

50th ANNUAL REPORT 2003 - 2004

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THE YAMUNA SYNDICATE LIMITED

THE YAMUNA SYNDICATE LIMITED

Regd. Office : YAMUNA NAGAR - 135 001 (HARYANA)

BOARD OF DIRECTORS :

1. **Mr. Ranjit Puri**
CHAIRMAN
2. **Mr. K.K. Vij**
DIRECTOR
3. **Mr. Manmohan Singh**
DIRECTOR
4. **Lt. Gen. (Retd.) L.N. Budhraja**
DIRECTOR
5. **Mr. Vinod K. Nagpal**
DIRECTOR
6. **Mr. Romesh Malhan**
DIRECTOR
7. **Mr. D.D. Sharma**
DIRECTOR
8. **Mr. Aditya Puri**
DIRECTOR

COMPANY SECRETARY :

Mr. Ashish Kumar

AUDITORS :

M/s. K.C. Malhotra & Co.
Chartered Accountants
New Delhi.

BANKERS :

1. **Punjab National Bank**
2. **State Bank of Patiala**

DIRECTORS' REPORT

To Members :

The Directors hereby present their 50th Annual Report together with the audited accounts for the year ended 31st March, 2004 :-

1. FINANCIAL RESULTS :

The Financial results are as under:

(Amount in Rs.)

Net Profit for the year		1,30,31,241
Less : Provision for taxation :		
-Current Tax	36,70,000	
-Deferred Tax	40,280	37,10,280
Net Profit after Tax		93,20,961
Less :		
- Proposed Dividend @ 22.50% (12.50% + 10% golden jubilee dividend)	47,62,080	
- Dividend Tax	6,10,142	
- Transfer to General Reserve	9,33,000	63,05,222
Balance carried forward to Profit & Loss A/c.		30,15,739

2. DIVIDEND :

The Directors are pleased to recommend a dividend @ 12.50% and an additional golden jubilee dividend @ 10%, making a total of 22.50%.

3. OPERATIONS :

The sales & profits of your Company during the year have been higher at Rs. 4381 lacs and Rs. 130.31 lacs as compared to Rs. 3818 lacs & Rs. 69.84 lacs respectively during the previous year.

In tractor business, we have been able to improve our market share. We have also been allocated additional territories of Saharanpur and Doraha (Distt. Ludhiana) by Escorts.

The tractor market in our area continues to remain unstable. It is a saturated market and therefore there is no urgency for farmers to replace their existing tractors, who often change their purchase decisions on small extraneous considerations.

Indian Oil Corporation Limited has recently awarded us Stockistship for Industrial Lubricants for Yamuna Nagar, Ambala, Panchkula, Kurukshetra & Kaithal Districts with operations from Yamuna Nagar.

Other businesses, on the whole, have done well with the exception of the Yamaha Motorcycle and Bajaj Tempo dealerships. We are in the process of exiting both these businesses.

4. DIRECTORS :

Mr. Vinod K. Nagpal, 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.

5. 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.

6. 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.

7. 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.

8. FIXED DEPOSITS :

As on 31.03.2004, 9 (Nine) Fixed Deposit Receipts amounting to Rs.1,23,000/- matured and remained unclaimed during the year under report.

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

The Directors state :

- i) that in the preparation of the annual accounts for the year ended March 31, 2004, the applicable accounting standards had been followed alongwith proper explanation relating to material departures ;
- 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 that period ;
- 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 annual accounts on a going concern basis.

10. 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

sd/-

(RANJIT PURI)
CHAIRMAN

Dated : 29.06.2004
Place : NOIDA (U.P)

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, 2004 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. 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 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we report a statement on the matters specified in paragraph '4' and '5' of the said 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) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of Inventories 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 Inventories. The discrepancies noticed on physical verification of inventory as compared to the book records, which in our opinion, were not material, have been properly dealt within the books of account.
3. a) The Company has not granted or taken any loan, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except taken from three parties aggregating to Rs. 32,50,000/- in the nature of Fixed Deposits.
- b) In our opinion and according to the information and explanations given to us, the rate of interest, terms and conditions of such loans, i.e., Fixed Deposits are not prima facie, prejudicial to the interest of the Company.
- c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- d) There is no overdue amount of loans taken from parties listed in the register maintained under Section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of Inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not noticed any major weaknesses in internal controls.
5. 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 and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the National Company Law Tribunal.
7. In our opinion, the Company has an Internal Audit System commensurate with its size and nature of the Company's 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) 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, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it have been 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, 2004 for a period of more than six months from the date they became payable.
- b) As at 31st March, 2004 according to the records of the Company, the following are the particulars of disputed dues on account of Sales Tax and Income Tax matters that have not been deposited:

<u>Nature of the Statute</u>	<u>Amount (Rs.)</u>	<u>Forum where dispute is pending</u>
Sales tax	3,15,418	Sales tax Tribunal.
Income tax	3,65,954	Commissioner of Income Tax (Appeals).
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or immediately preceding financial year.
11. According to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial Institution, Bank, or debenture holders.
12. In our opinion and 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. In our opinion, the Company is not a Chit fund or a Nidhi/Mutual benefit fund/Society. Therefore clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. The company is not dealing or trading in shares, securities, debentures and other investments and therefore the question of maintenance of records in respect of these does not arise. We also report that the company has held the shares and other investments in its own name.

THE YAMUNA SYNDICATE LIMITED

15. The Company has not given any guarantee for loans taken by others from Bank or financial institutions.
16. The Company has not raised any term loans during the year.
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. No long-term funds have been used to finance for short-term assets.
18. Based on our examination of record and the information provided to us by management we report that 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. During the period covered by our audit report, the Company has not issued debentures and therefore the question of creation of any security in respect of these debentures does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. Based on 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.

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 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 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, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004 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 accounts give the information required by the Companies Act, 1956 in the manner so required and gives 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, 2004;
- 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

sd/-

Ramesh Malhotra
Partner

Place : New Delhi
Dated : 29.06.2004

Balance Sheet as at 31st March, 2004

	Schedule Reference	Figures in Rupees			
		31.03.2004		31.03.2003	
<u>Sources of Funds :</u>					
Shareholders Funds :					
Share Capital	(A)	2,11,64,800		2,11,64,800	
Reserves and Surplus	(B)	<u>5,97,61,548</u>	8,09,26,348	<u>5,58,13,309</u>	7,69,78,109
Loan Funds	(C)		<u>4,69,80,579</u>		<u>4,16,31,116</u>
			<u>12,79,06,927</u>		<u>11,86,09,225</u>
<u>Application of Funds :</u>					
Fixed Assets	(D)		34,31,950		55,96,014
Investments (at cost)	(E)		4,20,38,799		4,20,38,799
Current Assets, Loans and Advances :					
Current Assets :					
Interest Accrued		16,858		3,444	
Stores and Stocks	(F)	4,02,28,805		4,00,39,156	
Sundry Debtors	(G)	5,45,03,134		3,51,04,862	
Cash and Bank Balances	(H)	39,54,967		41,90,125	
Loans and Advances	(I)	<u>1,26,67,637</u>		<u>86,31,573</u>	
		11,13,71,401		8,79,69,160	
Less: Current Liabilities and Provisions	(J)	<u>2,88,62,573</u>		<u>1,69,62,378</u>	
Net Current Assets			8,25,08,828		7,10,06,782
Deferred tax :					
Deferred tax Asset		18,355		24,283	
Less : Deferred tax Liability		<u>91,005</u>	<u>(72,650)</u>	<u>56,653</u>	<u>(32,370)</u>
			<u>12,79,06,927</u>		<u>11,86,09,225</u>
Statement on Significant Accounting Policies and Notes to the Accounts (K)					

sd/-
Ashish Kumar
Company Secretary

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

sd/-
Mahesh Gupta
Chief Executive

sd/-
K.K. Vij
Director

sd/-
Aditya Puri
Director

In terms of our report attached
For K.C.Malhotra & Co.
Chartered Accountants

New Delhi
Dated : 29.06.2004

sd/-
Ramesh Malhotra
Partner