

Delton Cables Limited

An ISO 9001 : 2000 COMPANY



**ANNUAL REPORT
2004-2005**

Delton Cables Limited**BOARD OF DIRECTORS**

RAM KUMAR GUPTA
(Chairman & Managing Director)

V.K. GUPTA
(Managing Director)

VIJAY KUMAR GOEL

M.P. MEHROTRA

A. KARATI

B.B. CHADHA

L.B. RUNGTA

VIVEK GUPTA
(Executive Director)

S.S. MALHOTRA
(Whole Time Director)

COMPANY SECRETARY

SEEMA KHANNA

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

CONTENTS

Notice	2
Directors' Report	3
Auditors' Report	5
Balance Sheet	7
Profit & Loss Account	8
Cash Flow Statement	9
Schedules	10
Notes to Accounts	16
Balance Sheet Abstract & Company's General Business Profile	21

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

KOLKATTA

Shantiniketan, 6th Floor,
Flat No. 1, 8 Camac Street,
Kolkatta-700 017
Phone : 033-22824388, 22824153
Fax : 033-28651518
Email : dclcal@cal2.vsnl.net.in

CHENNAI

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

BANGALORE

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

WORKS**FARIDABAD**

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

NEW DELHI

24, Shivaji Marg,
New Delhi-110015
Phones : 011-25928280, 25928753, 25928037
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 : dclchr@primenet.in

Delton Cables Limited**NOTICE**

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of **Delton Cables Limited** will be held on Friday, the 30th September, 2005 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

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- To appoint a Director in place of Shri B. B. Chadha, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri S. S. Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration for the said period.

M/s. S. R. Dinodia & Co, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

Special Business

- 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 and 311 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and rules and regulations made thereunder (including any statutory modifications or enactment thereof for the time being enforce) Sh. Vivek Gupta be and is hereby re-appointed as Whole Time Director of the Company designated as "Executive Director" for a period of 5 years w.e.f. 1st August, 2005 on the following remuneration:
 Basic Salary : Rs. 85,000/- (Rupees Eighty Thousand Only) per month.
 House Rent Allowance : Rs. 10,000/- (Rupees Ten Thousand Only) per month.
 Perquisites : Evaluated as per Income Tax Rules, wherever applicable and at actual cost in other cases, viz.
 Provident Fund, Gratuity & Superannuation : As per Company Rule
 Medical, LTA, Club Subscription, Electricity & Gas : Limited to Rs. 1,00,000/- (Rupees One Lac Only) per annum
 Telephone : One Mobile & One landline at residence for official use
 Car with Chuffer : Car with Chuffer shall be provided for Official as well as personal purposes.
 Provision for use of Company's car with chuffer for official as well as residential purposes shall not be included in the computation of perquisites.

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

RESOLVED FURTHER THAT in the event(s) of statutory amendment(s), modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Companies Act, 1956 the Board of Directors or any Committee thereof be and are hereby authorized to vary or increase the above said remuneration including salary, commission, perquisites, allowance, benefits and amenities etc. within such prescribed limits or ceiling and the terms and conditions of aforesaid appointment be suitable amended to give effect to such amendment(s), modification(s), relaxation(s) or variation(s) without any further reference to the company in general meeting.

- To consider and if thought fit, to pass with or without modification(s), the following Resolution(s) as the Ordinary Resolution(s):-
"RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 (including any statutory modifications or enactment thereof for the time being enforce) the remuneration of Sh. S. S. Malhotra, Whole Time Director be and is hereby revised w.e.f. 1st July, 2005 as follows:
 Basic Salary : Rs. 9000/- (Rupees Nine Thousand Only) per month.
 House Rent Allowance : Rs. 4500/- (Rupees Four Thousand Five Hundred Only) per month.
 Leave Travel Allowance : Rs. 9000/- (Rupees Nine Thousand Only) per annum.
 Conveyance : Rs. 2000/- (Rupees Two Thousand Only) per month.
 Telephone : The telephone facility will be provided at the residence of Mr. S. S. Malhotra, but personal long distance call will be recovered from him.
 Provident Fund : Company's contribution to Provident Fund shall be as per the Rules of the Company.
 Bonus/Exgratia : Rs. 9000/- (Rupees Nine thousand Only) per annum.
 Encashment of Annual Leave not availed of : As per the Company Rules.

RESOLVED FURTHER THAT in the of absence of or inadequacy of Profits in any financial year, the remuneration by way of salary, perquisites, benefits, amenities and facilities payable to Mr. S. S. Malhotra

shall be subject to the provisions prescribed under the Companies Act, 1956 and the Rules made there under or any statutory modification or re-enactment thereof."

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

Place : New Delhi
Dated : August 30, 2005

SEEMA KHANNA
Company Secretary

NOTES :

- 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.
- The Register of Members and Share Transfer Books of the company shall remain closed from September 28, 2005 to September 30, 2005 (both days inclusive).
- 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.
- Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1998 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 1998 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.
- M/s. Beetal Financial & Computer Services (P) Ltd. are 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:
 M/s. Beetal Financial & Computer Services (P) Ltd.
 Beetal House, 3rd Floor, 99, Madangiri Behind Local Shopping Complex,
 Near Dada Harsukh Das Mandir, New Delhi-110062

ANNEXURE TO NOTICE

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

ITEM NO. 5

The Members had, at the Annual General Meeting of the Company held on 30th September, 2000, approved the re-appointment and payment of remuneration of Sh. Vivek Gupta as Executive Director for a period of 5 years effective from 1st August, 2000.

The Remuneration Committee and the Board of Directors have, at their Meetings, held on 25th July, 2005 and 30th July, 2005 respectively, subject to the approval of Members, approved the re-appointment of Sh. Vivek Gupta w.e.f. 1st August, 2005 for a further period of 5 years. The remuneration 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 Shri Vivek Gupta with the company, your Directors propose the resolution for your approval.

Except Shri Ram Kumar Gupta, Sh. V.K. Gupta and Shri 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 Shri Vivek Gupta as Executive Director of the company under Section 302 of the Companies Act, 1956.

ITEM NO. 6

The Members had, at the Annual General Meeting of the Company held on 30th September, 2003, approved the appointment and payment of remuneration of Sh. S. S. Malhotra as Whole Time Director for a period of 5 years effective from 29th January, 2003.

The Remuneration Committee and the Board of Directors have, at their Meetings, held on 25th July, 2005 and 30th July, 2005 respectively, subject to the approval of Members, approved the revision in terms of appointment of Sh. S. S. Malhotra w.e.f. 1st July, 2005. The remuneration 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 Shri S.S. Malhotra with the company, your Directors propose the resolution for your approval.

Except S.S. Malhotra 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 as may be varied for Shri S.S. Malhotra as Whole Time Director of the company under Section 302 of the Companies Act, 1956.

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

Registered Office
"Delton House"
4801, Bharat Ram Road,
24, Daryaganj, New Delhi-110 002
Dated : August 30, 2005

SEEMA KHANNA
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 40th Annual Report together with the Audited Accounts for the year ended 31st March 2005.

Financial Results	(Rs. in Lacs) 2004-2005
Gross Sales	7891.40
Less : Excise	1099.19
Net Sales	6792.21
Other Income	0.92
Excess Provision Written Back	4.65
Total Expenditure	6659.96
Profit / (Loss) Before Tax	137.82
Less : Provision for Income Tax	9.00
Less : Provision for Deferred Tax	51.35
Less : Provision for Wealth Tax	0.03
Less : Tax adjustment pertaining to earlier years	4.50
Net Profit / (Loss)	72.94

Performance

During the year under review your Company has given a good performance. The turnover of your company has increased by 79% from Rs. 4417.81 lacs in the last Financial Year to Rs. 7891.40 lacs in the current Financial Year. The Company has also attained Profit Before Tax of Rs. 137.82 lacs in the Current Financial Year as compared to Loss Before Tax of Rs. 152.34 lacs in the Previous Financial Year and Net Profit of Rs. 72.94 lacs as compared to Net Loss of Rs. 98.87 lacs in the Previous Financial Year.

The sharp increase in turnover is mainly due to receipt of orders for Jelly Filled Telecom Cables (PJF) from Bharat Sanchar Nigam Limited (BSNL), Indian Railways and Mahanagar Telephone Nigam Limited (MTNL) also due to aggressive booking in other sectors.

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 on 31st March, 2005.

Directors

Shri Vivek Gupta's tenure of appointment as Executive Director has expired on 31st July, 2005 and it is proposed to appoint him in his existing capacity as Executive 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 B.B. Chadha and Shri S.S. Malhotra are retiring by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves 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 that:

- in the preparation of the accounts for the financial year ended 31st March 2005, 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 2005 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 clarify 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.

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 2005-06. 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 Stock Exchange, Mumbai (BSE). The listing fee in respect thereof, for the year 2005-06 has already been paid to the Stock Exchanges.

The Company confirms that it has paid Annual Listing Fees due to the above Stock Exchanges for the year 2004-2005.

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 : August 30, 2005

R.K. GUPTA
Chairman & Managing Director

Delton Cables Limited**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 stages 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)	58.50
(ii) Outgo by way of imports	
(a) CIF Value of imports	42.29
(b) Travelling	4.13
(c) Interest	65.30
(d) Others	5.29

For & on behalf of the Board of Directors

Place : New Delhi
Dated : August 30, 2005

R.K. GUPTA
Chairman & Managing Director

Delton Cables Limited**AUDITORS' 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, 2005 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 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, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 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 2005.
- 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. 121.99 lacs 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 '19').**

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, 2005**;
- 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

Place : New Delhi
Dated: August 30, 2005

(PRADEEP DINODIA)
Partner
M. No. 80617

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 or 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.

Delton Cables Limited

- 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.
- 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 58A, 58AA 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 -
Local Area Development Tax	LADT	337,104	2003-04	-
		215,051	2004-05	-

- 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

Place : New Delhi
Dated: August 30, 2005

(PRADEEP DINODIA)
Partner
M. No. 80617