

## YARN SYNDICATE LIMITED

### BOARD OF DIRECTORS

SMT. SHEELA PATODIA, Chairperson & Managing Director

SRI RISHIRAJ PATODIA, Joint Managing Director

SRI SITA RAM SARAF

SRI DEVENDRA JHUNJHUNWALA

SRI KISHORE CHHABRIA

### BANKERS

CANARA BANK

Overseas Branch

2/1, Russel Street, Kolkata - 700 071

### AUDITORS

LODHA & CO.

Chartered Accountants

14, Government Place East, Kolkata - 700 069

### REGISTERED OFFICE

42, Broad Street, Kolkata - 700 019

## NOTICE OF THE 67<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty-Seventh Annual General Meeting of the Members of the Company will be held at the Hotel Akash Deep, 48, Circus Avenue, Kolkata - 700017 on Friday, the 20th day of September, 2013 at 12.00 P.M. to transact the following business:

### AS ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2013 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 Kishorelal Beharilal Chhabria, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 :

42, Broad Street,  
Kolkata - 700 019

Dated : The 30th day of May, 2013.

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 18th September 2013 to 20th September, 2013 (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., 7A, Beltala Road, 1st Floor, Kolkata-700026.'
5. As the Members are aware, your Company's shares are tradable compulsorily in electronic form and in view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation.

6. The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide circular dated April 21, 2011 in terms of which a company would have ensured compliance with the provisions of Section 53 of the Act, if service of documents have been made through electronic mode. In such a case, the company has to obtain email addresses of its members for sending e notices / documents electronically by giving an advance opportunity to the members to register their email addresses and changes therein, if any from time to time with the company. Accordingly, documents such as notices for general meetings, Financial Statements, Annual Reports for the year etc. can be sent in electronic form, to the email addresses of those members as available in the Register of Members of the Company. In case a shareholder desires to receive the documents stated above in either physical form or electronic form, they are to convey their preferences to the company.

#### DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT

(in pursuance of Clause 49 of the Listing Agreement)

(1)

- |  |  |
|--|--|
| 1. Name                                  | : Shri Kishorelal Beharilal Chhabria                                       |
| 2. Date of Birth                         | : 21.02.1943   |
| 3. Date of Appointment                   | : 27.05.2011   |
| 4. Qualifications                        | : B.SC., ENGG. (MECH.)   |
| 5. Expertise in Specific functional area | : Engineer and pioneer of manufacturer of Non-foam Polyurethanes products. |
| 6. Chairman/Director of other Companies  | : <b>Directorships:</b><br>1. VCM Polyurethanes (P) Limited                |

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

**Registered Office :**  
42, Broad Street,  
Kolkata - 700 019

Dated : The 30th day of May, 2013.

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 67th Annual Report of the Company together with the Audited Accounts for the Year ended on 31st March, 2013.

#### FINANCIAL RESULTS :

	<u>2012-2013</u>	<u>2011-2012</u>
	<u>Rs. in Thousand</u>	<u>Rs. in Thousand</u>
Export Sales	16716	58300
Domestic Sales	-	-
	<u>16716</u>	<u>58300</u>
Profit/(Loss) before Interest & Depreciation	<b>(8468)</b>	(9003)
Less: Interest	1716	1746
Depreciation	<u>4172</u>	<u>3964</u>
Profit/(Loss) before Tax	<b>(14356)</b>	(14713)
Less: Deferred Tax Charge/(Credit)	<b>( 5)</b>	(230)
Fringe Benefit Tax	<u>-</u>	<u>(230)</u>
Profit/(Loss) after Tax	<b>(14351)</b>	(14483)
Add: Balance brought from last year	<b>(36342)</b>	(21858)
Balance carried forward to next year	<u><b>(50692)</b></u>	<u>(36342)</u>

#### DIVIDEND :

Your Directors do not recommend dividend on Equity Shares for the Financial Year ended 31st March, 2013.

#### PERFORMANCE REVIEW :

During the financial year under review, the Company's export performance has suffered mainly due to the extremely competitive market conditions for much of the year. Even though export market conditions were favorable for India for much of the year, rigid prices at home coupled with fiercely competitive market abroad worked against the company's market strategy. This has forced the company's marketing division to explore the export market for other products as well.

The company has continued to explore newer markets for yarn and other products and at the same time maintaining its excellent business relations with its existing customers in order to remain competitive in the export business. The export sales have decreased to Rs. 167.16 lakhs during the year 2012-13 as compared to Rs. 583 lakhs during the previous year. The company hopes that the overall market conditions will be favorable 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 Kishorelal Beharilal Chhabria, Director of the Company retires by rotation and is 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, 2013, the applicable accounting standards had been followed;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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, 2013 on a 'going concern' basis.

**CORPORATE GOVERNANCE :**

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

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

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 issued under Section 217(1)(e) of the Companies Act, 1956, your Directors have to state that the particulars in respect of Energy Conservation and Technology Absorption are not applicable to your Company. As regards the Foreign Exchange earning and outgo, your Directors have to state that the relevant figures are given in Note 31 annexed to the Audited Accounts.

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

**AUDITORS' OBSERVATIONS:**

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

**AUDITORS:**

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

**ACKNOWLEDGEMENTS:**

The Board is grateful to Canara Bank for their continued co-operation and timely assistance as and when required. The Board is grateful to the Reserve Bank of India, State Bank of India, Park Circus Branch, HDFC Bank, Dr.U.N.Brahmachari Street Branch, The Cotton Textiles Export Promotion Council, Textile Committee, Export Credit Guarantee Corporation of India Ltd, Collector of Central Excise, Director General of Foreign Trade, New Delhi, Joint Director General of Foreign Trade, Kolkata, Registrar of Companies, the Federation of Indian Export Organizations, The Commercial Tax Office, Kolkata and other institutions for their kind co-operation in day to day activities of the Company. Your Directors are thankful to all the executives and staff members of the Company for their wholehearted co-operation.

For and on behalf of the Company

**Registered Office :**

42, Broad Street,  
Kolkata - 700 019

Dated : The 30th day of May, 2013

**SHEELA PATODIA**

Chairperson and 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 has always recognized the importance of good corporate governance and has strived to practice and improve its focus on it by increasing transparency, professionalism and accountability to its shareholders and other stakeholders including employees, the government and lenders. The company will make sustained effort to improve on these aspects on ongoing basis.

### 2. BOARD OF DIRECTORS

The Board of Directors consists of 5 Directors.

#### COMPOSITION, CATEGORY AND DIRECTORSHIP IN OTHER COMPANIES

Name of Director	Promoter Executive/ Non-executive Independent	Member of Board of Other Companies including Pvt. Ltd. Cos.	Total No. of Committee Membership held	
			As Chairperson/ Chairman	As Member
Smt. Sheela Patodia (Chairperson & Managing Director)	Promoter / Executive	1	–	1
Shri Rishiraj Patodia (Joint Managing Director)	Executive	1	–	2
Shri S. R. Saraf	Independent/ Non-executive	3	3	–
Shri D. K. Jhunjhunwala	Independent/ Non-executive	3	–	3
Shri Kishore Chhabria	Independent/ Non-executive	1	–	–

#### BOARD, ANNUAL GENERAL MEETING & ATTENDANCE :

5 (five) Board Meetings were held during the year. The Board Meetings were held on 30th May 2012, 31st May 2012, 10th August 2012, 15th October 2012 and 14th February 2013.

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

The Annual General Meeting was held on 21st September, 2012.

Director	No. of Board Meeting		Attended last AGM
	Held	Attended	
Smt. Sheela Patodia	5	5	No
Shri Rishiraj Patodia	5	5	No
Shri S. R. Saraf	5	–	Yes
Shri D. K. Jhunjhunwala	5	–	Yes
Shri Kishore Chhabria	5	–	No

### AUDIT COMMITTEE

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

- It shall oversee that Company's financial reporting process and the disclosure of its financial information and ensure that financial statements are correct, sufficient and credible.
- It shall recommend the appointment and removal of external auditor, fix the audit fee and also approve payment for any other services.
- It shall review with management the annual, half-yearly and quarterly financial statements in all respects.
- It shall review with management and statutory auditors the adequacy of internal control systems and internal audit functions.
- Discuss with external auditors before the audit commences nature and scope of audit as well have post-audit discussion to ascertain any area of concern.
- Review the company's financial and risk management policies.

#### COMPOSITION, NAME OF MEMBERS AND CHAIRMAN :

The Audit Committee was formed pursuant to a resolution passed at the Meeting of the Board of Directors of the Company held on 30th October, 2002. Audit Committee Meetings were held on 29th May 2012, 9th August 2012, 15th October 2012 and 13th February 2013. 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	4	4
2.	Sri D. K. Jhunjhunwala	Member & Independent Director	4	4
3.	Sri Rishiraj Patodia	Member & Executive Director	4	–

### 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. Jhunjhunwala
Member & Executive Director	:	Sri Rishiraj Patodia

No Remuneration Committee meeting was held during the year.

**Details of remuneration paid to the Directors for the year:**

The aggregate of salary and perquisites paid for the year ended 31st March, 2013 to the Directors were as follows:

Smt. Sheela Patodia	:	Rs. 7,77,956/-
Sri Rishiraj Patodia	:	Rs. 3,00,000/-

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

**4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :**

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

Sri S. R. Saraf is the Chairperson and is heading the Committee. Smt. Sheela Patodia and Sri D. K. Jhunjhunwala are the other members of the Committee. Sri Bikash Chandra Chatterji, Company Secretary is the Compliance Officer.

The Company has received 6 complaints as on 31.03.2013 and all of them have been resolved.

There were no shares pending for transfer as on 31.03.2013 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 <sup>ST</sup> MARCH, 2010	24.09.2010	HOTEL AKASH DEEP 48, CIRCUS AVENUE, KOLKATA - 700 017.	10.00 A.M.
31 <sup>ST</sup> MARCH, 2011	23.09.2011	—DO—	10.00 A.M.
31 <sup>ST</sup> MARCH, 2012	21.09.2012	—DO—	10.00 A.M.

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

- i) At the Sixty-fourth Annual General Meeting held on 24th September 2010, no special resolution was passed.
- ii) At the Sixty-fifth Annual General Meeting held on 23rd September 2011, special resolution was passed for appointment of Sri Rishiraj Patodia as Joint Managing Director.
- iii) At the Sixty-sixth Annual General Meeting held on 21st September 2012, no special resolution was passed.

No resolution was put through Postal Ballot.

**6. DISCLOSURES :**

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

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

Details of non-compliance by the company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

None.

**Risk Management:** A systematic risk procedure is in place through appropriate internal control and checks and balances.

**Compliance with Mandatory/Non-mandatory requirements:**

The Company has complied with all the mandatory requirements of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement. As regards adoption of non-mandatory requirements of this clause, a Remuneration Committee of the Directors, as detailed hereinabove, is already in existence. Furthermore, the Company is making all possible effort to move towards a regime of unqualified financial statements.

**7. CEO & COMPANY SECRETARY CERTIFICATION :**

The Chairperson & Managing Director and Company Secretary have certified to the Board that:

We have reviewed financial statements and the cash flow statement for the year 2012-13 and that to the best of our knowledge and belief:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2012-13 which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

- (d) We have indicated to the auditors and the Audit committee, wherever applicable:
- significant changes in internal control over financial reporting during the year;
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**8. SECRETARIAL AUDIT :**

A qualified practicing Chartered Accountant carried out Quarterly Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of shares in dematerialized form held with NSDL and CDSL.

**9. MEANS OF COMMUNICATIONS :**

- Half yearly results sent to each household of Shareholders. Although half-yearly report is not sent to each household of shareholders, the Company published the same in "Financial Express" and "Arthik Lipi".
- Quarterly Results. The quarterly results published in the proforma prescribed under the Listing Agreement are approved and taken on record within 45 days of the close of the relevant quarter. The approved results are notified forth with to the concerned Stock Exchange. Financial Express (English newspaper), Arthik Lipi (Bengali newspaper).
- which newspaper normally published in. The above said results and the Shareholding Pattern used to be uploaded in the website of EDIFAR system under SEBI, periodically. The system has been discontinued and as per current requirement, a soft copy of Annual Report in single PDF file has been uploaded to the Exchange's website.
- any Website, where displayed.
- whether it displays Official news releases. No
- whether presentation made to Institutional investors or to analyst. No
- whether Management Discussion and Analysis Report is a part of Annual Report or not. Management Discussion and Analysis Report is a part of Annual Report.

**10. GENERAL SHAREHOLDERS INFORMATION :**

	DATE	TIME	VENUE
a)	A.G.M. 20th September, 2013	10.00 A.M.	HOTEL AKASH DEEP 48, CIRCUS AVENUE, KOLKATA 700 017.
b)	Financial Calendar (tentative)	:	2013 – 2014
	i) Financial Year	:	April – March
	ii) First Quarter Results	:	August, 2013
	iii) Second Quarter Results	:	November, 2013
	iv) Third Quarter Results	:	February, 2014
	v) Audited Results for the year ending 31/03/2012	:	May, 2014
c)	Date of Book Closure	:	18th September, 2013 to 20th September, 2013 (both days inclusive)
d)	Dividend payment date	:	Not applicable
e)	Listing of Equity Shares on	:	Mumbai Stock Exchange
	(i) Annual Listing Fees for the year 2013-14 (as applicable) has been paid to the Bombay Stock Exchange Ltd., Mumbai within the stipulated date.		
	(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	:	INE 564C01013
	and CDSL for equity shares.		

**g) Stock Market Data :**

Month	THE STOCK EXCHANGE, MUMBAI		
	Month's High Prices	Month's Low Prices	Closing BSE Sensex
April, 2012	2.96	2.69	17318.81
May, 2012	3.56	2.94	16218.53
June, 2012	3.38	2.80	17429.98
July, 2012	3.38	2.63	17236.18
August, 2012	2.91	2.91	17429.56
September, 2012	3.15	2.62	18762.74
October, 2012	3.40	2.47	18505.38
November, 2012	3.40	3.23	19339.90
December, 2012	3.35	2.63	19426.71
January, 2013	2.54	2.21	19894.98
February, 2013	2.43	2.32	18861.54
March, 2013	2.62	2.00	18835.77

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

j) (a) Shareholding Pattern as on 31<sup>st</sup> March, 2013.

Sl. No.	Category	No. of Shares (Issued Equity)	% of Shareholding
01.	Promoters & Persons Acting in Concert	2527279	67.394
02.	Indian Financial Institutions, Banks, Mutual Funds.	62500	1.667
03.	Foreign Institutional Investor/NRI's	2500	0.067
04.	Others	1157721	30.873
	Total	37,50,000	100.00

(b) Distribution on Shareholding as on 31st March, 2013.

No. of Shares held	No. of Shareholders	Percentage of Shareholders	No. of shares Issued Equity	Percentage of Shareholding
1-500	3313	91.69	414548	11.05
501-1000	155	4.290	121799	3.24
1001-2000	63	1.740	94837	2.52
2001-3000	23	0.630	57685	1.53
3001-4000	7	0.194	23181	0.61
4001-5000	12	0.330	56333	1.50
5001-10000	17	0.470	122693	3.27
10001-50000	18	0.490	360672	9.61
50001-100000	1	0.028	73000	1.95
100000 & above	4	0.110	2425252	64.67
<b>TOTAL</b>	<b>3613</b>	<b>100</b>	<b>3750000</b>	<b>100</b>

(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, 2013, 35.05% of shares of company were held in Dematerialised form. There are no electronic requests pending for approval as on 31.03.2013 for Dematerialization/Rematerialization under NSDL and CDSL.

Liquidity of Shares :

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

(l) Investor Correspondence :

(i) For transfer/dematerialisation of shares and any other query relating to the shares of the Company etc.	: R & D INFOTECH PVT. LTD. 7A, Beltala Road, 1st Floor, KOLKATA 700 026. TEL : 91(33)2419-2641/42 FAX : 91(033)24761657 e-mail : rdinfotec@yahoo.com rd.infotech@vsnl.net
(ii) Any query on Annual Report to : the Company's <b>new</b> Registered Office address	: Secretarial Department YARN SYNDICATE LIMITED 42, Broad Street, KOLKATA 700 019. TEL : 033-2281-0270 & 033-2290-4383 FAX : 033-2281-0270 E-mail : yarnca@vsnl.com

The Board of Directors at their Meeting held on 30th May 2013 adopted the above report.

Registered Office :  
42, Broad Street,  
Kolkata - 700 019

Dated : The 30th day of May, 2013

For and on behalf of the Company

**SHEELA PATODIA**  
Chairperson and Managing Director

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

### To the Members of Yarn Syndicate Limited,

1. We have examined the compliance of the conditions of Corporate Governance by Yarn Syndicate Limited for the year ended 31st March 2013 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and explanations given to us and representations made by the Directors and the management, we certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further report that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

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

**H. S. JHA**  
Partner  
Membership No. 055854

Place : Kolkata  
Dated : 30th May, 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### A) INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Textile and Yarn Industry have a pivotal role and an overwhelming presence in the economic life of the country. This sector contributes significantly to industrial production, to the country's export earnings and is a major provider of employment securing jobs to millions of people. In the current year, i.e. 2012-2013, the cotton yarn exports of the country have crossed 900 million kilos which is a record export of such demand in our competing countries, mainly China. This financial year, cotton yarn exports are expected to touch an all-time high owing to good demand from China. The export market remains extremely competitive and margins are constantly growing narrower thereby adding to the pressure on the exporters with smaller volumes. During 2012-13, Yarn Syndicate Ltd. had exported cotton yarn to the United Kingdom.

In spite of difficult situation your company is facing, we are constantly searching for customers in lucrative export markets for yarn and at the same time on the lookout for the export of other

products whose exports will benefit us in the long run. Your Company is adhering to its policy of exporting quality yarn and strictly following delivery schedules to our customers.

### B) OPPORTUNITIES AND THREATS

The biggest opportunity for Indian exporters at present is the Chinese market. The shift in export destination to China can be partly attributed to the Chinese policy, which supports cotton price at a higher level than in other countries. The high cotton prices in the domestic market, coupled with restricted access to the international market has forced Chinese spinners to shift to man-made and blend yarns. As a consequence fabric manufacturers have increased imports of cotton yarn. Indian spinners have successfully utilized this opportunity.

There are several threats facing Indian yarn industry in both the domestic and international markets. On the domestic front, the biggest threat is the rising prices of cotton yarn due to rise in cost of freight. On the international front, the export of cotton is will be adversely affected if China cuts down on its level of imports.

### 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 Indian yarn exporters are their dependence on the Western markets and Chinese market, rising domestic cost of production of yarn, and the emergence of low cost markets like Vietnam and Bangladesh.

### E) OUTLOOK

During the past year, the cotton yarn market was more stable than in the previous year. The exports by the textile sector are in the negative because of lower demand for garment but the yarn market has improved since last couple of years. As there was a ban on cotton yarn till March 2011, there was a sudden surge in cotton yarn exports from April last year. The cotton yarn market has continued to be positive. With cotton prices easing and a favourable currency situation, export demands saw a significant rise. Also, with China building a cotton reserve, there is now a rising demand for the natural fibre.

### F) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

### G) FINANCIAL AND OPERATIONAL PERFORMANCE

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

### H) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

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

Your organization appreciates the constructive support of Banks, Institutions, Suppliers, Export Promotion Organisations, executives, employees, creditors and the confidence shown by

them in the company. Employer-Employee relations in all the offices of the company were cordial throughout the year under review.

The total numbers of people employed by the Company are 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.

For and on behalf of the Company

**Registered Office :**  
42, Broad Street,  
Kolkata - 700 019

**SHEELA PATODIA**  
Chairperson and Managing Director

Dated : The 30th day of May, 2013

#### AUDITOR'S REPORT

##### To the Members of YARN SYNDICATE LIMITED

#### 1. Report on the Financial Statements

We have audited the accompanying financial statements of **YARN SYNDICATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### 2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### 3. Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### 4. Basis for Qualified Opinion

- I. Attention is invited to the following Notes regarding:
  - a) *Certain debts from overseas buyers are overdue and have not been confirmed. However the extent of amount recoverable out of the balance and provision there against if any as presently not ascertainable. (Note 13)*
  - b) *Non-provisioning of certain unmoved balances in loan given to companies, advance to others, sundry deposits, tax deducted at source. (Note 29)*
- II. *We further report that impact with respect to the Notes given in paragraph I above cannot be ascertained and commented by us.*

#### 5. Opinion

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

except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 6. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

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

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For LODHA & CO**  
Chartered Accountants  
Firm's ICAI Registration Number : 301051E

Place : Kolkata  
Dated : The 30th day of May, 2013.

**H. S. JHA**  
Partner  
Membership No. 55854

#### YARN SYNDICATE LIMITED

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. There were no material discrepancies with regard to book records in respect of the assets verified during the year.
- (c) During the year, the Company has not disposed off substantial part of its fixed assets, which could effect the going concern status of the Company.
- (ii) (a) The Company is trading in textile yarn. Orders for procurement are directly despatched to customers and goods are generally despatched from the place of procurement itself. Hence inventory only represents goods in transit for which sales has not been completed keeping in view the same, the inventory is not verified by the management.
- (b) Read with our comments in Para (a) above, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) Read with our comments in Para (a) above, the Company is maintaining proper records of inventories and no discrepancies were noticed on physical verification.
- (iii) (a) According to information and explanations given to us the company has not granted any loans, secured or unsecured, to companies, firms or other parties in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii)(b) of the Order are not applicable.
- (b) According to information and explanations given to us, interest amounting to Rs. 115(000) in respect of loans granted earlier where principal has been repaid is outstanding.
- (c) As informed to us, having regard to the terms and conditions to the loans granted in earlier years overdue interest is outstanding in respect of such loan.
- (d) As informed to us, the Company has taken interest free unsecured loans from a company and a director, which is covered in the register maintained under section 301 of the Act. The maximum amount of such loans during the year was Rs.19.88 lacs and Rs.146.84 lacs whereas the year-end balance were Rs.19.71 lacs and Rs.127.64 lacs respectively.
- (e) In our opinion, the loan is interest free and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
- (f) The above interest free loan was not due for repayment during the year.
- (iv) In our opinion there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. 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 given to us, we are of the opinion that transactions that need to be entered into the register maintained under section 301 of the Act, have been so entered.
- (vi) The Company has not accepted any deposits from the public under Section 58A, 58AA or any other relevant provision of the Act and the rules framed there under.
- (vii) *There is no internal audit system in the Company.*
- (viii) As informed, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Act, for the product of the company. Accordingly provision of the Para (viii) of the order is not applicable to the company.

- (ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding, as at 31st March 2013 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, Service Tax, Custom Duty, Wealth Tax, Excise Duty and cess that have not been deposited with the appropriate authority on account of any dispute.
- (x) The Company has accumulated losses as at the year- end which has not exceeded fifty percent of its' networth. However, the effect of the unquantified qualification has not been taken into consideration for the purpose of making our comments in this clause. The Company has incurred cash losses during the year covered by our audit and had incurred cash losses in the immediately preceding financial year.
- (xi) According to the information and explanations given by the management, we are of the opinion that during the year the Company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
- (xii) Based on our examination of documents and records and according to information and explanations given to us, we are of the opinion that 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) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from bank or financial institutions.
- (xvi) As per the information and explanation given to us, the Company has not availed fresh term loan during the year.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the company, we have not come across any cases where fund raised on short-term basis have been utilized for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company has not issued any debenture during the period. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) The company has not raised money by public issues during the period.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For LODHA & CO**  
Chartered Accountants  
Firm's ICAI Registration Number : 301051E

Place : Kolkata  
Dated : The 30th day of May, 2013.

**H. S. JHA**  
Partner  
Membership No. 55854

**BALANCE SHEET AS AT 31ST MARCH, 2013**

	Note No.	As at 31st March 2013	As at 31st March 2012
<b>EQUITY AND LIABILITIES :</b>			
<b>Shareholders' Funds :</b>			
Share Capital	2	37,500,000	37,500,000
Reserves & Surplus	3	(6,941,697)	7,409,130
<b>Non-Current Liabilities :</b>			
Long-term borrowings	4	16,504,598	10,538,090
Long-term provisions	6	565,000	619,000
<b>Current Liabilities :</b>			
Short-term borrowings	7	–	16,501,114
Trade payables	8	149,191	149,191
Other current liabilities	9	12,194,582	6,999,282
Short-term provisions	10	570,000	752,380
<b>TOTAL</b>		<b>60,541,674</b>	<b>80,468,187</b>
<b>ASSETS :</b>			
<b>Non-Current assets :</b>			
Fixed assets	11		
– Tangible assets		15,636,471	15,313,010
– Intangible assets		–	–
Long term loans and advances	12	12,888,890	14,407,230
Other Non-current assets	13	17,301,387	17,301,387
Deferred tax assets	5	1,263,170	1,258,230
<b>Current assets :</b>			
Inventories	14	328,675	2,187,705
Trade receivables	15	1,121,524	–
Cash and bank balances	16	643,945	15,105,002
Short-term loans and advances	17	5,735,358	6,885,679
Other current assets	18	5,622,255	8,009,944
<b>TOTAL</b>		<b>60,541,674</b>	<b>80,468,187</b>
See accompanying notes to the financial statements	1		

As per our report of even date

**For LODHA & CO.**  
Chartered Accountants

**H. S. JHA**  
Partner

Place : Kolkata  
Dated : The 30th day of May, 2013.

For and on behalf of the Board of Director  
**SHEELA PATODIA**, Chairperson & Managing Director  
**RISHI RAJ PATODIA**, Joint Managing Director  
**S. R. SARAF**, Director

**B. C. CHATTERJI**, Company Secretary

**PROFIT & LOSS STATEMENT  
FOR THE YEAR ENDED 31ST MARCH, 2013**

	Note No.	As at 31st March 2013	As at 31st March 2012
Revenue/Income from operations	19	18,421,899	61,941,081
Other Income	20	4,088,321	4,779,131
<b>Total Revenue</b>		<b>22,510,220</b>	<b>66,720,212</b>
<b>Expenses:</b>			
Cost of goods exported		11,693,340	49,479,953
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	1,859,030	324,110
Employee benefit expense	22	5,783,717	5,880,384
Financial costs	23	2,698,804	3,131,115
Depreciation and amortization expense	11	4,171,842	3,964,210
Other expenses	24	10,659,252	18,653,270
<b>Total Expenses</b>		<b>36,865,985</b>	<b>81,433,042</b>
Profit before tax for the year		(14,355,765)	(14,712,830)
<b>Tax expense:</b>			
- Current tax		-	-
- Tax for earlier years		-	-
- Deferred tax		4,940	230,000
		<b>4,940</b>	<b>230,000</b>
Profit/(Loss)after tax for the year		<b>(14,350,825)</b>	<b>(14,482,830)</b>
<b>Earning per equity share:</b>			
- Basic		(3.83)	(3.86)
- Diluted		-	-
See accompanying notes to the financial statements	1		

As per our report of even date

**For LODHA & CO.**  
Chartered Accountants

**H. S. JHA**  
Partner

Place : Kolkata

Dated : The 30th day of May, 2013.

For and on behalf of the Board of Director  
**SHEELA PATODIA**, Chairperson & Managing Director

**RISHI RAJ PATODIA**, Joint Managing Director

**S. R. SARAF**, Director

**B. C. CHATTERJI**, Company Secretary

**NOTE TO THE ACCOUNTS**

**Note 1****SIGNIFICANT ACCOUNTING POLICIES :****A) General:**

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

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

**C) Sales and Other Income:**

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

**D) Inventories:**

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

**E) Employee Benefits:**

(a) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

(b) i) Gratuity - year-end liabilities on account of gratuity payable to employees are determined on the basis of actuarial valuation with appropriate contributions to the Company's gratuity fund and charged to 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) hereinbelow whereon it has been provided at the rates as prescribed under Schedule XIV to the Companies Act, 1956.

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

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

**H) Impairment:**

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

**I) Foreign Exchange Transaction:**

**i) Assets & Liabilities :**

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

**ii) Export Sales:**

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

**J) Borrowing Cost :**

Borrowing cost incurred in relation to the acquisitions or construction of assets are capitalised/

allocated as part of the cost of such assets. Other borrowing costs are charged as an expense in the year in which these are incurred.

**K) Taxation :**

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

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

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

## NOTE TO THE ACCOUNTS

	As at 31st March 2013	As at 31st March 2012
<b>Note 2</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised</b>		
50,00,000 (50,00,000) Equity shares of Rs.10/- each	50,000,000	50,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
37,50,000 (37,50,000) Equity shares of Rs. 10/- each.	37,500,000	37,500,000
	<u>37,500,000</u>	<u>37,500,000</u>
<b>Shareholders holding more than 5% of shares</b>		
	<b>No.of shares</b>	<b>No.of shares</b>
Sheela Patodia	1,302,802	1,302,802
Rishiraj Patodia	215,500	215,500
Y.S.Exports Limited	994,950	994,950
<b>Note 3</b>		
<b>RESERVES &amp; SURPLUS :</b>		
Securities Premium Reserve	43,750,000	43,750,000
Surplus in Profit & Loss Account		
Surplus :		
Opening Balance	(36,340,870)	(21,858,040)
Add : Profit/(Loss) for the year transferred from Statement of Profit & Loss	(14,350,825)	(14,482,830)
Balance at the end of the year	<u>(50,691,695)</u>	<u>(36,340,870)</u>
<b>Total</b>	<u>(6,941,695)</u>	<u>7,409,130</u>

**Note 4****LONG TERM BORROWINGS :**

<b>Unsecured</b>		
From Director	10,763,530	6,000,000
<b>Secured</b>		
Vehicle Loan from HDFC Bank Ltd.*	2,257,859.30	2,874,116
Vehicle Loan from ICICI Bank Ltd. **	3,075,339.00	-
Vehicle Loan from Tata Capital Ltd.***	407,869.44	1,663,975
	<u>16,504,597.74</u>	<u>10,538,090</u>

(Secured by way of hypothecation of vehicles)

\* 47 instalments due @ Rs.76,230 (59 instalments due @ Rs.76,230) as on 31.03.2013

\*\* 22 instalments due @ Rs.96,950 ( Rs.NIL) as on 31.03.2013

\*\*\* 9 instalments due on 1 loan @ Rs.36,452 and 17 instalments due on 2nd loan @ Rs.83,835 (21 instalments @ Rs.36,452 and 28 instalments @ Rs.83,835) as on 31.03.2013

**Note 5****Deferred Tax Assets**

Expenses allowable on payment basis 117,170 112,230

**Deferred Tax Liabilities**

Depreciation Difference 1,146,000 1,146,000

**Deferred Tax Liabilities (Net)** 1,263,170 1,258,230

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 recognised in the absence of virtual certainty of reversal of such assets.

## NOTE TO THE ACCOUNTS

	As at 31st March 2013	As at 31st March 2012
<b>Note 6</b>		
<b>LONG TERM PROVISIONS :</b>		
– Provision for Employee benefits		
Provision for Gratuity	565,000	619,000
	<u>565,000</u>	<u>619,000</u>

**Note 7****SHORT TERM BORROWINGS :****Secured**

Packing Credit from Canara Bank Ltd.	-	16,501,114
	<u>-</u>	<u>16,501,114</u>

(Secured by Hypothecation of Stock - in -Trade including goods-in- transit and Export Goods lying with manufacturers &amp; Book debts. Guaranteed by Personal Guarantee of both Managing Directors of the Company. Further collateral security of office premise at Mumbai, term deposits of Rs.4000 &amp; pledge of cut-back deposit against export proceeds.

**Note 8****TRADE PAYABLES :**

	149,191	149,191
	<u>149,191</u>	<u>149,191</u>

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 Section 22 of the said Act could not be given in these accounts.

**Note 9****OTHER CURRENT LIABILITIES**

Vehicle Loan from HDFC Bank Ltd.	616,256.24	549,653
Vehicle Loan from Tata Capital Ltd.	1,256,105.12	1,199,691
Vehicle Loan from ICICI Ltd.	761,296.00	-
Interest free Loan From Director	2,000,000	2,000,000
Loan from body corporate	500,000	-
Loan from individual	1,000,000	-
Interest accrued and due on ICD	115,040	115,040
Interest accrued but not due on Vehicle loans	72,549	50,429
Other Payables	5,873,335	3,084,469
	<u>12,194,582</u>	<u>6,999,282</u>

**Note 10****SHORT TERM PROVISIONS :**

– Provision for Employee benefits		
Provision for Gratuity	570,000	500,000
– Others		
Provision for Wealth Tax	-	3,107
Provision for Fringe Benefit Tax	-	249,273
	<u>570,000</u>	<u>752,380</u>

## SCHEDULES TO THE ACCOUNTS

## Note 11 : FIXED ASSETS

PARTICULARS	GROSS BLOCK (AT COST)		DEPRECIATION BLOCK		NET BLOCK				
	As on 01.04.12	Addition during the year	Sales/adjustment during the year	Total as on 31.03.13	Up to 31.03.12	Deduction for the year	Total as on 31.03.13	As on 31.03.13	As on 31.03.12
<b>Tangible Assets</b>									
Freehold Land	620,000.00	-	-	620,000.00	-	-	-	620,000.00	620,000.00
Building*	16,350,887.00	-	-	16,350,987.00	12,260,186.00	409,080.00	-	12,669,266.00	3,681,721.00
Office Appliance & Other Equipments	5,251,107.40	34,380.00	-	5,285,487.40	4,049,869.65	189,189.00	-	4,239,058.65	1,056,428.75
Computer	2,332,435.42	-	-	2,332,435.42	2,285,947.15	27,893.00	-	2,313,840.15	18,595.27
Furniture & Fittings	2,503,263.78	-	-	2,503,263.78	2,136,914.78	66,310.00	-	2,203,224.78	300,039.00
Vehicles	13,907,634.70	5,862,592.00	3,443,619.00	16,326,607.70	4,929,500.73	3,479,370.00	2,041,950.00	6,366,920.73	9,959,686.97
<b>TOTAL :</b>	<b>40,975,428.30</b>	<b>5,896,972.00</b>	<b>3,443,619.00</b>	<b>43,428,781.30</b>	<b>25,662,418.31</b>	<b>4,171,842.00</b>	<b>2,041,950.00</b>	<b>27,792,310.31</b>	<b>15,636,470.99</b>
PREVIOUS YEAR :	38,716,375.27	9,143,560.00	6,884,506.97	40,975,428.30	25,709,249.28	3,964,210.00	4,011,040.97	25,662,418.31	15,313,009.99

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

1. 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.

## NOTE TO THE ACCOUNTS

	As at 31st March 2013	As at 31st March 2012
<b>Note 12</b>		
<b>LONG TERM LOANS AND ADVANCES :</b>		
<b>Unsecured</b>		
Loans/Inter Corporate Deposits	11,923,283	11,679,267
Security Deposits	965,607	2,727,963
	<b>12,888,890</b>	<b>14,407,230</b>
<b>Note 13</b>		
<b>OTHER NON-CURRENT ASSETS :</b>		
Long Term Trade Receivable		
(Unsecured - Considered Good unless otherwise stated)	17,301,387	17,301,387
	<b>17,301,387</b>	<b>17,301,387</b>
Sundry Debtors over six months include Rs.1,73,01,387 (Net of ECGC Claim Rs.4,792,846) (Previous year Rs. 1,73,01,387) due from certain overseas buyers. Such balances have not been realigned at the year end rate. In the opinion of the management, these will be recovered in due course and as such no provision is considered necessary in this respect. Balances of debtors are subject to confirmation.		
<b>Note 14</b>		
<b>INVENTORIES :</b>		
<b>(As taken, valued and certified by the management)</b>		
Trading Goods	-	1,859,030
Discarded Fixed Assets	328,675	328,675
	<b>328,675</b>	<b>2,187,705</b>
Certain Fixed assets amounting to Rs.328,675 (Previous year Rs.328,675) have been discarded on retiring from their active use and shown under the head inventories. In the absence of determination of their realisable value, these have been recorded at book value. In the opinion of the management the realisable value will not be lower than the book value. Necessary adjustments, if any will be carried on disposal of the same.		
<b>Note 15</b>		
<b>ACCOUNTS RECEIVABLE :</b>		
(Unsecured - Considered Good unless otherwise stated)		
Outstanding for a period of more than six months	-	-
Other Debts	1,121,524	-
	<b>1,121,524</b>	<b>-</b>

## NOTE TO THE ACCOUNTS

	As at 31st March 2013	As at 31st March 2012
<b>Note 16</b>		
<b>CASH AND BANK BALANCES :</b>		
Cash and cash equivalents		
Cash in hand	913,078.29	1,932,548
Balance with Scheduled Banks		
- on Current Accounts	(292,623.49)	(354,668)
- on Fixed Deposits*	-	4,593,018
- on Cut Back Deposits**	-	8,891,660
- on EEFC Account	23,490	42,444
	<b>643,945</b>	<b>15,105,002</b>

\* Secured against Packing Credit loan

\*\* Arising out of export proceeds & pledged against Packing credit loan

**Note 17****SHORT TERM LOANS AND ADVANCES :**

(Unsecured and considered good unless otherwise stated)

Advance (recoverable in cash or in kind or for value to be received)(*)	4,701,114	5,444,025
Tax deducted at Source	863,099	862,738
Staff Advance	171,145	329,643
Advance Fringe Benefit Tax	-	249,273
	<b>5,735,358</b>	<b>6,885,679</b>

(\*) Includes Rs.4,35,181 (38,842) given to Director.

**Note 18****OTHER CURRENT ASSETS :**

Interest Receivable	464,988	344,016
Export Incentives Receivable	5,157,266.82	7,665,928
	<b>5,622,254.82</b>	<b>8,009,944</b>

**Note 19****REVENUE/INCOME FROM OPERATIONS :**

Sale of Product	16,715,981	58,300,070
Export Incentives	1,705,918	3,641,011
	<b>18,421,899</b>	<b>61,941,081</b>

## NOTE TO THE ACCOUNTS

	As at 31st March 2013	As at 31st March 2012
<b>Note 20</b>		
<b>OTHER INCOME :</b>		
Profit on Sale of Fixed Assets (Net)	-	287,934
Interest Received	981,521.06	1,385,117
Rent Received	3,105,000	3,105,000
Miscellaneous Income	1,800	1,080
	<b>4,088,321</b>	<b>4,779,131</b>

**Note 21****Changes in inventories of finished goods, work-in-progress and Stock-in-Trade**

Closing stock of yarn/Fabric	-	1,859,030
Less : Opening stock of Yarn/Fabric	1,859,030	2,183,140
	<b>1,859,030</b>	<b>324,110</b>

**Note 22****EMPLOYEE BENEFIT EXPENSES :**

Salaries & Wages	5,145,569	5,218,635
Contribution to Provident and other Funds	539,915	537,030
Staff welfare expenses	98,233	124,719
	<b>5,783,717</b>	<b>5,880,384</b>

**Employees Benefits :**

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006 (AS-15), are given below:

- (i) **"Defined Contribution Scheme"** - Contribution to Defined Contribution Plan, recognized for the year are as under:
  - Employer's Contribution to Provident Fund ` 3,81,171 (Previous year ` 3,80,760/-)
  - Employer's Contribution to Pension Fund ` 85,776 (Previous year ` 85,693/-)
- (ii) **"Defined Benefit Scheme"** - The employee's gratuity fund scheme managed by Towers Watson is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit (PUC) actuarial Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(in '000)

Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
<b>Expenses Recognized in the Profit &amp; Loss Account</b>		
1. Current Service Cost	87	80
2. Interest Cost	108	120
3. Expected return on plan assets	(20)	(46)
4. Actuarial Losses / (Gains)	116	207
<b>Total Expenses</b>	<b>291</b>	<b>361</b>
<b>Change in the obligation during the year</b>		
1 <b>Present value of Defined Benefit Obligation at the beginning of the year</b>	<b>1,444</b>	<b>1,963</b>
2 Acquisition	0	0
3 Current Service Cost	87	80
4 Interest Cost	108	120
5 Benefit Paid	(275)	(926)
6 Actuarial (Gains) / Losses	116	207
<b>Present value of Defined Benefit Obligation at the end of the year</b>	<b>1,472</b>	<b>1,444</b>
<b>Change in Assets during the year ended March 31,</b>		
1 <b>Plan Assets at the beginning of the year</b>	<b>325</b>	<b>1,205</b>
2 Contribution by Employer	275	0
3 Expected return on plan assets	20	46
4 Benefit Paid	(275)	(926)
5 Actuarial Gains / (Losses)	(8)	0
<b>Plan Assets at the end of the year</b>	<b>337</b>	<b>325</b>
<b>Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the year ended March 31, 2012</b>		
1 <b>Net Asset / (Liability) at beginning of the year</b>	<b>(1119)</b>	<b>(758)</b>
2 Acquisition	0	0
3 Employer Expenses	(291)	(361)
4 Employer Contributions	275	0
5 <b>Net Asset / (Liability) at the end of the year</b>	<b>(1135)</b>	<b>(1119)</b>
<b>Actuarial Assumptions</b>		
1 Discount Rate	8.00%	8.30%
2 Expected Rate of Return on Plan Assets	6.20%	6.20%

## iii) Disclosure in terms of Para 120(n) of AS 15

( ' in '000)

Particulars	Gratuity (Funded)			
	2012-2013	2011-2012	2010-2011	2009-2010
Present value of defined benefit obligations	(1,472)	(1,444)	(1,963)	(1,337)
Fair value of plan assets	337	325	1,205	1,115
Surplus/(Deficit)	(16)	23	26	45
Experience adjustment on plan liabilities (loss)/gain	(92)	(230)	(686)	(180)
Experience adjustment on plan assets (loss)/gain	(8)	0	0	(22)

**Note :** Assumptions relating to future salary increase, attrition, interest rate for 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.

## Director's remuneration is:

	2012-13	2011-12
Salary	900,000	900,000
Contribution to Employees Provident Fund & Other Fund	108,000	108,000
Other Perquisites	177,956	179,624
	<b>1,185,956</b>	<b>1,187,624</b>

As at 31st March 2013	As at 31st March 2012
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**Note 23****FINANCE COSTS :****Interest Paid**

On Packing Credit	1,180,020	1,924,027
On Foreign Bills Negotiation	274,563	897,556
On Vehicles Loan	987,114	295,656
On Loans/Inter Corporate Deposits & Others	257,107	13,876
	<b>2,698,804</b>	<b>3,131,115</b>

**NOTE TO THE ACCOUNTS**

	As at 31st March 2013	As at 31st March 2012
<b>Note 24</b>		
<b>OTHER EXPENSES :</b>		
Payment to Auditors:		
- As Auditors	55,000	50,000
- Other Services	49,354	25,000
Shipping Expenses	1,222,738	3,596,191
Commission (Net)	-	978,983
Rent	2,627,264	2,511,864
Repairs & Maintenance :		
- Building	56,468	56,468
- Others	87,173	454,692
Rates & Taxes	183,608	177,060
Brokerage	72,288	65,410
Insurance	167,691	465,530
Discount/Claims/Samples	601,287	9,851
Bank Charges	273,602	945,433
Charity & Donation	5,500	500
Difference in Foreign Exchange (Net)	129,155	1,309,359
Sundry Balances written off (Net)	1,922,047	3,922,822
Sales/Export Promotion Expenses	406,223	599,487
Travelling & Conveyance	654,812	988,459
Loss on sale of Fixed Assets	101,669	-
Miscellaneous Expenses	2,043,373	2,496,161
	<b>10,659,252</b>	<b>18,653,270</b>

Difference in Foreign Exchange includes Rs.1,46,720 net loss (Previous year Rs.10,51,031 net loss) on account of cancellation of forward exchange contracts.

**Break-up of Miscellaneous Expenses :**

Electricity	450,445.00	455,502.00
Printing & Stationery	97,646.17	137,349.24
Postage, Telegrams, Telephones & Telex	448,766.05	490,121.03
Law & Professional Charges	98,883.00	267,876.00
Motor Car Expenses	397,179.94	386,048.57
Books & Periodicals	3,140.00	1,995.00
Listing Fee	16,854.00	16,545.00
Subscription	86,882.08	138,335.28
Advertisement	41,720.00	40,960.00
Service Charges	79,808.30	88,693.60
General Expenses	309,183.62	380,195.74
Computer Data Expenses	12,865.00	92,540.00
	<b>2,043,373.16</b>	<b>2,496,161.46</b>

**NOTE TO THE ACCOUNTS****Note 25****Earning Per Share (EPS):**

Particulars	2012-13 (₹)	2011-12 (₹)
<b>Basic and Diluted Earning per share has been computed as under:</b>		
(a) Profit after tax	(14,350,825)	(14,482,830)
(b) Weighted Average Number of Equity Shares issued (Nos.)	3,750,000	3,750,000
(c) Basic Earning per share on profit after tax	(3.83)	(3.86)

**Note 26**

Payment on foreign currency :	2012-13 (₹)	2011-12 (₹)
Travelling	-	141,232
Commission	-	1,053,836
Claim Paid to Overseas Buyers	50,287.00	-

**Note 27****COMMITMENT :****Contingent Liability not Provided for :**

Outstanding Bills Purchased/Discounted for Rs. NIL (Previous Year Rs. 10,168).

**Note 28**

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

**Note 29**

- a) Loans/ intercorporate deposits includes Rs.7,026 (previous year share Rs.7,126) given to a company, which was overdue but started coming during the year.
- b) Certain balances included in security deposits, advances, etc. amounting to Rs. 4,546 (Previous year Rs. 7,438 ) are lying unmoved for a considerable period.

**Note 30**

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:**

Smt.Sheela Patodia - Chairperson & Managing Director  
Sri Rishi Raj Patodia - Joint Managing Director

b) **Group/Associates Companies:**

i) Enterprise having common Director/Management personnel -- NIL

c) **Firm in which Directors have substantial interest:**

NIL

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.**

Amount in `000

Nature of transactions	Key Management Personnel
	2012-13 (2011-12)
1) Electricity charges paid	0
2) Rent paid	0
3) Remuneration paid	1186 (1188)

- There are no outstanding balances in respect of the above parties.
- In respect of above parties, there is no provision for doubtful debts as on 31st March 2013 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 and relied upon by the auditor.

**Note 31****Additional Quantitative Information****Quantity in Packages**

Amount in '000

	Unit	2012-13	2011-12	2012-13	2011-12
<b>Opening Stock :</b>					
Yarn	Packages	389		1859	
Fabric			297		2183
<b>Purchases :</b>					
Yarn	Packages	2334	4497	11693	49480
Fabric					
<b>Sales :</b>					
Yarn	Packages	2723	4108	16716	58300
Fabric					
<b>Damage :</b>					
Yarn	Packages	0	0	0	0
Fabric		0	0	0	0
<b>Closing Stock :</b>					
Yarn	Packages		389		1859
Fabric					

B. **Earning in Foreign Currency**

F.O.B. Value of Export	15,815	56,423
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**Note 32**

Figures are given in rupees and accordingly rounded off to nearest ten.

**Note 33**

Previous years' figures have been regrouped and/or rearranged wherever considered necessary.

As per our report of even date

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

Place : Kolkata

Dated : The 30th day of May, 2013.

For and on behalf of the Board of Director  
**SHEELA PATODIA**, Chairperson & Managing Director**RISHI RAJ PATODIA**, Joint Managing Director**S. R. SARAF**, Director**B. C. CHATTERJI**, Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

CASH FLOW STATEMENT	Year ended 31st March, 2013		Year ended 31st March, 2012	
	(Rs. in Lacs)	(Rs. in ,000)	(Rs. in Lacs)	(Rs. in ,000)
<b>A. Cash Flow from Operating Activities</b>				
Net Profit/(Loss) before Taxes		(14,356.00)		(14,713.00)
Adjustments for :				
Depreciation	41.72	4,172.00	39.64	3,964.00
Interest paid	26.99	2,699.00	31.31	3,131.00
Loss on Diminution in Investment	-	-	-	-
(Profit)/Loss on Sale of Investments (Net)	-	-	-	-
(Profit)/Loss on Sale of Assests (Net)	1.02	102.00	(2.88)	(288.00)
Interest Received	(9.82)	(982.00)	(13.85)	(1,385.00)
Dividend Received	(0.02)	(2.00)	(0.01)	(1.00)
Difference in Foreign Exchange (Net)	1.29	129.00	13.09	1,309.00
Sundry Balances Written Off (Net)	19.22	1,922.00	39.23	3,923.00
Operating Profit before working Capital Changes		<u>8,040.00</u>	<u>39.23</u>	<u>3,923.00</u>
Adjustment for :		(6,316.00)		(4,060.00)
Inventories	18.59	1,859.00	3.24	324.00
Trade and Other Receivables	(31.73)	(3,173.00)	95.82	9,582.00
Advances	50.68	5,068.00	38.63	3,863.00
Trade Payables	23.27	2,327.00	(9.76)	(976.00)
		<u>(235.00)</u>		<u>8,733.00</u>
Cash Generated From Operations				
Direct Taxes Paid	(0.03)	(3.00)	0.70	70.00
Net Cash from Operating Activities before exceptional item (A)		<u>(238.00)</u>		<u>8,803.00</u>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(58.97)	(5,897.00)	(91.43)	(9,143.00)
Sale of Fixed Assets	13.00	1,300.00	31.61	3,161.00
Sale of Investment	-	-	-	-
Purchase of Investment	-	-	-	-
Loans & Inter-corporate Deposits	(2.44)	(244.00)	(15.53)	(1,553.00)
Interest Received	8.61	861.00	10.95	1,095.00
Dividend Received	0.02	2.00	0.01	1.00
Net Cash Used In Investing Activities (B)		<u>(3,978.00)</u>		<u>(6,439.00)</u>

## CASH FLOW STATEMENT (Contd.)

C. Cash flow from Financing Activities	Year ended 31st March, 2013		Year ended 31st March, 2012	
	(Rs. in Lacs)	(Rs. in ,000)	(Rs. in Lacs)	(Rs. in ,000)
Net Increase/Decrease in Secured Borrowing	(144.13)	(14,413.00)	7.18	718.00
Net Increase/Decrease in Unsecured Borrowing	67.64	6,764.00	(20.00)	(2,000.00)
Interest Paid	(25.96)	(2,596.00)	(29.54)	(2,954.00)
Net Cash from Financing Activities (C)		<u>(10,245.00)</u>		<u>(4,236.00)</u>
Net Increase in Cash & Cash equivalents(A+B+C)		(14,461.00)		(1,872.00)
Cash & Cash equivalents as at opening		15,105.00		16,977.00
Cash & Cash equivalents as at closing		644.00		15,105.00

### 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.
- 3) Cash and Bank equivalent includes Rs.NIL (Previous year Rs.4,593) in fixed deposit accounts.
- 4) Cash and Bank equivalent includes Rs.NIL (Previous year Rs.8,892) in cut back deposit accounts arising out of export proceeds & pledged.

As per our report of even date

**For LODHA & CO.**  
Chartered Accountants

**H. S. JHA**  
Partner

Place : Kolkata

Dated : The 30th day of May, 2013.

For and on behalf of the Board of Director  
**SHEELA PATODIA**, Chairperson & Managing Director

**RISHI RAJ PATODIA**, Joint Managing Director  
**S. R. SARAF**, Director

**B. C. CHATTERJI**, Company Secretary

**PROXY FORM**

**YARN SYNDICATE LIMITED**

REGD. OFF. 42, BROAD STREET, KOLKATA - 700 019

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 67th Annual General Meeting of the  
Company to be held at Hotel Akash Deep, 48, Circus Avenue, Kolkata - 700 017 on  
Friday, the 20th day of September, 2013, at 12.00 p.m. and/or at any adjournment thereof.  
signed this ..... day of ..... 2013

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. 42, BROAD STREET, KOLKATA - 700 019

Full Name of Shareholder / Proxy .....

I hereby record my presence at the 67th Annual General Meeting of the Company held at  
Hotel Akash Deep, 48, Circus Avenue, Kolkata - 700 017 on Friday, the 20th day of  
September, 2013 at 12.00 p.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.