



# Annual Report

2003-2004

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**Deltron Limited**

An ISO 9001:2000 & QS 9000 Company

## **BOARD OF DIRECTORS**

Dr. Gurpreet Singh  
Chairman

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 Raghunath 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) 2650557-58

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

## **Deltron Limited**

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### **DIRECTORS' REPORT**

The Directors hereby present the Twenty Second Annual report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March 2004.

#### **The year in Retrospect**

In the year 2003-04, weakening of the US Dollar vis-à-vis the Rupee by 5.4% and the lowering of import duties helped MNC's consolidate their position in the consumer durable and telecommunication segments and thereby crowd out Indian manufacturers.

Prices and profit margins came under increasing pressures due to this and due to stiff competition from cheaper imports of finished products, which are now fully permitted.

The cornering of markets by MNC's and changes in the demand preferences of end consumers resulted in lower sub-contracting business which adversely affected the Company's performance.

In view of the above, the Company's total income for the year remained at the last year's level resulting in a loss during the year.

#### **Financial Results**

Total income in the year under review was marginally higher at Rs 2110 lacs as against Rs. 2095 lacs in the previous year. The Company suffered a loss of Rs 228 lacs after providing for depreciation of Rs. 75 lacs, as against a loss of Rs. 156 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 and set-off against the general reserve was Rs. 202 lacs. The book value per share as on 31<sup>st</sup> March 2004 was Rs. 25.97.

During the year, due to the tight availability of funds and the need to urgently infuse capital to provide funds for the operations and to reduce the high interest cost of funds, the Company made a preferential issue of equity shares and warrants. The equity shares were allotted at par in December 2003, resulting in the share capital increasing from Rs 200 lacs to Rs 225 lacs. The funds raised were utilized for meeting the working capital requirements of the Company.

#### **Dividend**

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

#### **Exports**

During the year under review, export turnover of the Company increased by 20% from Rs 700 lacs in 2002-03 to Rs. 836 lacs in the current year, accounting for 40% of the Total Income.

#### **Future Outlook**

Under the WTO Agreement, India is committed to reduce its import duties for IT products to zero level with effect from 1st April 2005. With the progressive lowering of import duties in the years preceding this, imports of finished products have become more attractive and the markets have become increasingly price competitive.

To meet these new challenges, Companies need to restructure and reinvent themselves, wherever necessary, to reduce cost and establish economies of scale. This could be in the form of new material, new processes or new manufacturing practices. Continuously heavy investments would also be required in R&D and in developing process capabilities to keep pace with the advancing technologies.

## ***Deltron Limited***

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To run the business profitably, all these would need large financial resource, which the Company does not have. Hence, the Company proposes to sell its electronic business as a going concern along with movable and immovable assets, including the factory land and building situated at Mohali, to M/s Continental Device India Ltd. The Company has sought the approval of the shareholders by way of Postal Ballot u/s 192A of the Companies Act vide its notice dated 27<sup>th</sup> July 2004, the results of which will be declared on 24<sup>th</sup> September 2004 in the AGM.

In the meantime, the Company will continue to look for and evaluate alternate lines of business and opportunities for the future.

### **Public Deposits**

During the year under review deposits amounting to Rs. 11.45 lacs were received / renewed. There were no overdue or unclaimed deposits.

### **Directors**

With deep sorrow and regret the Company reports the passing away of Dr. Banshi Dhar, one of the founder Director's of the Company, on 26th June, 2004. Dr. Banshi Dhar, a renowned industrialist of the country, had been a Director in the Company since its very inception, and was constantly involved in guiding the Company since its formative days. Through his personal commitment to the highest standards of integrity, Dr. Banshi Dhar helped establish a strong sense of values and work culture and inspired the Company to perform at its best. The Company gained immensely from Dr. Banshi Dhar's involvement over the past 20 years. The Board of Directors places on record its deepest appreciation for the very high example of leadership and integrity set by Dr. Banshi Dhar and for all the contributions and the untiring efforts put in by him in guiding the Company over all these years.

Mr. Ashoke Bir, 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 31<sup>st</sup>, 2004: -

- 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 judgments 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<sup>st</sup>, 2004.
- 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.

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### **Foreign Exchange Earning & Outgo**

During the year under review, the total foreign exchange outflow (including on Capital Goods) amounted to Rs. 1162 lacs and the earnings through exports were Rs. 836 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. Raghunath 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  
27<sup>th</sup> July, 2004

**Gurpreet Singh**  
Chairman

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**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**

The Company is not a major consumer of energy. Nevertheless, it initiates special programs periodically to create awareness amongst its employees and optimize energy consumption at its units.

**Research & Development**

1. Specific areas in which R & D carried out by the Company :  
The Company's R&D programs are driven by customers' requirements including development of customer-specific products, re-engineering of existing products and processes for improved 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 in developing new products and processes and also helped in making the products price competitive.
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.
4. Expenditure on R & D :  
During the period under review, the Company incurred an expenditure of Rs 44.4 lacs representing 2.1% of the total Income.

**Technology absorption, adaptation and innovation**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :  
The Company constantly strives to upgrade its products and processes to cater to the changing demands and expectations of the market as part of its continuous improvement program. 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  
27<sup>th</sup> July, 2004

**Gurpreet Singh**  
Chairman