

Delton Cables Limited

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**ANNUAL REPORT
2007-2008**

Delton Cables Limited

BOARD OF DIRECTORS

V. K. GUPTA
(Chairman & Managing Director)

VIVEK GUPTA
(Joint Managing Director)

VIJAY KUMAR GOEL

M. P. MEHROTRA

A. KARATI

B. B. CHADHA

S. S. MALHOTRA

COMPANY SECRETARY

D. K. ASRI

BANKERS

CANARA BANK

PUNJAB NATIONAL BANK

BARCLAYS BANK

AUDITORS

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

Report

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REGISTERED & HEAD OFFICE

Delton House, 4801, Bharat Ram Road,
24, Darya Ganj, New Delhi - 110 002

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Fax : 011-23280375, 23272178

Email : dcl@deltoncables.com

shares@deltoncables.com

Web Site : www.deltoncables.com

NOTICE

NOTICE is hereby given that the 43rd Annual General Meeting of the Members of Delton Cables Limited will be held on Tuesday, the 30th September, 2008 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 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the Financial Year 2007-08
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 a Director in place of Sh. Vijay Kumar Goel, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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

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

"RESOLVED THAT pursuant to the provision of the Section 293 (1) (d) of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to increase the Borrowing power of the Board to borrow any sum or sums of money from time to time, on such terms and conditions and with or without security as the Board of Directors may in its discretion think fit notwithstanding that the money or monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company banker's in the ordinary course of business) may exceed the aggregate of the paid up capital and its free reserves, i.e. reserves not so set aside for any specific purposes, provided that the total amount so borrowed and remaining outstanding at any particular time shall not exceed Rs. 150 Cr. (One Hundred and fifty crore only)"

7. **To consider and if thought fit, to pass with without modification(s), the following Resolution as a Special Resolution :**

"RESOLVED THAT pursuant to the provisions of Section 310 and subject to the limits laid down under sections 198 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (the "Act") including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the Consent of the Company be and is hereby accorded to the revised remuneration, as recommended by Remuneration Committee vide its resolution dated 30th June 2008 and approved by the Board of Director in its meeting on 30th June 2008, of Sh. V. K. Gupta, Chairman & Managing Director of the Company for the remaining period w.e.f. 1st July 2008 upon the terms & Conditions as set out in the agreement entered into between the Company and Sh. V.K. Gupta (a draft whereof was placed before the meeting and initiated by the Chairman for identification) and that the Board of directors of the Company be and are hereby authorized to revise, amend, alter or otherwise vary the terms and conditions of the remuneration from time to time as may be mutually agreed with Sh. V. K. Gupta but within and in accordance with the limits of Schedule XIII of the Act.

"RESOLVED FURTHER THAT if in any financial year during the tenure of Sh. V. K. Gupta as Chairman and Managing Director, the Company has no profits or its profits are inadequate, he will be paid remuneration by way of salary, perquisites, incentives bonus and commission as specified by the Board of Directors as minimum remuneration subject to the limits and compliance laid down under part II, section II of the schedule XIII and other applicable provisions 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 the acts, deeds and things as are incidental thereto or 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."

8. **To consider and if thought fit, to pass with without modification(s), the following Resolution as a Special Resolution :**

"RESOLVED THAT pursuant to the provisions of Section 310 and subject to the limits laid down under sections 198 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (the "Act") including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the Consent of the Company be and is hereby accorded to the revised remuneration, as recommended by Remuneration Committee vide its resolution dated 30th June 2008 and approved by the Board of Director in its meeting on 30th June 2008, of Sh. Vivek Gupta, Joint Managing Director of the Company for the remaining period w.e.f. 1st July 2008 upon the terms & Conditions as set out in the agreement entered into between the Company and Sh. Vivek Gupta (a draft whereof was placed before the meeting and initiated by the Chairman for identification) and that the Board of directors of the Company be and are hereby authorized to revise, amend, alter or otherwise vary the terms and conditions of the remuneration from time to time as may be mutually agreed with Sh. Vivek Gupta but within and in accordance with the limits of Schedule XIII of the Act.

"RESOLVED FURTHER THAT if in any financial year during the tenure of Sh. Vivek Gupta as Joint Managing Director, the Company has no profits or its profits are inadequate, he will be paid remuneration by way of salary, perquisites, incentives bonus and commission as specified by the Board of Directors as minimum remuneration subject to the limits and compliance laid down under part II, section II of the schedule XIII and other applicable provisions 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 the acts, deeds and things as are incidental thereto or 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."

9. **To consider and if thought fit, to pass with without modification(s), the following Resolution as a Special Resolution :**

"RESOLVED THAT pursuant to the provision of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956 ("The Act") including any Statutory Modification(s) or re-enactment(s) thereof for the time being in force, the consent of the Company be and is hereby accorded to appoint Ms. Deepthi Gupta, daughter of Sh. V. K. Gupta, Chairman & Managing Director of the Company for holding and containing to hold the office or place of Profit as Vice President – Corporate of the Company under a contract of service on the pay scale of Rs. 48,000/- per month together with the usual allowances, benefits, amenities and facilities applicable to other employees occupying similar posts within the same salary scale, subject to the maximum remuneration not exceeding Rs. 50,000/- per month.

"RESOLVED FURTHER THAT this resolution shall be deemed to confer the necessary authority to the Board of Directors to sanction to the increments within the grade as they may deem fit and proper to promote her to any higher remuneration at their discretion and in due course together with the allowance and benefits as may be applicable to the grade or grades for the time being and to give increments within that grade or grades as they may deem fit and proper."

By Order of the Board

Place : New Delhi
Date : July 29, 2008

D.K. Asri
Company Secretary

NOTES:

1. Relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of resolutions set out under item No. 6 to 9 are appended below.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received by the company not less than 48 hours before the time of meeting.
3. The Register of Members and Share Transfer Books will remain closed from Monday, the August 25, 2008 to August 31, 2008 (both days inclusive) for payment of dividend. The Dividend in respect of Equity Shares, as recommended by the Board of Directors, if declared, at the meeting, will be payable to the shareholders whose names appear in the Company's Register of Members as at the close of Business on Saturday, the 23rd August 2008. In respect of dematerialized shares, the dividend will be payable to "Beneficial Owners" of the Equity Shares whose names appear in the Statement of Beneficial Ownership, as at the close of Business hours on Saturday, 23rd August 2008, furnished by the NSDL and CDSL.
4. Members whose shareholding is in Electronic mode are requested to direct change of address notifications and updation of Saving Bank Account details to their respective Depository Participants
5. Members are requested to address all correspondence including dividend matters, to the Registrar and Share Transfer Agent **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
6. All documents referred to in the Notice and accompanying Explanatory Statement are open for inspection at the registered office of the Company on all working days, except holidays between 11.00 A.M. to 1.00 P.M. upto date of the Annual General Meeting.

ANNEXURE TO NOTICE

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

ITEM NO. 6

It was informed that, in pursuance to the provision of Section 293 (1) (d) of the Companies Act, 1956, the Company had by a resolution passed at the Annual General meeting held on 25.9.1998 empowered the Board of Directors to borrow any sum or sums of money not exceeding Rs. 40 Cr. (Rupee Forty Crores) of aggregate of paid up capital of the company and free reserves i.e. reserves not set apart for any specific purpose.

In view of increase in the Company's business, it was necessary that a higher ceiling for borrowing was required to enable the Board of Directors to augment the funds as and when are required for the purposes of business. It was

Delton Cables Limited

therefore required to increase the borrowing power of the Board of Directors, subject to consent of the members of the Company, to a sum not exceeding Rs.150 Cr. (One Hundred Fifty Crore) over and above the aggregate of the paid up capital of the Company and its free reserves at any time.

None of the Directors of the Company are interested in the said Resolution.

Approval of Members for enhancement of Borrowing Power of the Board is sought and members are requested to approve the resolution.

ITEM NO. 7

Sh. V. K. Gupta was appointed as Managing Director of the Company by the Board of Directors on 01st June 2006 for the period of 5 (Five) years on such terms and conditions as agreed between Sh. Gupta and the Company. The shareholders in Annual General Meeting held on 23rd September 2006 approved the appointment and terms of Remunerations being payable to Sh. Gupta during the tenure of Managing Director.

Sh. V. K. Gupta was designated as Chairman and Managing Director of the Company w.e.f. 01.02.2007 by the Board of Director of the Company in its meeting held on 31st January 2007. However, his remuneration was the same as fixed by the Board at time of his appointment and approved by the Shareholders.

As Sh. Gupta, aged 70 years is associated with Company since last 40 years and has wide experience in Cable Industry. During his association with Company, the Company has achieved high growth in terms of turnover and profitability. Considering his long association and experience with the Company, the Remuneration Committee has recommended revised remuneration being payable to Sh. Gupta, during the remaining tenure of Chairman and Managing Director of the Company w.e.f. 1st July 2008. The revised remuneration being payable to Sh. Gupta is as follows:

1. Remuneration

- Basic Salary of Rs. 105,000/- (Rupees One Lacs Five Thousand) per month.
- Management Allowance of Rs. 25,000/- (Rupees Twenty Five Thousand) per month.
- Entitlement of other Perquisites such as House Rent Allowance, Leave Travel Allowance, Medical benefits, Provident Fund, Superannuation, Gratuity, Leave and such other Benefits as per Company's Rules, as shown in Para 2.

2. Perquisites

Housing Accommodation	The Company will provide furnished accommodation or HRA in lieu thereof at 50% of basic salary, as per policy.
Car	One Car with chuffer shall be provided for official purposes as per Company's policy.
Medical	Reimbursement at actual as per Company policy upto maximum of Rs. 36000/- per annum.
Gas, Electricity & Water	Reimbursement at actual as per Company policy upto maximum of Rs. 18000/- per annum.
Leave Travel Allowance	Rs. 96,000/- per annum for himself and his family.
Telephone	He will be provided one landline and one cellular phone. The Company will pay for rental & usage expenses.
Club Membership	Reimbursement of Club Membership Fees.

Provident Fund, Gratuity, Superannuation and Hospitalization insurance will be payable as per Company's Policy.

For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Notwithstanding anything to the contrary herein contained, The remuneration as determined aforesaid be paid and the perquisites provided to Sh. V. K. Gupta, as minimum remuneration in the event of loss or inadequacy of profit in any year, be subject to such limits, as may be prescribed in section II of the said part II of the said schedule XIII of the Companies Act, 1956 from time to time.

Based on the recommendation of the Remuneration Committee of Directors, The Board of Directors, at its meeting held on 30th June 2008, revised the Remuneration of Sh. V K Gupta with effect from 1st July 2008, subject to the approval of the members of the Company and other authorities, including Central Govt., as may be required.

All other terms and conditions of the appointment of Sh. V K Gupta as setout and approved by the members on 23.09.2006 remain unchanged.

Approval of Members for the aforementioned revision of remuneration is sought and members are requested to approve the resolution.

ITEM NO. 8

Sh. Vivek Gupta was appointed as Executive Director of the Company by the Board of Directors in Annual General Meeting held on 30th September 2005 on 01st August 2005 for the period of 5 (Five) years on such terms and conditions as agreed between Sh. Gupta and the Company. The shareholders approved the appointment and terms of Remunerations being payable to Sh. Gupta during the tenure of Executive Director.

Sh. Vivek Gupta was designated as Joint Managing Director of the Company w.e.f. 01.02.2007 by the Board of Director of the Company in its meeting held

on 31st January 2007. However, his remuneration was the same as fixed by the Board at time of his appointment and approved by the Shareholders.

As Sh. Gupta, aged 40 year is associated with Company since last 20 years and has wide experience in Cable Industry. During his association with Company, the Company has achieved high growth in terms of turnover and profitability. Considering his long association and experience with the Company, the Remuneration Committee has recommended revised remuneration being payable to Sh. Gupta, during the remaining tenure of Joint Managing Director of the Company w.e.f. 1st July 2008. The revised remuneration being payable to Sh. Gupta is as follows:

1. Remuneration

- Basic Salary of Rs. 100,000/- (Rupees One Lacs Only) per month.
- Management Allowance of Rs. 20,000/- (Rupees Twenty Thousand) per month.
- Entitlement of other Perquisites such as House Rent Allowance, Leave Travel Allowance, Medical benefits, Provident Fund, Superannuation, Gratuity, Leave and such other Benefits as per Company's Rules, as shown in Para 2.

2. Perquisites

Housing Accommodation	The Company will provide furnished accommodation or HRA in lieu thereof at 50% of basic salary, as per policy.
Car	One Car with chuffer shall be provided for official purposes as per Company's policy.
Medical	Reimbursement at actual as per Company policy upto maximum of Rs. 24000/- per annum.
Gas, Electricity & Water	Reimbursement at actual as per Company policy upto maximum of Rs. 18000/- per annum.
Leave Travel Allowance	Rs. 72,000/- per annum for himself and his family.
Telephone	He will be provided one landline and one cellular phone. The Company will pay for rental & usage expenses.

Club Membership Reimbursement of Club Membership Fees.

Provident Fund, Gratuity, Superannuation and Hospitalization insurance will be payable as per Company's Policy.

For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Notwithstanding anything to the contrary herein contained, The remuneration as determined aforesaid be paid and the perquisites provided to Sh. Vivek Gupta, as minimum remuneration in the event of loss or inadequacy of profit in any year, be subject to such limits, as may be prescribed in section II of the said part II of the said schedule XIII of the Companies Act, 1956 from time to time.

Based on the recommendation of the Remuneration Committee of Directors, The Board of Directors, at its meeting held on 30th June 2008, revised the Remuneration of Sh. Vivek Gupta with effect from 1st July 2008, subject to the approval of the members of the Company and other authorities, including Central Govt., as may be required.

All other terms and conditions of the appointment of Sh. Vivek Gupta as setout and approved by the members on 30.09.2005 remain unchanged.

Approval of Members for the aforementioned revision of remuneration is sought and members are requested to approve the resolution.

ITEM NO. 9

Ms. Deepti Gupta, aged 34 years, daughter of Sh. V. K. Gupta, Chairman & Managing Director, has been appointed by the Company as Vice President - Corporate w.e.f. 1st August 2008 on the total remuneration of Rs. 48000/- per month including allowances, perquisites and other benefits on agreed terms and conditions as set out in her appointment letter.

Ms. Deepti Gupta is a Commerce Graduate and did Executive Diploma in International Trade & Export Management from U.K. She has wide experience of International Trade and Export Management.

The Board of Directors of the Company has approved her appointment, as Vice President - Corporate in its meeting held on 29th July 2008. Appointment of Ms. Deepti Gupta is within the purview of holding office or place of profit in the company by any relative of Director and henceforth approval of the members are accorded in compliance to provisions of Section 314(1) of the Companies Act, 1956.

None of the Directors of your Company, other than Sh. V. K Gupta & Sh. Vivek Gupta are interested in the resolution at item No. 7, 8 & 9.

Approval of Members for the abovementioned appointment is sought and members are requested to approve the resolution.

The Explanatory Statement together with the Notice should be treated as an abstract of the terms of the Draft Agreement and Memorandum of concern and interest under section 302 of the Companies Act 1956.

By Order of the Board

Place : New Delhi
 Date : July 29, 2008

D.K. Asri
 Company Secretary

Delton Cables Limited**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 43rd Annual Report together with the Audited Accounts for the year ended 31st March 2008

Financial Results

	(Rs. in Lacs) 2007-2008
Gross Sales	16577.27
Less : Excise	2046.84
Net Sales	14530.43
Other Income	27.71
Total Expenditure	13234.93
Profit / (Loss) Before Tax	495.61
Less : Provision for Income Tax	189.00
Less : Provision for Fringe Benefit Tax	19.70
Less : Provision for Deferred Tax	(17.50)
Less : Provision for Wealth Tax	0.28
Net Profit / (Loss)	304.78

Performance

During the year under review your Company has recorded a good performance. The turnover of the company has increased by 22.30 % from Rs. 13554.07 lacs in the Financial Year 2006-07 to Rs. 16577.27 lacs in the financial year 2007-08. However profit before tax (PBT) of your company has declined to Rs.495.61 lacs in the financial year 2007-08 as compared to Rs. 571.83 lacs in the financial year 2006-07 and Net Profit of Rs. 304.78 lacs in the financial year 2007-08 as compared to Rs. 342.88 lacs in the financial year 2006-07, the operating margins are under pressure due to increase in interest cost, raw material cost and other input costs.

Dividend

Your Directors are pleased to recommend 10% Equity Dividend i.e Re. 1.00 per share on the Paid up Equity Share Capital of the Company for the year 2007-08. Total dividend (including dividend tax) will absorb Rs. 33.69,456 out of the profits available for the year 2007-08.

Future Outlook

Your Company has experience of forty years in manufacturing of wires and cables and enjoys strong Brand Value for the Products in this Industry

Your Company has started commercial production of switchgear products in November 2007 at new unit at Noida. It will increase the company's product range and expected to grow by 25-30% per annum with focus on expansion of domestic distribution network. The Government's thrust on development of Infrastructure and Housing Sector as well as expansion of projects is an opportunity for the Company to witness good growth in the current fiscal. The company will endeavour to explore new customers in Power, Telecom, Oil & Gas and Housing Development Sector.

Your company therefore looks forward to a bright future and robust growth.

The Company has also identified areas of Managerial Intervention to improve its operational efficiency further.

Development in Human Resources

The dedicated and hardworking team of employees of the company is one of the main contributors for good performance of the company. The company believes that their contribution always remain high towards growth. Regular In house Training and orientation programs for employees at all level helped in this objective.

Quality Policy / Certification

The company is always committed to provide consistent good quality products to its customers world wide. Your Management on its part is also fully committed to further improve quality and provides all inputs and resources to achieve this goal.

Your company is certified for ISO 9001:2000 in quality.

Directors

Shri A. Karati and Shri Vijay Kumar Goel, Directors of the Company, 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 2008, 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 the 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 2008 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.

Reply to Observation of the Auditors

As Auditor's observations in their report, the management stated that there is one case pending before the Hon'ble High Court. In other matters, the Company has filed criminal complaints for recovery of amount of bounced cheque under Section 138 of Negotiable Instrument Act, out of which the Company has received part amount during the current financial year, thus the management is of the opinion that there are good chances of recovery of the amount from the opposite party(ies) in above cases.

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 2008-09. 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 Bombay Stock Exchange Ltd. (BSE). The listing fee in respect thereof, for the year 2008-09 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 all 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
Date : June 30, 2008

V. 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 utilization 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:
The Company is a manufacturing organization and is not engaged in any major Research and Development activity. However, continuous efforts are made to improve quality and efficiency and to develop new product.
2. Benefits derived as a result of the above R & D:
Improvement in quality and cost reduction.
3. Future plan of action:
The Company will take R & D activities in the organisation to improve quality and reduce cost by increasing the raw material efficiency and reducing the wastage.
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 targeting 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)	:	521.59
(ii) Outgo by way of imports		
(a) CIF Value of imports	:	806.78
(b) Travelling	:	17.87
(c) Subscription	:	1.06
(d) Others	:	1.29

For & on behalf of the Board of Directors

Place : New Delhi
Date : June 30, 2008

V. K. Gupta
Chairman & Managing Director

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, 2008** and also the Profit & Loss Account for the year ended on that date annexed thereto 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 (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, Profit & Loss Account and the cash flow statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, the Profit and Loss Account and the 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.
- e) On the basis of written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 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 2008.
- 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. 12,098,725 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 '17').**

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, 2008;**
- 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 : June 30, 2008

(SANDEEP DINODIA)
Partner
M. No. 83689

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.

Delton Cables Limited

- (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, 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 (*Other than Rs. 9,939,032 outstanding for a period more than six months as at 31st March, 2008*), 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 (Assessment Year)	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-
		4,139,701	2000-01	-do-
		2,966,959	2003-04	-do-
Local Area Development Tax	LADT	1,210,778	2003-04	-*
		2,15,051	2004-05	-*
		116,327	2005-06	-*
		80,152	2006-07	-*

* 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 on 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 investment.
- 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 : June 30, 2008

(SANDEEP DINODIA)
Partner
M. No. 83689