



atcom technologies limited



12th Annual Report 2001

BOARD OF DIRECTORS

Mr. Vikram A. Doshi
Chairman

Mr. Vineet A. Doshi
Whole-time Director

Mr. J. S. Pal
Nominee Director

Dr. Y. K. Bhushan
Director

Mr. Manish C. Patel
Director

Mr. Suresh Talwar
Alternate Director to Mr. Manish C. Patel

Mr. N. C. Singhal
Director

Mr. Dilip A. Mehta
Director

Company Secretary
Mr. Ravindra Yevle

BANKERS

Dena Bank
Allahbad Bank
Punjab National Bank
State Bank of India
The United Western Bank Ltd.
UTI Bank Ltd.

AUDITORS

Haribhakti & Co.
Chartered Accountants

SOLICITORS & ADVOCATES

M/s Crawford Bayley & Company
M/s Hariani & Co.

SHARE TRANSFER AGENT

Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri (East), Mumbai - 400072
Tel. : 8523474, 8560652 / 53.

REGISTERED OFFICE

6A, Lalwani Industrial Estate,
14, G D Ambekar Road, Wadala,
Mumbai - 400 031.

CORPORATE OFFICE

Godrej Industries Complex,
Gate No. 4, Pirojshanagar,
Eastern Express Highway,
Vikhroli (East), Mumbai - 400 079.

WORKS

- Daman Industrial Estate,
Airport Road, S. No. 74/13,
Village Kadaiya,
Daman - 396 210.
- Daman Industrial Estate,
Air Port Road, S. No. 101 / 3,
Village Kadaiya,
Nani Daman - 396 210.
- 17/A, Goa IDC, Somnath Road,
Dabhel, Daman - 396 210.

For further information, log on to
www.atcomworld.co.in

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12TH ANNUAL GENERAL MEETING

Date : September 29 , 2001

Day : Saturday

Time : 3.30 p.m.

Place : Atcom Auditorium at Corporate Office of the Company,
Godrej Industries Complex, Gate No. 4,
Pirojshanagar, Eastern Express Highway,
Vikhroli (East), Mumbai - 400 079.

From Chairman's Laptop

With all of you, I have been sharing with great honor, the illustrious journey of our Company that began in 1989. All along, the spirit of 'transition' fueled the journey. Initially, the successful transition was from mechanical scales to electronic ones. Later, it was to match high quality standards of ISO. Now, the transition is aimed at technological sophistication in overall business plan.

The management team of our Company believes in Corporate Democracy through good corporate governance and transparency. On our website at www.atcomworld.co.in, you all could access relevant information about the Company as and when you like from the convenience of your home.

As written in the past, we are progressing on our chosen path in a focused manner with a missionary zeal. You all would appreciate the cost-effective manner in which our Company is negotiating the current global economic turbulence. While there is a spate of issuing pink slips, our Company is sitting pretty in the pink of its health. We could swim against the stream and recruit right people now, as we wisely abstained from blindly following the trend of going on a recruitment spree in the past.

Like Rome and home, a world- class organization needs to be built with lot of devotion and passion. My entire team is with me in tirelessly pursuing the cherished goal. I can assure you that every member of the team stretches hard to run that extra mile. No wonder, many of them would become true entrepreneurs and achievers. Of course, they would enjoy the fruits of their efforts with all-of you who have reposed full confidence in them.

We at atcom, are using the current economic phase to consolidate through research and innovation and get ready to reap the harvest.

I sincerely thank you for unstinted support during these trying times.

I wish you all and my team mates a bright future.

Yours sincerely,

Vikram Doshi

Chairman

DIRECTORS' REPORT

Your Directors have pleasure in presenting their report on the business and operations of your Company for the year ended March 31, 2001.

FINANCIAL RESULTS

	2000-01 (Rs. in Lacs)	1999-00 (Rs. in Lacs)
Sales	16521.72	14812.32
Gross Profit before Interest & Depreciation	3341.13	2498.57
Less: Interest	1196.70	600.70
Depreciation	266.15	177.43
Operating Profit	1878.28	1720.44
Less: diminution in the value of investment	246.11	0
Profit before Tax	1632.17	1720.44
Less: Provision for Taxation	190.00	0
Profit after Tax	1442.17	1720.44
Less: Prior Year Expenses	12.97	42.24
Add: Balance brought forward from previous year	2312.94	1235.50
Surplus Available for Appropriation	3742.14	2913.70
Appropriations:		
Dividend paid on Preference Shares	175.01	159.15
Corporate Tax on Dividend Paid	26.79	12.89
Capital Redemption Reserve	0	100.00
Debenture Redemption Reserve	246.67	106.67
Transfer from Debenture Redemption Reserve	(400.00)	0
General Reserve	175.00	170.00
Proposed Dividend :		
On Preference Shares	40.74	40.74
Tax on proposed dividend (Preference Shares)	9.13	11.31
Surplus carried to Balance Sheet	3468.80	2312.94

Business Performance :

During the year under review, sales was Rs. 16521.72 lacs as compared to Rs.14812.32 lacs in the previous year and operating profit at Rs. 1878.28 lacs as compared to Rs. 1720.44 lacs in the previous year.

The year under review witnessed a marginally slower growth of GDP at 6% in comparison to the 6.4% of the previous year, and lower than the target of 7% set by the Budget 2000. Whilst there is a slowdown in the economy, competition has intensified resulting in margins coming under great pressure.

Dividend :**Equity Dividend**

In the previous Annual Report, the policy of conservation of resources was discussed at length. The same was supported by the general body at the 11th Annual General Meeting of the Company. In continuation of the policy, the Board of Directors has decided to plough back profits for ongoing development of business and hence not to recommend any dividend on Equity Shares.

Preference Dividend

The Board of Directors has recommended dividend on 11,00,000 - 14% Non-Convertible Cumulative Redeemable Preference Shares of Rs.100/- each and 4,11,720 - 15% Non-Convertible Cumulative Redeemable Preference Shares of Rs.100/- each, which if approved, at the forthcoming Annual General Meeting will be paid to all the Preference Shareholders whose names appear in the Register of Preference shareholders as on September 24, 2001, to the extent not accrued and not already paid.

Subsidiary Companies :

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts along with reports of the Board of Directors and the respective Auditor's Report thereon of all the subsidiary companies, namely :

ATCO Research & Development Limited
 Smart Sensors & Transducers Limited
 ATCO Weighing Solutions Company Limited
 ATCO Healthcare Limited
 Anewera Marketing Pvt. Limited

are annexed to this report.

Energy, Technology & Foreign Exchange :

Details of energy conservation and research & development activities undertaken by the Company along with the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure "A" to the Directors' Report.

Employees :

The Directors acknowledge with thanks the contribution made by employees towards the growth of the Company and appreciate their active co-operation and support to the Management. As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary.

Corporate Governance :

The Securities and Exchange Board of India has introduced a Code of Corporate Governance (code) by way of amendment to clause 49 of the Listing Agreements with Stock Exchanges. Your Company is required to comply with its requirements by March 31, 2002. Your Company is taking effective steps to comply with the requirements under the said clause and the applicable requirements shall be complied before the said date.

Your Company however, proactively made a beginning by including a brief report on Corporate Governance in this 12th Annual Report of the Company for the financial year 2000-2001.

Audit Committee :

Audit Committee consisting of Mr. Suresh N. Talwar, Dr. Y. K. Bhushan and Mr. Vikram Doshi has been set up in compliance of Section 292A of the companies Act, 1956, by the Board on January 27, 2001.

Management Discussion & Analysis :

It forms part of this Annual Report with information stated therein. The remaining particulars as required by clause 49 of the Listing Agreement would be given in the Report relating to current financial year.

Directors' Responsibility Statement :

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that :

- in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had 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 of the company at the end of the financial year and of the profit of the Company for that period.
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had ensured that the annual accounts were prepared on a going concern basis.

Directors :

Mr. N.C. Singhal and Mr. Dilip A. Mehta were appointed as Additional Directors during the year and they hold office upto the date of ensuing Annual General Meeting and are eligible for reappointment. The company has received notices under

Section 257 of the Companies Act, 1956, proposing their appointment as Director, subject to retirement by rotation. Mr. Vikram A. Doshi, Director retires by rotation and being eligible offers himself for reappointment.

Auditors & Auditor's Report :

The Auditors, M/s. Haribhakti & Company, Statutory Auditors of the Company retire and are eligible for re-appointment.

Due to peculiar complexities of the products of your company, particulars of numerous components, spares etc. purchased and sold during the year have been furnished to the extent possible.

Note No. 2(b) referred to in the Auditor's Report is self explanatory and, therefore, do not call for further comments.

Acknowledgement :

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company for its success.

for and on behalf of the Board of Directors

Place : Mumbai
Date : July 6, 2001

Vikram A. Doshi
Chairman



ANNEXURE "A" TO THE DIRECTOR'S REPORT

Particulars required under Companies (Disclosure of Particulars in the Report of Board of Director Rules, 1988).

(A) Conservation of Energy**a. Energy conservation measures taken :**

- Use of natural light through bigger windows, skylights etc.
- Increase in power factor by using additional capacitors and automation in control panel
- Installation of timers, limit switches
- Monitoring and control of running time of compressors of air conditioners
- Replacement of conventional copper chokes with energy efficient electronic ballast

b. Additional Investment and proposals :

- It is planned to extend the measures taken during the current year which yielded good results, to other areas / equipment / offices.
- Electromizer equipment is actively being considered for optimising energy consumption in lighting loads.
- It is planned to undertake Energy Audit through competent authorities.

c. Impact of measurement at a. and b. above for reduction of energy consumption and consequent impact on the cost of production of goods:

The measures taken above have resulted in reduction of power consumption.

B. Technology absorption :**a. Research and Development (R & D)****1. Specific areas in which R & D carried out by the Company:**

- On magnetic sensors which give high resolution counts
- In information technology, internet messaging solutions, retail exchange solutions etc.
- In house research and development to achieve zero defect production and 100% accuracy was carried out.

2. Benefits derived : Helped in synchronizing with cost reduction and quality control measures undertaken by the Company and launching of new products.**3. Future plans : To extend R & D to other areas of operations for plant reliability and safety.****b. Technology absorption, adaptation and innovation :****1. The plants were audited by technical personnel for process efficiency, quality improvisation and innovation.****2. Benefits derived :**

- Reduction in wastage
- Improvement in output rate
- Reduction in cost of production

3. Information regarding technology imported during the last 5 years :

- | | | |
|---|---|----------------|
| a. Technology imported. | : | No |
| b. Year of import. | : | Not Applicable |
| c. Has technology been fully absorbed. | : | Not Applicable |
| d. If not fully absorbed , areas where this has not taken place, reasons therefor and future plans of action. | : | Not Applicable |

(B) Foreign Exchange Earnings Outgo

	2000 - 01 Rupees	1999 - 00 Rupees
Earnings	8,683,123	7,234,579
Outgo	4,327,777	15,449,851

REPORT ON CORPORATE GOVERNANCE

Introduction :

The Securities and Exchange Board of India (SEBI) has introduced a Code of Corporate Governance for being implemented by companies listed on the Stock Exchange(s). Accordingly code was administered by effecting amendments to the Listing Agreements of the Stock Exchange(s) with which the company is listed.

The principle characteristics of Corporate Governance are:

- Transparency
- Independence
- Accountability
- Responsibility
- Fairness
- Social Responsibility

Company's Philosophy on Corporate Governance :

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation.

Your Company is committed to endeavor to enhance shareholder value in a fair and transparent manner. It is with this belief that the Company has, proactively, initiated the process of making substantial disclosures on the Company and its Board of Directors in the Annual Report for 2000-2001.

The Board of Directors:

Composition of Board of directors: (As on March 31, 2001)

The Board of Directors of the Company has an optimum combination of Executive and Non-executive Directors with 85.7% of the Directors being Non-executive Directors, the Chairman being one of them.

All Directors including Non-executive Directors are professionally competent. The Board consist of Seven members, of which six are Non-executive Directors and 71.4% of the Board comprises of "Independent Directors" i.e. Directors who apart from receiving Director's remuneration, do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in judgement of the Board may affect independence of judgement of the Directors.

The composition of the Board and other relevant details relating to Directors given below: (As on March 31, 2001)

Name of Director	Category Executive/ Non-executive/ Independent	No. of other Directorships ❶	No. of memberships of Board Committees ❷	No. of Board Committees of which the Director is a Chairperson ❸
Mr. Vikram Doshi	Non-executive	5	Nil	Nil
Mr. Vineet Doshi	Executive	5	Nil	Nil
Mr. J.S.Pal	Non-executive/ Independent	8	1	Nil
Dr. Y.K. Bhushan	Non-executive/ Independent	4	2	1
Mr. S.N. Talwar ❹	Non-executive Independent	11	5	5
Mr. N.C. Singhal ❺	Non-executive/ Independent	12	7	1
Mr. Manish Patel	Non-executive/ Independent	Nil	Nil	Nil

❶ Excludes Directorships in Private Limited Companies, Memberships of Managing Committees of various Chambers/Bodies and Alternate Directorships.

❷ Represents Membership/Chairmanship of Audit Committee, Investor Grievance Committee and Remuneration Committee of other Indian Companies.

❸ Appointed as Alternate Director during the year.

❹ Appointed as Additional Director during the year.

Attendance Record of the Directors at Board/Annual General Meeting:

The Board of Directors of the Company met five times during the year under review. As required under Annexure I to Clause 49 of the Listing Agreement with the Stock Exchanges, all the necessary information was placed before the Board.

None of the Directors of the Board serve as member of more than 10 committees nor are they Chairmen of more than 5 Committees. "Committees" for this purpose include the Audit Committee, the Shareholders' / Investor Grievance Committee and the Remuneration Committee, which is a non-mandatory Committee. The dates of the Board Meetings held during each quarter are given hereunder :

No.	Date of the Meeting	For The Quarter
1	June 30, 2000	April to June
2	July 18, 2000	July to September
3	August 31, 2000	July to September
4	October 30, 2000	October to December
5	January 27, 2001	January to March

Details of attendance of each Director at the Board Meetings/last Annual General Meeting:

Names	Meetings held during the tenure of Directors	Meetings Attended	Attendance at the last AGM held on September 30, 2000
Mr. Vikram Doshi	5	5	Present
Mr. Vineet Doshi	5	4	Present
Mr. J.S.Pal	5	5	Absent
Dr. Y.K.Bhushan	3	None	Absent
Mr. S.N.Talwar	3	None	Absent
Mr. N.C.Singhal	1	1	Not Applicable
Mr. Manish Patel	4	None	Absent

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

Name of the Director	Mr. V. A. Doshi	Mr. N. C. Singhal
Date of Birth	23-12-1958	10-08-1936
Date of Appointment	13-11-1989	27-01-2001
Expertise in specific functional areas	Corporate Management International Business Manufacturing & Technology, Quality Control, HRM	Banking & Finance Industrial Development Corporate Management
Qualifications	B.Com.	Postgraduate in Economics, Statistics & Admn. from the Universities of Agra & Lucknow. Professional education from IIM, Ahmedabad & Calcutta, IIT, Kanpur and Administrative Staff College, Hyderabad
List of the other Public Companies in which Directorship held as on March 31, 2001	Atco Healthcare Ltd. Smart Sensors & Transducers Ltd. Atco Securities & Finance Ltd. Atco Agrotech Ltd. Atco Weighing Solutions Company Ltd.	Cholamandalam Investment & Finance Co. Ltd. Shapoarji Pallonji Finance Ltd. Deepak Fertilisers & Petrochemicals Corp. Ltd. Max India Ltd. Devki Devi Hospitals Ltd. Binani Cement Ltd. SIV Industries Ltd. The Shipping Corporation of India Ltd. Max New York Life Insurance Co. Ltd. Kothari Pioneer AMC Ltd. Tolani Bulk Carriers Ltd. Koshika Telecom Ltd.
Chairman/Member of the Committee of Board of the other Public Companies on which he is a Director as on March 31, 2001	Nil	Member (Audit Committee) Deepak Fertilisers & Petrochemicals Corp. Ltd. Binani Cement Ltd. The Shipping Corporation of India Ltd. Tolani Bulk Carriers Ltd. Cholamandalam Investment & Finance Co. Ltd. Max New York Life Insurance Co. Ltd. Max India Ltd. * * Shareholders' Grievance Committee Chairman (Audit Committee) Max India Ltd.