

# **Annual Report**

## **2018-2019**



***Deltron Limited***



# **Deltron Limited**

---

## **BOARD OF DIRECTORS**

Mr. Inderdeep Singh  
Director

Mr. Kumar Srinivasan  
Whole-time Director

Mr. Swaraj Singh  
Director

Ms. Rashmi Nagabhushan  
Director

Ms. S Sujatha Lyall  
Company Secretary

Mr. Amardeep Singh Bedi  
Chief Financial Officer

## **AUDITORS**

M/s V K Verma & Co.  
Chartered Accountants  
C-37, Connaught Place  
New Delhi-110001.

## **REGISTERED OFFICE**

C-120, Naraina Industrial Area  
New Delhi - 110 028.  
Phones : (011) 25796150-51  
Email : [deltron1982@rediffmail.com](mailto:deltron1982@rediffmail.com)  
Website: [www.deltronlimited.in](http://www.deltronlimited.in)  
CIN No.: L32109DL1982PLC013838

---

# Deltron Limited

## DIRECTORS' REPORT

The Directors take pleasure in presenting the Thirty Seventh Annual Report of your Company for the financial year ended 31st March, 2019.

The total income during the year under review including income from exceptional items was Rs. 144.76 lacs and pre-tax profit was Rs. 67.54 lacs after providing for depreciation of Rs. 9,340. After tax the net profit was Rs. 55.43 lacs. No amount has been transferred to General Reserves.

The Board has recommended a final dividend of Rs. 6.50 per equity share of Rs. 10/- each aggregating to approx. Rs.223.32 lacs (including corporate dividend tax). The recommendation is subject to the approval of shareholders at the Annual General Meeting.

The Company has neither taken any public deposits nor given any loans or guarantees nor made investments nor entered into any related party transactions other than in the ordinary course of business and on arm's length basis.

During the year under review the Board suffered a major setback due to the sad demise of its founder Director and Chairman, Dr. Gurpreet Singh and also of its Independent Director Dr. Navin Kapur.

"Dr. Gurpreet Singh (22.11.1933 – 27.10.2018), a renowned industrialist of the Country and an accomplished Electronics and Management professional, had promoted the Company and had been a Director since its very inception. As a Founder Director he was constantly involved in guiding the Company from its formative days.

Through his personal commitment to the highest standards of integrity, Dr. Gurpreet Singh helped establish a strong sense of values and work culture. Always keeping the best interests of the Company in mind, he motivated, inspired and mentored the Company and its employees to perform at their best. His experience and wise counsel were invaluable in taking the Company forward and win innumerable awards and accreditations.

Dr. Navin Kapur (07.08.1949 – 09.08.2018) was a highly qualified engineer and Ph.D in Electrical Engineering from IIT (Delhi). He was appointed as an Independent Director of the Company in the year 2010. With his immense knowledge and experience of over 34 years in Industry and 9 years in Teaching, he provided invaluable advice and guidance in taking the Company forward. As a friend, philosopher and guide Dr. Navin Kapur was very understanding, sympathetic and helpful to everyone and was highly respected and loved by all.

The Board of Directors places on record its great appreciation for the highest example of leadership and integrity set by Dr. Gurpreet Singh and for his untiring efforts in guiding the Company over the past 36 years and to Dr. Navin Kapur for his invaluable contributions over the past 8 years.

The number of Independent Directors reduced to one due to the sad demise of Dr. Kapur and the composition of committees was affected by this. The composition of the Board is otherwise balanced and the Company has Key Managerial Personnels as required in a Listed Company.

The composition of the Board and its three Committees have been as follows:

Sr. No.	Names	Board	Audit Committee	Nomination and Remuneration Committee	Stakeholders Relationship Committee
1	Late Dr. Gurpreet Singh *	Non-Executive Director	-	-	-
2	Mr. Inderdeep Singh	Non-Executive Director	-	Member	Chairman
3	Mr. Kumar Srinivasan	Whole-time Director	Member	-	Member
4	Late Dr. Navin Kapur **	Independent Director	Chairman	Chairman	-
5	Mr. Swaraj Singh	Independent Director	Member	Member	-
6	Ms. Rashmi Nagabhusan	Non-Executive Director	-	-	-

\*Date of demise 27.10.2018 \*\* Date of demise 09.08.2018

The Board met five times during the financial year on 26.05.2018, 21.07.2018, 04.09.2018, 5.11.2018 and 05.02.2019 and all the Directors attended the said meetings except Late Dr. Gurpreet Singh who only attended the May meeting, and Late Dr. Navin Kapur who attended the May and July meetings.

The Audit Committee also met five times during the financial year on the above Board Meeting dates and the meetings were attended by the members and Late Dr. Navin Kapur attended the May and July meetings. The composition was affected for part of the year due to the sad demise of Dr. Navin Kapur.

The Nomination and Remuneration Committee met once during the financial year on 21.07.2018 attended by all the members.

The Stakeholders Relationship Committee met once during the financial year on 05.11.2018 and both the members attended the said meeting. The Company did not receive any shareholder grievances during the year.

The Corporate Governance Clauses of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are not applicable to the Company.

The Company has received declaration from the Independent Director that he meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

Formal evaluation of all the Directors, the Board as a whole and the Committees were conducted and were found satisfactory.

The Company has a Vigil Mechanism / Whistle Blower Policy in place for the prevention of unethical behaviour, fraud and violation of Company's Code. The Audit Committee oversees its functioning.

# Deltron Limited

The Nomination and Remuneration Policy adopted by the Company has been posted on the Company's website and is re-produced hereunder:

- The appointments, qualification, disqualification, tenure, termination, evaluation, remuneration including commission, if any, and revision thereof for Directors including Independent Directors, Key Managerial Personnel and Senior Management Personnel shall be governed by the Companies Act, 2013 and Rules framed there under and also by any other applicable statute.
- The remuneration shall be sufficient to attract, retain and motivate Directors and personnel at all levels.

The Company has a policy for prevention of Sexual Harassment of Women at workplace and no complaint of harassment was received during the year under review.

M/s Alankit Assignments Limited is the Company's Registrar and Share Transfer Agent. The Company's ISIN for its equity shares is INE272R01011.

## **Disclosures under Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- Except the Whole-time Director (WTD), none of the other Directors receive any remuneration apart from Directors' sitting fee. The ratio of WTD's salary to the median employees remuneration is approx 2.5 : 1
- During the financial year, there was approximately 9.50% increase in the respective remunerations of the Chief Financial Officer, Company Secretary and One senior management employee
- There are four permanent employees on the rolls of the Company.

The Annual Return will be placed on [www.deltronlimited.in](http://www.deltronlimited.in).

## **Disclosures under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

The Company has not paid any remuneration attracting the provisions of the above Rule. Hence, no information is appended to this report.

## **Directors' Responsibility Statement**

The Directors confirm that:

- In preparation of the annual accounts for the financial year ended 31st March, 2019 the applicable accounting standards have been followed.
- Appropriate accounting policies have been applied consistently and 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 of the Company for that period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the Company's assets and for preventing other irregularities.
- The accounts have been prepared on a going concern basis.
- The internal financial controls followed by the Company are adequate and are operating effectively.
- Proper and adequate systems have been devised to ensure compliance with provisions of all applicable laws and such systems are operating effectively.

## **Auditors and Reports**

M/s V K Verma & Co., Statutory Auditors of the Company will continue as Statutory Auditors till 2022.

The Secretarial Audit Report from M/s P.S. Soni & Co., Practicing Company Secretaries, for the financial year 2018-19 forms part of the Annual Report as Annexure I to the Board's Report. The Board has re-appointed them for the financial year 2019-20.

M/s K.S Bawa & Associates, Chartered Accountants, Internal Auditors for the financial year 2018-19, have been re-appointed for the financial year 2019-20.

There are no disqualifications, reservations or adverse remarks or disclaimers in the reports of the aforesaid Auditors for the financial year 2018-19.

## **Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo**

During the year :-

- The Company has no manufacturing activity. The consumption of electricity continues to be minimal and adequate measures are taken to conserve power and energy.
- The Company has not purchased or acquired any new technology.
- The Company has not undertaken any new Research & Development activities.
- There was no foreign exchange expenditure or earnings.

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

for and on behalf of the Board of Directors  
Deltron Limited

Date: 27-05-2019  
Place: New Delhi

Kumar Srinivasan  
Whole-time Director

Inderdeep Singh  
Director

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2019

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DELTRON LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - g. The Information Technology Act, 2000
  - h. The Trade Marks Act, 1999.

We have also examined compliance with the applicable clauses of the following and found the Company compliant with the provisions of the:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India for Board Meetings and General Meetings during the year.
- (ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange and also the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015

### We further report that

The constitution of the Board of Directors suffered a major setback due to the sad demise of Dr. Gurpreet Singh, founder Director and Chairman, and Dr. Navin Kapur, Independent Director. Balance of Executive Directors and Non-Executive Directors was still retained though there was an impact on constitution of Audit Committee and Nomination and Remuneration Committee. The Company is taking all efforts to fill the position of the Independent Director at the earliest. There is a Woman Director on the Board and all Directors are well qualified.

Adequate notice is given to all directors to schedule the Board Meetings and all committee meetings, Agenda and detailed notes on Agenda were sent at least seven clear days in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the meeting.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

### We further report that

1. During the audit period the Company had the following Key Managerial Persons (KMP) – Mr. Kumar Srinivasan, Whole Time Director, Mr. Amardeep Singh Bedi, CFO, Ms. Susan Sujatha Lyall, Company Secretary, who have duly followed the functions of KMP pursuant to provisions of the Companies Act, 2013.
2. Formal annual evaluation from Board of Directors of its own performance and their committees was done and it was satisfactory.
3. The Company has kept and maintained all Registers as per the Provisions of the Act and the Rules made there under and all entries therein have been duly recorded.

# Deltron Limited

---

4. There were inter-se transfers in the Promoters' Shareholding and change in the shareholding of Top Ten Public Shareholders.
5. The Company believes that every employee is a trustee of its stakeholders and must adhere to the Company's Code of Conduct and conduct himself or herself at all times in a professional and ethical manner and proper vigil mechanism is active in the Company.
6. Mr. Kumar Srinivasan, Whole Time Director was re-appointed for a term of three years at revised remuneration in the Annual General Meeting held on 3rd September, 2018. The ratio of WTD remuneration to the median employee is around 2.5:1
7. Internal Financial Controls followed in the Company are commensurate with the size and operations of the Company.
8. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Directors, NCLT, Registrar and / or such authorities prescribed under the provision of the Act during the said year.
9. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 73 during the financial year.
10. There was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or other punishment was imposed on the Company during the financial year, for offences under the Act.
11. The Company has transferred the dividend money that remained unpaid for seven years to the Investor Education and Protection Fund (IEPF) Account. We have transferred the shares also.
12. Contracts/arrangements with related parties as specified in section 188 of the Act were Nil and only transactions in the ordinary Course of business and on arms length were done during the year.
13. Based on the Audit Procedures performed and the information and explanations given to us, we report that no Fraud on or by the Company was noticed or reported during the year.

To,  
The Members,  
DELTRON LIMITED.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

DATED: 23<sup>RD</sup> APRIL, 2019  
PLACE: NEW DELHI

For P.S.SONI & CO.  
COMPANY SECRETARIES  
CS PRABHJIT SINGH SONI  
MANAGING PARTNER  
CP. NO. 4599 FCS 2887

# Deltron Limited

---

## INDEPENDENT AUDITOR'S REPORT TO The Members of DELTRON LIMITED

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of Deltron Limited (the "Company"), which comprises the Balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our Audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

Given the very limited operations of the Company, we have determined that there are no key audit matters to communicate in our report

#### Information other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis Report and Business Responsibility Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objective are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

# Deltron Limited

---

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive Income, Statement of Changes in equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure- A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to other matters to be included in Auditors Report in accordance with the requirements of section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to other matters to be included in Auditors Report in accordance with Rule 11 of Companies (Audit and Auditors) 2014, as amended in our opinion and to best of our information and explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long term contracts including derivative contracts for which it is required to make provision under the applicable law or accounting standards for any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



# Deltron Limited

2. As required by the **Companies (Auditor's Report) Order, 2016 (the "order")** issued by the Central Government in terms of section 143 (11) of the Act, we give in: **Annexure "B"** a statement on the matters specified in paragraphs 3 and 4 of the order.

**For V.K.Verma and Co.**  
Chartered Accountants  
(Firm's Registration No. 000386N)

Place : New Delhi  
Dated : 26.04.2019

**R C Hasija**  
Partner  
(Membership No. 054809)

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Deltron Limited of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Deltron Limited (the "Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.