

Delton Cables Limited

AN ISO 9001 : 2000 COMPANY



**ANNUAL REPORT
2005-2006**

Delton Cables Limited**BOARD OF DIRECTORS**

RAM KUMAR GUPTA
(Chairman & Managing Director)

V.K. GUPTA
(Managing Director)

VIJAY KUMAR GOEL

A. KARATI

B.B. CHADHA

VIVEK GUPTA
(Executive Director)

S.S. MALHOTRA
(Whole Time Director)

COMPANY SECRETARY

RAJESH GUPTA

BANKERS

CANARA BANK

PUNJAB NATIONAL BANK

STATE BANK OF BIKANER & JAIPUR

AUDITORS

S.R. DINODIA & CO.
Chartered Accountants
K-39, Connaught Place,
New Delhi-110 001

REGISTERED & HEAD OFFICE

Delton House,
4801, Bharat Ram Road,
24, Darya Ganj, New Delhi -110 002
Phones : 011-23273905-07
Fax : 011-23280375, 23272178
Email : dcl@deltoncables.com
shares@deltoncables.com
Web Site: www.deltoncables.com

BRANCH OFFICES**MUMBAI**

83-B, Dr. Annie Besant Road,
Near Worli Naka Mumbai-400 018
Tele Fax : 022-24936501
Email : dclbby@bom4.vsnl.net.in

KOLKATA

Shantiniketan, 6th Floor,
Flat No. 1, 8 Camac Street,
Kolkata-700 017
Phone : 033-22824388, 22824153
Fax : 033-22820823 (P.P.)
Email : dclcal@cal2.vsnl.net.in

CHENNAI

18-A, 2nd Floor,
'Asha Mansion',
Montieh Road, Egmore,
Chennai-600 008
Phone : 044-28587702
Tele Fax : 044-28592608
Email : dclmad@giasmd01.vsnl.net.in

BANGALORE

19/7, 3rd Floor, Maruti Mansion,
Cunningham Road,
Bangalore-560052
Phone : 080-22253933, 22263934
Tele Fax : 080-22253933
Email : dclblr@vsnl.com

WORKS**FARIDABAD**

17/4, Mathura Road,
Faridabad (Haryana)-121002
Phone : 0129-2288222, 2288225, 2288227
Fax : 0129-2223998
Email : dclfbd@airtelbroadband.in

NEW DELHI

24, Shivaji Marg,
New Delhi-110015
Phones : 011-25928280, 25928037, 41427377
Tele Fax : 011-25928037
Email : dclngr@deltoncables.com

DHARUHERA

70th Milestone,
Delhi-Jaipur Highway,
Dharuhera (Haryana)-122106
Phones : 01274-242229, 242296
Fax : 01274-242294
Email : dcldhr@deltoncables.com

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Delton Cables Limited**NOTICE**

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of the Members of Delton Cables Limited will be held on Saturday, the 23rd September, 2006 at 11.00 A.M. at Delton Hall, I.E.T.E 2, Institutional Area, Lodi Road, New Delhi - 110 003, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Vijay Kumar Goel, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. A. Karati, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. S. R. Dinodia & Co, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Special Business

5. **To consider and if thought fit, to pass with or without modification(s), the following Resolution(s) as an Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the re-appointment of Sh. V.K. Gupta, as Managing Director of the Company for a period of five years, w.e.f. 01.06.2006 on the remuneration as mentioned below:

A SALARY

Basic Salary : Rs. 85,000/- (Rupees Eighty five thousand Only) per month.

B PERQUISITES

Rent-free

accommodation : The Rent-free accommodation shall be provided by the Company of which the rent shall not exceed a sum of Rs. 15,000/- (Rupees fifteen thousand only) per month.

Perquisites : The perquisites shall be restricted to a sum of Rs. 1,15,750/- per annum which include Medical, LTA, Club fee, Electricity & Gas.

Provident Fund : The employers' contribution to the provident fund @12% of the Basic Salary.

Gratuity : Gratuity shall be payable @ 15 days salary for every completed year of service.

Superannuation: Superannuation is payable as per Company Rules.

RESOLVED FURTHER THAT in case of loss or inadequacy of profits in any financial year, the remuneration shall be paid in accordance with limits laid down in the schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit"

By Order of the Board
for **Delton Cables Limited**

Place: New Delhi,
Date: July 31, 2006.

Rajesh Gupta
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the company shall remain closed from September 20, 2006 to September 23, 2006 (both days inclusive).
3. Members who hold shares in dematerialized form are requested to bring their Client ID and DP-ID numbers for easy identification for attendance at the meeting.
4. Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1999 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1999 or any subsequent financial years are requested to make their claim to Ms. Madhu Gupta, Delton Cables Limited, 4801, Bharat Ram Road, 24 Daryaganj, New Delhi-110 002. It may also be noted that once the unclaimed dividend is transferred to the Investor Education & Protection Fund, as above, no claim shall lie in respect thereof.
5. M/s. Beetal Financial & Computer Services (P) Ltd. is acting as Registrar and Share Transfer Agent of the Company for carrying out its entire share related activities. Shareholders are requested to make all future correspondence related to shares with M/s. Beetal Financial & Computer Services (P) Ltd. at the following address: Beetal House, IIIrd Floor, 99 Madangir, Behind Local Shopping Complex, Near Dada Harsukh Das Mandir, New Delhi - 110 062

ANNEXURE TO NOTICE

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

ITEM NO. 5

Sh. V. K. Gupta was re-appointed as the Managing Director of the Company by the Board of Directors, for a period of five years w.e.f. 1st June 2006. The terms and conditions of the re-appointment are set out in the resolution given in the notice. The remuneration as mentioned in the Resolution is within the limit as laid down in the Schedule XIII to the Companies Act, 1956.

Keeping in view the knowledge, experience, qualification and long association of Sh. V. K. Gupta with the company, your Directors propose the resolution for your approval.

Except Sh. Ram Kumar Gupta, Sh. V.K. Gupta and Sh. Vivek Gupta, none of the other Directors of the company is in any way interested or concerned in the accompanying resolution.

The resolution given in the notice may be treated as the abstract of the terms of appointment of Sh. V. K. Gupta as Managing Director of the company under Section 302 of the Companies Act, 1956.

By Order of the Board
for **Delton Cables Limited**

Place: New Delhi,
Date: July 31, 2006.

Rajesh Gupta
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 41st Annual Report together with the Audited Accounts for the year ended 31st March 2006

Financial Results**(Rs. in Lacs)****2005-2006**

Gross Sales	11580.57
Less : Excise	1564.33
Net Sales	10016.24
Other Income	85.14
Excess Provision Written Back	0.08
Total Expenditure	9576.12
Profit / (Loss) Before Tax	525.34
Less : Provision for Income Tax	78.00
Less : Provision for Fringe Benefit Tax	16.87
Less : Provision for Deferred Tax	94.09
Less : Provision for Wealth Tax	0.08
Net Profit / (Loss)	336.30

Performance

During the year under review your Company has given a good performance. The turnover of your company has increased by 47% from Rs. 7891.41 lacs in the last Financial Year to Rs. 11580.57 lacs in the current Financial Year. The Company has also attained Profit Before Tax of Rs. 525.34 lacs in the Current Financial Year as compared to Profit Before Tax of Rs. 137.82 lacs in the previous Financial Year and Net Profit of Rs. 336.30 lacs as compared to Net Profit of Rs. 72.94 lacs in the previous Financial Year.

Several measures initiated taken by the management during the past 2 years with a view of revive the operation have yielded good results. These include higher sales and profitability and reduction in costs and good order position.

It is expected that Company's turnover and profitability will increase substantially during the current year.

Dividend

The Company is in expansion process and need to conserve its profits. Thus your Directors regret to propose any dividend for the Financial Year ended 31st March, 2006.

Directors

Shri V. K. Gupta's tenure of appointment as Managing Director expires on 1st June 2006 and it is proposed to appoint him in his existing capacity as Managing Director on the terms and conditions as set out in the Notice of the Annual General Meeting. The attention of the Members is invited to the relevant item of the Notice of the Meeting and the Explanatory Statement thereto.

Shri Vijay Kumar Goel and Shri A. Karati, Directors of the Company, retiring by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Sh. L. B. Rungta and Sh. M. P. Mehrotra have resigned as Directors of the Company during the year under review. Your directors

place on record their appreciation for valuable services rendered by them during their tenure as directors of the Company.

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 that:

- in the preparation of the accounts for the financial year ended 31st March 2006, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 profit or loss of the Company for the year under review;
- the Directors have 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; and
- that the Directors have prepared the accounts for the financial year ended 31st March 2006 on a 'going concern' basis.

Fixed Deposits

The Company has not accepted any fixed deposits during the year as per the provisions of Section 58-A of the Companies Act, 1956, and the Rules made there under, and as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

ISO 9001 : 2000

Your Company is an ISO 9001:2000 certified Company and following the best practices to lead the organisation towards the best performance. Quality Control (Inward, Process and Finished Product), Production Capability, Customer Satisfaction, System Approach to Management, Self Regulating System, Continual Improvement, Factual Approach to Decision making and Mutually Beneficial Suppliers Relationship are the quality management principals used as a basis for all the operating systems of the Company leading to all its plants being ISO 9001:2000 certified.

Reply to the Auditors Observation

As mentioned in clause (g) of the Auditors' Report your Directors want to state that there is one case pending with the Sole Arbitrator appointed by Hon'ble High Court and the case is pending before him for final arguments. In another matter the Company has filed a complaint with the Office of Banking Ombudsman against State Bank of Travancore for recovery of amount. Your Directors are of opinion that there are good chances of recovery of the amount from the opposite party(s).

Personnel

None of employees of the Company is in receipt of remuneration in excess of the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Delton Cables Limited**Auditors**

M/s. S.R. Dinodia & Co., Chartered Accountants, New Delhi, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them for the Financial year 2006-07. M/s. S.R. Dinodia & Co., have, under Section 224 (1-B) of the Companies Act, 1956, furnished a certificate of their eligibility for re-appointment.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed to this report as Annexure -I.

Listing of Shares

As per listing agreement the company declares that its equity shares are listed at *Delhi Stock Exchange Association Limited* (DSE) and *The Bombay Stock Exchange Ltd., Mumbai* (BSE). The listing fee in respect thereof, for the year 2006-07 has already been paid to the Stock Exchanges.

Acknowledgement

Your directors wish to record their warm appreciation for the valuable co-operation and support received from the customers and suppliers, various Financial Institutions, Banks, Central and State Government Bodies, Auditors and Legal Advisors which have made possible the improved results achieved by your company and to all the persons who reposed faith and trust in us. We would also like to express thanks to our Shareholders for their confidence and understanding.

Last but not the least, we wish to place on record our appreciation for the sincere services rendered by the employees and our colleagues at all levels.

For & on behalf of the Board of Directors

Place: New Delhi
Dated: July 31, 2006

R.K. GUPTA
Chairman & Managing Director

ANNEXURE-I TO DIRECTORS' REPORT**COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988:****A. Conservation of Energy**

a) Energy Conservation measures taken:

Greater emphasis has been laid on creating awareness amongst all employees for the optimal utilisation of Power and to prevent misuse of energy at all levels.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

No major investments proposed during the year.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Not applicable.

d) Total energy consumption and energy consumption per unit of production in respect of industries specified in the Schedule thereto:

Not applicable.

B. Technology Absorption

Efforts made in technology absorption as per Form B is given below:

Research & Development (R & D)

1. Specific areas in which R & D efforts have been put in by the Company are:

Development of LT Elastomeric Cable.

2. Benefits derived as a result of the above R & D:

Installation of Plant & machinery is in progress and the Company expects prototype sampling in next few months.

3. Future plan of action:

The Company is in advanced stage of research and Development to add HT Power Cables to its existing line of LT Power Cables

4. Expenditure on R & D : NIL

Technology Absorption, Adaptation and Innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation:

Efforts for Development and Innovation for further improvements and product up-grading are going on.

2. Benefits derived as a result of the efforts:

Quality improvement, cost reduction, product development, import substitution and better consumer satisfaction.

3. Technology imported during the last 5 years : NIL

C. Foreign Exchange Earnings and Outgo:

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans: The company is targetting growth in exports. It is exploring new markets overseas to expand the product base.

b) Total foreign exchange used and earned:

Rupees in Lacs

(i) Earning by way of	
(a) Exports (FOB)	209.35
(ii) Outgo by way of imports	
(a) CIF Value of imports	1829.86
(b) Travelling	7.40
(c) Interest	66.46
(d) Others	3.97

For & on behalf of the Board of Directors

Place : New Delhi
Date : July 31, 2006

R.K. GUPTA
Chairman & Managing Director

Delton Cables Limited**AUDITOR'S REPORT**

To the Share Holders of **M/S DELTON CABLES LIMITED**

We have audited the attached Balance sheet of **M/S DELTON CABLES LIMITED**, as at **31st March, 2006** and also the Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period 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 {as amended by the Companies (Auditor's Report) (Amendment) Order, 2004} issued by the Central Government of India, in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) 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 Company's Balance sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and 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.
- e) On the basis of written representations received from the directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In the absence of any notification in the official gazette by the Central Government, no cess is payable under section 441A of the Companies Act, 1956 for the year ended 31st March 2006.
- g) **We are unable to express an opinion on the recoverability or otherwise and the consequential effect if any, on the profit & loss account in respect of old outstandings aggregating to Rs. 12,198,725 due from the customers and included under the head sundry debtors over six months unsecured and considered good in Schedule '8' (Refer to Note No. B-2 of Schedule '18').**
Subject to the foregoing, 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 give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at **31st March, 2006**;
 - ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

For **S.R. DINODIA & CO.**,
Chartered Accountants,

(PRADEEP DINODIA)
PARTNER
M.NO. 80617

PLACE: NEW DELHI
DATED: July 31, 2006

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our audit report of even date)

- i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of major fixed assets has been conducted by the management at appropriate intervals. In our opinion, the program is reasonable having regard to the size of the company and the nature of the fixed assets. No material discrepancies were noticed on such verification as compared to book records.
- (c) No substantial part of fixed assets has been disposed off during the year.
- ii) (a) On the basis of information and explanation provided by the management, Inventories have been physically verified by the management during the year except inventories lying with the third parties. In our opinion, frequency of verification is reasonable.
- (b) In our opinion, procedures for 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) In our opinion, the company is maintaining proper records of inventory. We have been explained that discrepancies noticed on physical verification as compared to book records were not material and the same have been properly dealt with in the books of account.
- iii) According to information and explanation given to us, the company has not granted/ taken any loans to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 during the year. Therefore, the provision of clause 4 (iii) (a to g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and for the sales of goods. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices, there is no continuing failure to correct the weaknesses in the aforesaid internal control systems.
- v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements have been made at prices, which are reasonable with regard to the prevailing market prices at the relevant times.

Delton Cables Limited

- vi) In our opinion, and according to the information and explanations given to us, the company has not accepted any deposit within the meaning of section 58 A, 58 AA and the other relevant provisions of the Companies Act, 1956 and rules framed there under.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) On the basis of records produced, we are of opinion that prima facie, the cost records and accounts prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956 has been maintained by the company, but, we were not required to carry out and have not carried out any detailed examination of such records and accounts.
- ix) a) The company is generally regular in depositing 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 any other statutory dues with the Appropriate Authorities.
- b) According to information and explanation given to us, no undisputed amount of statutory dues were outstanding as at last day of the financial year for a period more than six months from the date on which they became payable.
- c) According to information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty, cess, which have not been deposited on account of any dispute, except as follows:-

Statement of Disputed Dues

Name of the Statute	Nature	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Law	Sales Tax	33,168	1980-81	High Court
		42,216	1981-82	-do-
		6,030	1982-83	-do-
		43,676	1989-90	Sales Tax Tribunal
		21,168	1990-91	-do-
		36,964	1996-97	Assistant Collector
		152,178	1998-99	Joint Commissioner (Appeal)
		2,551,867	1999-00	-do-
		4,771,247	2000-01	-do-
Local Area Development Tax	LADT	337,104	2003-04	.*
		215,051	2004-05	.*
		116,327	2005-06	.*

* No notice/demand received by the company. Provision made based on statutory pronouncement of the State Government. The levy itself disputed by the company before Joint Commissioner (Excise & Taxation) for the earlier years.

- x) The Company does not have any accumulative losses at the end of the financial year and has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- xi) On the basis of information and explanation provided by the management and test checked by us, the company has not made any default in the repayment of dues to the financial institutions and banks.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, during the year under audit.
- xiii) In our opinion, the company is not a chit fund or nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor Report) Order, 2003 are not applicable to the company.
- xv) On the basis of information and explanation provided, the company has not given guarantee for loans taken by others from the banks during the year.
- xvi) The term loan was applied for the purposes for which the loan was obtained.
- xvii) On the basis of information and explanation given to us and an overall examination of the balance sheet, we report that during the year there are no funds raised by the company on short-term basis which have been used 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 Companies Act, 1956 during the year.
- xix) During the period covered by our audit report, the company has not issued any debentures.
- xx) The company has not raised any money by public issues during the year.
- xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, during the year we have neither come across any instance of fraud on or by the Company nor have we been informed of such case by the management.

For **S.R. DINODIA & CO.,**
Chartered Accountants,

(**PRADEEP DINODIA**)
PARTNER
M.NO. 80617

PLACE: NEW DELHI
DATED: July 31, 2006