

YARN SYNDICATE LIMITED

BOARD OF DIRECTORS

SRI M. L. PATODIA, Chairman & Managing Director (upto 11.12.2008)

SRI R. K. PATODIA, Chairman & Managing Director

SRI K. P. BAGARIA

SRI SITA RAM SARAF

SRI DEVENDRA JHUNJHUNWALA

SRI DILIP KUMAR KHANDELWAL

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 63RD ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty-Third 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 11th day of September, 2009 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, 2009 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 Sita Ram Saraf, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. D. K. Khandelwal, who retires by rotation and being eligible, offers himself 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.

SPECIAL BUSINESS :

5. To consider, and if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution :
"RESOLVED THAT pursuant to Section 310 of the Companies Act, 1956 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the terms and conditions with regard to the reappointment of Sri R. K. Patodia as Managing Director of the Company for a period of 5 (five) years w.e.f 1st July, 2007 included in the Notice and passed by the shareholders at the 61st Annual General Meeting of the Company held on 14th September 2007 be and is hereby modified only to the extent as given hereunder and all other terms and conditions to remain the same;
"The existing terms of salary of 'Rs. 35000/- per month in the scale of Rs. 35000 - Rs. 5000 - Rs. 55000' be replaced with 'Rs. 50000/- per month in the scale of Rs. 50000 - Rs. 5000 - Rs. 60000'.
6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :
"RESOLVED THAT Sri Rishiraj Patodia be and is hereby appointed as Executive Director of the Company for a period of 5 (five) years w.e.f. 1st July, 2009."

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

Date : The 30th day of June, 2009.

By order of the Board
For YARN SYNDICATE LIMITED

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be valid must be received by the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books shall remain closed from 1st September, 2009 to 11th September, 2009 (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, "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)

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

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

<u>Name of Company</u>	<u>Committee type</u>	<u>Membership status</u>
Yarn Syndicate Ltd.	1. Audit Committee	Chairman
Yarn Syndicate Ltd.	2. Remuneration Committee	Chairman

(2)

1. Name : Sri Dilip Kumar Khandelwal
2. Date of Birth : 18.12.1943
3. Date of Appointment : 01.04.2002
4. Qualifications : B.E. (Civil Engineer)
5. Expertise in specific functional area. : Business

6. Chairman/Director of other Companies : **Directorships :**
 1. SSK Broking Services Private Limited
 2. Venus Funds Management Limited

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

<u>Name of Company</u>	<u>Committee type</u>	<u>Membership status</u>
Yarn Syndicate Ltd.	1. Share Transfer-Cum-Grievance Committee	Member
Yarn Syndicate Ltd.	2. Remuneration Committee	Member
Yarn Syndicate Ltd.	3. Audit Committee	Member

Registered Office :
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By order of the Board
For YARN SYNDICATE LIMITED

Date : The 30th day of June, 2009.

BIKASH CHANDRA CHATTERJI
COMPANY SECRETARY

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5

Shri R. K. Patodia was appointed as the Managing Director of the Company for a further period of 5 (five) years with effect from 1st July 2007 to 30th June 2012. With the passing away of Sri Madan Lal Patodia, Chairman & Managing Director and revered founder of the company on 11.12.08, Sri R. K. Patodia assumed greater responsibility in running the company and w.e.f 16.12.2008 was redesignated as Chairman & Managing Director. In view of this and subsequent to the approval of the Remuneration Committee of the company, the Board of Directors at its Meeting held on 30th June, 2009 has agreed to revise only the basic salary of Mr. R. K. Patodia with all other terms and conditions remaining the same subject to your approval.

Period (as per original agreement) :

5 Years from 01.07.2007 to 30.06.2012

A) Revised Salary :

Rs. 50,000/- per month in the scale of Rs.50000 - Rs. 5000 - Rs. 60000.

There is no change in all other terms and conditions given hereinbelow :-

B) Perquisites :

i) Commission :

One percent commission on the net profits of the Company computed in accordance with the provisions of Section 349 of the Companies Act, 1956 subject to a ceiling of 50% of the Annual Salary.

ii) Housing :

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

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

iii) Medical Reimbursement :

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

iv) Leave Travel Concession :

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

v) Club fees :

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

vi) Personal Insurance :

Premium not to exceed Rs. 10000 per annum.

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

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

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

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

C) **Others Terms & Conditions :**

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

The modified agreement between the Company and Sri R. K. Patodia is available for inspection by the Members of the Company at its registered office between 11.00 A.M. and 1.00 P.M. on any working day of the Company.

This may be treated as an abstract of the modified Agreement made by the Company with Shri R. K. Patodia modified pursuant to Section 302 of the Companies Act, 1956.

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

Except Shri R. K. Patodia, Smt. Sheela Patodia and Shri Rishiraj Patodia, none of the Directors of the Company is concerned or interested in the resolution.

Item No. 6

Shri Rishiraj Patodia was appointed as Director of the Company by the shareholders at the Annual General Meeting held on 15th September 2006. Being at the helm of the affairs of the company, he has gathered considerable experience in the operation of the company and is fully involved in the export business. Subsequent to the approval of the Remuneration Committee of the company, the Board of Directors, at its Meeting held on 30th June, 2009, has decided to appoint Shri Rishiraj Patodia as Executive Director of the Company for a period of 5 (five) years with effect from 1st July 2009 on the terms and conditions set out in the agreement subject to your approval. The main terms and conditions of Shri Rishiraj Patodia's appointment are set out below :

Period

5 Years from 01.07.2009 to 30.06.2014.

A) **Salary :**

Rs. 25,000/- per month in the scale of Rs.25000 - Rs. 5000 - Rs. 45000.

B) **Perquisites :**

i) **Commission :**

One percent commission on the net profits of the Company computed in accordance with the provisions of Section 349 of the Companies Act, 1956 subject to a ceiling of 50% of the Annual Salary.

ii) **Housing :**

- a) The expenditure by the Company for hiring unfurnished accommodation shall be subject to a ceiling of 60% of the Salary over and above 10% payable by him.
- b) The Expenditure incurred by the Company on gas, electricity, water and house maintenance shall be valued as per the Income-tax Rules, 1962 subject to a ceiling of 30% of his salary.

iii) **Medical Reimbursement :**

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

iv) **Leave Travel Concession :**

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

v) **Club fees :**

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

vi) **Personal Insurance :**

Premium not to exceed Rs. 10000 per annum.

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

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

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

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

C) **Others Terms & Conditions :**

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

ii) So long as Sri Rishiraj Patodia functions as the Executive Director of the Company he will not be entitled to any sitting fee for attending the meeting of the Board of Directors or any Committee thereof.

iii) So long as Sri Rishiraj Patodia holds the office of the Executive Director he will not be liable to retire by rotation.

iv) So long as Sri Rishiraj Patodia holds the office of the Executive Director of the Company he will not become interested or concerned in any selling agency directly or through his wife or children without prior approval of the Central Government.

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

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

This may be treated as an abstract of the Agreement made by the Company with Shri Rishiraj Patodia pursuant to Section 302 of the Companies Act, 1956.

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

Except Shri R. K. Patodia, Smt. Sheela Patodia and Shri Rishiraj Patodia, none of the Directors of the Company is concerned or interested in the resolution.

Registered Office :

23, Circus Avenue,
Kolkata - 700 017

Date : The 30th day of June, 2009.

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 63rd Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2009.

FINANCIAL RESULTS :

	<u>2008-2009</u>	<u>2007-2008</u>
	<u>Rs. in Thousand</u>	<u>Rs. in Thousands</u>
Export Sales	144635	166670
Domestic Sales	4602	8837
	<u>149237</u>	<u>175507</u>
Profit/(Loss) before Interest & Depreciation	(239)	(12017)
Less : Interest	2582	1457
Depreciation	2691	2911
	<u>5273</u>	<u>4368</u>
Profit/(Loss) before Tax	(5512)	(16385)
Less : Provision for Taxation (earlier year)	-	-
Provision for Deferred Tax	(448)	(61)
Fringe Benefit Tax	249	232
	<u>(199)</u>	<u>171</u>
Profit/(Loss) after Tax	(5313)	(16556)
Add : Balance brought forward from last year	(18566)	(2010)
	<u>(23879)</u>	<u>(18566)</u>
Transferred from General Reserve	-	-
Balance carried forward to next year	(23879)	(18566)

PASSING AWAY OF SHRI MADAN LAL PATODIAJI, FOUNDER OF THE GROUP :

The sad demise of the Company's revered founder and Managing Director of more than six decades, SHRI MADAN LAL PATODIA on 11th December 2008 at the age of 93, have marked the year. Shri M. L. Patodia founded Yarn Syndicate Limited in the year 1946 and was at the helm of the affairs of the Company throughout his life. Under his leadership and guidance the Company became one of the foremost traders and exporters of cotton and other types of yarn in the country and bagged many leading exporter awards for the year 1976-77, 1978-79, 1984 to 1988, 1990 to 1992 from Texprocil, highest export performance gold trophy for 1995-96 from FIEO, outstanding exporter award for the year 1992-93 from Canara Bank as well as the National Export Award, the highest in the land for exports, for the year 1991-92 presented by the President of India. Shri M.L. Patodia was equally committed to social and philanthropic causes for the betterment of mankind. His accomplished life is an inspiration to all and his passing away is deeply mourned.

Shri Rajendra Kumar Patodia took over as Chairman and Managing Director of the Company with effect from 16th December 2008.

DIVIDEND :

Your Directors do not recommend dividend on Equity shares for the Financial Year ended 31st March, 2009.

PERFORMANCE REVIEW :

The financial year under review has been particularly difficult for Indian exporters. The negative

factors adversely affecting Indian exporters are the strengthening of the Rupee vis-a-vis the US Dollar for most of the year, the downturn of the Western economies resulting in lower demand for your company's products and the cutthroat competition from low cost suppliers of yarn. The export sales have decreased to Rs. 1446.35 lakhs during the year 2008-09 as compared to export sales of Rs. 1666.70 lakhs during the previous year. The company hopes that the market condition will be more favourable this year.

PARTICULARS OF EMPLOYEES :

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

DIRECTORS :

Shri Sita Ram Saraf and Sri Dilip Kumar Khandelwal, 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, 2009, 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, 2009 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 Auditors' Report, your Directors have to state that the same are self explanatory and do not need further clarification.

AUDITORS :

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

ACKNOWLEDGEMENTS :

The Board is grateful to 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

Date : The 30th day of June, 2009.

R. K. 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 continues to uphold its commitment to adhere to high standards of Corporate Governance. The Company strives to ensure transparency in all its operations, making disclosures and comply with various laws and regulations. Emphasis therefore, is on adding value to its shareholders, investors, employees, suppliers, customers and the community.

2. BOARD OF DIRECTORS

The Board of Directors consisted of 8 Directors. Shri M. L. Patodia, the Company's revered founder and Chairman & Managing Director for more than six decades passed away on 11.12.2008. Thereafter, the Board consists of 7 Directors.

COMPOSITION, CATEGORY AND DIRECTORSHIP IN OTHER COMPANIES

Name of Director	Promoter Executive/ Non-executive Independent	Member of Board of Other Companies including Pvt. Ltd. Cos.	Total No. of Committee Membership held	
			As Chairperson/ Chairman	As Member
Shri M. L. Patodia Chairman & Managing Director upto 11.12.08	Promoter	7	-	1
Shri R. K. Patodia Chairman & Managing Director w.e.f. 16.12.08	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 :

5 (five) Board Meetings were held during the year. The Board Meetings were held on 30th April 2008, 5th June 2008, 31st July 2008, 30th October 2008 and 30th January 2009

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

The Annual General Meeting was held on 19th September, 2008.

Director	No. of Board Meeting		Attended last AGM
	Held	Attended	
Shri M. L. Patodia	5	2	No
Shri R. K. Patodia	5	4	No
Shri K. P. Bagaria	5	1	No
Shri S. R. Saraf	5	2	Yes
Shri D. K. Jhunjhunwala	5	–	Yes
Shri D. K. Khandelwal	5	1	Yes
Smt. Sheela Patodia	5	4	No
Shri Rishiraj Patodia	5	4	No

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 29th April, 2008, 4th June, 2008; 30th July, 2008, 29th October, 2008 and 29th January, 2009. 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

3. REMUNERATION COMMITTEE :

The Remuneration Committee was formed pursuant to a resolution passed at the Meeting of the Board of Directors of the Company held on 30th October, 2002.

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

The Committee while approving the remuneration shall –

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

Members of the Remuneration Committee :

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

No remuneration committee meeting was held during the year.

Details of remuneration paid to Managing Director for the year :

The aggregate of salary and perquisites paid for the year ended 31st March, 2009 to Managing Director were as follows :

Shri R. K. Patodia : Rs. 633,879/-
 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.

4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

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

Smt. Sheela Patodia is Chairperson, is heading the Committee. Sri M. L. Patodia was Committee Member till the day of his passing away for his heavenly abode on 11.12.2008. 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 12 complaints as on 31.03.2009 and all of them have been resolved.

There were no shares pending for transfer as on 31.03.2009 and all the transfers have been approved by the Share Transfer-cum-Grievance Committee of the Company.

5. GENERAL BODY MEETINGS :

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

FINANCIAL YEAR	DATE	VENUE	TIME
31 st MARCH, 2006	15.09.2006	23, CIRCUS AVENUE KOLKATA 700 017.	10.00 A.M.
31 st MARCH, 2007	14.09.2007	—DO—	10.00 A.M.
31 st MARCH, 2008	19.09.2008	—DO—	10.00 A.M.

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

- i) At the Sixtieth Annual General Meeting held on 15th September, 2006, no special resolution was passed.
- ii) 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.
- iii) At the Sixty-second Annual General Meeting held on 19th September 2008, no special resolution was passed.

No resolution was put through Postal Ballot.

6. **DISCLOSURES :**

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

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

Details of non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to 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 requirement of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement. As regards adoption of non-mandatory requirements of this clause, a Remuneration Committee of the Directors, as detailed hereinabove, is already in existence. Moreover, the Company is making all possible effort to move towards a regime of unqualified financial statements.

7. **CEO CERTIFICATION :** Shri Rajendra Kumar Patodia, Chairman and Managing Director of the Company has placed a certificate before the Board at its Meeting held on 30th June, 2009 as required under Clause 49V of the Listing Agreement.

8. **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.

9. **MEANS OF COMMUNICATIONS :**

– Half yearly results sent to each household of Shareholders.

Although half-yearly report is not sent to each household of shareholders, the Company published the same in "Financial Express" and "Arthip Lipi".

– Quarterly Results

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.

- | | |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| - which newspaper normally published in | Financial Express (English newspaper),
Arthip Lipi (Bengali newspaper). |
| - any Website, where displayed. | The above said results and the Shareholding Pattern have been uploaded in the website of SEBI under EDIFAR system, periodically. |
| - whether it displays Official news releases | No |
| - whether presentation made to Institutional investors or to analyst. | No |
| - whether Management Discussion and Analysis' Report is a part of Annual Report or not | Management Discussion and Analysis Report is a part of Annual Report. |

10. GENERAL SHAREHOLDERS INFORMATION :

	DATE	TIME	VENUE
a)	A.G.M. 11th September, 2009	10.00 A.M.	23, CIRCUS AVENUE, KOLKATA 700 017.
b)	Financial Calendar (tentative)	:	2009 – 2010
	i) Financial Year	:	April – March
	ii) First Quarter Results	:	July, 2009
	iii) Second Quarter Results	:	October, 2009
	iv) Third Quarter Results	:	January, 2010
	v) Audited Results for the year ending 31/03/2010	:	June, 2010
c)	Date of Book Closure	:	1st September, 2009 to 11th September, 2009 (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 2009-2010 (as applicable) has been paid to the Bombay Stock Exchange Ltd., Mumbai.		
	(ii) The Company's equity shares have been delisted from the Stock Exchanges at Ahmedabad, Chennai, Coimbatore and Kolkata.		
f)	(i) Stock Code	:	Scrip Code No. : 514378
	The Bombay Stock Exchange Ltd.	:	Trading Symbol : YARN SYNDICT
	(ii) Demat ISIN Nos. in NSDL and CDSL for equity shares.	:	INE 564C01013

g) Stock Market Data :

Month	BOMBAY STOCK EXCHANGE LTD.		
	Month's High Prices	Month's Low Prices	Closing BSE Sensex
April, 2008	9.17	6.38	17,287.31
May, 2008	7.48	5.93	16,415.57
June, 2008	8.96	6.76	13,461.60
July, 2008	9.00	7.44	14,355.75
August, 2008	8.76	7.60	14,564.53
September, 2008	8.28	6.45	12,860.43
October, 2008	7.70	6.32	9,788.06
November, 2008	7.55	6.73	9,092.72
December, 2008	7.05	5.99	9,647.31
January, 2009	6.00	5.71	9,424.24
February, 2009	5.75	5.47	8,891.61
March, 2009	5.20	4.80	9,708.50

h) Registrar and Share Transfer Agents	: 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 / rd.infotech@vsnl.net
i) Share Transfer System	: The share transfers which are received in physical form are processed by the Company's Registrar and Share Transfer Agent (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.

j) (a) Shareholding Pattern as on 31st March, 2009.

Sl. No.	Category	No. of Shares (Issued Equity)	% of Shareholding
01.	Promoters & Persons Acting in Concert	2519327	67.182
02.	Indian Financial Institutions, Banks, Mutual Funds.	62500	1.667
03.	Foreign Institutional Investor/NRI's	2500	0.067
04.	Others	1165673	31.084
	Total	37,50,000	100.00

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(b) Distribution on Shareholding as on 31st March, 2009.

No. of Shares held	No. of Shareholders	Percentage of Shareholders	No. of shares Issued Equity	Percentage of Shareholding
1 - 500	3448	91.507	442897	11.81
501 - 1000	172	4.565	135346	3.61
1001 - 2000	60	1.592	91655	2.44
2001 - 3000	31	0.832	79434	2.12
3001 - 4000	8	0.212	27346	0.73
4001 - 5000	7	0.186	31358	0.84
5001 - 10000	19	0.504	136438	3.64
10001 - 50000	14	0.372	315226	8.41
50001 - 100000	2	0.053	127002	3.39
100001 & above	7	0.186	2363298	63.02
Total	3768	100	3750000	100

(k) Dematerialisation of shares and Liquidity :

The shares of the Company are compulsorily traded in DEMAT form by all categories of investors with effect from 26th December, 2000. The company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) to establish electronic connectivity of our shares for scripless trading. As on 31st March, 2009, 34.31% of shares of company were held in Dematerialised form. There are no electronic requests pending for approval as on 31.03.2009 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.

(i) 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 rd.infotech@vsnl.net
(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 : yarncal@vsnl.com

The Board of Directors at their Meeting held on 30th June 2009 adopted the above report.

For and on behalf of the Board
R. K. PATODIA
Chairman & Managing Director

Place : Kolkata

Date : The 30th day of June, 2009.

Declaration by the CEO on affirmation by Directors and Senior Management Personnel of compliance with the code of conduct

I, Rajendra Kumar Patodia, Chairman and Managing Director & CEO 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.

Place : Kolkata
Date : The 30th day of June, 2009.

RAJENDRA KUMAR PATODIA
Chairman and Managing Director & CEO

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, 2009, 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
Date : The 30th day of June, 2009.

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 has seen a tough fiscal go by. The adverse impact of India's merchandise exports has been more visible in certain sectors like textiles. The shrinkage of global demand during 2008-09 has affected all nations. The rupee strengthened in April 2008 and remained strong for most of the year. Other factors that negatively effected yarn exports are a weak dollar that took a toll on yarn exports, fuelling domestic prices of cotton and other raw materials that pushed yarn prices upwards and economic meltdown in the US and European markets. During 2008-09, Yarn Syndicate Ltd. had exported various kinds of yarn like cotton yarn, man-made cotton/blended yarn to countries like Belgium, Bulgaria, Estonia, UK, Hong Kong, Korea, Mexico, Philippines, Sri Lanka, Brazil, Egypt, Kenya, Israel, South Africa.

In spite of a difficult year, with the rupee losing its advantage over the US dollar in the latter part of the year, some positive trends have apparently set in March & April 2009 and have seen some

increase in the exports of textile products from India. The export market remains extremely competitive with shrinking margins. Your Company is committed on its policy of exporting quality yarn and strictly following delivery schedules to our customers.

B) OPPORTUNITIES AND THREATS

The export market for textile and yarn has grown for countries like India. This year's lean season for Indian yarn and textile exporters has been the worst ever since the removal of the quota system in 2005. The Government of India has taken positive steps like launching the 'Technology Upgradation Fund Scheme' (TUFS) to facilitate the upgradation of the textile industry in both the organized and unorganized sectors, lower the customs duty on import of textile machinery and implemented a series of relief measures such as enhanced DEPB and Duty Drawback rates, reduced ECGC premium, subvention on credit rates, refund of service tax paid by exporters on various services etc that has benefited all exporters.

The global textile and yarn industry is however extremely competitive and growing competition from low cost suppliers like China, Vietnam, Indonesia, Bangladesh has put severe pressure on margins. The slowdown in Western markets has taken a heavy toll on Indian yarn exports.

C) SEGMENT-WISE PERFORMANCE

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

D) RISKS AND CONCERNS

The biggest risk and concern for the yarn exporters is the economic downturn of the Western economies. Since the USA and the European Union comprise a significant portion of the global yarn export market, the recovery of these two economies is crucial if yarn exports from India are to increase in 2009-2010.

E) OUTLOOK

During the past year, the global economic crisis has taken a heavy toll on global textile industry and Indian industry is no exception. The Indian government has responded positively with a series of relief measures. The Company like other yarn exporters is going through a difficult period for the time being. The Company looks forward to easing of the global markets and continues to make special efforts to explore new markets, apart from traditional markets.

F) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

G) FINANCIAL AND OPERATIONAL PERFORMANCE

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

H) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

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

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 total numbers of people employed by the Company are 19.

I) CAUTIONARY STATEMENT

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

Place : Kolkata
Date : The 30th day of June, 2009.

For and on behalf of the Board
R. K. PATODIA
Chairman & Managing Director

Auditors' Report to the Members of M/s. YARN SYNDICATE LIMITED.

We have audited the attached Balance Sheet of **YARN SYNDICATE LIMITED** (the Company) as at 31st March, 2009, 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 not disposed off substantial part of its 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) According to information and explanations given to us the company had given unsecured loans to companies listed in register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 17000 (000) and the year-end balance of such loans was Rs. 17000 (000)
 - b) In our opinion, the rate of interest and other terms and conditions on which the unsecured loans as mentioned in (a) above were prima facie not prejudicial to the interest of the Company.
 - c) According to the information and explanations given to us, the principal amount and interest in respect of loans granted as mentioned in (a) above are repayable on demand. These loans are being repaid as and when recalled.
 - d) As informed to us, having regards to terms and conditions to the loan as mentioned above, there is no overdue amount outstanding in respect of such loan and interest there on.

- e) 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. Accordingly 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 entered into the register maintained under Section 301 of the Act and exceeding 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) As explained to us, during the year the company has initiated steps to establish, a suitable internal audit procedure. However in absence of any reports we are unable to express any opinion regarding adequacy or otherwise in this respect.
- 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 explanations 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 and in the immediately preceding financial year covered by our audit.
- 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 explanations 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 explanations 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 explanations given to us and on an overall examination of the Balance Sheet, we have not come across any cases where fund raised on short term basis have been utilized for the long term investments.
 - 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 Accounts 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 are not available. (Note No.4)*
 - c. *Non provision of certain unmoved balances in loan given to companies, advance to others, sundry deposits, tax deducted at source. (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. 8)*
3. *We further report that, in respect of the Note 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 accounts as required by law have been kept by the company so far as appears from our examination of those books.
- d) Except as given in *Note No. 2 of Schedule 13 regarding non ascertainment and consequential adjustments regarding impairment of fixed assets and Note No. (i)(ii) of Schedule 13 regarding accounting of sales on the date of negotiation/collection and accordingly the foreign exchange fluctuations 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.
- e) On the basis of written representations from the Directors as on 31st March, 2009 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, 2009 from being appointed as a director of the Company in terms of Clause (g) of Sub-Section (1) of Section 274 of the Act;
- f) 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, 2009; 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
Date : The 30th day of June, 2009.

H. S. JHA
Partner
Membership No. 55854

BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE	31.03.2009 Rs. in thousands	31.03.2008 Rs. in thousands
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	37,500	37,500
Reserves & Surplus	2	43,750	43,750
		81,250	81,250
Loan Funds :			
Secured Loans	3	30,282	32,631
Deferred Tax Liability (Refer Note 7 of Schedule 13)		234	682
	TOTAL	1,11,766	1,14,563
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	4	33,027	30,564
Less : Depreciation		20,784	19,500
Net Block		12,243	11,064
Investments :	5	1,026	5,291
Current Assets, Loans & Advances :			
Inventories		329	7,712
Sundry Debtors		31,310	12,306
Cash & Bank Balances		5,763	5,716
Loans & Advances		41,215	60,486
		78,617	86,220
Less : Current Liabilities & Provisions :	7		
Current Liabilities		3,320	5,920
Provisions		679	658
		3,999	6,578
Net Current Assets :		74,618	79,642
PROFIT & LOSS ACCOUNT		23,879	18,566
	TOTAL	1,11,766	1,14,563
NOTES :	13		

As per our report of even date

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

Place : Kolkata
Date : The 30th day of June, 2009.

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

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009**

	SCHEDULE	2008-2009	2007-2008
		Rs. in thousands	Rs. in thousands
INCOME :			
Sales	8	1,49,237	1,75,507
Other Income	9	12,108	21,685
Increase/(Decrease) in Stock	10	(7,383)	(2,513)
		<u>1,53,962</u>	<u>1,94,679</u>
EXPENDITURE :			
Purchases		1,20,378	1,61,394
Interest (Net)	11	2,582	1,457
Depreciation		2,691	2,911
Manufacturing, Administrative, Selling & Other Expenses	12	33,823	45,302
		<u>1,59,474</u>	<u>2,11,064</u>
Profit/(Loss) before Tax and Exceptional items		(5,512)	(16,385)
Exceptional Items		0	0
Profit/(Loss) before Tax		(5,512)	(16,385)
Provision for Tax			
– Income Tax - Current Year		0	0
– Deferred Tax		(448)	(61)
– Fringe Benefit Tax		249	232
Profit/(Loss) after Tax		(5,313)	(16,556)
Profit and Loss Account balance brought forward		(18,566)	(2,010)
Transfer from General Reserve		0	0
Balance carried to Balance Sheet		<u>(23,879)</u>	<u>(18,566)</u>
BASIC & DILUTED EPS (Rs.)		(1.42)	(4.41)
NOTES :	13		

As per our report of even date

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

Place : Kolkata
Date : The 30th day of June, 2009.

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

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2009 Rs. in thousands	As at 31st March, 2008 Rs. in thousands
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
50,00,000 Equity Shares of Rs. 10/- each	50,000	50,000
Issued, Subscribed & Paid Up :		
37,50,000 Equity Shares of Rs. 10/- each	37,500	37,500
	37,500	37,500
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium	43,750	43,750
General Reserve :		
As per last Balance Sheet	0	0
Less : Transferred to Profit & Loss Account	0	0
	0	0
Profit & Loss Account :		
Balance Carried Forward	0	0
	43,750	43,750
SCHEDULE 3 : SECURED LOANS		
Cash Credit, Packing Credit from Bank (Secured by Hypothecation of Stock-in-Trade including goods-in-transit and Export Goods lying with manufacturers. Guaranteed by Personal Guarantee of Managing Director of the Company. Packing Credit is further secured by Fixed Deposits amounting to Rs. 4000 (Previous Year Rs. 4000).	29,674	31,040
Vehicle Loans from Banks (Secured by way of hypothecation of vehicles)	608	1,591
	30,282	32,631
	30,282	32,631

SCHEDULES TO THE ACCOUNTS

SCHEDULE - 4 FIXED ASSETS

(Rs. in thousands)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION BLOCK			NET BLOCK			
	As on 01.04.08	Addition during the year	Sales/ad-justment during the year	Total as on 31.03.09	Up to 31.03.08	For the year amount adjustment	Deduction for sales adjustment	Total as on 31.03.09	As on 31.03.08	As on 31.03.09
FREEHOLD LAND	620	0	0	620	0	0	0	0	620	620
BUILDING*	17,210	0	859	16,351*	10,238	624	122	10,739	5,612	6,971
OFFICE APPLIANCE & OTHER EQUIPMENTS	2,489	76	0	2,565	2,199	60	0	2,258	307	289
COMPUTER	1,917	98	0	2,015	1,828	113	0	1,941	74	90
FURNITURE & FITTINGS	2,106	19	0	2,126	1,896	42	0	1,938	188	210
VEHICLES	4,669	5,580	2,569	7,660	1,970.00	1,806	1,284	2,491	5,169	2,699
AIR-CONDITIONER, REFRIGERATOR, COOLER, GENERATOR	1,553	137	0	1,691	1,369	48	0	1,417	274	185
TOTAL :	30,564	5,911	3,448	33,027	19,500	2,691	1,407	20,784	12,243	11,064
PREVIOUS YEAR :	40,619	2,814	12,867	30,584	19,435	2,912	2,847	19,500	11,064	-

* Includes 20 shares (Previous year 20 shares) of Rs. 50/- each (Total face value Rs. 1000/-) fully paid up.

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2009 Rs. in thousands	As at 31st March, 2008 Rs. in thousands
SCHEDULE 5 : INVESTMENTS		
TRADE INVESTMENTS		
QUOTED :(Current: Fully Paid Equity Shares of Rs. 10/- each)		
(11170) J. J. Exporter Ltd.	0	1,306
(90) Victoria Mills Limited	0	776
(1400) Jai Corporation Limited	0	1,011
(400) Mundra Port & SEZ Limited	0	313
(300) Kolte Patil Developers Limited	0	59.00
(1422) BGR Energy System Limited	0	1,234
20000 Suzlon Energy Ltd.	1,212	0
(1298) Renaissance Jewellery Limited	0	254
(179) Future Capital Limited	0	218
(8461) Reliance Power Limited	0	4,972
(1000) Gati Limited	0	127
16185 (10000) Prime Textiles Limited	1,069	488
	<u>2,281</u>	<u>10,758</u>
Less : Provision for Diminution in Investments	<u>1,255</u>	<u>5,467</u>
	<u>1,026</u>	<u>5,291</u>
AGGREGATE VALUE OF INVESTMENTS :		
Book Value : Quoted	<u>2,281</u>	<u>4,699</u>
	<u>2,281</u>	<u>4,699</u>
Figures in bracket indicate previous year figures.		
Market Value : Quoted	<u>1,026</u>	<u>5,327</u>

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2009 Rs. in thousands	As at 31st March, 2008 Rs. in thousands
--	-----------------------------------------------	-----------------------------------------------

SCHEDULE 6 : CURRENT ASSETS, LOANS & ADVANCES

AND OTHER CURRENT ASSETS :

Inventories including goods in transit (As taken valued and certified by the Management)

Trading Goods	0	7,383
Discarded Fixed Assets (Refer Note No. 14 of Schedule - 13)	329	329
	329	7,712

Sundry Debtors (Unsecured, considered good by the Management) :

Debts due for a period exceeding six months	25,992	10,163
Other Debts	5,318	2,143
	31,310	12,306

Cash and Bank Balances :
(As certified by the management)

Cash Balance	460	902
Balance with Scheduled Banks :		
In Current Account	1,294	800
In Fixed Deposit *	4,005	4,005
In E.E.F.C. Account	4	9
	5,763	5,716

* Rs. 4000 secured against Packing Credit loan

LOANS & ADVANCES :

Loans/Inter Corporate Deposits (Refer Note No. 5(a) of Schedule - 13)	24,181	24,436
Advance recoverable in Cash or in kind or for value to be received :		
Unsecured :		
Advance to Staff	330	541
Advance to Others	12,049	30,382
Sundry Deposits	1,848	1,948
Advance Fringe Benefit Tax	464	647
Tax Deducted at Source	1,356	1,483
Other Current Assets	987	1,049
Interest Receivable	41,215	60,486
	78,617	86,220

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2009 Rs. in thousands	As at 31st March, 2008 Rs. in thousands
SCHEDULE 7 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES :		
Sundry Creditors : (Refer Note 8)		
For Goods Supplied	37	1,375
For Expenses	1,810	1,621
For Others	1,473	2,924
	3,320	5,920
PROVISIONS :		
For Taxation	0	0
For Fringe Benefit Tax	679	658
	679	658
SCHEDULE 8 : SALES		
	Year Ended	Year Ended
	31st March, 2009	31st March, 2008
Export	1,44,635	1,66,670
Domestic	4,602	8,837
	1,49,237	1,75,507
SCHEDULE 9 : OTHER INCOME		
Export Incentives	8,900	10,965
Miscellaneous receipts	97	189
Profit on sale of Fixed Assets (Net)	0	394
Profit on sale of Investments	0	2,674
Dividend on Current Investments	16	40
Job Charges	0	4,623
Sundry Balances Written Back (Net)	0	74
Discount / Claim Received	395	1,263
Rent received	2,700	1,350
Difference in Exchange	0	113
	12,108	21,685
SCHEDULE 10 : INCREASE / (DECREASE) IN STOCK		
Stock at Closing		
Trading Goods	0	7,383
	0	7,383
Stock at Opening		
Trading Goods	7,383	9,896
	7,383	9,896
	(7,383)	(2,513)

SCHEDULES TO THE ACCOUNTS

	Year ended 31.03.2009 Rs. in thousands	Year ended 31.03.2008 Rs. in thousands
SCHEDULE 11 : INTEREST (Net)		
To Banks and others	5,798	4,608
	<u>5,798</u>	<u>4,608</u>
Less: received on Loans/Inter		
Corporate Deposits & from Banks	3,216	3,151
(Gross : TDS Rs.159 thousand		
Previous Year Rs. 48 thousand)	<u>2,582</u>	<u>1,457</u>
SCHEDULE 12 : MANUFACTURING, ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Salaries, Wages, Bonus & Gratuity	3,3400	6,515
Contribution to Provident & Other Funds	343	420
Staff Welfare Expenses	159	248
Store Consumption	0	763
Insurance	455	394
Rent	41	2,564
Rates & Taxes (Including Licence Fee)	98	233
Repairs :		
Building	59	207
Others	132	604
	191	811
Shipping Expenses	11,250	13,373
Commission (Net)	2,372	1,003
Brokerage	57	430
Discount / Claims / Samples	208	2,503
Payment to Auditors :		
Audit Fee	41	41
Certificate etc.	22	0
	63	41
Branch Auditors' Remunerations	0	21
Bank Charges	511	676
Charity & Donation	19	220
Sundry Balance Written off (Net)	3,078	0
Loss on sale of Fixed Assets (Net)	581	0
Loss in Derivative Transactions (Net)	125	4,881
Loss on Sale of Investments (Net)	477	0
Diminution in Investment	1,255	4,790
Difference in Foreign Exchange (Net)	5,097	0
Miscellaneous Expenses	4,063	5,416
	<u>33,823</u>	<u>45,302</u>

SCHEDULES TO THE ACCOUNTS

SCHEDULE 13 :

Notes forming part of the Accounts

1. Contingent Liability not Provided for :
Outstanding Bills Purchased/Discounted for Rs.16,570 (Previous Yar Rs. 58,943)
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. a) Loans / Inter corporate deposits include Rs. 6,362 (including interest Rs. 682) (Previous year year Rs. 9,046) given to companies, which is overdue.
b) Certain balances included in advance to others, sundry deposits, tax deducted at source etc. are lying unmoved for a considerable period.
Pending outcome of the steps being taken by the management, the above balances are considered to be fully realisable.
6. In respect of a loan for which the company had filed suit for recovery together with interest, during the year an out of court settlement was entered in with the party. Accordingly the settled amount was received and balance of Rs. 2,766 was written off.
7. 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 liabilities are as follows :-

Particulars	Opening as on 01.04.2008 Rs.	Charge/Credit during the year Rs.	Closing as on 31.03.2009 Rs.
Deferred Tax Liabilities			
On account of Depreciation Difference	682	(448)	234

8. 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 accordingly the disclosure as required in Sec 22 of the said Act could not be given in these accounts.

9. **Defined contribution scheme**

Employers contribution to provident fund

2008-09	2007-08
337	406

Defined benefit Scheme

The employee's gratuity fund scheme/pension fund scheme is a defined benefit plan managed by a Trust. The present value of obligation is determined based on actuarial valuation using the projected unit Credit, 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. During the year an additional charge of Rs. 229 is charged to profit and loss account.

	Expenses recognized during the year ended March 31, 2009 (included in Schedule 12 of Profit and Loss Account)	Gratuity (Funded)	Gratuity (Funded)
		31/03/2009	31/03/2008
1	Current Service Cost	48	66
2	Interest Cost	67	67
3	Expected return on plan assets	(53)	(49)
4	Actuarial Losses/(Gains)	169	(31)
	Total Expenses	231	53
	Change in the obligation during the year ended March 31, 2009		
1	Present value of Defined Benefit Obligation at the beginning of the year	928	828
2	Current Service Cost	48	66
3	Interest Cost	67	67
4	Benefit Paid	(139)	0
5	Actuarial (Gains)/Losses	164	(33)
	Present value of Defined Benefit Obligation at the end of the year	1,068	928
	Change in Assets during the year ended March 31, 2009		
1	Plan Assets at the beginning of the year	930	796
2	Contribution by Employer	0	0
3	Expected return on plan assets	53	49
4	Benefit Paid	(139)	0
5	Actuarial (Gains)/Losses	(5)	(2)
	Plan Assets at the end of the year	839	843
	Reconciliation of Net Asset/(Liability) recognized in the Balance Sheet During the year ended March 31, 2009		
1	Net Asset/(Liability) at beginning of the year	2	(32)
2	Employer Expenses	(231)	53
3	Employer Contributions	0	0
4	Net Asset/(Liability) at the end of the year (The shortfall has been paid on 31st March 2009 by the Company)	(229)	(65)
	Actuarial Assumptions		
1	Discount Rate	7.10%	7.75%
2	Expected Rate of Return on Plan assets	6.20%	6.20%
3	Expected Rate of Salary Increase	5.00%	5.00%
4	Mortality	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate

Assumptions relating to future salary increase, attrition, interest rate of discount and overall expected rate of return on assets have been considered in the actuarial valuation based on relevant economic factors such as inflation, market growth and other factors to the period over which the obligation is expected to be settled.

10. Difference in Foreign Exchange include Rs. 5,043 net Loss (Previous Year Rs. 145 Profit) on account of cancellation of forward exchange Contract.
11. The company operates only in one business segment viz. exporting yarn and other activities are incidental thereto. The geographical Segments of the company mainly comprise of the export to different countries.
12. Details of profit/loss on Sale of current Investments are as follows :

	Particulars	2008-09	2007-08
i)	Profit on Sale of current Investments	272	2,077
ii)	(Loss) on Sale of Current Term Investments	(6,216)	(488)
iii)	Profit on Sale of Long Term Investment	-	15
	Total	(5,944)	1,604
iv)	Add : Provision for diminution in Investments written back	5,467	1,070
	Total	(477)	2,674

13. Directors' remuneration is

	2008-2009	2007-2008
	Rs.	Rs.
Salary	420	420
Contribution to Employees Provident Fund & Other Fund	50	50
Other Perquisites	164	170
	634	640

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

14. 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.
15. 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 – Since deceased on 11.12.2008.
Sri R. K. Patodia - Managing Director – Also Chairman w.e.f. 16.12.2008.
 - 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. 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	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
1) Electricity charges paid	-	-	58	60	-	-
2) Rent paid	-	-	7	7	-	-
3) Professional fees paid	-	-	-	-	18	-
4) Remuneration paid	634	540	-	-	-	-

- a) Outstanding Balance as on 31st March, 2009

Nature of transactions	Key Management Personnel		Enterprises of Key Management Personnel		Directors interested Firm	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
1) Electricity charges	-	-	20	4	-	-

Note : In respect of above parties, there is no provision for doubtful debts as on 31st March 2009 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.

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

	Year Ended 31.03.2009	Year Ended 31.03.2008
(a) Profit/(Loss) after taxes	(5,313)	(16,556)
(b) Basic and weighted average no of Equity Shares during the year (in Nos.)	37,50,000	37,50,000
(c) Nominal Value of Equity Shares	10/-	10/-
(d) Basic and Diluted EPS (a/b) (Rs.)	(1.42)	(4.41)

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

A. <u>Quantitative Information</u>			<u>Quantity</u>		<u>Amount Rs. in thousand</u>	
			<u>(in Packages)</u>		2008-2009	2007-2008
		<u>Unit</u>	2008-2009	2007-2008	2008-2009	2007-2008
a)	<u>Opening Stock :</u>					
	Yarn	Packages	683'	1,336	7,383	8,096
	Fabrics	Packages	—	34	—	1,800
b)	<u>Purchases :</u>					
	Yarn	Packages	18,833	25,369	1,20378	1,61,393
	Fabrics	Packages	—	—	—	—
c)	<u>Sales :</u>					
	Yarn	Packages	19,516	26,021	1,49,237	1,73,858
	Fabrics	Packages	—	34	—	1,649
d)	<u>Damage :</u>					
	Yarn	Packages	—	1	—	8
e)	<u>Closing Stock :</u>					
	Yarn	Packages	—	683	—	7,383
	Fabrics	Packages	—	—	—	—

Sales exclude job charges.

B. Expenditure in Foreign Currency

<u>Particulars</u>	<u>2008-2009</u>	<u>2007-2008</u>
Travelling	187	938
Commission	2,324	1,4300
Claims paid to Overseas Buyers	176	2,503

C. Earning in Foreign Currency

F.O.B. Value of Export	1,37,834	1,58,502
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18. Figures are given in thousand and accordingly rounded to nearest thousand
19. Previous year figures included operations of Home textile unit till 1st January 2008. Therefore the previous year figures are strictly not comparable. Previous years' figures have been regrouped and/or rearranged wherever considered necessary.

20. ACCOUNTING POLICIES :

A) General :

The accounts have been prepared under the historical cost convention and in accordance with the provision of Companies Act 1956 and Accounting Standards notified vide Companies (Accounting Standards) Rules, 2006.

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 sheet 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) Income from Export Incentives is recognised on the basis of certainties as to its utilisation and related realisation.
- ii) Job Charges are accounted for on the basis of work performed.

D) Inventories :

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

E) Employee Benefits :

- (a) Short 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

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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.

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 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. Contingent 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 30th day of June, 2009.

For and on behalf of the Board
R. K. PATODIA, Managing Director
SHEELA PATODIA, Director
S. R. SARAF, 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. <u>Registration Details :</u>	
Registration No.	21-13842
State Code	21
Balance Sheet Date	31.03.2009
2. <u>Capital raised during the Year : (Rs. in thousand)</u>	
Public Issue	NIL
Right Issue	NIL
Bonus issue	NIL
Private Placement	NIL
3. <u>Position of Mobilisation and Deployment of Funds : (Rs.in thousand)</u>	
Total Liabilities	1,11,766
Total Assets	1,11,766
Sources of Funds :	
Paid up Capital	37,500
Reserves & Surplus	19,871
Secured Loans	30,282
Unsecured Loans	NIL
Application of Funds :	
Net Fixed Assets	12,243
Investment	1,026
Net Current Assets	74,618
Miscellaneous Expenditure	NIL
Accumulated Losses	NIL
4. <u>Performance of Company : (Rs. in thousand)</u>	
Turnover (Including other Income)	1,53,962
Total Expenditure	1,59,474
Profit/(Loss) before Tax	(5,512)
Profit/(Loss) after Tax	(5,313)
Earning per Share (Rs.)	(1.42)
Dividend Rate	NIL
5. <u>Generic Names of Principal Products, Services of the Company :</u>	
Item Code No.	52.05
Product Description	Cotton Yam

As per our report of even date

For LODHA & CO.
Chartered Accountants

H. S. JHA
Partner

Place : Kolkata
Dated : the 30th day of June, 2009.

For and on behalf of the Board
R. K. PATODIA, Managing Director

SHEELA PATODIA, Director
S. R. SARAF, Director

B. C. CHATTERJI, Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

CASH FLOW STATEMENT	Year ended 31st March, 2009 (Rs. in ' 000)	Year ended 31st March, 2008 (Rs. in ' 000)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	(5,512)	(16,385)
Adjustments for :		
Depreciation	2,691	2,911
Interest paid	5,798	4,608
Loss on Diminution in Investment	1,255	4,790
(Profit)/Loss on Sale of Investments(Net)	477	(2,674)
(Profit)/Loss on Sale of Assets (Net)	581	(394)
Interest Received	(3,216)	(3,151)
Dividend Received	(16)	(40)
Sundry Balance Written Off/(Back) (Net)	<u>3,078</u>	<u>(74)</u>
Operating Profit before working Capital Changes	5,136	(10,409)
Adjustment for :		
Inventories	7,383	2,696
Trade and Other Receivables	(19,312)	3,568
Advances	18,211	(19,085)
Trade payables	(2,598)	582
	<u>8,820</u>	<u>(12,239)</u>
Cash Generated From Operations		(22,648)
Direct Taxes paid	<u>310</u>	<u>(34)</u>
Net Cash from Operating Activities before exceptional item (A)	<u>(9,130)</u>	<u>(22,682)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,911)	(2,814)
Sale of Fixed Assets	1,460	10,415
Sale of Investment	8,345	14,160
Purchase of Investment	(5,812)	(19,055)
Loans & Inter-corporate Deposits	(2,511)	16,757
Interest Received	3,278	2,865
Dividend Received	<u>16</u>	<u>40</u>
Exceptional items :		
Investment written of	-	-
Advance written of	-	-
Net Cash used in Investing Activities (B)	<u>(1,135)</u>	<u>22,368</u>

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CASH FLOW STATEMENT (Contd.)

	Year ended 31st March, 2009 (Rs. in '000)	Year ended 31st March, 2008 (Rs. in '000)	
C. CASH FLOW FROM FINANCING ACTIVITIES			
Net Increase/Decrease in Secured Borrowing	(1,366)	1,083	
Net Increase/Decrease in Unsecured Borrowing	(983)	392	
Dividend Paid	-	-	
Interest Paid	(5,599)	(4,595)	(3,120)
Net Cash from Financing Activities (C)	<u>(7,948)</u>	<u>(4,595)</u>	<u>(3,120)</u>
Net Increase in Cash & Cash equivalents (A+B+C)	47	(3,434)	
Cash & Cash equivalents as at opening	5,716	9,150	
Cash & Cash equivalents as at closing	5,763	5,716	

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
Date : The 30th day of June, 2009.

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

PROXY FORM

YARN SYNDICATE LIMITED

REGD. OFF. 23, CIRCUS AVENUE, KOLKATA - 700017

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 63rd Annual General Meeting of the
Company to be held at Patodia House, 23, Circus Avenue, Kolkata - 700 017 on Friday,
the 11th day of September, 2009, at 10.00 a.m. and/or at any adjournment thereof.
signed this day of 2009

Signature



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 - 700017

Full Name of Shareholder / Proxy

I hereby record my presence at the 63rd Annual General Meeting of the Company held at Patodia House, 23, Circus Avenue, Kolkata - 700 017 on Friday, the 11th day of September, 2009 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