



**atcom technologies limited**



# **15th Annual Report 2004**

## **BOARD OF DIRECTORS**

### **Mr. VIKRAM A. DOSHI**

Chairman & Managing Director

### **Mr. DILIP A. MEHTA**

Director

### **Mr. MANISH C. PATEL**

Director

### **Mr. CHIRAG S. GANDHI**

Alternate Director to Mr. Manish C. Patel

### **BANKERS**

Dena Bank

Allahabad Bank

Punjab National Bank

State Bank of India

The United Western Bank Ltd.

UTI Bank Ltd.

The Federal Bank Ltd.

### **AUDITORS**

Deloitte Haskins & Sells

Chartered Accountants

### **SHARE REGISTRARS & TRANSFER AGENTS**

Bigshare Services Pvt. Ltd.

E-2, Ansa Industrial Estate,

Saki Vihar Road, Sakinaka.

Andheri ( East ), Mumbai - 4000 72

Tel. : 2 852 34 74, 2 856 06 52 / 53

Fax : 2 852 52 07

E.mail : [bigshare@bom7.vsnl.net.in](mailto:bigshare@bom7.vsnl.net.in)

### **REGISTERED OFFICE**

6A, Lalwani Industrial Estate,

14 G. D. Ambekar Road,

Wadala, Mumbai - 400 031.

Tel. : (022) 2414 6343 / 44

Fax : (022) 2414 00250

### **WORKS**

\* Daman Industrial Estate,  
Airport Road, S. Number 74/13,  
Village Kadaiya, Daman - 396 210

\* Daman Industrial Estate,  
Airport Road, S. Number 101/3,  
Village Kadaiya, Daman - 396 210

For further information, log on to  
[www.atcomworld.co.in](http://www.atcomworld.co.in)

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**15TH ANNUAL GENERAL MEETING**

**Date :** 31st August, 2005  
**Day :** Wednesday  
**Time :** 3:30 pm  
**Place :** 6A, Lalwani Industrial Estate,  
14 G. D. Ambekar Road,  
Wadala, Mumbai - 400 031.

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## NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of the Company will be held on Wednesday, the 31<sup>st</sup> day of August, 2005 at 3.30 P.M. at the registered office of the Company at 6A, Lalwani Industrial Estate, 14, G. D. Ambekar Road, Wadala, Mumbai 400 031 to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at September 30, 2004 and the Profit and Loss Account for the period ended on that date along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vikram A. Doshi, who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint M/s - Chartered Accountants, as a Statutory Auditors in substitution of the existing retiring Auditors M/s Deloitte Haskins & Sells, Chartered Accountants, to hold office from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the company and to fix their remuneration.

## SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003 and other applicable provisions of law, the approval of the members be and is hereby accorded for delisting of shares of the Company from the Delhi Stock Exchange Association Limited, the Stock Exchange Ahmedabad and The Stock Exchange, Mumbai and the Board of Directors be and are hereby authorized to take all necessary actions as may deem fit proper and appropriate for giving effect to the resolution."

Date: 30<sup>th</sup> July, 2005  
Place: Mumbai

On behalf of the Board of Directors

Vikram A Doshi  
Chairman & Managing Director

## NOTES:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the company. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business is annexed hereto.
3. Members/Proxies should fill in the Attendance Slip for attending the meeting.
4. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
5. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting and members who hold shares in electronic form (Demat) are requested to bring their Client ID and DP ID numbers for identification of attendance at the meeting.
6. The Register of Members and the Share Transfer Books will remain closed from 24th August, 2005 to 31st August, 2005 (both days inclusive).
7. Members are requested to notify the change in their address to the Company and/or Registrar & Share Transfer Agent of the Company in physical mode and always quote their folio no. in all correspondence with the Company. In respect of holding in electronic form, members are requested to notify any change of address and change in bank details in their Depository Participants.
8. Members are requested to bring their copy of Annual Report to the Meeting.
9. The particulars of Directors retiring by rotation are given in Corporate Governance Section.
10. Members seeking further information on the accounts or any other matter contained in the Notice are requested to write to the Company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.

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## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

The Explanatory Statement for Item Nos. 4 of the accompanying Notice set out hereinabove is as under:

## In respect of Item No. 4:

The Shares of the Company are presently listed on:

- 1) The Delhi Stock Exchange Association Limited (DSE)
- 2) The Stock Exchange, Ahmedabad (ASE)
- 3) The Stock Exchange, Mumbai (BSE); and
- 4) The National Stock Exchange of India Limited (NSE)

The Shares of the Company are actively traded on The National Stock Exchange of India Limited, which has nationwide trading terminals. The investors have sufficient opportunity to trade in the shares of the Company on NSE.

As per the Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003, shares of any listed Company can be voluntarily delisted from all or some of the Stock Exchanges where the Securities are listed, by following the procedures laid down therein. In terms of the guidelines, prior approval of the Members of the Company by way of a Special resolution passed in its General meeting is required for delisting.

Since the Company's shares will continue to be listed in NSE which, has nationwide trading terminals, the Company is not required to give exit option to the Members within the jurisdiction of DSE, ASE & BSE.

Your directors recommend the resolution for approval of the shareholders as an Special Resolution.

None of the Directors of the Company is concerned or interested in this Special Resolution.

Place: Mumbai  
Date : 30<sup>th</sup> July, 2005

By Order of the Board of Directors

Vikram A Doshi  
Chairman & Managing Director

## Directors' Report

To  
The Members

Your Directors are presenting the 15<sup>th</sup> Annual Report of the Company together with Audited Accounts for the period ended September 30, 2004.

## Financial Results:

PARTICULAR	2003-2004		(Rs. In lacs)	
	2003-2004	2002-03	2003-2004	2002-03
	(01.10.03 30.09.04)	(01.04.02 30.09.03)	(12 months)	(18 months)
Sales	3423.75	20341.84		
Gross Profit/(Loss) before	(5838.99)	(11280.13)		
Interest & Depreciation				
Less: Interest	0.69	2546.70		
Depreciation	293.13	896.49		
Profit/(Loss) Before Tax	(6132.81)	(14723.31)		
Less: Provision for Tax	-	-		
Provision for Deferred Tax Assets	(744.11)	1029.64		
Profit/ (Loss) after Taxation	(6876.92)	(13693.68)		
Add: Balance Brought forward	(9363.18)	4884.92		
Short Provision of Deferred Tax of previous Year	-	(488.06)		
Amount available for Appropriation	(16240.10)	(9362.81)		
Appropriations:				
Dividend paid on Preference Share	-	0.02		
Corporate Dividend Tax paid	-	-		
Corporate Tax on proposed dividend	-	-		
Transfer to Capital Redemption Reserve	-	0.35		
Transfer to Debenture Redemption Reserve	-	-		
Transfer to General Reserve	-	-		
Proposed Dividend on Preference Shares	-	-		
(Deficit)/Surplus	(16240.10)	(9363.18)		

## Business Performance:

During the year under review the sales & profit figures have gone down, due to sluggish demand and price competitiveness of the 'Electronic Weighting Scales' in the Market. and the lower utilization of its capacity. Over the years, this sector has also witnessed severe competition. In this environment, the price line for the product had to be maintained, consequently impacting sales but managed to survive due to superior quality and cost control measures. Across the organisation, the attitude of cost-effective, better quality, innovative working has been spread which would certainly yield good results when general economic conditions improve.

## Operations:

The turnover of the Company during the financial year ended on 30<sup>th</sup> September, 2004 were Rs. 3,423.76 Lacs as against Rs. 20,341.84 Lacs

## 15<sup>th</sup> Annual Report 2003-2004

during the last financial period of 18 months ended on 30<sup>th</sup> September, 2003. During the financial year, the Company has incurred losses of an amount of Rs. 6876.92 Lacs and the accumulated losses has reached at Rs. 16,240.09 Lacs. The main reason for this is raising crude oil prices in the international market and due to that the prices of major raw materials increased gradually during the year. The sales realisation was not commensurate with the increase in the raw material prices due to market conditions. In spite of these adverse factors, the performance of the Company during the year was satisfactory mainly due to the following reasons:

- Rationalisation and optimisation of manpower.
- Reduction in cost due to efficient usage of materials.
- Cost reduction initiatives involving focus on procurement efficiencies and control over overheads

### Business Development activities:

The main focus of new business development continues to be of developing a robust portfolio of projects in the areas of core competence, synergetic diversification and leveraging of human expertise created over the last many years. Towards this objective, the main thrust has been on catalyzing the growth of Weighing Scale Sector through enhancing supplies to satisfy the needs of existing markets as well as to develop new markets.

### Sick Industries Companies (Special Provisions) Act, 1985:

As the net worth of the Company has been completely eroded, the Company has become a Sick Industrial Company as per the provision of the 'Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

As required under the provisions of SICA, the Company has filed the necessary reference with the Board For Industrial & Financial Reconstruction (BIFR) for determination of the measures to be adopted with respect to the Company.

### Director's Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, confirm:

- That in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- That they have in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgements 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 Loss of the Company for that period.
- That to the best of their knowledge and information, they 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, and
- That they have prepared the annual accounts on a going concern basis

### Dividend:

Due to the losses incurred during the current financial year, Board of directors of your company are not recommending any dividend.

### Corporate Governance:

Your Company believes in coherent and self-regulatory approach in the conduct of its business to achieve highest standard of Corporate Governance. It has complied with the requirement of the Corporate Governance as stipulated by SEBI.

A separate report on Corporate Governance along with Auditor's Certificate on its compliance is annexed to and forms part of the report.

### Employee Relations:

Relations between the employees and the Management continued to be cordial during the year. A statement of particulars of employees as required under Section 217(2A) of the Companies Act, 1956 is not annexed hereto, as the same is not applicable to the Company.

### Trade Relations:

Your Company continued to receive unstinted support and co-operation from its retailers, stockist, suppliers of goods/services and all others associated with it. Your Board wishes to record its appreciation and your Company would continue to build and maintain strong links with its business partners.

### Energy, Technology Absorption and 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, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are annexed hereto and forms part of this report.

### Subsidiary Companies:

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts along with reports of the Board of Directors and Auditor's report thereon of the following subsidiary Companies namely:

1. C2M Technologies India Limited; and
2. NHN Corporation Limited (formerly none as Atco Health Care Limited)

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are annexed to this report and form part of this report. During the financial year, the Company has diluted their stake in the Anewara Marketing Private Limited and consequently, it ceased to be a subsidiary.

### Directors:

In accordance with the Article of Association of the Company, Mr. Vikram A. Doshi retire by rotation and being eligible offers himself for reappointment.

### Auditors:

The Company has received a letter from M/s. Deloitte Haskins & Sells Chartered Accountants showing their unwillingness to continue as a Statutory Auditor of the Company. In respect of that the company has also received a notice under Section 190 & 225 of the Companies Act, 1956 from a member of the company proposing the name of M/s. Chartered Accountants in place of the existing Statutory Auditors of the Company M/s. Deloitte Haskins & Sells. Chartered Accountants to be appointed in the ensuing Annual General Meeting.

The Board of Directors after considering the above notice and unwillingness letter from the existing Auditor, have decided to recommend the appointment of M/s. 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. as the new Statutory Auditors for the Current Year and fix their remuneration.

With reference to the remarks made by the Auditors in their report and annexure to the said report, our replies on these are as follow:

Respect of note vii a & d of the Auditor Report, the networth of the Company was completely eroded in the previous financial year and it became a sick industrial undertaking under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Consequently, it filed the necessary reference with the Board for Industrial and Financial Reconstruction (BIFR) as required under SICA. Pending decision on this reference, Dena Bank, the lead banker of the Company issued notice for taking possession of the securities charged under section 13(4) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Against this, the Company filed a writ petition before the High Court of Bombay (BHC) challenging this. The BHC passed an interim order in January, 2005 permitting Dena Bank to take only a 'symbolic possession' of the charged assets, without prejudice to the rights and contentions raised by the Company in its writ petition. The BHC also permitted the Company to file appeal in the Debts Recovery Tribunal (DRT) against Dena Bank's notice. In terms of the BHC Order, Dena Bank took 'symbolic possession' of the charged assets but allowed the Company to continue its operations. Also, the Company has challenged the notice issued by Dena Bank before DRT. In the meantime, the Company is taking steps to augment its sales. Worldwide there is a shift from mechanical to electronic weighing scales, the flagship product of the Company. Besides, consequent upon the retail boom, there is a huge untapped market which the Company has plans to exploit. The Company has also taken steps to augment its exports and has now started exporting 'sensors', an integral part of electronic scales. Also, in the proposed revival scheme filed before the BIFR, the Company has proposed restructuring debt besides waiver of interest. In view of the foregoing, the accounts have been prepared on going concern basis which is dependant upon the outcome of the aforesaid petition, the reference made to the BIFR, availability of continuing finance and future profitability.

Therefore, the Company has not been made provision for interest on debentures, term loans, working capital facilities from banks and financial institutions due to counter claim made by the Company on banks and financial institution because of failure of projects due to part/ non disbursement/ abrupt curtailment of sanction limit.

In respect of note V of Auditor Report, the Company has not received written representations from the Mr. Y. K. Bhushan and Mr. Manish C. Patel, Directors of the Company in terms of clause (g) of subsection of Section 274 of the Companies Act, 1956 because of directors are unable to give their representation to the Company due to non availability of the required information from the other companies, where they have hold the position of Directorship.

In respect of note vii a & f, the Company has not made provision in respect of debt aggregating to Rs. 39,042,291/- due from a Subsidiary Company, NHN Corporation Limited, and an amount of Rs. 43,084,805/- due from Anewara Marketing Private Limited, because of the Company having a long term strategic nature relationship with these Companies and these amounts are good and recoverable. The Company does not anticipated any difficulty in recovering the said dues and hence no provision has been made in the book of accounts.

In respect of vii g of Auditor Report, the Company not having documentary evidence of purchase of raw material worth Rs. 11,129,317/- because of supporting documents of purchase of raw material are not locatable due to it may have been destroyed in major fire broke out at the Registered Office at Wadala at Mumbai on 6<sup>th</sup> November, 2004. And amount of the purchase is also not large against the total volume of the Sales and Purchase of the Company.



In respect of note 7 of annexure to the Auditors Report, the Company is taking necessary efforts to strengthen its internal control system with the size of the Company and nature of its business. Therefore, it is in process to appoint a qualified person as an Internal Auditor either in employment or as retainer basis.

The other observations made by the Auditors have been dealt with under Notes on Accounts and are self-explanatory.

**Acknowledgements:**

The Directors sincerely appreciate the high degree of professionalism, commitment and dedication of the employees at all levels. The Directors also place on record their gratitude to the Members for their continued support and confidence.

The Directors would like to thank you, our esteem Shareholders, Customers, Business Associates, Financial Institutions, Commercial Banks, for the faith reposed by them in the Management of the Company.

Date: 30th July, 2005  
Place: Mumbai

On behalf of the Board of Directors

Vikram A. Doshi  
Chairman & Managing Director

**ANNEXURE TO THE DIRECTOR'S REPORT**

Particulars required under Companies (Disclosure of Particulars in the report of Board of Director) Rules, 1988:

**(A) CONVERSION OF ENERGY:**

- Energy conservation measures taken:**  
Use of natural light through bigger windows, skylights ect.  
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.
- 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 optimizing energy consumption in lighting loads.  
It is planned to undertake Energy Audit through competent authorities.
- 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:**

- Research and Development (R&D)**
  - 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 ect.  
In house research and development to achieve zero defect production and 100% accuracy was carried out.
  - Benefits derived: Helped in synchronizing with cost reduction and quality control measures undertaken by the Company and launching of new products.
  - Future plans: To extent R & D to other areas of operations for plant reliability and safety.
- Technology absorption, adaptation and innovation:**
  - The plants were audited by technical personnel for process efficiency, quality improvisation and innovation.
  - Benefits derived:  
Reduction in wastage.  
Improvement in output rate.  
Reduction in cost of production.
  - Information regarding technology imported during the last five 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 therefore and future plans of actions.	:	Not Applicable

**(C) FOREIGN EXCHANGE EARNINGS OUTGO**

	2003-2004	2002-2003
	Rupees	Rupees
Earning	3,095,330	6,246,889
Outgo	232,129	15,519,801

**MANAGEMENT DISCUSSION & ANALYSIS**

**Highlights of Performance:**

During the year under review the sales figures have gone down, due to sluggish demand and price competitiveness of the 'Electronic Weighting Scales' in the Market, and the lower utilization of its capacity. Over the years, this sector has also witnessed severe competition. In this environment, the price line for the product had to be maintained, consequently impacting sales but managed to survive due to superior quality and cost control measures. Across the organisation, the attitude of cost-effective, better quality, innovative working has been spread which would certainly yield good results when general economic conditions improve.

In meantime, the Company is taking steps to augment its sales. Worldwide there is shift from mechanical to electronic weighting scales, the flagship product of the Company. Besides, consequently upon the retail boom, there is huge untapped market which the Company has plans to exploit. The Company has also taken necessary steps to augment its exports and therefore, started exporting "sensors", an integral part of electronic scales.

**Opportunities, Initiatives and New Products:**

Being a true company supported by lead R & D centers, not only the products manufactured and marketed are of high quality and standard but also enjoy tremendous goodwill in the market. Though, Semi-urban and rural market is still sluggish and subdued. Your Company will progressively reach into these markets for achieving sustained growth.

Your Company is optimistically looking forward to strengthening of global economy. Most of the weaknesses would be eliminated and only robust, improvised, futuristic business processes; products would make hay in the rejuvenated economy. Your Company is seriously consolidating and gearing itself to meet the challenges and rewards in future.

In today's fast changing business scene where change is constant and dynamism is reality, new e-business models have emerged. Atcom Technologies has found that there are solutions available for Supply Chain Management (SCM) and Enterprise Resource Planning (ERP) but enterprises do not have up-to-date information about the movement of their products in the market and do not have clear picture of demand of their product in the market. The company has endeavored to provide solution to the enterprise for their need of Demand Chain Management (DCM). Demand chain management facilitates the channel partners to transact the business in a marketplace with online/offline connectivity providing efficiency and depth of the market amongst the channel partners, viz. Corporate, their Suppliers as well as C&F Agents, Distributors and Retailers.

Atcom DCM solution is developed by your company, which provides connectivity amongst the channel partners and automates their business by auto routing order mechanism, it captures the transactions when they are happening and thus eliminates the duplication of work, thus enabling implementation of the concept of paper less office. The company DCM is a very powerful, flexible and cost effective total solution for the entire Demand Chain Management which connects all entities like distributors, C&F agents and even retailers on-line to the company, thus allowing company to manage all aspects of collaborative commerce be it inventory, forecasting or control.

Atcom has pioneered Demand Chain Management (DCM) solutions and endeavors to partner with enterprises to implement it for better efficiencies, enhanced profits.

**Retail Exchange & ASP (Rx)**

To survive and grow, the existing retailers and distributors would have to learn to be customer focused, agile, and effective. Atcom Rx & ASP division offers best-of-breed solutions to the retailers, helping them effectively meet the emerging challenges. These solutions are:

- Software for Retail Automation (POSWare) and Distribution Automation (DISWare)
- Internet based solutions (Business Connect) for improved connectivity with customers and suppliers
- Branding and communication services (Brand Pack) for retailers
- Best Practices pack, helping retailers achieve international standards of customer services
- Support pack, providing best-in-class support services e.g. call centers, training, trouble shooting, upgrades, etc.

Your company is the only company to offer such a comprehensive suit of solutions. This, coupled with Atcom's long association with retail industry, places it in an ideal position to become a leading player in this segment.

15<sup>th</sup> Annual Report 2003-2004**Outlook:**

At present the financial jam is the major concern faced by the Company. The underperformance of the Plastics & Software division has landed up the Company into trouble, which is hampering the good EWS Business. The ideal strategy at this stage would be to restructure the business of the Company, which would be beneficial for the Company, lenders, clients and the Shareholders. The Company will have to formulate some scheme in concurrence with the lenders and the shareholders to restructure the business of the Company, which will create better value for the lenders, shareholders, clients.

However, the tremendous brand equity enjoyed by the company and the trust reposed by the consumer spread all over the country and the bold initiative taken by the management resulted in retaining our position in the market of Electronic Weighing Scale.

**Risk & Concerns:**

The Risks, be it external or internal, is inherent in every business. The Company has placed intense competition in the national and international market resulting in higher spends on trade activities and promotional support necessitating allocation of more resources.

Your Company does not have any plans to enter into any venture, which may prove to be detrimental to the interest of your Company and consequently to that of its stakeholders. Existing operations are under constant quality control, cost control and risk management. These uncertainties are expected to be temporary in nature and in the long run are expected to have a favorable impact on the business of the Company.

**Internal Control & their adequacy:**

Your Company has adequate internal control procedures commensurate with its size and nature of business and also placed considerable emphasis and efforts on internal control system. These internal control procedures ensure the following:

- \* Efficient use and protection of resources
- \* Compliance with policies, procedures and statutes
- \* Accuracy and promptness of financial reports

The internal control system provides for well-documented policies, guidelines, authorisations and approval procedures. The internal audit reports, the progress in implementation of recommendations contained in the audit reports and the adequacy of internal controls are reviewed by the Board on regular basis.

**Financial Performance:**

Financial Performance which has been highlighted in the Directors' Report need to be viewed in the context of the bold initiative by the management under the difficult market as well as financial constraints.

**Industrial Relations:**

In your company, a collaborative industrial relations culture based on mutual trust and understanding has been built which is reinforced through continuous exchange of views and effective use of joint forum.

**Human Resources:**

The Company continued to have cordial and harmonious relations with its employees and unions. In today's competitive world where creativity and innovation are increasingly becoming important, development of Human Resource is the call of the day. Your Company is taking various steps to develop the skills and enhance the knowledge of the Human Resource. Human brain ware is one of the key elements of sustainable competitive advantage and stakeholder value creation. Your Company's human resource philosophy aims at nurturing an organisational culture that respects people, empowers and enables them to deliver high quality performance and rewards talent with competitively superior compensation and accelerated career growth opportunities. Your Company values its people integrity, excellence and the entrepreneurial passion to achieve.

**Cautionary Statement:**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

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**REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY AND CORPORATE PRINCIPLES**

The Company's philosophy on Corporate Governance Code envisages the highest degree of transparency, accountability and responsibility in its functioning including its interaction with its clients, business partners, investors and other Regulatory authorities etc. The purpose of the Company's Corporate Governance code is not only to meet the statutory requirements of the Listing Agreement but also to adhere to the principles laid down in it.

**BOARD OF DIRECTORS****Composition of Board of Directors:**

The Composition of the Board is in accordance with the requirement in this regard. The Board consists of total 4 Directors (including one alternate Director) out of which 1 is Managing Director and 3 are independent Directors (including alternate Director). All the Directors including Non-Executive Directors are professionally competent. The Chairman of the Board is an Executive Director.

Mr. Sanjay J. Shah Whole Time Director and Mr. Y.K. Bhushan, Non-Executive & Independent Director resigned from Board on August 30, 2004 and April 28, 2005 respectively.

The details of the Directorships of Board, membership and office of the Chairman of Board Committees across all Companies as on 30th September 2004 are as follows:

Name of the Director	Category	No. of other Directorships	No. of Memberships of Mandatory Board Committees	No. of Board Committees of which the Director is a chairperson
Mr. Vikram A. Doshi	Managing Director / Executive & Non Independent Director	6	2	Nil
Mr. Sanjay J. Shah (upto 30/08/2004)	Executive & Non Independent Director	2	Nil	Nil
Dr. Y. K. Bhushan (Up to 28.04.2005)	Non Executive/ Independent Director	5	3	Nil
Mr. Dilip A. Mehta	Non Executive/ Independent Director	1	1	4
Mr. Manish C. Patel	Non Executive/ Independent Director	Nil	Nil	Nil
Mr. Chirag S. Gandhi (Alternate Director to Mr. Manish C. Patel)	Non Executive/ Independent Director	4	3	2

(1) Excludes Directorships in Private Limited Companies, Foreign Companies, Section 25 Companies, Memberships of Managing Committees of various Chambers/Bodies and Alternate Directorships

(2) Represents Membership/Chairmanship of Audit Committee, Investor Grievance Committee and Remuneration Committee only.

None of the Directors of the Board are member of more than 10 committees nor are they Chairman of more than 5 Committees. "Committees" for this purpose include the Audit Committee and the Shareholders' / Investor Grievance Committee, which are mandatory Committees.

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

Details of Board Meeting held during the year and Directors attendance in Board Meetings and Last Annual General Meeting is as follows:

	28-Nov-03	31-Dec-03	07-Jan-04	31-Jan-04	30-Apr-04	31-July-04	30-Aug-04	17-Sep-04	Last AGM 29-Mar-04
Vikram A. Doshi	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
*Sanjay J. Shah	Yes	No	Yes	Yes	Yes	Yes	N/A	N/A	Yes
Manish C. Patel	No	No	No	No	No	No	No	No	No
Y. K. Bhushan	No	No	No	No	No	No	No	No	No
Dilip A. Mehta	No	No	No	No	No	Yes	Yes	No	No
**Chirag S. Gandhi	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		(Adjourned)	(Adjourned)						

Board Meeting called on December 31, 2003 could not be held for want of quorum and has been adjourned u/s 288 of The Companies Act, 1956 and has been held on January 7, 2004.

\* Resigned from directorship w.e.f. 30.08.2004

\*\* Alternate Director to Mr. Manish C. Patel

**DETAILS OF REMUNERATION PAID TO THE DIRECTOR**

Remuneration paid to the Directors for the year ended 30th September, 2004 are as follow

Name of Director	Salary	Benefits	Bonus/Commission	Sitting Fee	Total
	Rs	Rs	Rs	Rs	Rs
Mr. Vikram A. Doshi*	Nil	Nil	Nil	Nil	Nil
Mr. Sanjay J. Shah (upto 30/08/2004)	242,100/-	16,560/-	27,000/-	Nil	285,660/-
Dr. Y.K. Bhushan	Nil	Nil	Nil	Nil	Nil
Mr. Dilip A. Mehta	Nil	Nil	Nil	Nil	Nil
Mr. Manish C. Patel	Nil	Nil	Nil	Nil	Nil
Mr. Chirag S. Gandhi (Alternate Director to Mr. Manish C. Patel)	Nil	Nil	Nil	5000/-	5000/-

Mr. Vikram A. Doshi, Managing Director, of the Company has decided not to draw remuneration in view of the financial difficulties being faced by the Company.

## 15<sup>th</sup> Annual Report 2003-2004

### AUDIT COMMITTEE

The Board of Directors constituted an Audit Committee as per Clause 49 II (A) of the Listing Agreement entered into with Stock Exchanges. The present composition of the Audit Committee is given hereunder. During the Financial year October 1, 2003 to September 30, 2004, four Meetings of Audit Committee were held on 31<sup>st</sup> December 2003, (Which was adjourned and held on 7<sup>th</sup> January, 2004) 31<sup>st</sup> January 2004, 30<sup>th</sup> April 2004 and 31<sup>st</sup> July 2004.

Company Secretary acted as Secretary to the Audit Committee.

Names	Designation	Category	No. of Meetings Attended
Mr. Dilip A Mehta	Chairman	Non- Executive & Independent Director	4
Dr. Y K Bhushan (up to 28.04.2005)	Member	Non- Executive & Independent Director	Nil
Mr. Chirag S Gandhi	Member	Non- Executive & Independent Director	4
Mr. Vikram A. Doshi	Member	Managing Director & Non Independent Director	NA

### Terms of reference

The terms of reference and powers of the Audit Committee are as mentioned in Clause 49 II (D) of the Listing Agreements entered into with Stock Exchange and Section 282A of the Companies Act, 1956.

The terms of reference are briefly described below:

- ✓ Oversight of the Company's financial reporting process and disclosure of financial information.
- ✓ Recommend the appointment and removal of external auditors, fixation of audit and other fees.
- ✓ Review with management the annual financial statements before submission to the Board.
- ✓ Review with management, external and internal auditors, the adequacy of internal control systems.
- ✓ Review the adequacy of internal audit function.
- ✓ Discussions with internal auditors of any significant findings and follow-ups thereon.
- ✓ Review the findings of any internal investigations by the internal auditors.
- ✓ Discussion with external auditors before the audit commences, of the nature and scope of audit as well as have post-audit discussions to ascertain any areas of concern.
- ✓ Reviewing the Company's financial and risk management policies.

The Committee is vested with necessary powers to achieve its objectives.

### SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE

During the Financial year 1<sup>st</sup> October 2003 to 30<sup>th</sup> September 2004 two meetings of Shareholders / Investor Grievance Committee were held on 2<sup>nd</sup> January 2004 and 1<sup>st</sup> July 2004. The details of members and their attendance in meeting is as follows:

Names	Designation	Category	No. of Meetings Attended
Mr. Dilip A Mehta	Chairman	Non- Executive & Independent Director	4
Dr. Y K Bhushan	Member	Non- Executive & Independent Director	Nil
Mr. Chirag S. Gandhi	Member	Non- Executive & Independent Director	4
Mr. Vikram A Doshi	Member	Managing Director & Non Independent Director	NA

The Committee reviews grievances received from the shareholders and the action taken thereon. The status of complaints received and redressed for the period October 1, 2003 to September 30, 2004 is given hereunder -

Category	No. of Complaints Received	No. of Complaints Received	No. of Complaints Pending
Non-receipt of Share Certificate after Transfer	1	1	Nil
change of address	26	26	Nil
Advice Procedure for Name Deletion	2	2	Nil
Non-Receipt of Cert's Against Indemnity	1	1	Nil
Non-Receipt of Annual Reports	2	2	Nil
SEBI	1	1	Nil
Miscellaneous Letters	15	15	Nil
Non Receipt of Demat Credit	5	5	Nil
Non Receipt of Demat Rejected S/C's	7	7	Nil
Non Receipt of Remat Certificate	1	1	Nil
<b>Total</b>	<b>61</b>	<b>61</b>	

### REMUNERATION COMMITTEE

During the financial year 1<sup>st</sup> October 2003 30<sup>th</sup> September 2004 Remuneration Committee of the Board held one Meeting on 19<sup>th</sup> December 2003. This was with the limited purpose of fixing remuneration of Whole Time Director and submitting the proposal to the Board for their approval as well as for other statutory approval as may be required. The Remuneration Committee has the same terms of reference as given in the guidelines set out in the Listing Agreement of the Stock Exchanges. The details of Members and their attendance in meeting is as follows:

Names	Designation	Category	No. of Meetings Attended
Mr. Dilip A Mehta	Chairman	Non- Executive & Independent Director	1
Dr. Y K Bhushan (up to 28.04.2005)	Member	Non- Executive & Independent Director	Nil
Mr. Chirag S Gandhi	Member	Non- Executive & Independent Director	1
Mr. Vikram A. Doshi	Member	Managing Director & Non Independent Director	NA

### Remuneration policy

The Board of Directors / Remuneration Committee of Directors is authorized to decide the remuneration of the Whole-Time Directors, subject to the approval of the Shareholders and Central Government, if required. The remuneration structure comprises of Salary, Allowances, Perquisites, etc. to be decided by Board / Committee on the basis of Educational Qualification, Experience, Expert Knowledge in the field, prevailing market practices, duties and powers entrusted to the proposed appointee.

atcom technologies limited

The Non - Executive Directors are eligible for Sitting Fees for attending Board Meetings.

### SHARE TRANSFER COMMITTEE

The Board of Director has constituted Share Transfer Committee to approve transfer of shares / debentures / bonds, issue of duplicate / re-mate shares certificates, transmission of shares / debentures / bonds, consolidation and splitting of certificates etc. As on date Mr. Vikram A Doshi Managing Director, Mr. Dilip A Mehta Independent Director and Mr. Chirag S Gandhi Independent Director are members of the Committee.

As transfers are few in numbers, the meetings are held forth nightly to facilitate prompt transfers. A statement containing the summary of shares transferred and de-materialized is placed at Board Meeting at regular intervals.

### MANAGEMENT COMMITTEE

The Board of Director has constituted Management Committee to approve various facilities granted by banks, authority for execution of documents, issuance and cancellation of power of attorneys opening and closing of accounts, changes in authorised signatories, giving operating instructions and all other matters. To authorize various executives of the Company, for attending various matters on behalf of the Company.

As on date Mr. Vikram A Doshi Managing Director, Mr. Dilip A Mehta Independent Director and Mr. Chirag S Gandhi Independent Director are members of the Committee.

### DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN ENSUING ANNUAL GENERAL MEETING :

Name of Director	Mr. Vikram A. Doshi
date of Birth	23 rd December, 1958
Date of Appointment	29th September, 1994
Expertise in specific functional areas	Expertise in Accounts & Finance, Legal and Marketing
Qualifications	B. Com., L.L.B.
List of other public companies in which directorship held on September 30, 2004	1. C2M Technologies India Limited 2. Alco Netconnect Limited 3. K2C India Limited 4. Centaur Stud & Agrotech Limited 5. Brilliant Nutraceuticals Limited 6. IBN Value Mart Limited
Chairman/Member of the committee of the Board of other Public Companies on which he is Director as on September 30, 2004.	Nil

### GENERAL BODY MEETING

The details of Last 3 Annual General Meeting are as under:-

Financial Year	Date	Time	Location
2002 - 2003	March 29, 2004	3.30 PM	8 A, Lalwani Industrial Estate, 14, G D Ambekar Road, Wadale, Mumbai - 400 031
2001 - 2002	December 30, 2002	3.30 PM	Atcom Auditorium, in Corporate Office of the Company at Godrej Industries Complex, Gate No.4, Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai - 400 079
2000 - 2001	September 29, 2001	3.30 PM	Atcom Auditorium, in Corporate Office of the Company at Godrej Industries Complex, Gate No.4, Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai - 400 079

In addition to Annual General Meetings, Company holds Extraordinary General Meetings of the shareholders as and when need arises

### MANDATORY REQUIREMENTS

The Company has complied with the mandatory requirements relating to Corporate Governance as mandated by the Listing Agreement with The Stock Exchange, Mumbai and National Stock Exchange of India Ltd.

### DISCLOSURES

- (i) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard AS18 has been made in the Annual Report.
- (ii) There are no pecuniary relationship or transactions of non-executive directors vis-a-vis the Company.
- (iii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets.

### Means of Communication

The Quarterly/Half yearly/Annual results together with the information relating to Book Closure/ Annual General Meeting are published in Free Press Journal and Navshakti as per the requirements of the Listing Agreement and Companies Act. The said information is also being made available on the website at [sebidfar.nic.in](http://sebidfar.nic.in) and also on the Company's website at [www.atcomworld.co.in](http://www.atcomworld.co.in)

The Annual Report of the Company together with the Notice and Explanatory Statement convening the Annual General Meeting are also sent to the members at their registered address.

The Management Discussion and Analysis Report is forming part of the Annual Report.



**15<sup>th</sup> Annual Report 2003-2004**

**SHAREHOLDERS INFORMATION**

**DETAILS OF 15<sup>TH</sup> ANNUAL GENERAL MEETING**

Date	Wednesday, August 31, 2005
Time	3.30 pm
Venue	6 A Lalwani Industrial Estate 14 G D Ambekar Road Wadala, Mumbai 400 031

**Financial Calendar**

Financial Year	1 <sup>st</sup> October 2004 to 30 <sup>th</sup> September 2005
*First Quarter Results (ended on 31 <sup>st</sup> December 2004)	At the Month end of January, 2005
Half Yearly Results (ended on 31 <sup>st</sup> March 2005)	At the Month end of April, 2005
Third Quarter Results (ended on 30 <sup>th</sup> June 2005)	At the Month end of July, 2005
Financial Results for the year ended on Sept.30, 2005	At the Month end of October, 2005

\* Due to a major fire accident occurred at the Company's Registered Office situated at 6A, Lalwani Industrial Estate, 14, G D Ambekar Road, Wadala, Mumbai 400 031 on November 6, 2004 entire audit got affected due to which it took substantial time to conduct Statutory Audit and declaration of Audited Annual Results has been delayed.

**LISTING ON STOCK EXCHANGES**

The equity shares of the Company are listed at the following Stock Exchange

- The Stock Exchange, Mumbai**  
Phiroze Jeejeebhoy Towers, Dalal Street, Fort  
Mumbai 400 023
- National Stock Exchange of India Ltd.**  
Exchange Plaza, Plot No. C/1, G Block  
Bandra Kurla Complex, Bandra (E)  
Mumbai 400 051
- The Delhi Stock Exchange**  
DSE house, 3/1 Asaf Ali Road  
New Delhi 110 002
- The Ahmedabad Stock Exchange**  
Kamdhenu Complex, Opp. Sahajanand College, Panjira Pole  
Ahmedabad 380 015

**STOCK CODE**

Name of the Stock Exchange	Stock Code (Physical)	Stock Code (Demat)
The Stock Exchange, Mumbai	27007 (11/07/05/2001)	527007 (08/05/2001)
National Stock Exchange of India Ltd.	ATCOIND EQ	ATCOIND EQ

Name of Depositories for dematerialisation of Equity shares  
(ISIN INE 834A01014)

National Securities Depository Limited (NSDL)  
Central Depository Services (India) Limited (CDSL)

Details of share capital of the Company held in Dematerialised and Physical form as on September 30, 2004 is as follows:

	No. of Shares	% of Total Capital
Held in dematerialized form in CDSL	12,01,056	7.830
Held in dematerialized form in NSDL	1,29,12,485	84.175
Held in Physical mode	12,26,458	7.995
Total	1,53,40,000	100.000

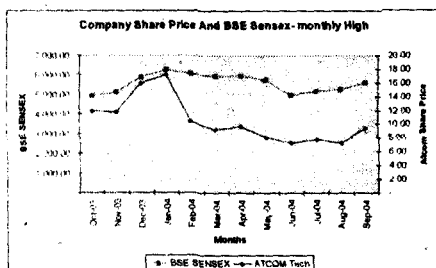
**Market Price Data**

The High / Low and volume during each month in the last financial year (01/10/2003 to 30/09/2004) is given hereunder

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Oct - 2003	11.94	8.50	2,13,240	12.00	8.70	4,99,246
Nov - 2003	11.80	8.55	3,43,525	11.70	9.90	5,63,741
Dec - 2003	16.00	11.00	13,49,625	15.90	11.05	25,23,042
Jan - 2004	17.15	9.95	11,18,123	17.30	10.05	18,47,315
Feb - 2004	10.45	8.75	1,97,052	10.80	8.70	3,06,143
Mar - 2004	9.20	8.90	3,20,708	9.50	6.70	3,06,081
Apr - 2004	9.74	7.31	2,17,054	9.45	7.50	5,38,050
May - 2004	8.14	5.75	1,80,007	8.20	6.10	2,39,455
June - 2004	7.33	5.65	60,213	7.20	5.80	1,00,733
July - 2004	7.85	5.75	1,13,666	7.85	5.75	1,73,803
Aug - 2004	7.29	5.90	1,12,158	7.10	5.55	1,12,934
Sep - 2004	9.48	6.75	6,81,377	9.80	6.40	8,68,158

Note: High and Low are in Rupees per traded share. Volume is the total monthly volume of trade (in numbers)

**Performance in comparison to BSE SENSEX: (Taken on Monthly High Basis)**



**atcom technologies limited**

**DISTRIBUTION OF SHAREHOLDING AS ON SEPTEMBER 30, 2004**

No. of Shares	No. of Shareholders	Shareholders %	No. of Shares held	Shareholding%
UPTO 5000	11,152	79.680	21,76,237	14.190*
5001 10000	1,399	10.000	11,81,966	7.710
10001 20000	780	5.570	11,90,422	7.760
20001 30000	239	1.170	6,11,868	3.990
30001 40000	119	0.850	4,24,884	2.770
40001 50000	87	0.620	4,09,246	2.670
50001 100000	125	0.890	8,78,479	5.730
100001 AND ABOVE	65	0.880	84,65,898	55.190
Total	13,996	100.00	153,40,000	100.00

**CATEGORIES OF SHAREHOLDERS AS ON SEPTEMBER 30, 2004**

Sr. No.	Category	No. of Shares Held	% of share holding
A	Promoter's Holding		
1.	Indian Promoters	49,01,020	31.95
	Foreign Promoters	Nil	Nil
2	Persons acting in concert	6,92,115	4.51
	Sub Total	55,93,135	36.46
B	Non-Promoters Holding		
3.	Institutional investors		
a.	Mutual Funds and UTI	400	0.00
b.	Banks, Financial Institutions, Insurance Cos., (Central / State Government Institutions / Non Government Institutions)	2,04,500	1.33
c	Foreign Institutional investors	Nil	Nil
	Sub-Total	2,04,900	1.33
4	Others		
A	Private Corporate Bodies	12,84,876	8.38
B	Indian Public	74,73,580	48.72
C	NRIs / OCBs	25,944	0.17
D	Any Other		
	Trust	6,00,500	3.91
	Transit	1,56,065	1.02
	Directors	1000	0.01
	Sub Total	97,46,865	63.54
	GRAND TOTAL	1,53,40,000	100.00

**INVESTOR SERVICES**

All activities relating to Shares Transfers, Transmission etc. are conducted by Bigshare Services Private Ltd. Registrars and Share Transfer Agents (Category I) registered with the SEBI.

For expeditious assistance regarding dematerialisation of shares, transfer, transmission, change of address, non-receipt of dividend / annual report or any other query relating to equity shares, please write to:

**Bigshare Services Pvt. Ltd.**  
E-2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka,  
Andheri (East), Mumbai - 400 072.  
Tel. No.: 28523474/28560652/53/256936291.  
Fax No.: 2852 5207  
E-mail: bigshare@bom7.vsnl.net.in

However for the purpose of providing assistance to investors, an extension counter facility has been provided at the Registered Office of Atcom Technologies Limited at the below mentioned address:

Any query on preference shares, dividend on preference shares, annual report etc:

**Registered Office:**

**Atcom Technologies Limited,**  
6A, Lalwani Industrial Estate,  
14, G.D. Ambekar Road,  
Wadala, Mumbai - 400 031.  
Tel. No: 24146343/24164950 Fax No: 24140250

**Shares Held In Electronic Form:**

Shareholders holding shares in electronic form may note that: Instruction regarding bank details that they wish to have incorporated on their dividend warrant must be submitted to their Depository Participants (DP's). As per the regulations of NSDL and CDSL, the company is obliged to print the bank details on the dividend warrant, as furnished by these depositories to the company.

Shareholders should give separate instructions for shares held in physical form as well as for Demat Form. The company cannot entertain any request from the shareholders for deletion or change of bank details already printed on Dividend Warrant and has to abide by the information received from the Depositories. Instruction regarding change of address, Nomination and Power of Attorney etc. should be directly to the Depository Participants. The company cannot process any such requests directly from the shareholders in respect of shares held in Demat Form.

**Plant Locations:**

1. Daman Industrial Estate Air Port Road, S. No. 101/3, Village Kadaiya, Nani Daman - 396 210. Daman - 396 210	2. Daman Industrial Estate Air Port Road, S. No. 74/13, Village Kadaiya, Dabhel, Daman - 396 210	3. 17/A, Gog IDC, Sornath Road, Dabhel, Daman - 396 210
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For And On Behalf  
Of Board Of Directors

Place : Mumbai  
Date : 30<sup>th</sup> July, 2005

**VIKRAM A DOSHI**  
(CHAIRMAN CUM MANAGING DIRECTOR)

**Auditors' Certificate on Corporate Governance**

To the Members of  
**Atcom Technologies Limited,**  
Mumbai

We have examined the compliance of conditions of corporate governance by Atcom Technologies Limited, for the year ended on 30th September, 2004 as stipulated in clause 49 of the Listing Agreement(s) of the said company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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, subject to the following :

1. The Chairman of the Audit Committee did not attend the 14th Annual General Meeting of the company held on 29 th March, 2004.
2. In absense of adequate representation/conformations, We were unable to verify details of directorship / committeeship of the director of the company,

We certify that the company has complied with the condition of Corporate Governance as stipulated in the above metion listing agreement(s).

On the basis of our verification, and as certified by the Compliance Officer ( Company Secretary), we have to state that no investor grivances were remaining unattended / pending for more than thirty days.

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

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For Deloitte Haskins & Sells,  
**Chartered Accountants**  
Sd/-  
(A. Siddharth)  
Partner

Place : Mumbai,  
Dated : 7<sup>th</sup> June, 2005