT (Contd.)

Year ended **Year ended**
31st March, 2008 **31st March, 2007**
(Rs. in thousand) **(Rs. in thousand)**

C. CASH FLOW FROM FINANCING ACTIVITIES

Net Increase/Decrease in Secured Borrowing	1,083.00	(10,676.00)	
Net Increase/Decrease in Unsecured Borrowing	392.00	(1,772.00)	
Dividend Paid	-	(55.00)	
Interest Paid	<u>(4,595.00)</u>	<u>(3,120.00)</u>	<u>(6,068.00)</u>
Net Cash from Financing Activities (C)		<u>(3,120.00)</u>	<u>(18,571.00)</u>
Net Increase in Cash & Cash equivalents (A+B+C)	(3,434.00)		(8,553.00)
Cash & Cash equivalents as at opening	9,150.00		17,703.00
Cash & Cash equivalents as at closing	5,716.00		9,150.00

Notes :

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

As per our report of even date

For LODHA & CO.
Chartered Accountants
H. S. JHA
Partner

Place : Kolkata
Dated : the 5th day of June, 2008.

For and on behalf of the Board
M. L. PATODIA, Managing Director
S. R. SARAF, Director
D. K. KHANDELWAL, Director
B. C. CHATTERJI, Company Secretary

PROXY FORM

YARN SYNDICATE LIMITED

REGD. OFF. 23, CIRCUS AVENUE, KOLKATA - 700 017

I/We
of being a
MEMBER/MEMBERS of the above-named Company, hereby appoint
..... of
..... or failing him
..... of
..... as my/our proxy to
attend and vote for me/us and on me/our behalf at the 62nd Annual General Meeting of the
Company to be held at Patodia House, 23, Circus Avenue, Kolkata - 700 017 on Friday, the 19th
day of September, 2008, at 10.00 a.m. and/or at any adjournment thereof.
signed this day of 2008

Signature

*Please Affix
Re. 1
Revenue
Stamp*

Regd. Folio No.

Note : The Proxy should be deposited at Registered Office of the Company not less than 48
hours before the time for holding the above Meeting.

ATTENDANCE SLIP

YARN SYNDICATE LIMITED

REGD. OFF. 23, CIRCUS AVENUE, KOLKATA - 700 017

Full Name of Shareholder / Proxy

I hereby record my presence at the 62nd Annual General Meeting of the Company held at
Patodia House, 23, Circus Avenue, Kolkata - 700 017 on Friday, the 19th day of September,
2008 at 10.00 a.m.

Registered Folio No. :

No. of Shares held :

.....
Signature of Shareholder/Proxy

Note : This attendance slip duly filled in and signed must be handed over at the entrance of the
Meeting Hall.

BOOK POST

If undelivered, please return to :
YARN SYNDICATE LIMITED
23, Circus Avenue,
Kolkata - 700 017