



2002 - 2003

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Annual Report



Deltron Limited
AN ISO 9002 COMPANY

Deltron Limited

BOARD OF DIRECTORS

Dr. Gurpreet Singh
Chairman

Dr. Bansi Dhar
Director

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

Ashoke Bir
Director

Inderdeep Singh
Director

Kumar Srinivasan
Wholetime Director

BANKERS

Punjab National Bank
ICICI Bank Limited
IDBI Bank Limited

AUDITORS

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

REGISTERED OFFICE

C-120, Naraina Industrial Area
New Delhi - 110 028.
Phones : (011) 25796150-53

WORKS

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

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

Deltron Limited

DIRECTORS' REPORT

The Directors hereby present the Twenty First Annual report together with the audited accounts of the Company for the financial year ended 31st March 2003.

The Year in Retrospect

2002 - 2003 continued to be a difficult year for the Company. The world economy also did not turn around. The Iraq war contributed to the uncertainty.

India's GDP growth rate also dropped to 4.3% from 5.6% recorded in the previous year. Orders, prices and profit margins continued to be under constant and severe pressure due to falling demand and competition from cheaper imports.

Increase in imports, change in market demand and reduction of sub-contracting business by customers, adversely affected the Company's performance. During the year under review, the Company's income declined by 41% over the previous year. The redeeming feature, however, was a growth of around 350% in exports, which helped to partially offset the losses in the domestic market.

Financial Results

The results for the year were not as hoped for. The total income in the year under review was Rs. 2095 lacs against Rs. 3587 lacs in the previous year. The Company suffered a loss for the first time in its existence. After providing for depreciation of Rs. 93 lacs there was a loss of Rs 156 lacs as against a pre-tax profit of Rs. 120 lacs in the previous year. No provision has been made for taxation in the current year.

After adjusting for deferred tax, the net loss carried forward in the Balance Sheet was Rs. 133 lacs. The book value per share as on 31st March 2003 was Rs. 38.06.

Dividend

In view of the loss, your Directors do not recommend any dividend on the equity shares for the year.

Exports

Although total sales dropped, the Company's export turnover increased from Rs.156 lacs in 2001-02 to Rs. 700 lacs in the year under review, accounting for 33% of the Total Income. Hopefully, exports in the coming year should continue to be a key thrust area.

Future Outlook

The recovery of the world economy has taken more time than anticipated. While advanced economies like the USA, EU and Japan are likely to grow at a very modest rate of 1.8 per cent in 2003, developing economies are likely to see a slightly better growth.

Deltron Limited

The Centre for Monitoring Indian Economy (CMIE) and the Reserve Bank of India had pegged India's GDP growth at 6-6.5% during 2003-04, riding on the back of higher agricultural production, better export performance and emergence of strong consumer demand from rural areas. The good monsoon rains this year should result in higher agricultural production and help revive the rural economy. This in turn is expected to revive consumption demand and thereby support higher industrial production. The first five months of the current financial year has seen a smart recovery on the stock exchanges and there is a hope that with the political uncertainties created by the Iraq war behind us, the economic situation may improve.

The Company has initiated action on several fronts including more aggressive marketing, tighter cost controls, improving quality and more R & D and is hopeful of a better outlook for the current year. As a result of these efforts, the Company's name has been recommended for the grant of QS 9000 certification by the Underwriters Laboratories, USA, which should provide a stronger base for negotiating new businesses in future. The Company hopes to capitalize on new and emerging developments and is making every effort to consolidate and develop the export markets further during the year.

Public Deposits

During the year under review deposits amounting to Rs.19.0 lacs were received / renewed. There were no overdue or unclaimed deposits. The amount received from Directors prior to 25th September, 2001 and outstanding as on 31-3-2003 was Rs. 100.95 lacs.

Directors

Lt. Gen. I.D. Verma (Retd.), a Director of the Company retires by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

Directors' Responsibility Statement

The Directors confirm that in preparation of the annual accounts for the year ended March 31st, 2003 :-

- i. All 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 31st, 2003;
- iv. Proper and sufficient care was taken 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 frauds and other irregularities;
- v. The accounts have been prepared on a going concern basis.

Conservation of Energy & Technology Absorption

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure to this report.

Deltron Limited

Foreign Exchange Earning & Outgo

During the year under review, the total foreign exchange outflow (including on Capital Goods) amounted to Rs. 945 lacs and the earnings through exports were Rs. 700 lacs.

Auditors' Observations

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

Auditors

M/s. Raghu Nath Rai & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer 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

The Company has not paid any remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Hence, no information is required to be appended to this Report.

Acknowledgement

The Directors place on record their appreciation to the Shareholders, Associates, Bankers, Customers, Vendors, Officers and Staff of the Company and seek their continued cooperation and support for the current year.

For and on behalf of the Board of Directors

New Delhi
21st August, 2003

Gurpreet Singh
Chairman

Deltron Limited

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

Conservation of Energy

Although the Company is not a major consumer of energy. As an ongoing exercise it initiates special drives amongst its employees to create awareness and optimize energy consumption at its units.

Research & Development

1. Specific areas in which R & D carried out by the Company

The R&D program lays emphasis on the development of new customer-specific products, re-engineering of existing products and processes for better performance. These programs are carried out at the Company's in-house R&D unit, which is recognized by the Department of Scientific and Industrial Research.

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

The R&D activities during the year have helped the Company to increase exports. This thrust is continuing.

3. Future plan of action

The R&D activities in the Company are a continuous and an on going process. It is the constant endeavor of the Company to enhance the quality of its existing products and develop new products, processes and techniques. The Company hopes to get the QS 9000 qualification in the near future.

4. Expenditure on R & D

During the period under review, the Company incurred an expenditure of Rs 61.01 lacs representing 2.9% of the total Income.

Technology absorption, adaptation and innovation

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

As part of its continuous improvement program, the Company constantly strives to upgrade its products and processes to cater to the changing demands and expectations of the market. This includes building up of the process capabilities to handle a wider variety of products and to improve the design capabilities through use of computer aided design systems.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.

These development and periodic process up-gradation programs are likely to help in reducing costs, aid development of new products, improvements in existing products, etc.

3. Import of Technology

The Company has not imported any technology during the last five years.

For and on behalf of the Board of Directors

New Delhi
21st August, 2003

Gurpreet Singh
Chairman

Deltron Limited**AUDITORS' REPORT**

To The Members

We have audited the attached Balance Sheet of **M/s DELTRON LIMITED** as at 31st March, 2003 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. 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.

1. As required by the Manufacturing and 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 explanation, 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 account.
 - d) In our opinion, the Profit and 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 written representations received from the Directors, and taken on record by the Board of Directors, we report that except Dr. Banshi Dhar none of the directors are disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - 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, 2003 and
 - ii) in so far as it relates to the Profit & Loss Account, of the Loss of the Company for the year ended on that date.
 - iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

for RAGHU NATH RAI & CO.
Chartered Accountants

Prem Prakash
Partner

New Delhi
21st August, 2003

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 verification.
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.