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2005 - 2006
ANNUAL REPORT

Deltron Limited

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BOARD OF DIRECTORS

Dr. Gurpreet Singh
Chairman

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

Ashoke Bir
Director

Inderdeep Singh
Director

Kumar Srinivasan
Wholetime Director

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BANKERS

Punjab National Bank
ICICI 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

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DIRECTORS' REPORT

The Directors hereby present the Twenty Fourth Annual report together with the audited accounts of the Company for the financial year ended 31st March 2006.

The Year in Retrospect

During 2005-06, the Indian economy recorded a high growth of 7.5%. However, the continuous reduction in import duties and further opening up of the economy to global trade kept up the pressure on margins. The current climate continues to support Trading rather than Manufacturing.

The year saw some reforms in the indirect tax front, through the introduction of uniform Value Added Tax (VAT) across several States.

The Company did not carry out any business for the major portion of the year. Income generated was largely from sale of assets and investment of funds.

Financial Results

Total income during the year was Rs 263 lacs as against Rs. 920 lacs in the previous year. The Pre-Tax profit was Rs 235 lacs as against a loss of Rs 339 lacs in the previous year after providing for depreciation of Rs. 0.1 lacs. No provision has been made for taxation in the current year.

After adjusting for deferred tax, the net profit was Rs 242 lacs. Out of this, an amount of Rs 100 lacs has been transferred to the General Reserve. The book value per share as on 31st March 2006 was Rs. 23.69.

During the year, the Company converted 3,00,000 Series B warrants issued to Promoters on Preferential basis on 23rd December 2003. The equity share arising on conversion of the warrants at par, resulted in the share capital increasing from Rs 255 lacs to Rs 285 lacs.

Dividend

The Directors have recommended a dividend of 5% for the year.

Future Outlook

The Company is looking at new avenues for investments in the future. Knowledge Industry, Biotechnology, Information Technology, Software Development and Telecommunication Services have emerged as new growth areas world-wide. Further, with the opening up of the economy and the progressive removal of import barriers, Trading has also emerged as a potential new opportunity area for companies to diversify their activities.

The Company looks forward to business prospects in these fields and the related areas. In this regard, the Board is seeking the shareholders' approval under Section 149(2A) at the Annual General Meeting to expand the objects of the Company.

Public Deposits

During the year under review no fresh deposits were received / renewed. There were no overdue or unclaimed deposits as on 31st March 2006.

Directors

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

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Directors' Responsibility Statement

The Directors confirm that in preparation of the annual accounts for the year ended 31st March 2006 :-

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 the year ended 31st March 2006.

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.

Technology Absorption & Conservation of Energy

Since the Company did not carry out any manufacturing activity during the year under review and as energy conservation is minimal, 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 not relevant.

Foreign Exchange Earning & Outgo

During the year under review, there were no foreign exchange earnings or outflows.

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
29th July, 2006

Gurpreet Singh
Chairman

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AUDITORS' REPORT

TO THE MEMBERS

1. We have audited the attached Balance Sheet of **M/s DELTRON LIMITED** as at 31st March, 2006 and the related 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.

2. 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.

3. As required by the Companies (Auditors' Report) Order, 2003 (CARO) (as amended up to date), issued by the Central Govt. of India 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.

4. Further to our comments in the annexure referred to in paragraph (3) above :

   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 & 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 none of the directors are disqualified as on 31st March, 2006 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, 2006 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.
      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

New Delhi
29th July, 2006

Prem Prakash
Partner
Memb. No. 7648

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date:

1. (i) The Company has maintained proper records showing full particulars including quantitative details and situation of all Fixed Assets.

   (ii) 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. (i) The Inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.

   (ii) The procedure of 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.

   (iii) On the basis of our examination of stock records, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3. (i) No loans have been granted to companies, firms or other parties listed in the Registers maintained under Section 301 of the Companies Act, 1956.

   (ii) The Company had taken loan from Two Companies listed in the Register maintained under Section 301 of the Companies Act,1956 aggregating to Rs. 32.79 Lacs. These loans have been fully repaid during the year.

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(iii) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

(iv) 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.

4. 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 goods and other assets and with regard to the sale of goods.

5. (i) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.

(ii) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the registers maintained under section 301 and exceeding the value of Rs.5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58-A and Section 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules 1975 and the directions issued by the R.B.I., with regard to the deposits accepted from the public.

7. The Company has a formal internal audit system commensurate with the size and nature of its business.

8. Clause 4 (viii) of CARO is not applicable to the Company as there is no manufacturing activity during the year.

9. (i) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues as applicable to it.

(ii) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 2006 for a period of more than six months from the date they became payable.

(iii) According to the records of the Company, there are no dues of Sales Tax, Income Tax, Service Tax, Custom Duty, Wealth Tax and Excise Duty / Cess which have not been deposited on account of any dispute.

10. The Company has no accumulated losses as on 31-03-2006. The Company has not incurred cash losses during the Financial Year covered by our audit however there were cash losses during the immediately preceding Financial Year.

11. Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank.

12. The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provision of any special statute applicable to Chit Funds/ Nidhi / Mutual Benefit Funds / Societies are not applicable to the Company.

14. In our opinion the Company is not a dealer or trader in Shares / Securities / Debentures and other investments.

15. The Company has not given any Guarantee for Loans taken by others from Banks / Financial Institutions.

16. The Company has not obtained any Term Loan during the year.

17. On the basis of our overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.

18. The Company has made preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act,1956. In our opinion the price at which shares have been issued is not prejudicial to the interest of the Company.

19. The Company has not issued any Debentures during this year or previous years.

20. The Company has not raised any money by way of Public Issue during the year.

21. Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit

For RAGHU NATH RAI & CO.
Chartered Accountants

New Delhi
29th July, 2006

Prem Prakash
Partner
Memb. No. 7648

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