

DIRECTORS' REPORT

To Members :

The Directors hereby present their 57th Annual Report together with the audited accounts for the year ended 31st March, 2011 :-

1. FINANCIAL RESULTS :

The Financial results are as under:

(Amount in Rs.)

Profit for the year		1,87,65,640
Less : Provision for taxation		<u>42,56,970</u>
Profit after Tax		1,45,08,670
Less :		
- Dividend including Tax	49,36,002	
- Transfer to General Reserve	<u>17,00,000</u>	<u>66,36,002</u>
Balance carried forward to Profit & Loss A/c.		<u>78,72,668</u>

2. OPERATIONS :

The Sales of your Company are lower at Rs. 9,601 lacs as against Rs. 10,055 lacs last year. The profit before tax of your Company is also lower at Rs. 188 lacs as against Rs. 875 lacs last year.

The profit of your Company is lower mainly due to less dividend income on investments by Rs. 560 lacs in comparison with last year. Besides this, the operational profits as well as sales of your Company are also lower due to depressed market conditions in the Tractor business, lower margins due to change in various incentive schemes by our Principals and higher interest burden on borrowings.

Other Businesses, on the whole, have done well during the year.

3. INVESTMENT :

During the year, the Company made further investment of Rs. 4.99 crore in purchase of 46,149 nos. Equity Shares of The Saraswati Industrial Syndicate Limited.

4. DIVIDEND :

The Directors are pleased to recommend a dividend of Rs. 20/- per share.

5. DIRECTORS :

Mr. Manmohan Singh and Mr. Ranjit Puri, Directors of the Company will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

6. AUDITORS :

M/s. K.C. Malhotra & Company, Chartered Accountants, New Delhi, Auditors of the Company, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

7. PARTICULARS OF DISCLOSURES UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956:

The particulars relating to conservation of energy and technology absorption are not applicable since the Company is mainly engaged in trading activity.

There is no foreign exchange earnings and outgo.

8. PARTICULARS OF EMPLOYEES :

The Company has not paid any remuneration attracting the provision of Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956 and hence no information is required to be appended in this regard.

9. FIXED DEPOSITS :

As on 31.03.2011, 5 (Five) Fixed Deposit Receipts amounting to Rs. 68,000/- matured and remained unclaimed during the year under report.

10. DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956 :

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 ('the Act') and based on the representations received from the operating management, your Directors hereby confirm that :-

- i) in the preparation of the Annual Accounts for 2010-11, the applicable accounting standards had been followed and there are no material departures,
- ii) they have selected such accounting policies with the concurrence of the Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year,
- iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- iv) they have prepared the annual accounts on a going concern basis.

11. ACKNOWLEDGEMENTS :

The Directors place on record their appreciation for the hard work and services rendered by the staff and workmen during the year under report.

By Order of the Board

DATED : 26.05.2011
Place : NOIDA (U.P.)

sd/-
(ADITYA PURI)
DIRECTOR

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of The Yamuna Syndicate Limited, Yamuna Nagar as at 31st March, 2011 and also the Profit and Loss Account for the year ended on that date annexed thereto in which are incorporated the accounts of the branches not visited by us but checked by us, and the cash flow statement for the year ended on that date, which have been signed under reference to this report. 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 misstatement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'order') issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we report a statement on the matters specified in paragraphs '4' and '5' of the order.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b) The Management has certified that it has conducted a physical verification of the fixed assets at reasonable intervals, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies have been noticed on such verification.
- c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- 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 has maintained proper records of Inventory. The discrepancies noticed on physical verification of inventory as compared to the book records, which in our opinion, were not material and have been properly dealt within the books of account.
3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the order are not applicable to the Company for the current year.
- b) (i) The Company has taken unsecured loans of Rs. 3,96,14,000/- in the form of fixed deposits from six parties including from two Directors, the rate of interest, terms and conditions of which are not prima-facie, prejudicial to the interest of the Company. The maximum amount outstanding during the year and the year-end balance of such loan are Rs. 3,96,14,000/- and Rs. 3,96,14,000/- respectively. There are no other loans, secured or unsecured, from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. There are no overdue amounts at the year end.
- (ii) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

4. In our opinion and according to the information and explanations given to us, there is adequate internal control system 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. Further, on the basis of our examination of the books of account and according to the information and explanations given to us, we have not come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements required to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
 b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As informed to us, No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an Internal Audit System commensurate with its size and nature of its business.
8. Maintenance of cost records has not been prescribed to the Company by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
9. a) In our opinion and according to the information and explanations given to us, according to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.
 b) According to the information and explanations given to us and as per records of the Company, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and Cess, which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at 31st March, 2011 and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to our financial Institution or bank.
12. According to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not dealing in shares, securities, debentures and other investments and hence the related reporting requirement of the order are not applicable.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial Institutions during the year.
16. In our opinion and according to the information and explanations given to us, the term loans raised by the company have been applied for the purpose for which the said loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company has not issued any debentures.
20. According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted accounting principles in India, we have found from the internal audit report that an employee of the company has misappropriated funds and stocks to the tune of Rs. 2,11,172/-. The employee has left the services of the company without giving any intimation and criminal proceedings are in progress. However, the company has also lodged insurance claim. Apart from this we have neither come across any instance of fraud on or by the company, noticed and reported during the year, nor have been informed of such case by the management.

Further to our comments referred to above, we report that 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. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from examination of those books. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account. In our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956. On the basis of written representations received from the directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 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 31st March, 2011;
- b) In the case of the Profit and Loss Account, of the profit 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.

For K.C. MALHOTRA & CO.
Chartered Accountants
(Firm Regn. No. 000057N)

sd/-
(Ramesh Malhotra)
Partner
Membership No.013624

Place: New Delhi
Dated: 26.05.2011

**Balance Sheet as at 31st March, 2011**

	Schedule Reference	Figures in Rupees			
			31.03.2011		31.03.2010
Sources of Funds :					
Shareholders Funds :					
Share Capital	(A)	2,11,64,800		2,11,64,800	
Reserves and Surplus	(B)	<u>23,15,88,327</u>	25,27,53,127	<u>22,20,15,659</u>	24,31,80,459
Loan Funds	(C)		<u>26,18,73,832</u>		<u>18,56,52,981</u>
			<u>51,46,26,959</u>		<u>42,88,33,440</u>
Application of Funds :					
Fixed Assets :					
Gross Block	(D)	1,35,29,775		1,39,97,323	
Less : Depreciation Fund		<u>79,09,039</u>		<u>83,88,494</u>	
Net Block		56,20,736		56,08,829	
Capital work in progress		<u>8,90,084</u>	65,10,820	-	56,08,829
Investments (at cost)	(E)		25,93,07,790		20,93,99,508
Current Assets, Loans and Advances :					
Current Assets :					
Stores and Stocks	(F)	13,57,48,786		10,17,80,208	
Sundry Debtors	(G)	7,60,45,985		7,58,78,975	
Cash and Bank Balances	(H)	87,06,588		72,51,487	
Other Current Assets	(I)	10,454		3,609	
Loans and Advances	(J)	<u>6,39,07,093</u>		<u>6,61,50,548</u>	
		<u>28,44,18,906</u>		<u>25,10,64,827</u>	
Less:Current Liabilities and Provisions	(K)	<u>3,56,04,267</u>		<u>3,64,43,179</u>	
Net Current Assets			24,88,14,639		21,46,21,648
Deferred tax Liability (Net)			(6,290)		(7,96,545)
(Refer. Note 6-Schedule L)			<u>51,46,26,959</u>		<u>42,88,33,440</u>

Statement on Significant Accounting
Policies and Notes to the Accounts (L)

sd/-
Ashish Kumar
Company Secretary

sd/-
H.R. Vij
General Manager
(H.O.)

sd/-
R.N. Wakhloo
Chief Executive

sd/-
Aditya Puri
Director

sd/-
Vinod K. Nagpal
Director

In terms of our report of even date
For K. C. Malhotra & Co.
Chartered Accountants
(Firm Regn. No. 000057N)

Place : New Delhi
Dated : 26.05.2011

sd/-
Ramesh Malhotra
Partner
Membership No. 013624