



atcom technologies limited



13th Annual Report 2002

BOARD OF DIRECTORS

Mr. Vikram A. Doshi
Chairman & Managing Director

Mr. Vineet A. Doshi
Whole-time Director
(upto 8-9-2002)

Mr. Sanjay J. Shah
Director
(w.e.f. 20-9-2002)

Dr. Y. K. Bhushan
Director

Mr. Dilip A. Mehta
Director

Mr. Manish C. Patel
Director

Mr. Chirag S. Gandhi
Alternate Director to Mr. Manish C. Patel

BANKER
Dena Bank
Allahabad Bank
Punjab National Bank
State Bank of India
The United Western Bank Ltd.
UTI Bank Ltd.
The Federal Bank Ltd.

AUDITORS

Haribhakti & Co.
Chartered Accountants

SHARE REGISTRARS & TRANSFER AGENTS

Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri (East), Mumbai - 400072
Tel. : 28523474, 28560652 / 53.

REGISTERED 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,
Daman - 396 210.
- 17/A, Goa IDC, Somnath Road,
Dabhel, Daman - 396 210.

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

Contents	Page Nos.
Notice of 13th Annual General Meeting	1 - 4
Directors' Report 2001-2002	5 - 7
Annexure to Directors' Report	8
Report of Corporate Governance	9 - 18
Management Discussion & Analysis	19 - 20
Auditor's Report on Corporate Governance	21
Auditor's Report	22 - 25
Balance Sheet	26
Profit & Loss Account	27
Schedules to Accounts	28 - 34
Notes to Accounts	35 - 40
Cash Flow Statement	41
Balance Sheet abstract and Company's General Profile	42
Statement pursuant to Section 212 (3) of Companies Act, 1956	43
List of Subsidiary Companies	44
C2M Technologies India Ltd. (Formerly known as ATCO Research & Development Ltd.)	45-57
Anewera Marketing Pvt. Ltd.	58-63
Smart Sensors & Transducers Ltd. (Formerly known as Atco Sensors Ltd.)	64-80
Consolidated Financial Statements	81-105

13TH ANNUAL GENERAL MEETING

Date : December 20, 2002

Day : Thursday

Time : 3.30 p.m.

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

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of the Company will be held on Monday, December 30, 2002, at 3.30 p.m. at Atcom Auditorium, at the Registered Office of the Company, situated at Godrej Industries Complex, Gate No.4, Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai - 400 079 to transact the following business:

ORDINARY BUSINESS

- 1 To consider and adopt the Audited Balance Sheet as at March 31, 2002, Profit and Loss Account for the year ended as on that date and the Reports of the Board of Directors and Auditors thereon.
- 2 To declare dividend on Preference Shares.
- 3 To appoint a Director in place of Dr. Y. K. Bhushan, who retires by rotation and being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of Mr. Manish C. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
- 5 To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors in substitution of the existing retiring Auditors M/s. Haribhakti & Co., Chartered Accountants, to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

- 6 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 269,309,310 and Schedule XIII and other applicable provisions of the Companies Act, 1956, the Company hereby accords its approval and consent to the appointment of Mr. Vikram A. Doshi as Chairman and Managing Director of the Company with effect from 1st April, 2002 on the following perquisites and benefits for a period of five years from the date of his appointment:

a) Basic Salary :

Rs. 2,00,000/- p.m. with suitable Annual increments as recommended by Compensation Committee subject to a maximum of Rs.4,00,000/- p.m.

b) Perquisites (including allowances) :

- 1) Housing I
 - a) The Expenditure by the Company on hiring unfurnished accommodation, 10% of basic salary shall be deducted by the Company.
- Housing II
 - b) In case the accommodation is owned by the Company, 10% of the basic salary shall be deducted by the Company.
- Housing III
 - c) In case no accommodation is provided by the Company, Mr. Vikram A. Doshi shall be entitled to 60% of the Basic Salary as House Rent Allowance.
- 2) The expenditure incurred by the Company on Gas, Electricity, Water and furnishings shall be valued as per the Income Tax Rules, 1962.
- 3) Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- 4) Leave Travel Concession : For self and family, once in a year incurred in accordance with the rules specified by the Company.
Explanation: "Family" means the spouse, the dependent children and dependent parents.
- 5) Club Fees : Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees.
- 6) Personal Accident Insurance : Premium not to exceed Rs.4,000/- per annum.
- 7) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

- 8) Gratuity payable shall not exceed half a month's salary for each completed year of service.
 - 9) Encashment of leave as per the rules of the company, as applicable.
 - 10) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Vikram A. Doshi.
 - 11) Perquisites available to Mr. Vikram A. Doshi, may be interchangeable subject to a total limit of his total annual basic salary
 - 12) Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year, Mr. Vikram A. Doshi shall be paid remuneration and be granted the perquisites, as per the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time or any statutory modifications or re-enactment thereof, for the time being in force.
- c) Commission : Equivalent to the annual salary or such other sum as may be fixed by the Board or Compensation Committee thereof, subject to a ceiling of 1% of the net profits of the Company.

Total Remuneration : The total remuneration, perquisites, contribution towards provident fund, superannuation fund and gratuity fund payable to the Chairman & Managing Director shall not exceed 10% of the profits calculated in accordance with Sections 198 & 309 of the Companies Act, 1956.

- d) Sitting Fees : The Managing Director will not receive any sitting fees for attending meetings of the Board or any Committee thereof.

"RESOLVED FURTHER that in the event of any statutory amendment or modification or relaxation in the provisions relating to payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and are hereby authorised to vary or increase the remuneration including salary, commission, perquisites etc. within such prescribed limits."

"RESOLVED FURTHER that after having obtained all the necessary approvals and after having incorporated in the draft agreement with the Chairman & Managing Director all such modifications, alterations, additions, deletions etc. as may be laid down by the Shareholders financial institutions, banks etc and if acceptable to Mr. Vikram A. Doshi, the finalised draft of agreement be engrossed on stamp paper of requisite value under the common seal of the company and the same be affixed to such stamped engrossment(s) of the agreement in presence of any one of the Directors of the Company and that the Director in whose presence the Common Seal shall be so affixed thereto, do sign and execute the document for and on behalf of the Company and the same being countersigned by Company Secretary of the Company being the person authorised in this regard."

- 7 To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:
"RESOLVED THAT the Board of Directors of the company be and are hereby authorised to sale or otherwise dispose off the whole / the part of the immovable properties of the company located at Mumbai and / or in the Union Territory of Daman and /or in the state of Gujarat which are not being used for any productive purposes at such price and on such terms and conditions as may be agreed upon between the Board of Directors of the company and the prospective buyers."
- 8 To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:
"RESOLVED THAT Mr. Sanjay J. Shah who was appointed as an Additional Director by the Board under Section 260 of the Companies Act, 1956, and Article 130 of the Articles of Association of the Company and who holds office only upto date of ensuing Annual General Meeting and in respect of whom the company has received a notice in writing under section 257 of the Companies Act, 1956, from a member signifying his intention to propose Mr. Sanjay J. Shah as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of Company"

By Order of the Board of Directors

Sd/-

Vikram A. Doshi
Chairman & Managing Director

Place : Mumbai
Date : 31st October, 2002.
Registered Office :
Godrej Industries Complex,
Gate No.4 Pirojshanagar,
Eastern Express Highway,
Vikhroli (East) Mumbai - 400079

NOTES

- 1) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under item Nos. 6, 7 and 8 is annexed hereto.
- 2) **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself only on poll and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than fortyeight hours before the commencement of the meeting.**
- 3) Members/Proxies should fill in the Attendance Slip for attending the meeting.
- 4) Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for identification of attendance at the meeting.
- 5) All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, Sundays and holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
- 6) The Register of Members and the Share Transfer Books will remain closed from Friday, the 27th September, 2002 to Monday, the 30th September, 2002 (both days inclusive).
- 7) Shareholders are requested to bring their copy of Annual Report to the Meeting.
- 8) The particulars of Directors retiring by rotation and that of Chairman and Managing Director eligible for re-appointment/ appointment are given in Corporate Governance Section.
- 9) Members are informed that the dividend amount remaining unpaid, if any relating to the year ended 31 March 1996 would be transferred to the Investor Education and Protection Fund in terms of Section 205(A) (5) of the Companies Act 1956 next year. The amount once transferred to said fund cannot be claimed back. Hence, those members who have not claimed their dividend may inform the company at its registered office prior to the said transfer to the fund.
- 10) Registrar of companies, Maharashtra vide their letter No. 55224/TA/V3/539 dated 4th October, 2002 has granted extension to the company to hold Annual General Meeting upto 31st December 2002
- 11) The Company has received a notice under Section 190 & 225 of the Companies act, 1956, from a member of the Company proposing that the existing Statutory Auditors of the Company M/s. Haribhakti & Co., Chartered Accountants be not reappointed in this meeting.

The Board of Directors after considering the above notice and in support of the recommendation by ICAI of rotation of Statutory Auditors have decided to recommend the appointment of M/s. Deloitte Haskins & Sells as the new Statutory Auditors of the Company in substitution and place of the existing Statutory Auditors. The relevant resolution is recommended for passing to the members of the Company.

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

The Explanatory Statement for Item Nos. 6, 7 and 8 of the accompanying Notice set out hereinabove is as under:

In respect of Item No. 6 (Appointment of Mr. Vikram A. Doshi)

The Company was incorporated in 1989 and started manufacturing of Electronic Weighing Scales. It started research and development activities in 1990 for Sensors, Transducers and then entered into providing business application software to clients as per their needs. The Company has a subsidiary company which manufactures bottled mineral water. The Company has made consistent progress in its working as can be seen from the following parameters:

(Rs. In Lacs)					
Financial Year ended	31.03.1998	31.03.1999	31.03.2000	31.03.2001	31.03.2002
Sales	6465.25	10655.13	14812.32	16521.72	19632.15
Net Profit after Tax	1356.40	1324.62	1720.44	1442.17	1967.22
Net Worth	5096.46	5736.48	9428.56	10604.92	12493.86

The details of foreign exchange earned by the Company during the last five financial year is as under :

(Rs. In Lacs)					
Financial Year	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
Foreign Exchange Earned	20.95	3.73	72.34	86.83	1074.46

Mr. Vikram A. Doshi, has been associated with the Company since its inception and hence, the Board of Directors at its meeting held on 2nd September, 2002 has resolved to appoint Mr. Vikram A. Doshi, as Chairman and Managing Director of the Company for a period of five years with effect from 1st April, 2002 subject to the approval of the members of the company and other approvals as may be necessary. The tremendous progress of the company is attributable to the stewardship of Mr. Vikram A. Doshi.

Mr. Vikram A. Doshi, is a Graduate in Commerce and has over 21 years of experience in managerial capacity. During his past tenure company has received the following awards and recognitions:

Year	Particulars of Awards / Certification
1993	<ul style="list-style-type: none"> • ISO Certification • Udyog Ratna' award for contribution in Metrology • 'Export' award from Indian Council for Small and Medium Exports
1994	'Girnar' award for contributions in Weights and Measures
1996	'Rashtriya Udyog' award for outstanding service and contribution

The details of remuneration paid to Mr. Vikram A. Doshi during the last financial year is given in the Corporate Governance Report. The proposed remuneration of Mr. Vikram A. Doshi is set out in the resolution and the same is calculated based on the effective capital of the company as on 31st March, 2001 which exceeds Rs.100 Crore. Hence the remuneration of Mr. Vikram A. Doshi is in accordance with the requirements stipulated under Schedule XIII of the Companies Act, 1956. Further the remuneration is in accordance within the norms prevailing in the Industry. The comparative analysis of remuneration is not given due to most of the Companies revising Managerial Remuneration in view of recent upward revisions in Schedule XIII of the Companies Act, 1956. The Remuneration Committee has also recommended remuneration of Mr. Vikram A. Doshi which is within the limits of Schedule XIII to the Companies Act, 1956.

Mr. Vikram A. Doshi is related to Mr. Vineet A. Doshi, who is a Whole-time Director of the Company who also receives remuneration from the company. Apart from above, there is no pecuniary relationship with the company which can prejudicially affect the interest of the Company.

The draft agreement regarding appointment and the remuneration of Mr. Vikram A. Doshi is available for inspection by the members at the Registered Office of the Company on any working day except Saturdays, Sundays and holidays between 11.00 a.m. to 1.00 p.m.

The proposed resolution at item no. 6 of the notice alongwith this explanatory statement may be treated as an abstract of the terms and conditions of appointment of Mr. Vikram A. Doshi as Chairman and Managing Director in terms of Section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval. None of the Directors except Mr. Sanjay J. Shah Director and relative of Mr. Vikram A. Doshi and Mr. Vikram A. Doshi himself are interested in the resolution.

In respect of Item No. 7 (Sale of immovable properties)

In order to improve liquidity position of the company, the Company proposes to dispose off some of its immovable properties located at Mumbai and / or in the Union Territory of Daman and / or in the State of Gujarat which are not being used for any productive purposes. Your Directors as a matter of abundant caution are seeking approval of the Company in the General Meeting though the provision of Section 293(1)(a) of the Companies Act, 1956, strictly are not be attracted to the same.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of a Public Company shall not sale/ lease or otherwise dispose off whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole of the any such undertaking except with the consent of the Company in the General Meeting.

Your Directors recommend the resolution for your approval. None of the Directors of the company is concerned or interested in the resolution except as a shareholder of the Company.

In respect of Item No.8 (Appointment of Director)

Mr. Sanjay J. Shah was appointed as an Additional Director of the Company under the provisions of Section 260 of the Companies Act, 1956 and Article 130 of Articles of Association of the Company with effect from 20th September, 2002 and holds office upto the date of the ensuing Annual General Meeting.

Mr. Sanjay J. Shah being eligible offers himself for appointment at the meeting. Notice alongwith a deposits of Rs.500/- (Rupees five hundred only) has been recieved from our member as required under section 257 of the Companies Act, 1956 proposing the appointment of Mr. Sanjay J. Shah as a Director of the Company.

Mr. Sanjay J. Shah has a vast experience in Finance and Accounting matters. Your Director fill that the appointment of Mr. Sanjay J. Shah on the Board will benefit the company and hence, recommend passing of the resolution set out in Item No.8 as an Ordinary Resolution. None of the Directors except Mr. Vikram A. Doshi who is relative of Mr. Sanjay J. Shah and Mr. Sanjay J. Shah is anyway deemed to be concerned or interested in the resolution.

By Order of the Board of Directors

Sd/-

Vikram A. Doshi

Chairman & Managing Director

Place : Mumbai

Dated : 31st October, 2002

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirteenth Annual Report of Atcom Technologies Limited with the Audited Statement of Accounts for the financial year ended March 31, 2002.

FINANCIAL RESULTS:

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Sales	19632.15	16521.72
Gross Profit before Interest & Depreciation	3747.94	3341.13
Less: Interest	1382.68	1196.70
Depreciation	495.61	266.15
Operating Profit	1869.65	1878.28
Less: Diminution in value of Investment	1.00	246.11
Profit before Tax	1868.65	1632.17
Less: Provision for Taxation	85.00	190.00
Provision for Deferred Tax Assets	183.57	-
Profit after Tax	1967.22	1442.17
Less: Prior Year Expenses	12.93	12.97
Add: Balance brought forward from previous year	3468.80	2312.94
Surplus Available for Appropriation	5423.08	3742.14
Appropriations:		
Dividend paid on Preference Shares	56.00	175.01
Corporate Dividend Tax Paid	0.29	26.79
Corporate Tax on Proposed Dividend	22.01	9.13
Transfer to Capital Redemption Reserve	0.10	-
Transfer to Debenture Redemption Reserve	100.00	246.67
Transfer from Debenture Redemption Reserve	-	(400)
Transfer to General Reserve	200.00	175.00
Proposed Dividend on Preference Shares	159.76	40.74
Surplus carried to Balance Sheet	4884.92	3468.80

THE YEAR IN RETROSPECT:

The year has been one of the most challenging years for the Company. The impact of international tragedies like September 11th and Domestic tragedies like disturbances in Gujarat and Border tensions posed tremendous pressure on Business sentiments worldwide. Despite this, your Company has performed well & showed all round growth. The overall performance of the Company during 2001-2002 is reflected in the financials. Your company has increased its Sales to Rs. 19632.15 lac as against Rs. 16521.72 lac for the previous year.

DIVIDEND:**Equity Dividend**

In continuation of the policy of conservation of resources, the Board of Directors has decided to plough back profits for ongoing development of business and hence has not recommended 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 4,11,620 - 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 30, 2002.

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 Auditor's Report thereon of the following subsidiary companies, namely:

1. C2M Technologies India Limited (Formerly known as Atco Research & Development Limited).
2. Anewera Marketing Private Limited
3. Smart Sensors And Transducers Limited.

are annexed to this report and forms part of this report. NHN Corporation Limited (formerly known as Atco Healthcare Limited) has approached Registrar of Companies, Maharashtra for approving extension of Financial year of the Company for a period of 18 Months from 31st March, 2002 to 30th September, 2002. However the Un-audited accounts for the 12 months ended 31st March 2002 is considered for the purpose of preparation of Consolidated Financial Statements. Atco Weighing Solutions Company Limited has ceased to be a subsidiary company of the company on 30th April, 2001. Smart Sensors and Transducers Limited has also ceased to be a subsidiary Company of Atcom Technologies Limited with effect from 23rd August, 2002.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

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:

Yours 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. Statement of Particulars under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, regarding employees is not required to be given because company has no employee who receives remuneration in excess of the limits prescribed there in.

CORPORATE GOVERNANCE:

The Current economic downturn and recent business failures of big business houses in the USA have resulted in a larger focus on Corporate Governance. As required by Clause 49 of the listing agreement with Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditor's Certificate regarding compliance of conditions of Corporate Governance, form part of this Directors' Report.

RELATED PARTY TRANSACTIONS :

Appropriate disclosures have been made under the head 'Notes to the accounts relating to Related Party Transactions' as required under Accounting Standard AS-18 issued by the Institute of Chartered Accountants of India.

DIRECTOR'S RESPONSIBILITY STATEMENT:

As required under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that :

- a. in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. 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.
- c. 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;
- d. the Directors had ensured that the annual accounts were prepared on a going concern basis.

DIRECTORS :

Mr. Anil Saraf who was appointed as an Additional Director on 30th October, 2001 had resigned in the month of February, 2002 due to urgent assignments and he had expressed his inability to fully participate and contribute as expected from a Company Director.

As informed at the Twelfth Annual General Meeting, Mr. N. C. Singhal who has appointed as Additional Director in January, 2001 informed prior to Annual General Meeting of the Company regarding his commitments and frequent visits abroad and hence, his item for appointment as Director in the said Annual General Meeting was withdrawn.

Mr. J.S. Pal who was nominated by SICOM Limited as a Nominee Director withdrew nomination from the Board on 29th January 2002.

Mr. S. N. Talwar, who was appointed as an Alternate Director to Mr. Manish C. Patel also resigned during the year. On 5th July, 2002, Mr. Chirag S. Gandhi was appointed as the Alternate Director to Mr. Manish C. Patel.

Members are requested to approve appointment and remuneration of Mr. Vikram A. Doshi as Chairman and Managing Director for a period of five years w.e.f. 1st April, 2002.

Mr. Vineet A. Doshi, Whole-time Director of the Company has resigned as a Director of the Company w.e.f. 9-9-2002. The Board of Directors at its meeting held on 20-9-2002 has accepted his resignation.

Mr. Sanjay J. Shah was appointed as an Additional Director of the Company w.e.f. 20-9-2002. The Company has received a notice pursuant to the provision of section 257 of the Companies Act, 1956 from a member along with a deposit of Rs. 500/- proposing his candidature as Director of the Company. Your Directors recommend his appointment.

Your Directors express their appreciation for valuable guidance & cooperation rendered by Mr. Anil Saraf, Mr. N.C. Singhal, Mr. J. S. Pal, Mr. S. N. Talwar and Mr. Vineet A. Doshi during their tenure.

AUDITORS:

The observations made in Auditor's Report have been extensively dealt with in the notes to accounts and since they are self-explanatory, they are not commented upon under Section 217(3) of the Companies Act, 1956.

The Company has received a notice under Section 190 & 225 of the Companies Act, 1956 from a member of the Company proposing that the existing Statutory Auditors of the Company M/s. Haribhakti & Co., Chartered Accountants be not re-appointed in the ensuing Annual General Meeting.

The Board of Directors after considering the above notice and in support of the recommendation by ICAI of rotation of Statutory Auditors have decided to recommend the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountant as the new Statutory Auditors of the Company in substitution and place of existing Statutory Auditors. The Company has obtained the certificate as required under Section 224(1-B) of the Companies Act, 1956, to the effect that their appointment, if made, would be in conformity with the limits specified in that Section. Your directors request you to appoint M/s. Deloitte Haskins & Sells as the new Statutory Auditors for the Current Year and fix their remuneration.

COMPLIANCES IN RELATION TO CORPORATE GOVERNANCE :

During the year due to non consistency of the Company Secretaries and telephonic invitation with a shorter notice to the Auditors, they could not attend the meeting. The Company now undertakes to ensure strict compliances from this year.

ACKNOWLEDGEMENTS:

Your Directors wish to acknowledge & thank the Central Government, State Government and all Regulatory bodies for their continuous support and guidance.

Your Directors would like to thank you, our esteemed shareholders, Customers, Business Associates, Financial Institutions, Commercial Banks, for the faith reposed by them in the Management of your Company.

Your Directors also wish to place on record their deep appreciation for the dedication and commitment of your Company's Employees at all levels for its success and look forward for their continued support as well.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 31st October, 2002

Sd/-
Vikram A. Doshi
Chairman & Managing Director