

Nineteenth Annual Report

2000-2001



ACI *ACI Infocom Limited*

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**BOARD OF DIRECTORS**

Vijay Singh Bapna	Director
Divya Gupta	Director
G.S. Pujary	Director
U. Chandra Mouli	Director

AUDITORS

Swamy & Seshadri
Chartered Accountants
Secunderabad-500 380.

INTERNAL AUDITORS

Ernst & Young Pvt. Ltd., Mumbai.

BANKERS

**Oriental Bank of Commerce,
Overseas Branch Mumbai.**

LISTING

The Hyderabad Stock Exchange Limited.
The Bombay Stock Exchange.
The Bangalore Stock Exchange.
The Ahmedabad Stock Exchange.

REGISTERED OFFICE

H.No. 2, Shiva Sadan
Sivaramakrishna Colony
West Marredpally
Secunderabad -500 026.
Ph : 7700284/7807285/7801545

PLANT**WORKS I**

Plot No. 18 & 19
Anrich Industrial Estate Bollaram,
Tq. Narsapur, Dist Medak,
Andhra Pradesh

WORK II

Unit No. 156, S.D.F.V.
SEEPZ, Andheri (E)
Mumbai-400 096

SHARE TRANSFER & DEMAT REGISTRARS

Aarti Consultants Pvt. Limited
1-2-285, Domaiguda.
Hyderabad.
Ph : 7638111/7634445/6611921

**NOTICE**

Notice is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Tuesday, 30th October 2001 at its Registered office at H. No. 2, Siva Sadan, Sivaramakrishna Colony, West Marredpally, Main Road, Secunderabad-500 026 at 3.00 P.M to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2001, Profit and Loss Account for the year ended on that date along with notes and schedules appended thereto with the report of Board of Directors and Auditors thereon
2. To appoint director in place of Mr. U. Chandra Mouli who retires by rotation and is eligible and offers himself for reappointment.
3. To appoint M/s Swamy & Seshadri, Chartered Accountants as auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, pass with or without modifications, the following resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Mr. Vijay Singh Bapna, be and is hereby appointed as a Director of the Company whose

office is liable to retire by rotation."

5. To consider and if thought fit, pass with or without modifications, the following resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Mrs. Divya Gupta, be and is hereby appointed as a Director of the Company whose office is liable to retire by rotation."

For and on behalf of Board of Directors

Place: Secunderabad

(Vijay Singh Bapna)

Date : 05.09.2001

Director

NOTES:

1. A Member entitled to attend and vote is entitled to appoint Proxy to attend and vote instead of himself and the Proxy need not be the Member of the Company. The instrument appointing Proxy should however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. Members are requested to notify immediately any change in their address to the Share Transfer Agents.
3. The Register of Members and Share transfer Books of the Company will be closed from 25th October 2001 to 30th October 2001 (both days inclusive).



EXPLANATORY STATEMENT

(As per Section 173(2) of the Companies Act, 1956)

Item # 4

Mr. Vijay Singh Bapna was appointed as an Additional Director by the Board of Directors in their meeting held on 23rd November, 2001 as per Section 260 of the Companies Act, 1956 (the Act) and holds office up to this Annual General Meeting of the Company.

In the mean time, the Company has received a notice along with a deposit of Rs. 500/- from a Member of the Company under Section 257 of the Act, proposing the candidature of Mr. Vijay Singh Bapna for the Office of Director.

Mr. Vijay Singh Bapna is a Post Graduate in Commerce and Fellow Member of Institute of Chartered Accountants of India.

He has started his career in 1972 and since then he has been associated with various Corporates including Aditya Birla Group, Birla Yamaha Ltd., Essar Gujrat Ltd., Ispat Industries Ltd. and Reliance Petroleum Ltd in various capacities. Last employment he held was President of Reliance Petroleum Ltd from July 1998 to Oct. 2000.

He possesses the experience of 29 years in various Industries and had international exposure.

In view of the background and valuable experience of Mr. Vijay Singh Bapna, the Board was of the opinion that his contribution will immensely benefit the Company.

Your Directors recommend the resolution for Members approval

None of the Directors of the Company is, in any way, concerned or interested in the resolution except Mr. Vijay Singh Bapna.

Item # 5

Mrs. Divya Gupta was appointed as an Additional Director by the Board of Directors of the Company on 1st June, 2001 as per Section 260 of the Companies Act, 1956 (the Act) and holds office up to this Annual General Meeting of the Company.

In the mean time, the Company has received a notice along with a deposit of Rs. 500/- from a Member of the Company under Section 257 of the Act, proposing the candidature of Mrs. Divya Gupta for the office of Director.

In view of her international exposure Board felt that her appointment will be in the Company's interest and recommend the resolution for members approval

None of the Directors of the Company is, in any way, concerned or interested in the resolution except Mrs. Divya Gupta.

For and on behalf of Board of Directors

Place: Secunderabad
Date : 05.09.2001

(Vijay Singh Bapna)
Director



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Nineteenth Annual Report and the Audited Statement of Accounts of the Company for the Financial Year ended on 31st March, 2001.

FINANCIAL HIGHLIGHTS

Rs. in Lakh

Particulars	2000-2001	1999-2000
Sales	12200.34	2271.95
Other Income	46.66	27.79
Total	12247.00	2299.74
Expenditure before depreciation, interest & tax	12035.92	2225.95
Depreciation	87.01	78.05
Interest	81.85	71.08
Profit/ (Loss) before tax	42.22	(75.34)
Provision for taxation	3.55	-
Profit/ (Loss) after tax	38.67	(75.34)

The financial Statements are prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Policies in India. The management of ACI Infocom Limited accepts the responsibility for the integrity and objectivity of these financial statements and the basis for various estimates and judgements used in preparing the financial statements.

Amalgamation of ACI Computers (India) Limited, Bangalore with your Company.

ACI Computers (India) Limited has been amalgamated with your Company vide Hon'ble Andhra Pradesh High Court Order dated 26th day of June, 2001 and Hon'ble Karnataka High Court Order dated 6th July, 2001.

The amalgamation would provide synergy of operations besides economies in costs by combining total business functions and related activities and thus would contribute to the profitability of the amalgamated Company. Further, your Company will have the benefit of the combined resources, manufacturing assets, manpower and cash flows of both the companies. The amalgamation will also be conducive to enhance its capability to face competition in the market place more effectively. With the enhanced capabilities and resources at its disposal, your company will have greater flexibility to market and meet customer needs and will be able to compete more effectively, thus strengthening its position. The overlapping activities, both trading and distribution, can be avoided and also will

continue to enjoy the license of Microsoft products facilities which will contribute substantially to the profitability of the company as the company has already established itself in the computer related field. Further your company will be benefited by the manpower and expertise. Therefore, the amalgamation will be more beneficial and advantageous not only to the shareholders but also to Banks, creditors, employees and public at large.

Consequent to the Amalgamation, the following material changes have taken place:

1. The accounts for the year 2000-2001 have been consolidated with ACI Computers (India) Limited. Hence, the figures for the previous year are not comparable.
2. Your Company will be allotting 35,88,300 Equity Shares of Rs. 10/- each to the Shareholders of M/s. ACI Computers (India) Limited, Bangalore.

OPERATIONS

During the year under review your Company achieved a turnover of Rs. 122 crores as compared to the previous year's sale of Rs 22.7 crores. The profit after tax for the year amounted to Rs 38.67 lacs as against loss of Rs 75.34 lacs in the previous year.

DIVIDEND

Your directors express their inability to recommend any dividend for the year in order to conserve the resources of the company.

OUTLOOK FOR THE CURRENT YEAR

Due to amalgamation of two companies, it is expected that your company will have better control on cost and improve its over all performance.

INDUSTRY ANALYSIS

Information technology has become a strategic tool for the Companies to be competitive in the market place. Generation and transmission of the information in the proper format to all the concerned personnel, both within and outside an organization, is critical, to achieve optimal efficiency and timely implementation of the various projects. Information dissemination indeed is the key to the success today. Such extensive dissemination calls for a robust IT infrastructure including Storage of data.

The huge demand in the IT sector has resulted in a substantial demand supply gap in the developed countries like USA, Canada, Japan and Western Europe. India with



abundant and well-trained manpower resources has emerged as a natural choice. Many overseas Companies have thus tapped the potential in India by developing the shore development centers.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES AND OUTGO

A) CONSERVATION OF ENERGY

The Company uses electric energy for its equipment such as air conditioners, computer terminals, lighting and utilities in the work premises. All possible measures have been taken to conserve energy.

B) TECHNOLOGY ABSORPTION

During the year your company has not operated plants, therefore no technology absorption and research & development.

C) FOREIGN EXCHANGE EARNINGS & OUTGO

	2000-2001	1999-2000
Earnings	-	-
<u>Outgo:</u>		
Purchases	7750.12	1143.22
Foreign travel	4.97	0.59

DIRECTORS

Mr. U. Chandra Mouli, Director retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. The Board recommends for his reappointment.

Mr. Vijay Singh Bapna and Mrs. Divya Gupta were appointed as Additional Directors of the Company on 25th November, 2000 and 1st June, 2001 respectively, are proposed to be appointed as Directors of the Company, who shall retire by rotation.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm that :

- in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- accounting policies have been selected and applied consistently and reasonable and prudent judgements and estimates have been made so as

to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period;

- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and

- the annual accounts have been prepared on a going concern basis.

AUDITORS

M/s. Swamy & Seshadri Auditors of the Company hold office until the conclusion of ensuing Annual General Meeting. The Company has received a letter from the Auditors that their appointment, if made, will be in conformity with Section 224(1B) of the Companies Act, 1956.

INTERNAL AUDITORS

M/s. Ernst & Young Private Limited, Mumbai have been appointed as Internal Auditors during the current year.

Management maintains internal control system, which is designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and properly recorded, and accounting records are adequate for preparation of financial statements and other financial information. The internal audit function performs internal audit periodically to ascertain their adequacy and effectiveness. The internal audit function also carries out Operations review Audits.

DEPOSITS

The Company has not accepted any deposits from the public. Therefore the provisions of Sections 58A of the Companies Act, 1956 are not applicable.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

Attracting and retaining talent has always been accorded top priority of your Company. The Company operates through total empowerment and has successfully created an excellent and friendly working atmosphere. During the year industrial relations at all levels of the Company remained cordial.

PARTICULARS OF EMPLOYEES

The details required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in Annexure-I which forms part of this Report.

DEPOSITORY SYSTEM

Your Company has entered into an arrangement with National Securities Depository Limited and Central Depository Services Limited for dematerialization of the Company's shares. Members may note that trading of shares will compulsorily be in dematerialized though the shares can be held in physical form.

BOARD REPLIES TO THE QUALIFICATION IN THE AUDITORS' REPORT**EXPLANATION TO AUDITORS REPORT POINT 2(E)**

For the year under review your company has not operated works due to lower import price of finished goods, raw material has not been used in production. Since the comparable prices are not available raw material has been valued at cost. Your directors are working on to

make the plant operation viable in the coming year. The raw material would be gainfully utilized.

ACKNOWLEDGEMENTS

Your Directors place on record their grateful appreciation of the assistance and support extended by all Government Authorities, Financial Institutions, Banks, consultants, solicitors and shareholders of the Company.

Your directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company.

For and on behalf of Board of Directors

(Vijay Singh Bapna)
Director

(G.S. Pujary)
Director

Place: Secunderabad
Date : 05.09.2001

ANNEXURE TO THE DIRECTORS' REPORT, 2001**ANNEXURE - I**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2001

Sl. No	Name	Designation/ Nature of duties	Remuneration Received Gross Rs.	Qualifications	Experience (Years)	Age (Years)	Date of commencement of employment	Previous employment	Designation
1.	Vijay* Singh Bapna	Director	5,64,300	Chartered Accountant	29 years	53 years	25th November, 2000	Reliance petroleum Ltd.	President

*Employed for part of the year and in receipt of or entitled to receive emoluments, benefits at a rate which in the aggregate has not less than Rs.1.00 lacs per month.

For and on behalf of Board of Directors

(Vijay Singh Bapna)
Director

(G.S. Pujary)
Director

Place: Secunderabad
Date : 05.09.2001

**AUDITORS' REPORT**

To
The Members of **ACI INFOCOM LIMITED**

We have audited the attached Balance Sheet of ACI Infocom Limited As at 31st March 2001 and also the profit & loss account for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and other Companies (Auditors Reports) order, 1988, issued by the Company Law Board in terms of Section 227(4-A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that :
 - 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, the Company as required by law has kept proper Books of Accounts so far, as appears from our examination of the books.
 - c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Account.
 - d. On the basis of certificate received from the Directors of the company and information and explanations given to us, none of the Directors of the company are prima facie as at 31st March, 2001, disqualified from being appointed as Director of the company under clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
 - e. In our opinion, excepting para 1 above and the valuation of inventories which is not in consonance with Accounting Standard-2 on valuation of inventories issued by ICAI as given in note 4 of schedule T, the Profit and loss account and Balance sheet comply with mandatory standards referred in subsection (3C) of section 211 of the Companies Act, 1956.
 - f) Subject to the foregoing in our opinion and to the best of our information and according to the explanation given to us, the said accounts together with the notes give the information as required by the Companies Act, 1956 in the manner so required to give a true and fair view;
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2001 and
 - ii) In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.

For **SWAMY & SESHADRI,**
CHARTERED ACCOUNTANTS

RAMKUMAR SESHADRI, B.Com. F.C.A

PLACE : Secunderabad

PARTNER

DATE : 31st August, 2001

ANNEXURE TO THE AUDITORS' REPORTS

(Refer to in Paragraph 1 of our Report of even date of the accounts for the year ended 31st March 2001 of ACI Infocom Limited)

In terms of the information and explanations given to us and on the basis of such checks, as we considered appropriate, we further state that: -

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets, which have been physically verified by the Management during the year and no discrepancy, was noticed on such verification.
2. None of the Fixed Assets of the Company have been revalued during the period.
3. The Management at reasonable intervals during the period has physically verified the stocks of the finished goods, raw materials, stores and components.
4. According to the information and explanations given to us, in our opinion, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the assets of the Company and the nature of its business.
5. The discrepancies noticed on verification between physical stock and book records, which were not material, have been properly dealt within the Books of Account.
6. On the basis of our examination of stock records we are of the opinion that the valuation of stocks is fair and proper and in accordance with normally accepted Accounting Principles (Excepting the valuation of inventories as given in note 4 of Schedule T which is on cost) and is on the same basis as in the preceding year.
7. The Company has taken interest free unsecured loans from the Companies in which the directors are interested. The terms on which these loans have been taken are not prima facie prejudicial to the interest of the Company. There are no loans taken from the Companies under the same Management as defined under Section (1-B) of Section 370 of the Companies Act, 1956.