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Annual Report

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2009-10

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## CORPORATE INFORMATION

### THE BOARD OF DIRECTORS

Mr. Jaydev Mody	Chairman
Ms. Urvi Piralal	
Capt. Ratnakar Barick	Whole-Time Director
Mr. Javed Tapia	
Mr. Mahesh Gupta	
Mr. Rajesh Jaggi	
Dr. Vrajesh Udani	
Ms. Ambika Kothari	

### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Snehal Oak

### REGISTERED OFFICE & PLANT LOCATION

B-87, MIDC, Ambad,  
Nasik - 422 010,  
Maharashtra.

### STATUTORY AUDITORS

M/s. Amit Desai & Co  
Chartered Accountants

### BANKERS

HDFC Bank Limited

### SHARE TRANSFER AGENTS

Freedom Registry Limited  
Plot No. 101/102, MIDC, 19th Street,  
Satpur, Nasik - 422 007, Maharashtra  
Phone : (0253) 2354032  
Facsimile : (0253) 2351126  
e-mail : amtrac\_nsk@sancharnet.in

### SHARES LISTED ON

Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

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## NOTICE

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of Members of Delta Magnets Limited will be held on Thursday, 23<sup>rd</sup> September, 2010 at 2.00 p.m. at The Gateway Hotel, Ambad, Nasik - 422 010, Maharashtra to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Jaydev Mody, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration.

### Special Business:

4. To consider and if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), Dr. Vrajesh Udani, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company and whose term of office expires at the commencement of this meeting and in respect of whom notice under Section 257 of the Companies Act, 1956, has been received from a member, signifying his intention to propose Dr. Vrajesh Udani, as a candidate for the office of the Director of the Company, together with necessary deposits, be and is hereby appointed as Director of the Company,

liable to retire by rotation.”

5. To consider and if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), Ms. Ambika Kothari, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company and whose term of office expires at the commencement of this meeting and in respect of whom notice under Section 257 of the Companies Act, 1956, has been received from a member, signifying his intention to propose Ms. Ambika Kothari, as a candidate for the office of the Director of the Company, together with necessary deposits, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 is annexed to this notice.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

4. In terms of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Jaydev Mody, Director, retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company recommends his re-appointment.
5. Brief resume of all Directors including those proposed to be appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are attached as Annexure to this notice.
6. Members are requested to bring their attendance slip duly completed and signed along with their copy of annual report to the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from 16<sup>th</sup> September, 2010 to 23<sup>rd</sup> September, 2010 (both days inclusive), for determining the eligibility for payment of dividend, if declared at the meeting.
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrar and Share Transfer Agents. (RTA)
10. Non-Resident Indian Members are requested to inform RTA of the Company, immediately of:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
11. Members may please note that, Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish copy of PAN card to the Company/RTA for registration of such transfer of shares.

Members may please note that, SEBI has also made it mandatory for submission of PAN in the following cases viz., (i) Deletion of name of the deceased shareholder(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.
12. Section 109A of the Companies Act, 1956, permits nomination by shareholders of the Company in prescribed Form No. 2B. Shareholders are requested to avail this facility. The duly filled in and signed Form No. 2B should be sent to the RTA of the Company at their Nasik address.
13. In order to render better and efficient services, we request you to consolidate the multiple folios which are in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or other expenses are payable by you. In case you decide to consolidate your folios, you are requested to forward your share certificates to the RTA of the Company at their Nasik address.
14. The Company, consequent upon the introduction of the Depository System (DS), entered into agreements with National

Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL. In view of the numerous advantages offered by the Depository System, members holding shares of the Company in physical form are requested to avail of the facility of dematerialization.

15. To prevent fraudulent transactions, we urge the Members to exercise due diligence and notify the Company of any change in address/stay in abroad or demise of any shareholder as soon as possible. Members are requested not to leave their demat account dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
16. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting, so that the same can be suitably replied.

By Order of the Board of Directors,

**Snehal Oak**  
**Company Secretary**

Mumbai, 30<sup>th</sup> July, 2010.

**Registered Office :**  
B-87, MIDC, Ambad,  
Nasik - 422 010,  
Maharashtra.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF  
THE COMPANIES ACT, 1956**

**Item No. 4**

The Board of Directors appointed Dr. Vrajesh Udani, as an Additional Director of the Company w.e.f. 30<sup>th</sup> July, 2010 at their Meeting held on 30<sup>th</sup> July, 2010.

Under Section 260 of the Companies Act, 1956, Dr. Vrajesh Udani holds office as Director up to the date of the forthcoming Annual General Meeting.

The Company has received notice from a member, under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Dr. Vrajesh Udani as Director of the Company.

Dr. Vrajesh Udani is not disqualified from being appointed as Director in terms of Section 274 (1) (g) of the Companies Act, 1956.

Brief profile of Dr. Vrajesh Udani, as required under Clause 49 of the Listing Agreement entered with the Stock Exchanges, is forming a part of this Notice.

Save and except, Dr. Vrajesh Udani, no other Directors of the Company are interested in the resolution except to the extent of their shareholding.

The Board recommends the Ordinary Resolution set out in the Notice for approval by the members.

**Item No. 5**

The Board of Directors appointed Ms. Ambika Kothari, as an Additional Director of the Company w.e.f. 30<sup>th</sup> July, 2010 at their Meeting held on 30<sup>th</sup> July, 2010.

Under Section 260 of the Companies Act, 1956, Ms. Ambika Kothari holds office as Director up to the date of the forthcoming Annual General Meeting.

The Company has received notice from a member, under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Ms. Ambika Kothari as Director of the Company.

Ms. Ambika Kothari is not disqualified from being appointed as Director in terms of Section 274 (1) (g) of the Companies Act, 1956.

Brief profile of Ms. Ambika Kothari, as required under Clause 49 of the Listing Agreement entered with the Stock Exchanges, is forming a part of this Notice.

Save and except, Ms. Ambika Kothari, no other Directors of the Company are interested in the resolution except to the extent of their shareholding.

The Board recommends the Ordinary Resolution set out in the Notice for approval by the members.

By Order of the Board of Directors,

**Snehal Oak**  
**Company Secretary**

Mumbai, 30<sup>th</sup> July, 2010.

**Registered Office :**  
B-87, MIDC, Ambad,  
Nasik - 422 010,  
Maharashtra.

**Brief Resume of Directors seeking appointment/reappointment at this Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)**



**Name of Director ]**

**MR. JAYDEV MODY**

**Date of Birth :** 9<sup>th</sup> June, 1955

**Date of Appointment :** 14<sup>th</sup> March, 2008

**Qualification**

Mr. Jaydev Mody has completed his graduation in Arts from the Mumbai University.

**Profile and Expertise**

Mr. Jaydev Mody, has been in business for more than 33 years. He has over 22 years of experience in the field of real estate development and has played a key role in building and developing Crossroads, one of the first shopping malls of international standards in India. A graduate in Arts from Mumbai University, Mr. Mody has been instrumental in the development of several large residential complexes, office complexes and retail destinations in and around Mumbai. He is currently involved in the development of Ashok Towers, Ashok Gardens, Peninsula I.T. Park and other landmark projects of global standard.

**Number of shares held in the Company, Individually or Jointly/ on a beneficial basis.**

**Mr. Jaydev Mody holds 1125 Equity Shares of the Company.**

**Directorship and Committee memberships (Excluding Delta Magnets Limited)**

**i] Directorships held in other Companies**

Alibagh Farming and Agriculturist Company Private Limited

Arrow Textiles Limited

Aryanish Finance and Investment Private Limited.

Bayside Property Developers Private Limited

Delta Corp Limited

Elixir Infotech Private Limited

Freedom Aviation Private Limited.

Highland Resorts Private Limited.

J M Livestock Private Limited

Providence Educational Academy Private Limited

Riteline Exports Private Limited

Seastar Trading Company Private Limited.

Peninsula Land Limited

Ashok Piramal Management Corporation Limited.

Peninsula Investment Management Company Limited.

Peninsula Pharma Research Centre Private Limited.

Cromwell Tools (India) Private Limited.

Crossroads Shoppertainment Private Limited.

Highpoint Agro Star Private Limited.

L And T-Cross Roads Private Limited.

Peninsula Project Management Private Limited.

Peninsula Sa Realty Private Limited.

Peninsula Townships Development Private Limited.

Piramyd Retail and Merchandising Private Limited.

MMG India Private Limited

**ii] Chairman of Board Committees**

Arrow Textiles Limited - Shareholders / Investor

Grievances Committee

Delta Corp Limited - Investor Grievances Committee

**iii) Member of Board Committees**

Arrow Textile Limited - Remuneration Committee

Delta Corp Limited - Compensation Committee



**Name of Director**

**DR. VRAJESH UDANI**

**Date of Birth** : 27<sup>th</sup> December, 1955

**Date of Appointment** : 30<sup>th</sup> July, 2010

**Qualification**

Dr. Vrajesh Udani is a Pediatric Neurologist.

**Profile and Expertise**

Dr. Vrajesh Udani, 54 years of age, is a Pediatric Neurologist. He is a consultant at the Hinduja National Hospital and Medical Research Centre, Saifee Hospital and Breach Candy Hospital and Medical Research Centre. He is also an Assistant Professor of Paediatrics at the Grant Medical College and JJ Group of Hospitals, Mumbai. He is also a Member of the Indian Academy of Paediatrics, Neurological Society of India and Indian Academy of Neurology.

**Number of shares held in the Company, Individually or Jointly/ on a beneficial basis.**

Dr. Vrajesh Udani is not holding any share in the Company.

**Directorship and Committee memberships (Excluding Delta Magnets Limited)**

**i] Directorships held in other Companies**

Richtime Realty Private Limited

**ii] Chairman of Board Committees**

Nil

**iii] Member of Board Committees**

Nil



**Name of Director**

**MS. AMBIKA KOTHARI**

**Date of Birth : 25<sup>th</sup> April, 1977**

**Date of Appointment : 30<sup>th</sup> July, 2010**

**Qualification**

Ms. Ambika Kothari is B.A. Economics with Honours, Wellesley College.

**Profile and Expertise**

Ms. Ambika Kothari, 33 years of age, is B.A. Economics with Honours through Wellesley College. She has also studied Accounting and Business at MIT Sloan School of Management and Harvard University. She is experienced in the fields of business administration, management and as an analyst. She has worked with reputed international analyst firms such as Goldman Sachs & Company, New York and Moody's Investor Service, Singapore. She also worked with DSP Merrill Lynch, Mumbai in the Equities Division. She is a director in several companies and is currently managing investments for GK International Pvt Ltd.

**Number of shares held in the Company, Individually or Jointly/ on a beneficial basis.**

**Ms. Ambika Kothari holds 1950 Equity Shares of the Company.**

**Directorship and Committee memberships (Excluding Delta Magnets Limited)**

**i] Directorships held in other Companies**

Aarti Management Consultancy Private Limited.  
Aditi Management Consultancy Private Limited  
Anjoss Trading Private Limited  
G.K. International Private Limited  
Highland Resorts Private Limited  
Aryanish Finance and Investments Private Limited  
Providence Educational Academy Private Limited  
Riteline Exports Private Limited  
Seastar Trading Company Private Limited  
Elixir Infotech Private Limited  
Bayside Property Developers Private Limited  
Lakeview Mercantile Company Private Limited  
Anjyko Investments Private Limited

**ii] Chairman of Board Committees :**  
Nil

**iii] Member of Board Committees :**  
Nil

## DIRECTORS' REPORT

Your Directors present their 28<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2010.

### FINANCIAL HIGHLIGHTS

(Rs. In '000)

	Standalone	
	Year ended 31.03.2010	Year ended 31.03.2009
Income for the year	101200.55	80225.92
Profit before Interest, Depreciation and Tax	11875.82	1024.93
Finance Charges	(90.94)	(52.51)
Profit before Depreciation and Taxes	11784.88	972.42
Depreciation	(13633.05)	(12502.05)
Provisions for Taxation/ Deferred Tax	3321.00	(52.80)
Prior Period Items	(163.34)	(1071.97)
Net Profit / (Loss) for the Current Year	1309.49	(12654.39)
Earlier Years Balance Brought forward	(89068.78)	(76414.39)
Balance carried to Balance Sheet	(87759.29)	(89068.78)

### DIVIDEND

The Directors do not recommend any dividend for the Financial Year ended 31<sup>st</sup> March, 2010.

### OPERATIONS

During the year under review, your Company recorded a total income of Rs. 1012.01 lacs and Net Profit of Rs. 13.09 lacs. For further information, kindly refer to Management Discussion and Analysis Report, forming part of this Annual report.

### GROUP FOR INTER SE TRANSFER OF SHARES

As required under Clause 3(1)(e)(i) of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (Takeover Regulations), persons constituting group (within the meaning of group defined in Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of claiming exemption from applicability of the provisions of Regulations 10 and 12 of the Takeover Regulations, are given in Annexure A to this Report.

### ACQUISITION

On 30th June, 2010, the Company has acquired 100% stake of MMG India Private Limited and MMG Magdev Limited, U.K.

### CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, the Management Discussion & Analysis Report and Corporate Governance Report together with Certificate from Practising Company Secretary, on compliance with the conditions of Corporate Governance as laid down, forms part of this Annual Report.

### PARTICULARS OF EMPLOYEES

In terms of provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219 (1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company and other entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered office of the Company.

### PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The particulars as required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are furnished in the Annexure B to this Report.

## DIRECTORS

The Board of Directors of the Company appointed Dr. Vrajesh Udani and Ms. Ambika Kothari as Additional Directors of the Company w.e.f. 30<sup>th</sup> July, 2010 in accordance with Section 260 of the Companies Act, 1956, and Articles of Association of the Company. Dr. Vrajesh Udani and Ms. Ambika Kothari hold office as Additional Directors upto the date of the ensuing Annual General Meeting.

At the ensuing Annual General Meeting Mr. Jaydev Mody will retire by rotation and being eligible, offers himself for re-appointment, in terms of provisions of Articles of Association of the Company.

The brief resume/details relating to directors, who are proposed to be appointed/re-appointed are furnished in as Annexure to the notice of the ensuing Annual General Meeting.

Your directors recommend their appointment / reappointment at the ensuing Annual General Meeting.

## CHANGE OF REGISTERED AND CORPORATE OFFICE OF THE COMPANY

During the year, the Company has changed its Registered Office from 16/A, Ali Chambers, 2<sup>nd</sup> Floor, Nagindas Master Road, Fort, Mumbai - 400 001, Maharashtra to B-87, MIDC, Ambad, Nasik - 422 010, Maharashtra.

Further, during the year, the Company has changed its Corporate Office from 16/A, Ali Chambers, 2<sup>nd</sup> Floor, Nagindas Master Road, Fort, Mumbai - 400 001, Maharashtra to Bayside Mall, 1st Floor, Opp. Sobo Central Mall, Tardeo Road, Haji Ali, Mumbai - 400 034, Maharashtra.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm that:

1. in the preparation of the annual accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. the Directors have selected such accounting policies

and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at 31<sup>st</sup> March, 2010 and of the profit of the Company for the year under review;

3. the Directors have taken proper and sufficient care 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 fraud and other irregularities.
4. the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2010, on 'going concern' basis.

## FIXED DEPOSITS

During the year under review, the Company has not accepted any fixed deposits from the public.

## AUDITORS

The Board of Directors recommends to re-appoint M/s. Amit Desai & Co., Chartered Accountants, as Statutory Auditors of the Company, who retire at the conclusion of forthcoming Annual General Meeting and are eligible for re-appointment. M/s. Amit Desai & Co. has given his consent to act as auditors, if re-appointed. Members are requested to consider his re-appointment. The auditors comments on the Company's accounts for the year ended on 31<sup>st</sup> March, 2010, are self explanatory in nature and do not require any explanation as per the provisions of Section 217(3) of the Companies Act, 1956.

## ACKNOWLEDGEMENTS

Your Directors express their sincere appreciation of the co-operation received from shareholders, bankers and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

Date: 30<sup>th</sup> July, 2010 By Order of the Board of Directors,

**Registered Office:**  
B-87, MIDC, Ambad  
Nasik - 422 010,  
Maharashtra.

**Jaydev Mody**  
Chairman

## ANNEXURE A

The following are the persons constituting group (within the meaning of group defined in Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of claiming exemption from applicability of the provisions of Regulations 10 and 12 of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Jaydev Mukund Mody	Delta Pan Africa Limited
Zia Jaydev Mody	Delta Real Estate and Consultancy Private Limited
Anjali Jaydev Mody	Delta Square Limited
Aarti Jaydev Mody	Elixir Infotech Private Limited
Aditi Jaydev Mody	Freedom Aviation Private Limited
Anjali J Mody Trust	Freedom Training Academy Private Limited
Aarti J Mody Trust	Freedom Registry Limited
Aditi J Mody Trust	Highland Resorts Private Limited
AAA Holding Trust	Highstreet Cruises and Entertainment Private Limited
AAA Aviation Private Limited	Intertrade Mercantile Company Private Limited
AAA Township Private Limited	J M Holding (USA) Inc.
Aarti Management Consultancy Private Limited	J M Holdings Limited, Dubai (UAE)
Aditi Management Consultancy Private Limited	J M Livestock Private Limited
Alibagh Farming and Agriculturist Company Private Limited	J M Property Management Private Limited
Anjoss Trading Private Limited	J M Real Estates Private Limited
Aryanish Finance and Investments Private Limited	J M Realty Management Private Limited
Arrow Textiles Limited	J M Township and Real Estate Private Limited
Bayside Property Developers Private Limited	Jayem Properties Private Limited
Champs Elysee Enterprises Private Limited	Jayem Realty Solutions Private Limited
Coastal Sports Ventures Private Limited	Newplaza Multitrade Private Limited
Delta Adventures and Entertainment Private Limited	Outreach Mercantile Company Private Limited
Dacapo Brokerage India Private Limited	PLL Delta Hotels Private Limited
Delta Corp East Africa Limited	Providence Education Institute Private Limited
Delta Corp Limited	Richtime Realty Private Limited
Delta Cruises and Entertainment Private Limited	Riteline Exports Private Limited
Delta Hospitality and Entertainment Private Limited	Seastar Trading Company Private Limited
Delta Holding (USA) Inc.	Victor Hotels and Motels Limited
Delta Lifestyle and Entertainment Private Limited	West Star Agro -Realities Private Limited

## ANNEXURE B

INFORMATION UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010.

### A : CONSERVATION OF ENERGY

#### a) Energy conservation measures taken:

The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilization of energy.

The following energy conservation methods were implemented during the year:

- a) Use of energy efficient equipments
- b) Intensified Internal Audit aimed at detecting wastage of electricity.
- c) Campaign based synchronization of utilities with plant operations.

#### b) Additional investments:

- a) The Company is continuously installing electronic devices to improve quality of power and reduction of energy consumption.
- b) Continuing with energy conservation measures on above lines.
- c) Impact of above measures:

The adoption of energy conservation measures have resulted in savings and increased level of awareness amongst the employees. The energy conservation measures have also resulted in improvement of power factor, consequential tariff benefits.

- d) Total energy consumption and energy consumption per unit of production

As per Form A

### B : TECHNOLOGY ABSORPTION

As per Form B

**FORM - A**  
**Disclosure of particulars with respect to conservation of energy**

<b>A. Power and Fuel consumption:</b>	<b>2009-10</b>	<b>2008-09</b>
1. Electricity:		
a. Purchased		
Unit: ('000 KWH)	2688.58	2448.18
Total Amount (Rs. in lacs)	128.18	100.20
Rate / per unit (KWH)	4.78	4.09
b. Own Generation		
(i) Through diesel generator	Nil	Nil
(ii) Through steam turbine/generator	Nil	Nil
2. LPG:		
Purchased		
Unit : ('000 Kg)	506.55	476.73
Total Amount (Rs. in lacs)	176.37	197.79
Rate / per unit (Kg)	34.82	41.49
3. COAL :	N.A.	N.A.
4. Others / Internal Generation	N.A.	N.A.
<b>B. Consumption per unit of Production:</b>		
<b>E L E C T R I C I T Y</b>		
Hard Ferrite Segment :Power units/MT of production -	3067	3025
The consumption of electricity depends upon the product mix used and the nature of the product manufactured. Thus the above indicates an average consumption per unit of production.		
<b>L P G</b>		
Hard Ferrite Segment :Power units/MT of production -	578	589

**FORM - B**  
**(See Rule 2)**  
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

1. Specific areas in which R & D activities were carried out by the company –
  - Development of new raw material source for improvement in quality and cost.
  - Development of alternate recipes for flexibility in using synthetic iron oxide.
  - Development of starter motor magnets for high performance.
  - Development of new sizes for Customers.
  - Value engineering projects.
  - Process design for productivity and energy saving.
  - Cycle time reductions on molding presses.
  - Prototypes and virtual validations.
  - Order finalized for world class magnet properties testing machine.
2. Benefits derived as a result of above R & D –
  - Technology development and commercialization.
  - Developed advanced products for passenger cars.
  - Reduced development cycles.
  - Product performance enhancement.
  - Improvement in productivity and cost.
  - Product range expansion.
  - Benefits to customer in cost and performance.
3. Future plans of action –
  - Setting up advance QA lab.
  - Develop all ranges of high grade properties of magnets.
  - Development of magnets for auto –
    - Starter motor magnets
    - Wiper motor magnets
    - Magnets for gen sets
4. Expenditures on R & D –
 

	2009-10	2008-09
a) Capital	: Rs. 4.67 Lac p.a	Nil
b) Recurring	: Rs. 9.56 Lac p.a.	Rs. 5.25 Lac p.a.
c) Total	: Rs. 14.23 Lac p.a.	Rs. 5.25 Lac p.a.
d) R & D expenditure as % to total turnover	: 1.53%	0.65%
5. Technology Absorption, Adaptation and Innovation -
  - Efforts, in brief, made towards technology absorption, adaptation and innovation –
    - The technology developments mentioned above were validated and implemented.
  - Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development etc –
    - New products developed to the specific requirements of Customers.
    - Development of starter motor grade magnets.
    - Flexibility in usages of raw materials.
    - Achieved higher productivity.

**Others**

- |   |   |
|---|---|
| a) Technology imported  | Manufacture of hard ferrites through wet process. |
| b) Year of import   | 1998-99.  |
| c) Has technology been fully absorbed?  | Yes.  |
| d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans. | Not applicable.                                   |

**C: FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year, the foreign exchange outgo was Rs. 71.29 Lacs (L.Y. Rs. 59.44 Lacs) the foreign exchange earned was Nil (L.Y. Nil)

Date: 30<sup>th</sup> July, 2010

**Registered Office:**

B-87, MIDC, Ambad,  
Nasik-422 010, Maharashtra.

By Order of the Board of Directors,

**Jaydev Mody**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure and Development

Last financial year was relatively a bad year for the world economy and industry in general. While the world economy continues to find its footing, India has moved forward with bold steps across a number of sectors. The world is moving into a recovery mode. The extent of recovery differs from country to country and across industry segments. The auto industry in India has already rounded the corner and climbing the growth and recovery ladder.

Highlight of the Indian auto industry has been resurgence of strong demand both in the OEM and replacement segments. Consequently, demand for magnets has picked up in the last two quarters of the year. Two wheelers sales have been galloping on a fast track over the last several months and have contributed to the growth of overall vehicle sales in the domestic market. Though sales have been growing across all segments, the growth momentum has been particularly robust in the motorcycle and scooter segment.

According to the latest data available from the Society of Indian Automobile Manufacturers (SIAM), cumulative two-wheelers sales in the domestic market grew by an impressive 24.58% during April to February 2010.

As you may be aware, Delta Magnets Ltd. formerly known as G. P. Electronics Ltd. abandoned the business of loud speaker ring magnets, which used to be the main product line till March 06, due to stiff competition from China and started production of sector magnets for auto industry from April 06 onwards. Considering this rebirth of the Company, the growth so far has been remarkable. In order to meet the increased market demand the Company has been enhancing its production capacity by converting its ring manufacturing facilities to that of segment manufacturing.

### Market Segment

The markets showed some resilience in the beginning of the year 2009-10 with improved sales but after reaching midyear the momentum picked up to unprecedented levels. This trend is continuing in the F.Y. 2011 as is evident from the passenger cars sales in May 10. Overall the management of your Company believes that the growth trend of around 12% would prevail for the next four to five years.

**Two Wheelers** – Scooter/Scooterette sales grew from 1,148,007 units registered in 2008-09 to touch 1,462,507 units in 2009-10, a growth of around 27.4%.

Motorcycles / step Through sales increased from 5,831,953 units in 2008-09 to touch 7,341,139 units in 2009-10, a growth of around 25.88%.

Moped/Electric Scooter sales increased from 457,659 units registered in 2008-09 to 567,585 units in 2009-10, a growth of around 24.02%.

Delta Magnets Limited has clocked a net sales growth of 25.04 %. Your Company has developed variety of products and around 40 types of different products are in its portfolio. Delta is moving forward by investing in new machines to cater the increased demand.

## Opportunities & Threats

### Opportunities –

- Excellent growth potential for the segment magnet industry due to rising demand on the auto sector.
- With rise in car sales, entry of high end models in the Indian market and setting up of new manufacturing facilities by world auto biggies in India, the demand for motor magnets is likely to go up drastically.
- There exists a great potential of the export markets for future growth.

### Threats –

- Increased competition from China with their low cost strategy.
- Continued volatility of raw material prices.
- Currency fluctuations.

## Product Performance

Income from operations has improved over last year. There has been continuous escalation in the demand situation from April onwards.

The F. Y. 2010 witnessed an unprecedented rise in input cost viz. steel, ferric oxide (Raw Material), LPG etc. Your Company could withstand this rise in input costs and drop in demand in first half purely due to low overheads and strict control of costs. As your Company moved forward to meet new targets, operations expanded and grew significantly. New lines were added and customer inspections were successfully undertaken. The year ahead looks promising.

## Outlook

Across Delta's two main domestic markets (Magneto magnets for two wheelers & three wheelers, motor magnets for cars), the outlook largely looks positive. The Company is taking necessary steps to convert the ring magnet producing equipment suitable for production of segment magnet. The Company is also investing in new moulds and grinding facilities. Hence, by next two to three years time the Company aims at capturing 50% of domestic market share.

Your Company aims to further improve internal controls, efficiencies and yield to face the price threat.

## Risk & Concerns

China is pushing hard to establish its presence in Indian auto sector. The threat of reduction in prices by China looms large.

Development of new products and reduction in costs are the two strategies Company will follow to face this situation.

## Internal Controls & Systems

An integrated oracle based system is in place to check proper flow of documents and adherence to laid down procedures. Company is ISO 9001-2008 certified.

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Delta Magnets has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from disposition and those transactions are authorized, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits and reviews by management.

### **Financial & Operational Performance**

Considering global adverse impact in Auto sector, the sale of segment magnets registered a de-growth of 2% only in the F.Y. 2010.

The interest cost has increased to Rs.0.91 lacs against Rs.0.53 lacs in last year due to utilization of bank limit.

The working capital level has increased due to increase in finished goods stock and debtors. Most of the customers defaulted in payments leading to rise in debtors. Strict monitoring of material dispatch and collection is being done to bring down the debtors level which stood at Rs. 181 lacs as on 31<sup>st</sup> March, 2010.

The Company invested Rs.79 lacs in plant & machinery for enhancing segment production.

### **Human Resources**

The Company lays great emphasis in the development of its employees and their performance as it is vital for the business processes. Individual Performance Management System has been implemented to encourage merit and to cultivate creativity at workplace.

Delta Magnets Limited recognizes the importance of providing training and development opportunities to its employees to raise their skill levels which enables the Company to achieve business objectives. Training programs are aimed at developing industry specific knowledge, management development and general corporate skills and soft skills as well. The workers of the Company have an internal union. The wage agreement finalized with the internal union remains in force till 31<sup>st</sup> March, 2012.

The total number of employees of the Company as on March 31<sup>st</sup> March, 2010 stood at 93.

### **Cautionary statement**

Statement in the "Management Discussion and Analysis" describing the Company's objectives, estimates, expectations or projections may be 'forward looking statements' within meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied.

## CORPORATE GOVERNANCE REPORT

### Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is to achieve business excellence by enhancing the long term value of its stakeholders and is guided by a strong emphasis on transparency, accountability and integrity.

A report on compliance with the Code of Corporate Governance as prescribed by the Securities and Exchange Board of India and incorporated in the Listing Agreement with the Stock Exchanges is given below.

### Board of Directors

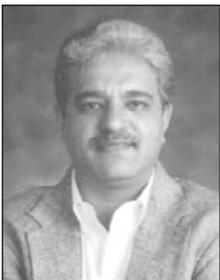
#### A. Composition of the Board

The Board of Directors consists of professionals drawn from diverse fields, who bring in a wide range of skills and experience to the Board. The majority of the Directors on the Board including the Chairman are Non-Executive Directors. More than fifty percent of the Board comprises of Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement, as amended from time to time.

None of the Director of the Company is a member of the Board of more than fifteen Public Companies (including Private Companies which are subsidiaries of Public Company) or a member of more than ten Board level committees or Chairman of more than five such committees.

The Board reviews and approves strategy and oversees the results of management to ensure that the long term objectives of enhancing stakeholder's value are met. The day-to-day management of the Company is conducted by the Whole-Time Director subject to the supervision and control of the Board of Directors.

The brief profile of your Company's Board of Directors is as under :



**Mr. Jaydev Mody**

Mr. Jaydev Mody, has been in business for more than 33 years. He has over 22 years of experience in the field of real estate development and has played a key role in building and developing Crossroads, one of the first shopping malls of international standards in India. A graduate in Arts from Mumbai University, Mr. Mody has been instrumental in the development of several large residential complexes, office complexes and retail destinations in and around Mumbai. He is currently involved in the development of Ashok Towers, Ashok Gardens, Peninsula I.T. Park and other landmark projects of global standard.



**Mr. Mahesh Gupta**

Mr. Mahesh S. Gupta, 53 years of age. Mr. Gupta, has an Honours Degree in B.Com; L.L.B (Gen)., Fellow Member of The Institute of Chartered Accountants of India and also of The Institute of Company Secretaries of India. He had an outstanding academic record and rank holder and a Silver Medalist in Company Secretaries Final examination.

Mr. Gupta's expertise in mergers and acquisitions has further accelerated growth in all the business, particularly in the real estate and auto-components business.

Mr. Gupta has over 3 decades of professional experience in business management and in all aspects of Corporate Finance such as treasury management, mergers and acquisitions, strategic planning, direct taxation, company law matters, etc.

He has worked with the Piramal Group for over 22 years including 9 years as Group CFO and Whole Time Director of Nicholas Piramal (India) Limited (now Piramal Healthcare Limited). He has also worked with RPG Group as Group CFO and Management Board Member and as CEO-Welspun India Limited.

Mr. Gupta has received a number of recognitions for his business and professional acumen. He was awarded the CFO of the Year Award, Special Commendation for Financial Excellence (Mergers & Acquisitions Category) by IMA (formerly known as EIU), New Delhi.

Mr. Gupta is on the Board of several Listed Companies and has also been associated with various Committees of The Institute of Chartered Accountants of India (ICAI), Member Governing Council of Indian Association Corporate CFOs and Treasurers (InACT), Advisory Board of Chennai Business School.



**Mr. Rajesh Jaggi**

Mr. Rajesh Jaggi, 41 years of age and a Management professional from Babson Graduate School of Business, Boston. Mr. Rajesh Jaggi is responsible for the direction and performance of the real estate business of the Ashok Piramal Group, Peninsula Land Limited, Peninsula Realty Fund and Peninsula Facility Management Services Limited. Under Mr. Jaggi's leadership, Peninsula Land Limited has extended its reach from solely a Mumbai based developer to extending its presence across western and southern India.

Mr. Jaggi has over thirteen years of experience in every sector of the real estate business, from sourcing new ventures, construction management, facility management, marketing and sales. In real estate since 1996, Mr. Jaggi's previous experience as Executive Director at Orbit Group of Companies has equipped him with the knowledge and operational skills required to make a difference in the running of the Company.



**Mr. Javed Tapia**

Mr. Javed Tapia is a graduate from Sydenham College, Mumbai and completed his post graduation in Business Administration from Duke University, USA. He is the founder of Duke University's Fuqua Alumni Club in India and also serves on the interview panel for prospective applicants to Fuqua School of Business. With strong background in corporate finance and management, he has over 20 years of experience in building and growing a varied range of companies.

He started his career with the family business and was involved with real estate for Clover Constructions. He then went on to be the founder, and set up an end-to-end IT solutions company, Clover

Technologies - that provided enterprise level Unix and Oracle solutions and support to corporates. He took an early lead in understanding the Linux market when he founded a group under Clover Technologies to focus on Linux early in 1999.

With his passion for Linux and seeing the growth opportunity for this in India, he brought Red Hat Inc., into India by starting the subsidiary under the flagship brand name of Red Hat India Private Limited. Red Hat, with a market share of 65% worldwide, is a leader in development, deployment and management of Linux and open source solutions for enterprise—ranging from embedded devices to secure Web servers. As president of Red Hat Indian Subcontinent, his responsibilities included Red Hat's operations in Sri Lanka, Pakistan, Nepal, Bangladesh, Bhutan and the Middle East. He ran Red Hat for 5 years before selling his stake to Red Hat Inc. to other projects and initiatives that he is now focusing on.

He is currently the Managing Director at Clover Infotech Pvt. Ltd. (CIPL) based in Mumbai, a leading technology services and solutions provider. CIPL's expertise lies in supporting technology products related to Application, Database, Middleware and Infrastructure.

He is also managing the real estate division of Clover Realty and Infrastructure Pvt. Ltd. CRIPL is into building residential and commercial complexes, lifestyle malls and warehouse. He also oversees Deccan Warehousing, 5,00,000 sq.ft. of modern, state-of-the-art warehouse, located at Talegaon near Pune.

The issue of climate changes and the abundant supply of sunshine that India enjoys, motivated him to start a new venture on Renewable sources of energy that would lead to the betterment of India and World at large. The venture Clover Solar Pvt. Ltd. (CSPL) aspires to be a major player in the solar PV and solar thermal area.



**Ms. Urvi Piramal**

Ms. Urvi A. Piramal is Chairperson of Peninsula Land Limited. She oversees a professionally managed Ashok Piramal Group with business interest in real estate, textiles, engineering, entertainment and sports.

She has a Bachelor of Science degree and has attended the Advance Management Program at Harvard Business School. She has been a member of Technology and Quality Improvement Committee of the Indian Merchants' Chamber since its inception in 1994 and also the Chairperson of Supply Chain and Retail Business (Internal Trade) Committee (2004-2005).

She has received a number of awards for her contribution to business. She was awarded the Qimpro Gold Standard Award for excellence in managing quality improvement programmes across the Group. She has won the Outstanding Woman Industrialist Award presented by the Marinelines Junior Chamber and the Yami Woman Award for her outstanding contribution to business by The ITC Grand Central. She also has to her credit the Cheminor Award from the Indian Institute of Materials Management.

She is a trustee of the Piramal Education Trust, Ashok G. Piramal Trust and Urvi Ashok Piramal Foundation which has been set up for the underprivileged. Piramal Education Trust runs a childrens' school at Bagar in Rajasthan.



**Capt. Ratnakar Barick**

Capt. Ratnakar Barick aged 64, has done B.E. (Electrical) and professional courses like Advance Electrical and Electronics Engineering for 2 years from Naval Electrical School and Marine Equipment Training from erst while USSR.

Capt. Ratnakar Barick has 38 years of enriched experience in the field of engineering. He has worked in various capacities in a large number of Naval Ships and Establishments, notable ones being:

- Submarine rescue ship
- Modern Frigates built by Mazagon Dock
- Naval Dockyard, Mumbai
- Naval Dockyard, Visakhapatnam
- Naval Electrical Training College, Jamnagar as head of training.

He was the General Manager (Works) of a medium sized process plant and also the Vice-President (Operations) of Peerless Fabrikernne (India), a 100% EOU from 1996 till 1999.

He received two Commendations by Flag Officer, Commanding Western Naval Command, Indian Navy for meritorious service. He also participated in 1971 war.



**Ms. Ambika Kothari**

Ms. Ambika Kothari, 33 years of age, is B.A. Economics with Honours through Wellesley College. She has also studied Accounting and Business at MIT Sloan School of Management and Harvard University. She is experienced in the fields of business administration, management and as an analyst. She has worked with reputed international analyst firms such as Goldman Sachs & Company, New York and Moody's Investor Service, Singapore. She also worked with DSP Merrill Lynch, Mumbai in the Equities Division. She is a Director in several companies and is currently managing investments for GK International Pvt Ltd.



**Dr. Vrajesh Udani**

Dr. Vrajesh Udani, 54 years of age, is a Pediatric Neurologist. He is a consultant at the Hinduja National Hospital and Medical Research Centre, Saifee Hospital and Breach Candy Hospital and Medical Research Centre. He is also an Assistant Professor of Paediatrics at the Grant Medical College and JJ Group of Hospitals, Mumbai. He is also a Member of the Indian Academy of Paediatrics, Neurological Society of India and Indian Academy of Neurology.

**B. Board Procedure**

A detailed Agenda folder is sent to each Director in advance of Board and Committee meetings. The Board

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members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background notes and other material information to enable the Board to take informed decisions. Agenda papers are circulated at least a week in advance to the Board meeting.

### **C. Information placed before the Board**

Apart from the items that are required under the statutes, to be placed before the Board for its approval, the following are placed before the Board periodically for its review / information in compliance with the Listing Agreement as amended from time to time.

1. Annual operating plans and budgets, Capital budgets and any updates.
2. Quarterly results for the Company.
3. Minutes of meetings of Audit Committee and other Committees of the Board.
4. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
5. Materially important show cause, demand, prosecution notices and penalty notices.
6. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
7. Any material default in financial obligations to and by the Company, or substantial nonpayment for goods sold by the Company.
8. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
9. Details of any joint venture or collaboration agreement.
10. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
11. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front.
12. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
13. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
14. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

### **D. Post – meeting follow – up systems**

The Governance system in the Company include an effective post – meeting follow-up, review and reporting process for action taken / pending on decisions of the Board and its Committees.

### **E. Board Support**

The Company Secretary of the Company attends all the meetings of the Board and its Committees and advises / assures the Board and Committee on compliance and governance principles.

### **F. Code of Conduct**

The Board has laid down Code of Conduct for the Board members and for Senior Management and Employees of the Company. The same has been posted on the website of the Company. All Board members and Senior Management Personnel have affirmed compliance with this Code.

### **G. CEO / CFO Certification**

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Whole-Time Director and the Group C.F.O. of the Company have certified to the Board regarding the Financial Statements for the year ended 31<sup>st</sup> March, 2010.

**H. Details of the Board Meetings held during the financial year**

During the financial year ended 31<sup>st</sup> March, 2010, five meetings of the Board were held, as follows:

No.	Date	Board Strength	No. of Directors present
1	27 <sup>th</sup> April, 2009	6	6
2	29 <sup>th</sup> June, 2009	6	6
3	28 <sup>th</sup> July, 2009	7	6
4	28 <sup>th</sup> October, 2009	7	7
5	23 <sup>rd</sup> January, 2010	6	6

The maximum gap between two Board Meetings was less than four months.

**I. Attendance at the Board Meetings and at Annual General Meeting (AGM), no. of Directorship in other Public Companies, no. of Committee positions held in other Public Companies**

The current composition of the Board of Directors as on date and attendance of the Directors at the Board Meetings as well as their Directorship/membership in Committees of Public Companies as on 31<sup>st</sup> March, 2010, is as follows:

(Other Directorships do not include alternate Directorships, Directorships of Private Limited Companies, Unlimited Companies, Section 25 Companies and Companies incorporated outside India. Chairmanships/Memberships of Board Committees include only Audit and Shareholders/Investors Grievance Committees of other Public Companies.)

Name of the Director	Category	Number of Board Meeting during the year 2009 - 2010		Whether attended the last AGM held on 29.09.09	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. Jaydev Mody (Chairman)	Non-Executive, Promoter	5	5	No	2	7	2	0
Mr. Mahesh Gupta	Non-Executive, Independent	5	5	Yes	2	10	4	5
* Mr. Rajesh Jaggi	Non-Executive, Independent	5	2	No	2	12	0	1
Ms. Urvi Piramal	Non-Executive	5	5	No	6	0	0	1
Mr. Javed Tapia	Non-Executive Independent	5	5	No	0	2	0	0

Capt. Ratnakar Barick	Whole-Time Director	5	5	Yes	0	0	0	0
# Dr. Vrajesh Udani	Non-Executive, Independent	0	0	No	0	1	0	0
# Ms. Ambika Kothari	Non-Executive, Independent	0	0	No	0	0	0	0
** Mr. Ashish Kapadia	Non-Executive, Independent	5	4	Yes	0	4	0	1

\* Mr. Rajesh Jaggi has been appointed as an Additional Director of the Company w.e.f. 29<sup>th</sup> June, 2009.

# Dr. Vrajesh Udani and Ms. Ambika Kothari have been appointed as Additional Directors of the Company w.e.f. 30<sup>th</sup> July, 2010. (All details are as on the date of appointment)

\*\* Mr. Ashish Kapadia ceased to be a Director of the Company. w.e.f. 28<sup>th</sup> October, 2009.

#### Details of the Directors being re – appointed

Mr. Jaydev Mody, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting of the Company. It is proposed to re-appoint Mr. Jaydev Mody as Director retiring by rotation. His detailed profile in line with Clause 49 of the Listing Agreement is forming the part of the Notice of the Annual General Meeting.

#### Committees of the Board

##### A. Audit Committee

The Audit Committee acts as a link between Statutory and Internal Auditors and the Board of Directors. The Audit Committee provides reassurance to the Board regarding the existence of an effective internal control environment that ensures:

- ◆ Efficiency and effectiveness of operations.
- ◆ Safeguarding of assets and adequacy of provisions for all liabilities;
- ◆ Reliability of financial and other management information and adequacy of disclosures;
- ◆ Compliance with all relevant statutes.

##### Powers

The Audit Committee is empowered, pursuant to its terms of reference, to:

- ◆ Investigate any activity within its terms of reference
- ◆ Seek any information it requires from any employee

- Obtain legal or other independent professional advice and
- Secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

### **Terms of Reference**

The terms of reference of Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and the guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchanges. The Audit Committee is entrusted with the responsibility to supervise the Company's financial control and reporting process and inter-alia perform the following functions:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending to the Board the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- Reviewing with the management the quarterly and annual financial statements before submission to the Board for approval ;
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing with the management performance of statutory and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Discussion with internal auditors any significant finding and follow up thereon;
- Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
- Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;

- Discussion with the Statutory Auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;
- Reviewing the Company's financial and risk management policies;
- Looking into the reasons for substantial defaults, if any, in payment to shareholders (in case of non-payment of declared dividends) and creditors;
- Approval of appointment of CFO;
- Considering such other matters as may be required by the Board;
- Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act, 1956 and other statutes, as amended from time to time.

#### **Review of Information**

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- *Management discussion and analysis of financial condition and results of operations;*
- *Statement of significant related party transactions (as defined by the audit committee), submitted by management;*
- *Management letters / letters of internal control weaknesses issued by the statutory auditors;*
- *Internal audit reports relating to internal control weaknesses; and*
- *The appointment, removal and terms of remuneration of the chief internal auditor;*
- *Financial statements as well as investments made by unlisted subsidiaries.*

#### **Composition**

The Audit Committee of the Company presently comprises of three Directors i.e. Mr. Mahesh Gupta, Mr. Rajesh Jaggi and Mr. Javed Tapia, Independent Directors. The constitution of the Committee is in line with Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The Audit Committee was reconstituted during the year.

The Chairman of the Committee is Mr. Mahesh Gupta, who is an Independent Director.

The Group C.F.O., Internal Auditors and the Statutory Auditors are invitee to the meetings of the Audit Committee. The Secretary of the Company acts as the Secretary to the Committee. All the members of the Committee are financially literate and have accounting and financial management expertise.

### **Meeting and attendance**

During the financial year ended 31<sup>st</sup> March, 2010 five meetings of the Audit Committee were held. The meetings of the Audit Committee were held on 27<sup>th</sup> April, 2009, 29<sup>th</sup> June, 2009, 27<sup>th</sup> July, 2009, 27<sup>th</sup> October, 2009 and 23<sup>rd</sup> January, 2010 and the same were attended by all the members of the Committee. The maximum gap between any two meetings of the Audit Committee of the Company was not more than four months.

The previous Annual General Meeting of the Company held on Tuesday, 29<sup>th</sup> September, 2009 was attended by Mr. Mahesh Gupta, Chairman of the Audit Committee.

## **B. Remuneration Committee**

### **Terms of reference**

- Recommending remuneration including periodic revision, performance bonus, incentives, commission, stock options, other services, perquisites and benefits payable to the executive Directors;
- Such other matters as the Board may from time to time request the Compensation Committee to examine and recommend / approve.

### **Composition**

The Remuneration Committee as on date comprises of three members i.e. Mr. Javed Tapia, Mr. Jaydev Mody and Mr. Rajesh Jaggi. All of them are Non-Executive Directors. The Remuneration Committee of the Company was reconstituted during the year. The Chairman of the Committee is Mr. Javed Tapia, who is a Non-Executive and Independent Director.

The Secretary of the Company acts as the Secretary to the Committee.

### **Meeting and attendance**

During the financial year ended 31<sup>st</sup> March, 2010, two meetings of the Remuneration Committee of the Company were held on 1<sup>st</sup> July, 2009 and 23<sup>rd</sup> October, 2009, which were attended by all members of the Committee.

### **Remuneration Policy**

The remuneration policy of the Company for the Executive Directors is based on the following criteria:

- ◆ Performance of the Company and its associate and subsidiary companies ;
- ◆ Performance of the individual Executive Director;
- ◆ External competitive environment.

### Service contract, Severance Fee and Notice Period

The Company has not entered into any service contract.

### Employee Stock Option Scheme

The Company does not have any Employee Stock Option Scheme.

### Details of remuneration paid to Executive and Non Executive Directors for the year ended 31<sup>st</sup> March, 2010 and their relationship with other Directors of the Company

#### Executive Directors

Name	Relationship with other Directors	Salary Rs.	Benefits, perks and allowances Rs.	Commission Rs.	Contribution to Provident Fund Rs.	Stock Option granted upto 31 <sup>st</sup> March, 2010
Capt. Ratnakar Barick	None	23,91,996/-	Rs. 1,20,000/-	Rs. 5,00,000/-	Rs. 1,08,000/-	NIL

#### Non Executive Directors

Name	Relationship with other Directors	Sitting Fees Rs.	Commission Rs.	Total Rs.
Mr. Jaydev Mody	None	14000	–	14000
Ms. Urvi Piramal	None	10000	–	10000
Mr. Mahesh Gupta	None	20000	–	20000
Mr. Javed Tapia	None	20000	–	20000
Mr. Rajesh Jaggi #	None	10000	–	10000
Mr. Ashish Kapadia *	None	8000	–	8000

\* Mr. Ashish Kapadia ceased to be a Director of the Company w.e.f. 28<sup>th</sup> October, 2009.

# Mr. Rajesh Jaggi was appointed as an Additional Director of the Company w.e.f. 29<sup>th</sup> June 2009.

During the financial year ended 31<sup>st</sup> March, 2010, except payment of sitting fees, the Company do not have any pecuniary relationship or transactions with the Non – Executive Directors.

#### Shareholding of Non-executive Directors

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) are given below:

Name	No. of shares held
Mr. Jaydev Mody	1125
Mr. Javed Tapia	0
Mr. Mahesh Gupta	104
Mr. Rajesh Jaggi	0
Ms. Urvi Piramal	0
Capt. Ratnakar Barick	0
Dr. Vrajesh Udani	0
Ms. Ambika Kothari	1950

### C. Share Transfer and Investors Grievances Committee

#### Terms of reference

The Committee oversees and reviews all matters connected with transfer of securities and also approves issue of duplicate, split of share certificates, etc. Also the Committee looks into redressal of Shareholders'/Investors' complaints/ grievances pertaining to transfer or credit of shares / transmissions / dematerialisation / rematerialisation / split / issue of duplicate Share Certificates, non-receipt of annual reports, dividend payments and other miscellaneous complaints. The Committee reviews performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services.

#### Composition

The Investors Grievance Committee as on date comprises of three members i.e. Mr. Jaydev Mody, Mr. Rajesh Jaggi and Capt. Ratnakar Barick. All of them are Non-Executive Directors. The Chairman of the Committee is Mr. Jaydev Mody. The Committee was reconstituted during the year.

#### Meeting and attendance

During the financial year ended 31<sup>st</sup> March, 2010, five meetings of the Investors Grievance Committee meetings were held, as follows:

No.	Date	Committee Strength	No. of Members present
1.	27 <sup>th</sup> April, 2009	3	3
2.	28 <sup>th</sup> July, 2009	3	3
3.	28 <sup>th</sup> October, 2009	3	3
4.	23 <sup>rd</sup> January, 2010	3	3
5.	31 <sup>st</sup> March, 2010	3	3

**Compliance officer**

Ms. Snehal Oak, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with the Stock Exchanges.

**Listing fees:**

The Company has paid the listing fees to all the Stock Exchanges till 31st March, 2010.

**Redressal of Investors Grievances**

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent/issued usually within 7-10 days except in case of dispute over facts or other legal impediments.

During the financial year under review, the Company received 1 complaint and the same was duly resolved. No investor complaint was pending as at the end of the financial year.

**Details of Annual General Meetings:**

Location, date and time of Annual General Meetings held during the last 3 years:

Year	Location	Date	Day	Time	No. of Special Resolutions
2006 – 07	Walchand Hirachand Hall, Indian Merchants' Chamber Building, Churchgate, Mumbai-400020, Maharashtra	September 21, 2007	Friday	11.00 a.m.	-
2007 – 08	Ping Pong Hall, Club Peninsula, Peninsula Corporate Park, Ganpat Rao Kadam Marg, Lower Parel, Mumbai-400013, Maharashtra.	September 29, 2008	Monday	2.00 p.m.	1
2008 – 09	Ping Pong Hall, Club Peninsula, Peninsula Corporate Park, Ganpat Rao Kadam Marg, Lower Parel, Mumbai-400013, Maharashtra.	September 29, 2009	Tuesday	2.30 p.m	1

## POSTAL BALLOT

During the year, pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, certain resolutions were passed by Shareholders by Postal Ballot. The Notices of the Postal Ballot were dispatched to all Shareholders along with postage prepaid envelopes. Mr. Ashish Jain of M/s. A. K. Jain & Co; Practicing Company Secretary had been appointed as a scrutinizer for the Postal Ballots, who submitted his reports to the Chairman. The details are given below:

Date of Postal Ballot	Nature of Resolution	Resolutions Passed
7 <sup>th</sup> December, 2009	Special	Shifting of Registered Office from 16A, Ali Chambers, 2 <sup>nd</sup> Floor, Nagindas Master Road, Fort, Mumbai, Maharashtra-400 001 to B-87, MIDC, Ambad, Nasik - 422 010, Maharashtra.
12 <sup>th</sup> May, 2010	Ordinary	1) Increase of borrowing limits of the Company under Section 293(1)(d) of the Companies Act, 1956
	Ordinary	2) Authority to Board of Directors of the Company under Section 293(1)(a) of the Companies Act, 1956
	Special	3) Increase in limits under Section 372A of the Companies Act, 1956

As on date there are no Special Resolutions which are proposed to be passed by way of Postal Ballot.

## Disclosures

- a) During the financial year 2009-2010 there were no materially significant transactions entered into between the Company and its promoters, Directors or the management or relatives etc. that may have potential conflict with the interests of the Company at large.

The Register of Contracts detailing the transactions, in which the Directors are interested, is placed before the Board /Audit Committee regularly. Transactions with related parties are disclosed by way of Notes to the Accounts, which forms part of this Annual Report.

- b) The Company has complied with the requirements of Stock Exchanges, SEBI and all other statutory authorities on all matters related to the capital markets during the last three years. There were no penalty imposed nor did any strictures pass on the Company by Stock Exchanges, SEBI and all other statutory authorities relating to above.
- c) The Company has adopted a Code of Conduct for its Directors and employees. This Code of Conduct has been communicated to each of them. The Code of Conduct has also been put on the Company's website [www.deltamagnets.com](http://www.deltamagnets.com).
- d) The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing

Agreement. As far as Non- mandatory requirements are concerned, the Company has constituted Remuneration Committee. The financial statements of the Company are unqualified. The Company has not adopted other non – mandatory requirements.

## Means of Communication

### Financial Results

Quarterly financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and published in following newspapers:

- Free Press Journal (English)
- Navshakti (Marathi)

The financial results are displayed on Company's website on [www.deltamagnets.com](http://www.deltamagnets.com)

The Management Discussion & Analysis Report forms part of this Annual Report.

## General Shareholder Information

### Annual General Meeting:

Date and Time : Thursday, the 23<sup>rd</sup> day of September, 2010, at 2.00 P.M  
Venue : The Gateway Hotel, Ambad, Nasik - 422 010, Maharashtra.

As required under Clause 49 (IV) (G)(i) of the Listing Agreement with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on 23<sup>rd</sup> September , 2010.

Financial Calendar : 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011.

Financial reporting for  
Quarter ending 30<sup>th</sup> June, 2010 : By 14<sup>th</sup> August, 2010.

Quarter ending 30<sup>th</sup> September, 2010 : By 14<sup>th</sup> November, 2010.

Quarter ending 31<sup>st</sup> December, 2010 : By 14<sup>th</sup> February, 2011.

Year ending 31<sup>st</sup> March, 2011 : Latest by 30<sup>th</sup> May, 2011.

Annual General Meeting for the  
year ending 31<sup>st</sup> March, 2011 : By 30<sup>th</sup> September, 2011.

Dates of Book Closure : From Thursday, the 16<sup>th</sup> day of September, 2010 To Thursday, the 23<sup>rd</sup> day of September, 2010. (both days inclusive.)

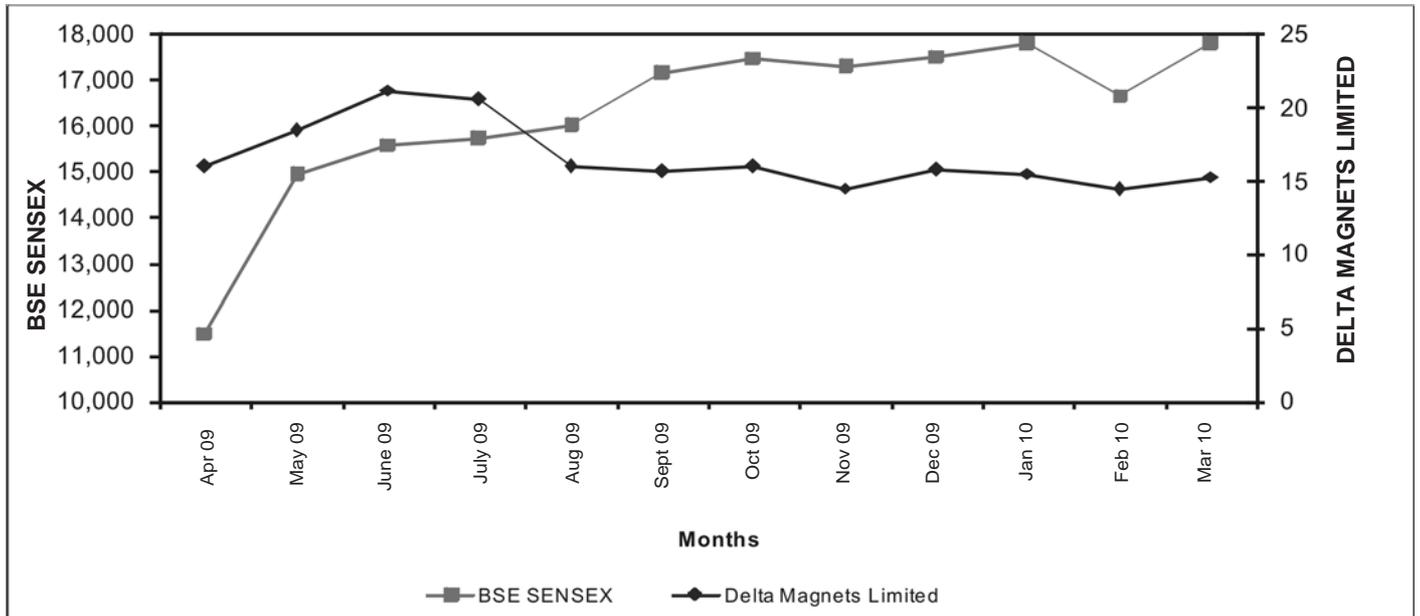
Dividend payment date : N.A.

Stock Exchange where Company's Shares are listed : Bombay Stock Exchange Limited  
Phiroz Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001, Maharashtra.  
Scrip Code: 504286

National Stock Exchange Of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051, Maharashtra.  
Scrip Symbol: DELTAMAGNT

**Stock Market Price data: High /Low during each month for the twelve month period ended 31<sup>st</sup> March, 2010 :**

	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	16.03	13.86	14.25	13.00
May 2009	18.45	15	15.25	15.25
June 2009	21.2	17	22.2	17.00
July 2009	20.55	15.2	18.9	17.05
August 2009	16	13.65	17.1	13.2
September 2009	15.67	12.88	14.95	12.9
October 2009	16	12.45	15.2	13.3
November 2009	14.5	12	15.3	13.00
December 2009	15.8	13	15.1	12.9
January 2010	15.5	12.83	15.9	13.6
February 2010	14.45	12.01	14.7	13.05
March 2010	15.26	12.05	14.65	12.00



### Registrars and Transfer Agents

#### Freedom Registry Limited

Plot No. 101 / 102, 19<sup>th</sup> Street,  
MIDC, Satpur, Nasik - 422 007,  
Maharashtra.

Tel: (0253) 2354032, 2363372

Fax: (0253) 2351126

Email: amtrac\_nsk@sancharnet.in

### Share Transfer Process

Shares in physical form are processed by the Registrar and Share Transfer Agent within 15 days from the date of receipt, if the documents are complete in all respects. Chairman, Whole-Time Director and Company Secretary have been severally empowered to approve transfers. The same shall be ratified by the Investors Grievances Committee.

### Distribution of Shareholding according to Numbers as at 31<sup>st</sup> March, 2010

Category	No. of holders	Percentage	No of shares held in that slab	% to total number of shares
1 to 5000	4379	98.98	1186176	24.40
5001 to 10000	23	0.52	161071	3.31
10001 to 20000	12	0.27	179208	3.69
20001 to 50000	4	0.10	116419	2.4
50001 to 100000	3	0.07	200052	4.12
100001 % above	3	0.07	3017937	62.09
<b>Total</b>	<b>4424</b>	<b>100.00</b>	<b>4860863</b>	<b>100.00</b>

**Distribution of Equity Shareholding according to categories of Shareholders as at 31<sup>st</sup> March, 2010**

Sr. No.	Category of Shareholder	Number of Share holders	Number of shares	%
(A)	<b>Shareholding of Promoter and Promoter Group</b>	4	3019062	62.11
(B)	<b>Public shareholding</b>			
1	<b>Institutions</b>			
(a)	Mutual Funds/ UTI	5	7375	0.15
(b)	Financial Institutions / Banks	3	2275	0.05
(c)	Insurance Companies	0	0	0
(d)	Foreign Institutional Investors	0	0	0
2	<b>Non-Institutions</b>			
(a)	Bodies Corporate	95	279172	5.74
(b)	Individuals			
	(i) holding nominal share capital up to Rs 1 lakh	4291	1245896	25.63
	(ii) holding nominal share capital in excess of Rs. 1 lakh.	14	303274	6.24
	<b>Total Public Shareholding</b>	<b>4420</b>	<b>1841801</b>	<b>37.89</b>
	<b>TOTAL</b>	<b>4424</b>	<b>4860863</b>	<b>100</b>

**Dematerialisation of shares and liquidity**

As on 31st March, 2010, 4490561 Equity Shares (92.38 % of the total number of shares) are in dematerialised form as compared to 4478278 Equity Shares (92.13 % of the total number of shares) as on 31st March, 2009.

**Outstanding GDRs/ ADRs / Warrants or any convertible instruments**

The Company has not issued any GDR's/ADR's/ Warrants or any convertible instruments during the financial year.

**Plant Location**

Delta Magnets Limited

B-87, MIDC, Ambad, Nasik-422 010, Maharashtra.

**Investor Correspondence**

Shareholders can contact the following official for secretarial matters of the Company.

Name	Address	Telephone No./ Fax No.	Email id
Ms. Snehal Oak Company Secretary & Compliance Officer	Bayside Mall, 1st Floor, Opp. Sobo Central Mall, Tardeo Road, Haji Ali, Mumbai - 400 034, Maharashtra.	(022) 40794700 (022) 40794777	<a href="mailto:secretarial@jmggroup.in">secretarial@jmggroup.in</a>

## DECLARATION

I, Ratnakar Barick, Whole-Time Director of Delta Magnets Limited hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed Compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended 31st March, 2010.

**For Delta Magnets Limited**

Date : 30<sup>th</sup> July, 2010.

**Ratnakar Barick**  
**Whole-Time Director**

## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of  
Delta Magnets Limited

We have examined the compliance of conditions of Corporate Governance by Delta Magnets Limited (Formerly known as G.P. Electronics Limited) ["The Company"] for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Hitesh D. Buch**  
Proprietor

Date : 28th July 2010  
Place : Ahmedabad

**For Hitesh Buch & Associates**  
Company Secretaries  
FCS 3145; COP No. 8195

**AUDITORS' REPORT TO THE MEMBERS OF  
DELTA MAGNETS LIMITED**

We have audited the attached Balance Sheet of Delta Magnets Limited as at 31st March, 2010, the Profit & 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 misstatements. 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.

- I. As required by the Companies (Auditors' Report) Order, 2003 and amended by Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  
- II. Further to our comments in the Annexure referred to in paragraph I above:
  - 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 account as required by law have been kept by the Company so far as appears from our examination of these books.
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act.
  - e) On the basis of the 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, 2010 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 information and according to the explanations given to us, the said accounts, give the information required by the Act, in the manner so required, read together with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
    - ii) in case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date, and
    - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Amit Desai & Co  
Chartered Accountants  
Firm Registration No. 130710W

**(Amit Desai)**  
Proprietor  
M. No. 032926

Mumbai: 10th May, 2010

**ANNEXURE TO AUDITORS' REPORT TO THE MEMBERS OF  
DELTA MAGNETS LIMITED**

(REFERRED TO IN PARAGRAPH I OUR REPORT OF EVEN DATE)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a policy to carry out a physical verification of fixed assets in a phased manner at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off a substantial part of fixed assets during the period and the going concern status of the Company is not affected.
- (ii) (a) The management carried out physical verification of the inventory at reasonable intervals during the year.
- (b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company maintains proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to the book records were not material and these have been properly dealt with in the books of account.
- (iii) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, we report that :
  - (a) The company has granted loan to one party covered in the register maintained under Section 301 of the Companies Act, 1956. In respect of the said loans, the maximum amount involved during the year was Rs. 1,09,18,294/- and the year end balance was Rs. Nil
  - (b) In our opinion, the rate of interest and other terms and conditions of the above loans given is not prima-facie prejudicial to the interest of the company.
  - (c) Since there is no stipulation as to the time period for the repayment of the principal amount and interest of the unsecured loan given, we are unable to comment on the regularity of the repayment of the same.
  - (d) According to information and explanations given to us, the Company has not taken unsecured loans from any party covered in the register maintained under section 301 of the Act. Consequently, the requirements of Clauses (iii) (d), (iii) (e), (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
- (iv) 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 nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangement referred to in section 301 of the Act, have been entered in the register maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, there are no such transactions made in pursuance of such contracts or arrangements and which exceeds the value of Rs. Five Lacs.
- (vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under are applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As informed to us, the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Act.

- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable to it during the period with the appropriate authorities and there were no such outstanding dues as at 31st March, 2010 for a period exceeding six months from the date they became payable.
- (b) According to the records of the Company, Income tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute, are as follows:

Sr. No	Name of the statute	Nature of the Dues	Amount (Rs.)	Period to which amount relates	Forum where dispute is pending
1	Central Excise Act, 1944	Excise Duty and Service Tax	15,56,101	F.Y. 1997-98 to 1999-00	Appellant Commissioner Excise
2	Finance Act, 1994	Service Tax	28,26,095	F.Y 1998-99 to 01-02	Commissioner of Excise
3	Income Tax Act, 1961	Income Tax	23,29,859	A.Y 1990-91, 1994-95 and 1995-96	Income Tax Appellant Tribunal
		<b>Total</b>	<b>67,12,055</b>		

- (x) The Company has accumulated losses which exceed 50% of its net worth at the end of the financial year under reporting and has not incurred cash losses during the year and immediately preceding financial year.
- (xi) On the basis of our examination of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any Bank or any Financial Institution.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause (xiii) relating to applicability of provisions for special statute applicable to Chit Fund, or relating to Nidhi, Mutual Benefit Funds/Societies, is not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader, in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) Since the Company has not obtained any term loans during the year, the requirements of Clauses (xvi) of paragraph 4 of the Order are not applicable
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not, prima facie, used short term funds for long term purposes or vice versa.
- (xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued debentures during the period.
- (xx) The Company has not raised any monies by way of public issue during the period.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the period.

For Amit Desai & Co  
Chartered Accountants  
Firm Registration No. 130710W

**(Amit Desai)**  
Proprietor  
M. No. 032926

Mumbai: 10th May, 2010

## BALANCE SHEET AS AT 31ST MARCH, 2010

			(Rs. in '000)
	Schedule No.	As at March 31, 2010	As at March 31, 2009
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	I	48,608.63	48,608.63
Reserves and Surplus	II (A)	211,834.81	212,448.53
<b>Loan Funds</b>			
Secured Loans	III	133.64	1,611.55
Unsecured Loans	IV	967.32	1,919.16
	<b>TOTAL</b>	<b>261,544.39</b>	<b>264,587.87</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
V			
Gross Block		450,298.71	444,135.20
Less: Depreciation		282,560.51	269,203.91
Net Block		167,738.20	174,931.29
Capital Work in Process		2,301.75	664.14
		<b>170,039.95</b>	<b>175,595.43</b>
<b>Deferred Tax Asset</b>		<b>3,321.00</b>	-
<b>Current Assets, Loans and Advances</b>			
VI			
Inventories		13,659.69	12,706.68
Sundry Debtors		18,088.82	16,213.18
Cash and Bank Balances		3,167.37	3,215.49
Loans and Advances		22,357.12	21,679.01
		<b>57,273.00</b>	<b>53,814.36</b>
<b>Current Liabilities and Provisions</b>			
VII			
Current Liabilities		16,631.87	14,386.30
Provisions		1,141.79	429.19
		<b>17,773.66</b>	<b>14,815.49</b>
<b>Net Current Assets</b>		<b>39,499.34</b>	<b>38,998.87</b>
<b>Profit &amp; Loss Account</b>	II(B)	<b>48,684.10</b>	<b>49,993.59</b>
	<b>TOTAL</b>	<b>261,544.39</b>	<b>264,587.87</b>
Significant Accounting Policies and Notes forming Part of the Accounts	XIII		

As per Our Report of Even Date

For Amit Desai & Co.  
Chartered Accountants

(Amit Desai)  
Proprietor

Mumbai: 10th May 2010

For Delta Magnets Limited

Jaydev Mody	Director
Mahesh Gupta	Director
Urvi Piramal	Director
Capt. R. Barick	Whole Time Director
Javed Tapia	Director
Rajesh Jaggi	Director

Snehal Oak  
Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule No.	Year ended March 31, 2010	(Rs. in '000) Year ended March 31, 2009
<b>INCOME</b>			
Gross Sales		101,114.71	84,460.09
Less: Excise Duty		7,925.19	9,933.73
Net Sales		93,189.52	74,526.36
Increase/ (Decrease) in Stock of Finished Goods & Process Stocks	VIII	2,851.54	2,059.73
Other Income	IX	5,159.49	3,639.83
		<b>101,200.55</b>	<b>80,225.92</b>
<b>EXPENDITURE</b>			
Materials Consumed	X	11,556.92	9,794.06
Manufacturing and Other Expenses	XI	54,376.65	52,425.34
Staff Costs	XII	23,391.16	16,981.59
		<b>89,324.73</b>	<b>79,200.99</b>
Profit/(Loss) Before Interest, Depreciation and Tax		11,875.82	1,024.93
Finance Charges		90.94	52.51
Depreciation	V	14,246.78	
Less: Transfer from Revaluation Reserve		613.72	
Profit/(Loss) Before Tax		<b>13,633.05</b>	<b>12,502.05</b>
Prior Period Items		(1,848.17)	(11,529.62)
		<b>(163.34)</b>	<b>(1,071.97)</b>
		<b>(2,011.51)</b>	<b>(12,601.59)</b>
Provision for Taxation			
Fringe Benefit Tax		-	(77.80)
Excess Provision of Earlier Year's Written Back		-	25.00
Deferred Tax		3,321.00	-
Profit/(Loss) After Tax		<b>1,309.49</b>	<b>(12,654.39)</b>
Balance Brought Forward		<b>(89,068.78)</b>	<b>(76,414.39)</b>
Balance Carried Forward		<b>(87,759.29)</b>	<b>(89,068.78)</b>
Earning per Share Basic and Diluted (Rs.) (Face Value of Rs.10/-)		<b>0.27</b>	<b>(2.60)</b>
Significant Accounting Policies and Notes Forming Part of the Accounts	XIII		

As per Our Report of Even Date

For Amit Desai & Co.  
Chartered Accountants(Amit Desai)  
Proprietor

Mumbai: 10th May 2010

For Delta Magnets Limited

Jaydev Mody Director  
Mahesh Gupta Director  
Urvi Pirmal Director  
Capt. R. Barick Whole Time Director  
Javed Tapia Director  
Rajesh Jaggi DirectorSnehal Oak  
Company Secretary

**CASH FLOW STATEMENT FOR YEAR ENDED ON 31ST MARCH, 2010**

	Year Ended 31.03.2010	Year Ended 31.03.2009
		(Rs.in '000)
<b>A Cash flow from operating Activities</b>		
Net Profit/(Loss) before Tax and Extraordinary items	<b>(1,848.17)</b>	(11,529.62)
Adjustment for:-		
Depreciation	<b>13,633.05</b>	12,502.05
Loss / (Profit) on Sale of Assets	<b>(2,735.01)</b>	(23.73)
Employee Benefits	<b>712.60</b>	429.19
Interest Paid	<b>90.94</b>	52.51
Interest Income	<b>(1,739.64)</b>	(2,379.75)
<b>Operating Profit Before Working Capital Changes</b>	<b>9,961.94</b>	10,580.27
Adjustment for:		
Trade and Other Receivables	<b>(2,553.75)</b>	10,225.57
Inventories	<b>(953.01)</b>	(2,836.37)
Trade Payables	<b>2,273.46</b>	1,261.23
Taxes Paid	<b>( 27.91)</b>	(588.84)
Prior Period (Income)/Expenses	<b>(163.34)</b>	-
<b>Net Cash Flow From Operating Activities</b>	<b>(1,424.54)</b>	8,061.59
	<b>6,689.22</b>	7,112.24
<b>B Cash flow from Investing Activities</b>		
Purchase of Fixed Assets , Capital Work in Progress	<b>(9,503.54)</b>	(10,728.84)
Sale of Fixed Assets	<b>3,547.25</b>	57.00
Interest income	<b>1,739.64</b>	2,379.75
<b>Net Cash Used In Investing Activities</b>	<b>(4,216.64)</b>	(8,292.09)
<b>C Cash Flow from Financing Activities</b>		
Interest Paid	<b>(90.94)</b>	(52.51)
Proceeding From Short Term Borrowing	<b>(1,477.91)</b>	691.59
Proceeding From Long Term Borrowing	<b>(951.85)</b>	(770.26)
<b>Net Cash Used In Financing Activites</b>	<b>(2,520.70)</b>	(131.18)
<b>Net Changes In Cash And Cash Equivalents (A+B+C)</b>	<b>(48.12)</b>	(1,311.04)
<b>Cash And Cash Equivalents - Opening Balance</b>	<b>3,215.49</b>	4,526.53
<b>Cash And Cash Equivalents - Closing Balance</b>	<b>3,167.37</b>	3,215.49

1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI.

2) Previous year's figures have been regrouped or rearranged wherever necessary to confirm the current year's classification.

As per Our Report of Even Date

For Amit Desai & Co.  
Chartered Accountants

(Amit Desai)  
Proprietor

Mumbai: 10th May 2010

For Delta Magnets Limited

Jaydev Mody            Director  
Mahesh Gupta        Director  
Urvi Piramal         Director  
Capt. R. Barick      Whole Time Director  
Javed Tapia          Director  
Rajesh Jaggi         Director

Snehal Oak  
Company Secretary

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**SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2010**


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	<b>As at March 31, 2010</b>	(Rs in '000) As at March 31, 2009
<b>SCHEDULE I</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
50,00,000 Equity Shares of Rs.10/- each	<b>50,000.00</b>	50,000.00
50,00,000 Unclassified Shares of Rs.10/- each	<b>50,000.00</b>	50,000.00
Total....	<b>100,000.00</b>	100,000.00
Issued, Subscribed and Paid up		
48,60,863 Equity Shares of Rs.10/- each fully paid up	<b>48,608.63</b>	48,608.63
Total....	<b>48,608.63</b>	48,608.63
<b>SCHEDULE II- (A)</b>		
<b>Reserves And Surplus</b>		
Capital Reserves	<b>3,504.25</b>	3,504.25
Security Premium Account	<b>76,531.45</b>	76,531.45
Revaluation Reserves	<b>132,412.83</b>	132,412.83
Less :- Depreciation on Revalued Assets	<b>613.72</b>	-
Total....	<b>131,799.11</b>	132,412.83
	<b>211,834.81</b>	212,448.53
<b>SCHEDULE II- (B)</b>		
<b>Debit Balance in Profit &amp; Loss Account</b>		
Profit and Loss Account Opening Balance	<b>89,068.78</b>	76,414.39
Add:- ( Profit) / Loss During the Year	<b>(1,309.49)</b>	12,654.39
	<b>87,759.29</b>	89,068.78
General Reserve (as per last Balance Sheet)	<b>(39,075.19)</b>	(39,075.19)
Total....	<b>48,684.10</b>	49,993.59
<b>SCHEDULE III</b>		
<b>Loan from a Bank</b>		
Cash Credit	<b>133.64</b>	1,611.55
(Secured against Lien on Fixed Deposit Receipt of Rs.3,000 ('000))		
Total....	<b>133.64</b>	1,611.55
<b>SCHEDULE IV</b>		
<b>Unsecured Loans</b>		
Sales Tax Deferral Loan	<b>967.32</b>	1,919.16
(Repayable with in next year Rs 569.93 ('000))		
Paid during the year Rs 951.84 ('000)		
Total....	<b>967.32</b>	1,919.16

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**SCHEDULE V**  
**Fixed Assets**

(Rs in '000)

Description	Gross Block					Depreciation					Net Block		
	As at 01.04.2009	Addition on Revaluation	Additions	Deduction	As at 31.03.2010	As at 01.04.2009	Additions	Revaluation	Deduction	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009
Land	114,558.00	-	-	-	114,558.00	-	-	-	-	-	114,558.00	114,558.00	
Factory Building	42,874.03	-	-	-	42,874.03	12,543.00	818.27	613.72	-	13,974.99	28,899.04	30,331.04	
Office Building	2,426.13	-	-	1,042.56	1,383.57	444.27	39.55	-	230.33	253.49	1,130.08	1,981.86	
Plant & Machinery	268,513.57	-	7,014.42	659.86	274,868.13	244,109.26	12,157.08	-	659.86	255,606.48	19,261.66	24,404.30	
Equipments	10,485.62	-	833.46	-	11,319.08	8,467.43	405.91	-	-	8,873.34	2,445.73	2,018.20	
Furniture and Fixtures	3,650.83	-	12.45	-	3,663.28	3,321.52	57.60	-	-	3,379.12	284.16	329.31	
Vehicles	1,627.01	-	5.60	-	1,632.61	318.43	154.65	-	-	473.08	1,159.53	1,308.58	
<b>T O T A L....</b>	<b>444,135.20</b>	<b>-</b>	<b>7,865.93</b>	<b>1,702.42</b>	<b>450,298.71</b>	<b>269,203.91</b>	<b>13,633.05</b>	<b>613.72</b>	<b>890.18</b>	<b>282,560.51</b>	<b>167,738.20</b>	<b>174,931.29</b>	
Previous Year	300,936.88	132,412.84	11,080.98	295.49	444,135.20	256,964.09	12,502.05	-	262.22	269,203.91	174,931.29	43,972.79	

Note:- The Plant & Machinery Includes certain item which is fully written off in books of account though the items are still physically installed in the factory. The said items are used and reconditioning when ever necessary.

(Rs in '000)

	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE VI</b>		
<b>Current Assets, Loans And Advances</b>		
<b>Inventories</b>		
(As taken, valued and certified by the Management)		
Raw Materials	237.88	934.78
Work -in-Progress	9,782.02	4,222.32
Finished Goods	347.56	3,055.72
Stores, Spares, Consumables and Packing Materials	3,292.23	4,462.62
Loose Tools	-	31.24
	<u>13,659.69</u>	<u>12,706.68</u>
<b>Sundry Debtors</b>		
<b>( Unsecured, Considered Good Unless Otherwise Stated)</b>		
Over Six Months - Considered Doubtful	218.06	289.18
Less : Provision for Doubtful Debts	(218.06)	(289.18)
Others	18,088.82	16,213.18
	<u>18,088.82</u>	<u>16,213.18</u>
<b>Cash and Bank Balances</b>		
Cash on hand	13.07	24.63
With Scheduled Banks		
In Current Accounts	154.30	190.87
In Deposit Accounts	3,000.00	3,000.00
	<u>3,167.37</u>	<u>3,215.49</u>
<b>Other Current Assets</b>		
Interest receivable	95.47	96.49
Other Receivable	3,273.38	-
<b>Loans And Advances</b>		
<b>(Unsecured, considered good)</b>		
Inter Corporate Deposit	11,100.00	13,344.81
Advances Recoverable in Cash or in Kind or for Value to be Received	3,252.03	2,585.17
Advance Tax ( Net of Provision)	1,563.00	2,946.61
<b>Deposits</b>		
With Public Bodies	3,018.24	2,650.93
With Others	55.00	55.00
	<u>22,357.12</u>	<u>21,679.01</u>
Total....	<u>57,273.00</u>	<u>53,814.36</u>

	As at March 31, 2010	(Rs in '000) As at March 31, 2009
<b>SCHEDULE VII</b>		
<b>Current Liabilities And Provisions</b>		
<b>Current Liabilities</b>		
Sundry Creditors - Others	8,250.89	7,017.12
Sundry Creditors - Micro, Small and Medium Enterprises	-	-
Advance Received from Customers	4,031.71	4,181.55-
Other Liabilities	<u>4,349.26</u>	<u>3,187.63</u>
	<b>16,631.87</b>	<b>14,386.30</b>
Provisions	<u>1,141.79</u>	<u>429.19</u>
Total....	<u><b>17,773.66</b></u>	<u><b>14,815.49</b></u>

**SCHEDULE FORMING PART OF THE  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.**

(Rs in '000)

	Year ended March 31, 2010	Year ended March 31, 2009
<b>SCHEDULE VIII</b>		
<b>Increase / ( Decrease ) in Stock of Finished Goods and Work - in - Progress</b>		
Stocks At the End		
Finished Goods	347.56	3,055.72
Work-in-Progress	<u>9,782.02</u>	<u>4,222.32</u>
	<u>10,129.58</u>	<u>7,278.04</u>
Stocks At the Beginning		
Finished Goods	3,055.72	814.67
Work-in-Progress	<u>4,222.32</u>	<u>4,403.64</u>
	<u>7,278.04</u>	<u>5,218.31</u>
Increase/(Decrease) in Finished Goods and WIP	<u>2,851.54</u>	<u>2,059.73</u>
<b>SCHEDULE IX</b>		
<b>Other Income</b>		
Interest	1,739.64	2,379.75
(TDS Current Year Rs.7.05 ('000) Last Year Rs.436.04 ('000))		
Other Operations Income	549.95	970.21
Miscellaneous	<u>2,869.90</u>	<u>289.87</u>
Total....	<u>5,159.49</u>	<u>3,639.83</u>
<b>SCHEDULE X</b>		
<b>Materials Consumed</b>		
Opening Stocks	934.78	837.43
Add : Purchases and Expenses	<u>10,860.02</u>	<u>9,891.41</u>
	<u>11,794.80</u>	<u>10,728.84</u>
Less : Closing Stocks	<u>237.88</u>	<u>934.78</u>
Total....	<u>11,556.92</u>	<u>9,794.06</u>

(Rs in '000)

	Year Ended March 31, 2010	Year Ended March 31, 2009
<b>SCHEDULE XI</b>		
<b>Manufacturing and Other Expenses</b>		
Consumption of Stores, Spares, Consumables, Packing Materials etc.	15,344.30	13,857.04
Power and Fuel	30,500.69	30,509.72
Rates, Taxes and Water Charges	445.46	390.05
Rent	-	240.00
<b>Repairs and Maintenance</b>		
- Plant & Machinery	1,146.36	1,755.00
- Building	99.11	28.35
- Others	956.22	241.62
	<u>2,201.69</u>	<u>2,024.96</u>
Excise Duty	12.92	2.73
Insurance	158.60	177.06
Travelling Expenses	362.84	525.78
Freight Charges	2,754.61	2,328.27
Directors' Sitting Fees	82.00	48.00
Miscellaneous Expenses	1,774.00	1,469.93
<b>Remuneration to Auditors</b>		
- Audit Fees	75.00	75.00
- Tax Audit Fees	25.00	25.00
- Certification Fees	35.00	32.79
- Out of Pocket expense	7.00	8.00
	<u>142.00</u>	<u>140.79</u>
Legal & Professional Expenses	542.80	370.53
Cash Discount	-	125.29
Bank Charges	54.75	215.19
Total....	<u>54,376.65</u>	<u>52,425.34</u>
<b>SCHEDULE XII</b>		
<b>Staff Costs</b>		
Salaries, Wages and Bonus	20,843.99	15,015.31
Contribution to Provident and Other Funds	1,572.22	1,537.09
Contribution to Gratuity Fund & Leave Encashment	974.95	4 29.19
Total....	<u>23,391.16</u>	<u>16,981.59</u>

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**SCHEDULE TO AND FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010****SCHEDULE XIII****A) SIGNIFICANT ACCOUNTING POLICIES****a. Basis of Accounting**

The financial statements are prepared under the historical cost convention, on accrual basis and in accordance with the generally accepted accounting principles in India ("GAAP"), the Accounting Standards ("AS") issued by the Institute of Chartered Accountants of India and the applicable relevant provisions of the Companies Act, 1956. The financial statements are presented in Indian Rupees rounded off to the nearest thousand.

**b. Revenue Recognition**

Income from sale of goods is recognized upon transfer of significant risk and reward of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold. Interest income is recognized on accrual basis.

**c. Fixed Assets**

All fixed assets are stated at cost of acquisition, less accumulated depreciation. In the case of fixed assets acquired for new projects / expansion, interest cost on borrowings and other related expenses upto the date of commercial production incurred towards acquiring fixed assets are capitalized.

**d. Depreciation**

Depreciation on fixed assets is provided as per the straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions / deletions of assets during the year is provided on a pro-rata basis.

**e. Retirement Benefits**

Retirement benefit in the form of contribution to Provident Fund is charged to the Profit and Loss Account of the period when the contributions to the respective funds are due. The company has gratuity scheme with Life Insurance Corporation of India. The premium thereof is paid in terms of the policy and charged to Profit and Loss Account. Leave encashment and other benefit are provided on the basis of actuarial valuation at the year end.

**f. Inventories**

Raw Materials, Stores, Spares, Consumables, Packing Material, and Work-in-Progress are valued at cost. Cost is ascertained on weighted average basis. WIP is valued at direct cost plus allocated overheads at appropriate stages. Finished Goods are valued at lower of cost or net realizable value. In accordance with Accounting Standard 2 issued by the Institute of Chartered Accountants of India, provision is made for excise duty on closing stock of finished goods.

**g. Impairment of Assets**

The Company evaluates all its assets for assessing any impairment and accordingly recognizes the impairment, wherever applicable, as provided in Accounting Standard 28, "Impairment of Assets".

**h. Taxes on Income**

Provision for current tax and fringe benefit tax is made, at the current rate of tax, based on assessable income computed on the basis of relevant tax rates and tax laws. Deferred tax resulting from timing differences between the book profits and the tax profits is accounted to the extent that the timing differences are expected to crystallize. Deferred tax assets are not recognized unless there is sufficient assurance with respect to reversal of the same in the future.

**i. Contingent Liabilities and Provisions**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each balance sheet date.

**j. Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currencies, if any at year end are restated at the year end rate. Any gain or loss on account of exchange difference either on settlement or on translation is recognized in the profit & loss account.

**B) NOTES TO THE ACCOUNTS**

1. Contingent Liabilities

- a. Disputed (net) demands for Income tax pending with various Appellate authorities Rs. 23.30 Lacs (Previous year Rs. 23.30 Lacs).
- b. Disputed excise demands Rs. 15.56 Lacs (Previous year Rs. 15.56 Lacs).
- c. Disputed service tax demand Rs. 28.26 Lacs (Previous years Rs. 28.26 Lacs)
- d. Disputed demand raised by DGFT Rs. 20 Lacs (Previous year Rs 20.00 Lacs)

2. Commitment on capital contract yet to be executed Rs.13.19 Lacs.

3. Value of direct Imports on C.I.F. Basis

(Rs. in Lacs)

Description	2009-10	2008-09
Raw Materials	47.56	44.24
Capital Goods	11.83	7.46
Stores, Spares and Components	11.89	7.75

4. Consumption of Raw Materials

Description	2009-10		2008-09	
	Qty-Mt	Rs. in Lacs	Qty-Mt	Rs. in Lacs
Ferric Oxide	215.43	10.70	191.30	10.63
Special Ferric Oxide	839.09	28.55	711.04	21.96
Strontium Carbonate	173.50	52.55	142.61	51.07
Others	-	23.77	-	14.28
Total	-	115.57	-	97.94

5. Disclosure of Sundry Creditors under Current Liability is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount overdue as on 31st March 2010 to Micro, Small and Medium Enterprises on account of principle amount together with interest, aggregate to Rs. Nil Previous Year Nil.
6. The Company is engaged manufacture of hard ferrite magnet, which as per Accounting Standard 17, is considered the only reportable segment. The geographical segment is not relevant as there are no exports.
7. Details of Managerial Remuneration (To Executive Director) :

(Rs. in Lacs)

Sr. No	Particulars	2009-10	2008-09
i.	Salaries	24.89	7.57
ii.	Contribution to Provident and Super Annuation Fund	1.08	0.48
iii.	Commission to Managing Director	5.00	-
	Total	30.97	8.05

The above figure is from the date of appointment i.e 23-10-2008 of the executive director. Managerial Remuneration excludes provision for gratuity and leave encashment / availment.

8. Value of imported and indigenous Raw Material, Stores, and Spares consumed. (Figures in bracket pertain to previous year)

Particulars	Imported		Indigenous		Total	
	(Rs. in Lacs)	%	(Rs. in Lacs)	%	(Rs. in Lacs)	%
Raw Material	47.56 (51.07)	41.15 (52.15)	68.01 (46.87)	58.85 (47.85)	115.57 (97.94)	7.88 (100.00)
Stores, Spares and Components	11.89 (8.38)	7.75 (6.05)	141.55 (130.19)	92.25 (93.95)	153.44 (138.57)	100.00 (100.00)

9. Details of licensed and installed capacity: (Figures in bracket pertain to previous year) (As certified by the Director

Product	Licensed Capacity (MT)	Installed Capacity (MT)	Actual Production (MT)
Hard Ferrite	3600 (3600)	1800 (1800)	876.43 (809.43)

Note: Licensed capacity includes the Industrial Entrepreneur's Memorandum filed with the Government and duly acknowledged under the scheme of de-licensing by the Government.

10. Details of production, turnover, stocks etc during the year.  
(Figures in bracket pertain to previous year)

(Units in 000's pcs)

Product	Opening Stock		Closing Stock		Turnover		Production
	Qty.	(Rs. in Lacs)	Qty.	(Rs. in Lacs)	Qty.	(Rs. in Lacs)	Qty.
HardFerrite	686.53 (207.85)	30.56 (8.15)	114.09 (686.53)	3.48 (30.56)	16086.27 (13732.32)	1011.15 (844.60)	15513.83 (14211)

11. As required by Accounting Standard – AS 18 'Related Party Disclosure' issued by The Institute of Chartered Accountants of India, are as follows:

List of Related Parties with whom transactions have taken place during the year:

**a) Key Management Personnel**

- Capt. R Barick - Executive Director (w.e.f 23-10-2008)

**b) Individual owning directly or indirectly interest in the voting power that gives him significant Influence:**

- Mr. Jaydev Mody

**c) Enterprises over which Key Management Personnel/Individual or their Relatives mentioned in**

(a) Or (b) above exercise Significant Influence.

- Delta Corp Limited
- Freedom Registry Limited (Earlier Known as Amtrac Management Services Limited)

**Details of transactions carried out with Related Parties in the ordinary course of Business (excluding reimbursements of expenses):**

(Rs. in Lacs)

Particulars	Key Management Personnel		Enterprises Over which Key Management Personnel Exercise Significant Influence		Total	
	2010	2009	2010	2009	2010	2009
<b>Remuneration Paid</b> Capt. R Barick	<b>30.97</b>	8.05	-	-	<b>30.97</b>	8.05
<b>Rent Paid</b> Capt R. Barick	-	1.06	-	-	-	1.06
<b>Expenses</b> Freedom Registry Limited	-	-	<b>0.59</b>	0.83	<b>0.59</b>	0.83
<b>Loan – Received Back</b> Delta Corp Limited	-	-	<b>133.45</b>	104.81	<b>133.45</b>	104.81
<b>Interest Received on ICD's</b> Delta Corp Limited	-	-	<b>13.73</b>	20.54	<b>13.73</b>	20.54
<b>Outstanding as on 31<sup>st</sup> March</b> <b>Loan Receivable (including Interest)</b> Delta Corp Limited	-	-	-	133.44	-	133.44
<b>Expenses Outstanding Payables</b> Freedom Registry Limited	-	-	<b>0.12</b>	0.14	<b>0.12</b>	0.14

12. Earning per share (Basic and diluted)

(Rs. in Lacs unless specified)

Particulars	2009-10	2008-09
Profit/(Loss) after tax for the year-Rs. Lacs	13.09	(126.54)
Number of Equity Shares	48,60,863	48,60,863
Earning Per Share – Basic & Diluted	0.27	(2.60)
Nominal Value per Equity Share (Rs.)	10	10

13. In accordance with Accounting Standard 22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, the Company has accounted for Deferred Tax during the year.

The components of Deferred Tax Assets to the extent recognized and Deferred Tax Liabilities as on 31st March, 2010 are as follows:

(Rs. in Lacs)

Particulars	For the year ended March 31, 2010
<b>Deferred Tax Asset On:</b>	
Carried forward Losses	33.21
Net Deferred Tax Asset:	33.21
Net Deferred Tax Adjustments Recognized	33.21

Deferred Tax Asset recognized on carried forwards losses on the basis of Management’s reasonable certainty that sufficient future taxable income will be available. Future, sales trend for first two months of FY 2010-11 also revealed that Company is likely to generate sizable amount of profit in future years.

14. Employee Benefits

Disclosure required under Accounting Standard – 15 (revised 2005) for “employee benefits” are as under:

- The Company has recognized the expected liability arising out of the compensated absence and Gratuity as at 31st March, 2010 based on actuarial valuation carried out using the Project Credit Method.
- The below disclosure have been obtained from independent actuary. The other disclosures are made in accordance with AS – 15 (revised) pertaining to the Defined Benefit Plan is as given below :

(Rs. In Lacs)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		2009-10	2008-09	2009-10	2008-09
<b>1</b>	<b>Assumptions :</b>				
	Discount Rate	8.25%	8.00%	8.25%	8.00%
	Salary Escalation	5.00%	5.00%	5.00%	5.00%
<b>2</b>	<b>Change in Benefit Obligation :</b>				
	Liability at the beginning of the year	29.07	35.96	5.11	7.85
	Interest Cost	2.48	3.01	0.47	0.80
	Current Service Cost	1.98	2.25	0.86	2.25
	Past Service Cost (Non Vested Benefit)	Nil	Nil	Nil	Nil
	Past Service Cost (Vested Benefit)	Nil	Nil	Nil	Nil
	Liability Transfer in	Nil	Nil	Nil	Nil
	Liability Transfer out	Nil	Nil	Nil	Nil
	Benefit Paid	Nil	(1.27)	(0.29)	(0.17)
	Actuarial (Gain) / Loss on obligations	5.97	(10.88)	0.75	(5.62)
	Liability at the end of the year	39.49	29.07	6.89	5.11
<b>3</b>	<b>Amount recognized in the Balance Sheet :</b>				
	Liability at the end of the year	39.49	29.07	6.89	5.11
	Fair value of Plant Assets at the end of the year	34.97	29.89	Nil	Nil
	Difference	(4.52)	0.82	(6.89)	(5.11)
	Unrecognized Past Service Cost	Nil	Nil	Nil	Nil
	Unrecognized Transition Liability	Nil	Nil	Nil	Nil
	Amount recognized in the Balance Sheet	(4.52)	0.82	(6.89)	(5.11)
<b>4</b>	<b>Expenses recognized in the Profit and Loss Account:</b>				
	Current Service Cost	1.98	2.25	0.86	2.25
	Interest Cost	2.48	3.01	0.47	0.80
	Expected return on Plant assets	(2.58)	(1.41)	Nil	Nil
	Past Service Cost (non-vested benefit) recognized	Nil	Nil	Nil	Nil
	Past Service Cost (vested benefit) recognized	Nil	Nil	Nil	Nil
	Recognition of Transition Liability	Nil	Nil	Nil	Nil
	Actuarial (Gain) or Loss	5.79	(11.82)	0.75	(5.62)
	Expenses recognized in the Profit and Loss Account	7.68	(7.97)	2.07	(2.56)
<b>5</b>	<b>Balance Sheet Reconciliation :</b>				
	Opening Liability	(0.82)	13.16	5.11	6.62
	Expenses as above	7.68	(7.97)	2.07	(2.56)
	Employer's Contribution	(2.33)	(2.37)	(0.29)	(0.17)
	Excess Provision Written Back	Nil	(3.64)	Nil	Nil
	Short Provision of Previous Year now Provided	Nil	Nil	Nil	1.23
	Closing Net Liability	4.52	(0.82)	6.89	5.11

i) Under Defined contribution plan

Particulars	2009 - 10	2008 - 09
Contribution to Provident Fund	5,59,895	6,12,868

15. On the basis of sales realization of part of the scrap material, after the Balance Sheet date, the Management on the principles of prudence, valued the entire said scrap which was hitherto not valued earlier, accordingly the inventory includes amounting value of Rs.25.56 Lacs for the same.
16. The previous years' figures have been re-grouped/re-arranged/reclassified/recast wherever necessary to confirm to this year's classification.

As per Our Report of Even Date

For Amit Desai & Co.  
Chartered Accountants

(Amit Desai)  
Proprietor

Mumbai: 10th May 2010

For Delta Magnets Limited

Jaydev Mody      Director  
Mahesh Gupta     Director  
Urvi Piralal       Director  
Capt. R. Barick    Whole Time Director  
Javed Tapia       Director  
Rajesh Jaggi       Director

Snehal Oak  
Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
Additional Information as required under Part IV Schedule VI to the Companies Act, 1956.

**I. Registration Details**

Registration No. 028280 State Code 11  
Balance Sheet Date 31 03 2010  
D D M M Y Y Y Y

**II Capital Raised During The Year** (Amount in Rs. Thousands)

Public Issue NIL Rights Issue NIL  
Bonus Issue NIL Private Placement NIL

**III Position of Mobilisation and Deployment of Funds** (Amount in Rs. Thousands)

Total Liabilities 261544.39 Total Assets 261544.39

**Source of Funds**

Paid up Capital 48608.63 Reserves and Surplus 211834.81  
Equity Share Warrants NIL Deferred Tax Liability NIL  
Secured Loans 133.64 Unsecured Loans 967.32

**Application of Funds**

Net Fixed Assets 170039.95 Investment NIL  
Net Current Assets 39499.34 Misc. Expenditure NIL  
Accumulated Losses 48684.10 Deferred Tax Assets 3321.00

**IV Performance of the Company** (Amount in Rs. Thousands)

Turnover / Other Income 101200.55 Total Expenditure 103048.72  
Earlier Year adjustment 163.34 Balance Brought Forward 89068.78  
Profit/Loss before tax -1848.17 Profit/Loss after tax 1309.49  
Earning Per Share 0.27 Dividend Rate (%) NIL

**V. Generic Names of Three Principal Products / Services of the Company** (As per Monetary Terms)

Item Code No. (ITC Code) 850505  
Product Description HARD FERRITES

For Delta Magnets Limited

Jaydev Mody Director  
Mahesh Gupta Director  
Urvi Piramal Director  
Capt. R. Barick Whole Time Director  
Javed Tapia Director  
Rajesh Jaggi Director

Snehal Oak  
Company Secretary

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Registered Office : B-87, MIDC, Ambad, Nasik - 422 010, Maharashtra.  
Share Transfer Agent : Freedom Registry Limited,  
Plot No. 101/102, MIDC, 19th Street, Satpur, Nasik - 422 007, Maharashtra.

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL**  
I/We hereby record my/our presence at the 28th Annual General Meeting of the Company to be held on **Thursday, 23rd September 2010 at 2.00 p.m.** at The Gateway Hotel, Ambad, Nasik - 422 010, Maharashtra.

Name and Address of the Shareholder (s)

If Shareholder(s), Please sign here

If Proxy, please mention name and sign here

Signature \_\_\_\_\_

Name & Signature \_\_\_\_\_



Registered Office : B-87, MIDC, Ambad, Nasik - 422 010, Maharashtra.  
Share Transfer Agent : Freedom Registry Limited  
Plot No. 101/102, MIDC, 19th Street, Satpur, Nasik - 422 007, Maharashtra.

Members are requested to advise the change of their address, if any, to Freedom Registry Limited at the above address.

DP ID No. \*

L. F. No.

Client ID No. \*

No. of shares held

I/We of being a Member / Members of the above named Company hereby appoint.....  
of..... or failing him/her.....  
of..... as my/our proxy/proxies to vote for me/us on my/our behalf at the  
28<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, 23<sup>rd</sup> September 2010 at 2.00 p.m. at The Gateway  
Hotel, Ambad, Nasik - 422 010, Maharashtra and any adjournment thereof.

Dated this..... day of..... 2010

Signature.....

Affix a  
15 paise  
Revenue  
Stamp

Notes :

1. If you intend to appoint a proxy to attend the Meeting Instead of yourself, the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

2. A proxy need not be a Member of the Company.

\* Applicable for investors holding shares in electronic form.



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