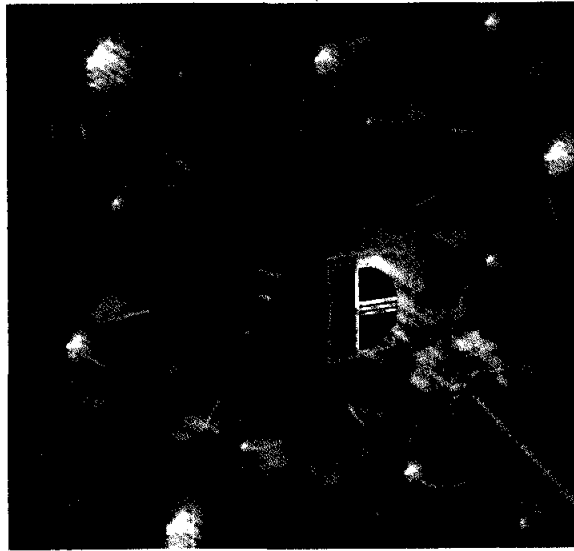


# ANNUAL REPORT

## 2000 - 2001



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***Deltron Limited***

*An ISO 9002 Company*

## **Deltron Limited**

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### **BOARD OF DIRECTORS**

Dr. Gurpreet Singh  
Chairman

Dr. Banshi Dhar  
Director

Lt. Gen. I.D.Verma(Retd.)  
Director

Ashoke Bir  
Director

Inderdeep Singh  
Director

Kumar Srinivasan  
Wholetime Director

For DELTRON LIMITED

  
Authorised Signatory

### **COMPANY SECRETARY**

Arvinder Singh

### **BANKERS**

Punjab National Bank  
ICICI Banking Corporation Limited  
IDBI Bank

### **AUDITORS**

M/s Raghunath Rai & Co.  
9B Mathura Road, Jangpura  
New Delhi - 110 014.

### **REGISTERED OFFICE**

C-120, Naraina Industrial Area  
New Delhi - 110 028.  
Phones : (011) 5796150-53

### **WORKS**

132, Industrial Area  
Chandigarh - 160 002.  
Phones : (0172) 650557-58

B-96, Phase-V111, SAS Nagar,  
Mohali - 160 059.  
Phones : (0172) 253717

## **Deltron Limited**

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### **DIRECTORS' REPORT**

The Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2001.

#### **The Year in Retrospect**

The year 2000-01, the first year of the new millennium, has been a tumultuous one. The softening in industrial growth, lackluster performance of the agricultural sector for the second year in running, the slide in the financial markets coupled with the negative impact of the global slowdown and the disastrous Gujarat earthquake were some of the major factors responsible for this slowdown.

Lower business confidence gradually replaced the mood of optimism prevalent at the start of the year, which had been occasioned by the dot.com euphoria. The economy grew at slower pace of around 5.8% as against 6.4% in the previous year. Industrial production registered a mere 4.9% growth, with a distinct slowdown setting in during the last quarter. Although Exports recorded a robust growth, and helped in increasing the foreign exchange reserves to US\$ 42 Billion, the production of capital goods, which is considered a yardstick for measuring investment demand went up by a mere 1.4% in 2000-01 as compared to 6.9% in 1999-00. Other key indicators were down as well. Inflation remained at a higher level for most part of the year while the rupee and the stock markets remained volatile.

Viewed under these difficult circumstances, and although generally the markets were substantially down, the Company's performance while lower than the previous year can still be considered reasonable.

#### **Financial Results**

The total income was Rs 4211 lacs against Rs 4493 lacs in the previous year. The pre-tax profit was Rs 182 lacs against Rs 247 lacs in the previous year after providing for depreciation of Rs 89 lacs. A provision of Rs 25 lacs has been made for taxation and an amount of Rs 90 lacs has been transferred to General Reserve. The earnings per share was Rs. 7.84 and the book value of the share as on 31st March, 2001 was Rs 52.48.

#### **Dividend**

The Directors have pleasure in recommending that the Dividend be maintained at 30% for the year as in the previous year.

#### **Exports**

The export turnover has increased from Rs 104 lacs in 1999-00 to Rs 145 lacs in the year under review. Exports, in the coming years, would continue to be the key thrust area.

#### **Future Outlook**

The World Bank in its latest report on global development projects a much less buoyant outlook for 2001 due to a sharp slowdown in economic activity in the US and East Asia. It expects the world GDP growth to be only around 2.2% in 2001 as against 4% in 2000.

According to preliminary estimates the GDP growth for India is likely to be around 6% in 2001-02 provided there is a rebound in the agricultural sector. The slowdown in the world economy and the continued strength of the Chinese export powerhouse will pose additional challenges, more so after the lifting of all quantitative restrictions in the new EXIM policy. This combined with the deceleration in industrial production due to subdued consumer demand and falling stock markets, is likely to make the year 2001-02 a difficult one.

In the Union Budget for the year 2001-02, several measures like lower tax rates, softer interest rates, labour reform proposals, thrust on privatisation and fiscal prudence were initiated to revive the economy and to usher in the second generation reforms. Although the budget was well received it got mired in the post-budget political crisis due to the various scams, which ultimately led to a complete collapse of the stock market.

Although there is concern about the economic slowdown, the Asian Development Bank in its annual outlook has been more optimistic and predicts that India will sustain a growth rate of 6.2% in 2001 and a higher rate of 7% in 2002.

#### **Public Deposits**

Deposits of the amount of Rs.197.17 lacs were received/renewed during the year under review as at 31st March, 2001. There were no overdue or unclaimed deposits.

#### **Directors**

Dr. Bansi Dhar, a Director of the Company retires by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

## **Delttron Limited**

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### **Directors' Responsibility Statement**

The Directors confirm that in preparation of the annual accounts for the year ended March 31, 2001:-

- i. The applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. Appropriate accounting policies have been selected and the same have been applied consistently;
- iii. Reasonable and prudent judgements and estimates were made 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 and loss account for year ended March 31, 2001.
- iv. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- v. The accounts have been prepared on a going concern basis.

### **Energy Conservation**

The Company is deeply concerned about energy conservation and has undertaken effective steps in this direction, with special emphasis in creating Company-wide awareness about energy conservation in all facets of manufacturing. The Company is, however, not a major consumer of energy.

### **Technology Absorption & Adaptation**

Although the Company has not imported any new technology, substantial upgradation was undertaken in manufacturing facilities to meet global standards. In addition, the Company has also initiated the first step towards e-Commerce by participating in global e-Bidding processes successfully.

### **R & D**

To enhance its capability and customer service, the Company continues to make investments in R & D and adopt best practices, processes and methodologies suited to its line of business and long term strategy. During the year under review it has installed and commissioned new Electronic Design Automation tools to facilitate changes in designs and processes in keeping with the changing market requirements.

Training employees in the latest appropriate technologies will remain a focus area. The Company will continue to leverage new technologies and also the expertise available within the Company.

### **Foreign Exchange**

During the year under review, the total foreign exchange outflow (including on Capital Goods) amounted to Rs 1078 lacs and the earnings through exports were Rs 145 lacs.

### **Auditors**

M/s Raghunath Rai & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. They have furnished a certificate to the effect that the proposed re-appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

### **Personnel**

Information as per Section 217 (2A) of the Companies Act, 1956 and the applicable rules framed thereunder, forms part of this Report.

### **Acknowledgement**

The Directors place on record their appreciation to the Shareholders, Associates, Bankers, Customers, Vendors, Officers and Staff of the Company for their continued cooperation and assistance during the year under review.

For and on behalf of the Board of Directors

New Delhi  
30th July, 2001

**Bansi Dhar**  
Director

**Inderdeep Singh**  
Director

**Deltron Limited****AUDITOR'S REPORT**

To The Members

We have audited the attached Balance Sheet of M/s DELTRON LIMITED as at 31st March, 2001 and the Profit & Loss Account for the year ending on 31st March, 2001, annexed thereto, and report that :

1. As required by the Manufacturing & Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we state 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 accounts as required by law have been kept by the Company so far as it appears from our examination of such books.
  - c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion, the Profit & Loss Account & Balance Sheet comply with the accounting standards referred to in sub section 3(c) of Section 211 of the Companies Act, 1956.
  - e) On the basis of information and explanations given to us, and representations obtained by the Company, these are no Directors of the Company who, as at March 31, 2001, are disqualified under Section 274 (l) (g) of the Act, from being appointed as Directors, and
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read together with the notes thereon gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view;
    - i. in so far as it relates to the Balance sheet, of the state of affairs of the Company as at 31st March, 2001 and
    - ii. in so far as it relates to the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

for RAGHU NATH RAI & CO.  
Chartered Accountants

**Prem Prakash**  
Partner

New Delhi  
30<sup>th</sup> July, 2001

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in Paragraph 1 of our report of even date:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of all Fixed Assets shown in Schedule 'D'. All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its' Assets. No material discrepancies were noticed on such verifications.
2. None of the Fixed Assets have been revalued during the year.
3. The stock of finished goods, spare parts and raw materials have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
4. The procedure of the physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.

**Deltron Limited**

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6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding years.
7. In our opinion the rate of interest and terms and conditions of the loans taken from companies, firms or other parties listed in the Registers maintained under Section 301 are not prima facie prejudicial to the interest of the Company. In terms of sub section 6 of section 370 of the Companies Act, 1956, the Provisions of section 370 are no longer applicable to a Company since 31st October, 1998.
8. No loans have been granted to companies, firms or other parties listed in the Registers maintained under Section 301 of the Companies Act, 1956. In terms of sub section 6 of section 370 of the Companies Act, 1956, the Provisions of section 370 are no longer applicable to a Company since 31st October, 1998.
9. Loans and Advances have been given to the staff members and others, and are generally free of interest. There are no fixed stipulation as to repayment and these are periodically being recovered or adjusted.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery equipment and other assets and with regard to the sale of goods.
11. In our opinion and according to the information and explanations given to us, there are no transactions of sale of goods and materials but there were purchase of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and aggregating during the year to Rs.50,000/- or more in respect of each party, and have been made at prices which are reasonable having regard to prevailing market prices and purchase of such goods, materials or services which have been made with other parties.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58-A of the Companies Act, 1956, and the rules framed thereunder, with regard to the deposits accepted from the public.
14. As explained to us, the Company maintains reasonable records for the sale and disposal of scrap. We are informed that no realisable by-products are generated by the Company's operations.
15. The Company has appointed a firm of Chartered Accountants to carry out it's internal audit. In our opinion the same is commensurate with the size and nature of its business.
16. The Company is not required to maintain Cost records under Section 209(1)(d) of the Companies Act, 1956.
17. According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Custom duty and Excise duty were outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses of the employees or directors have been charged to revenue account other than those payable under contractual obligation or in accordance with generally accepted practices.
20. The Company is not a sick industrial Company within the meaning of Clause (o) of sub section (1) Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the trading activities of the Company damaged goods have been determined and provisions have been made for the loss.

for RAGHU NATH RAI & CO.  
Chartered Accountants

New Delhi  
30<sup>th</sup> July, 2001

**Prem Prakash**  
Partner