



**PCS INDUSTRIES LIMITED**



**TWENTY FIRST  
ANNUAL REPORT  
2001-2002**

# PCS

## PCS INDUSTRIES LIMITED

### BOARD OF DIRECTORS

<b>Mr. G. K. Patni</b>	Joint Managing Director
<b>Mr. A. K. Patni</b>	Joint Managing Director
<b>Mr. D. B. Engineer</b>	Director
<b>Mr. Satish Ajmera</b>	Director
<b>Mr. P. V. Mehta</b>	Director
<b>Mr. G. M. Dave</b>	Director
<b>Mr. K. K. Barjatya</b>	Director
<b>Mr. N. K. Patni</b>	Director
<b>Mr. Amit Kumar Patni</b>	Director
<b>Mr. M. Y. Kulkarni</b>	Director
<b>Mr. H. C. Tandon</b>	Whole-time Director
<b>Mr. B. N. Agrawal</b>	Whole-time Director

### COMPANY SECRETARY CUM FINANCIAL CONTROLLER

Mr. J. T. Shah

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### AUDITORS

**S. C. Bandi & Co.**  
Chartered Accountants, Mumbai

### CORPORATE OFFICE

302-304, Regent Chambers,  
Nariman Point, Mumbai 400 021.

### BANKERS

Canara Bank  
Indian Bank  
The United Western Bank Limited  
Dena Bank  
Standard Chartered Grindlays Bank  
Bharat Overseas Bank Limited

### PLANT LOCATIONS

Plant No.1: Plot No. 148/151  
Alandi Markaal Road, Village Dhanore,  
Alandi, Dist. Pune 412 106.  
Plant No.2: Plot No. 110/1/111, Himalaya Ind. Estate,  
Village Amli, Silvassa 396 230.

### REGISTERED OFFICE

Plot No. 148/151, Alandi Markaal Road,  
Village Dhanore, Alandi, Dist. Pune 412106.

### SHARE DEPARTMENT

PCS House, Plot No.4,  
Saki Vihar Road, Saki Naka,  
Andheri (East). Mumbai 400 072.

MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT  
ALONG WITH THEM AT THE ANNUAL GENERAL MEETING

### 21ST ANNUAL GENERAL MEETING

Day, Date & Time	:	Monday, 30th September, 2002 at 12.00 Noon.
Venue	:	Plot No. 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune - 412106.

**TWENTY FIRST ANNUAL REPORT 2001-2002****NOTICE TO MEMBERS**

**NOTICE** is hereby given that the Twenty First Annual General Meeting of the Members of PCS Industries Limited will be held at the Registered Office of the Company situated at 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106, on Monday, the 30th day of September, 2002 at 12.00 noon to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, approve and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2002 and the Balance Sheet as at that date, together with Auditors' Report thereon.
2. To appoint a Director in place of Mr. Amit Kumar Patni, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. G. M. Dave, who retires by rotation and is eligible for re-appointment.
4. To appoint the Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

5. *To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:*  
"RESOLVED THAT Mr. M. Y. Kulkarni, who was appointed as a Director of the Company by the Board of Directors with effect from March 29, 2001 in the casual vacancy caused by the resignation of Mr. V. N. Cantol and who holds office up to the date of this Annual General Meeting under Section 262 of the Companies Act, 1956("the Act"), and being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member signifying their intention to propose Mr. M. Y. Kulkarni as a candidate for the office of Director, be and is hereby re-appointed as a Director of the Company, whose term of office shall be liable to retire by rotation."
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 Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as "the Act") (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves the re-appointment of Mr. Gajendra Kumar Patni as a Joint Managing Director of the Company, for a period of five years with effect from June 28, 2002 and whose term of office shall not be liable to retire by rotation."
7. *To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:*  
"Resolved that pursuant to Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as "the Act") (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves the re-appointment of Mr. Ashok Kumar Patni as a Joint Managing Director of the Company, for a period of five years with effect from June 28, 2002 and whose term of office shall not be liable to retire by rotation."

By Order of the Board

**J. T. SHAH**

Company Secretary cum Financial Controller

Mumbai, June 28, 2002

**Registered Office:**

148/151, Alandi Markaal Road,  
Village Dhanore,  
Alandi, Dist. Pune 412 106.

**Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be lodged at the registered office of the company not less than forty-eight hours before the commencement of the meeting.
2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item Nos. 5, 6 and 7 is annexed hereto.

## PCS INDUSTRIES LIMITED

3. The Register of Members and Share Transfer Books of the Company will remain closed from September 11, 2002 to September 30, 2002 (both days inclusive).
4. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their Electronic Share Accounts and if the shares are held in Physical Form at the Company's Share Department situated at PCS House, Plot No.4, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072.
5. Information pursuant to Clause 49 of the Listing Agreement for Re-appointment of Directors

Name of the Director	Date of Birth	Date of Appointment	Qualifications	Directorships in other Companies incorporated in India	Chairman/Member of other Committees of Companies
Amit Kumar Patni	26.03.1966	28.04.1986	M.B.A.	PCS International Ltd. PCS Finance Ltd.	---
Girish Dave	12.07.1938	29.09.1995	M.Com, L.L.B, C.A.I.I.B	Birla Global Finance Ltd. Vinati Organics Ltd. Kesar Petro Products Limited J P Morgan Chase Bank GLC Asset Management Company Ltd. Tata Infotech Ltd Mangalore Refinery & Petrochemicals Limited	---
M. Y. Kulkarni	10.06.1957	29.03.2001	Chartered Accountant	---	---
Gajendra Kumar Patni	24.03.1941	22.04.1981	B. Chem	Patni Computer Systems Ltd. PCS International Ltd.	---
Ashok Kumar Patni	01.08.1951	22.04.1981	B. Tech	Patni Computer Systems Ltd. PCS International Ltd. PCS Finance Ltd.	---

### ANNEXURE TO THE NOTICE

#### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

##### Item No. 5

The Board has appointed Mr. M. Y. Kulkarni in the Board Meeting held on March 29, 2001 in the casual vacancy caused by the resignation of Mr. V. N. Cantol. Mr. Y. Kulkarni holds office only up to the date of this Annual General Meeting.

Mr. M. Y. Kulkarni is a Practising Chartered Accountant and a Partner in Patankar & Associates, Pune. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. M. Y. Kulkarni for the Office of the Director.

The Board recommends the re-appointment of Mr. M. Y. Kulkarni as the Director of the Company, liable to retire by rotation.

No other director except Mr. M. Y. Kulkarni is concerned or interested in the aforesaid resolution.

**TWENTY FIRST ANNUAL REPORT 2001-2002****Item No. 6**

Mr. Gajendra Kumar Patni is the Joint Managing Director since inception of the Company. He is liable to retire by rotation and will retire at the conclusion of this meeting. The Board of Directors at their meeting held on June 28, 2002 re-appointed Mr. Gajendra Kumar Patni as the Joint Managing Director of the Company in terms of Article 144 of the Articles of Association of the Company and pursuant to the provision of Section 269 read with Schedule XIII of the Companies Act, 1956, for a period of five years with effect from June 28, 2002 and he shall not be liable to retire by rotation.

No remuneration was paid to Mr. Gajendra Kumar Patni and would also not be paid, except the actual expenditure incurred in the course of business will be reimbursed.

Mr. Gajendra Kumar Patni is interested in this resolution. Mr. Narendra Kumar Patni, Mr. Ashok Kumar Patni and Mr. Amit Kumar Patni, being relatives of Mr. Gajendra Kumar Patni are deemed to be concerned or interested in this resolution.

No other Directors are concerned or interested in this Resolution.

**Item No. 7**

Mr. Ashok Kumar Patni is the Joint Managing Director since inception of the Company. He is liable to retire by rotation and will retire at the conclusion of this meeting. The Board of Directors at their meeting held on June 28, 2002 re-appointed Mr. Ashok Kumar Patni as the Joint Managing Director of the Company in terms of Article 144 of the Articles of Association of the Company and pursuant to the provision of Section 269 read with Schedule XIII of the Companies Act, 1956, for a period of five years with effect from June 28, 2002 and he shall not be liable to retire by rotation.

No remuneration was paid to Mr. Ashok Kumar Patni and would also not be paid, except the actual expenditure incurred in the course of business will be reimbursed.

Mr. Ashok Kumar Patni is interested in this resolution. Mr. Gajendra Kumar Patni, Mr. Narendra Kumar Patni and Mr. Amit Kumar Patni, being relatives of Mr. Ashok Kumar Patni are deemed to be concerned or interested in this resolution.

No other Directors are concerned or interested in this Resolution.

By Order of the Board

**J. T. SHAH**

Company Secretary-cum-Financial Controller

Mumbai, June 28, 2002

**Registered Office:**

148/151, Alandi Markaal Road,  
Village Dhanore,  
Alandi, Dist. Pune 412 106.

**PCS INDUSTRIES LIMITED****DIRECTORS' REPORT**

To:

The Members,  
**PCS INDUSTRIES LIMITED**

Your Directors have the pleasure in presenting their Twenty First Annual Report together with Audited Accounts for the year ended 31st March 2002.

**FINANCIAL RESULTS**

Particulars	Year Ended 31.03.2002 (Rs. in lacs)	Year Ended 31.03.2001 (Rs. in lacs)
Net Revenue	20,439	22,559
Generating Gross Profit/(Loss)	(22)	607
Depreciation	277	300
Profit for the year from Operations	(299)	307
Bad Debts and Remission	100	122
Extra Ordinary Items	49	25
Provisions for Taxation (Net)	(168)	58
Profit/(Loss) for the year	(280)	102
Add: Investment Allowance written back	---	20
Surplus brought forward	478	356
Net Surplus available for Appropriation	198	478
Balance Carried to Balance Sheet	198	478

**YEAR UNDER REVIEW**

In spite of adverse conditions prevailing in the market, Computer Division of the Company has achieved turnover of Rs.196 Crores as against Rs.191 Crores during the corresponding period in the previous year. Copper Clad Laminate Division witnessed lower turnover of Rs.10 Crores as against Rs.36 Crores during the corresponding period in the previous year.

**DIVIDEND**

In view of the loss incurred, your directors regret their inability to propose any dividend for the financial year ended 31st March 2002.

**FINANCE**

During the year under review Industrial Development Bank of India has sanctioned and disbursed additional Corporate Loan of Rs.600 lacs for Working Capital Requirements and Normal Capital Expenditure. The Company has repaid Rs.350 lacs towards installment due on the Corporate Loan of Rs.1000 lacs, leaving a balance of Rs.650 lacs outstanding as at the end of the financial year.

**DIRECTORS**

Mr. M. Y. Kulkarni was appointed by the Board of Directors in their meeting held on 29.03.2001 to fill the casual vacancy caused by the resignation of Mr. V. N. Cantol. In terms of Article 127 of Articles of Association of the Company and pursuant to the provisions of Section 262, he holds office till the conclusion of the ensuing Annual General Meeting. His appointment requires the approval of the members.

As per Article 135 of the Articles of Association of the Company, Mr. Amit Kumar Patni and Mr. G. M. Dave retire by rotation and being eligible for appointment, offers themselves for re-appointment.

Mr. G. K. Patni and Mr. A. K. Patni were appointed as the Joint Managing Directors since the inception of the Company and retire by rotation. The Board of Directors in their meeting held on 28.06.2002 have re-appointed them as Joint Managing Directors of the Company for a further period of 5 years with effect from 28.06.2002 subject to re-appointment being confirmed by the members in the ensuing Annual General Meeting. The Directors recommend their re-appointment.

**TWENTY FIRST ANNUAL REPORT 2001-2002****DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) Appropriate accounting policies have been selected and applied consistently and have 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 as at 31st March, 2002 and of the profit/loss of the company for the said period.
- (iii) Proper and sufficient care has been taken 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;
- (iv) Annual Accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE**

The Company has complied with all mandatory provisions of Corporate Governance as prescribed by Clause 49 of the amended Listing Agreement of the Stock Exchanges where the Company's shares are listed. A Report on the Corporate Governance and Management Discussion And Analysis is included as a part of the Annual Report along with the Compliance Certificate from the Statutory Auditors of the Company regarding Compliance of conditions of Corporate Governance as stipulated under Clause 49 of the amended Listing Agreement.

**DEPOSITS**

Your Company has neither invited nor accepted any deposits from the public so far.

**OVERSEAS SUBSIDIARY COMPANY**

As required under Section 212(e) of the Companies Act, 1956 the Audited Statement of Accounts for the year ended 31st March 2002 of PCS International Limited, Mauritius and the Report of the Board of Directors and their Auditors thereon are annexed.

**AUDITORS**

S. C. Bandi & Co. Chartered Accountants, Mumbai, the present Auditors of the Company retires and are eligible for re-appointment. You are requested to reappoint auditors and fix their remuneration.

**PARTICULARS OF EMPLOYEES**

The Company had no employees during the year under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS /OUTGO**

The information required under the above heads in accordance with the provision of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are given in Annexure 'A' to this Report.

**ACKNOWLEDGEMENTS**

The Board of Directors place on record their appreciation of the support and co-operation received from the Bankers and Financial Institutions. The Board also recognises the contribution of the esteemed customers in the growth of the company and take this opportunity to pledge the company's commitment to serve them. Your Directors also commend the unstinting efforts put in by the employees at all levels.

On behalf of the Board of Directors

**A. K. PATNI**  
Chairman

Mumbai, June 28, 2002

# PCS INDUSTRIES LIMITED

## ANNEXURE "A" TO THE DIRECTORS' REPORT

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

### FORM - A

#### [A] Conservation of Energy

The Computer Assembly Division of the Company uses only electricity which is very insignificant value wise considering the total volume of operations. The Copper Clad Laminate Division at Pune uses in addition to electricity, Light Diesel Oil (LDO) as furnace oil for operating boilers and High Speed Diesel Oil (HSDO) as fuel for generators. Due care has been taken at all levels to conserve fuel consumption. As regards electricity, the necessary power saving devices have been installed. Additional information in this regard is attached herewith in Form-A.

#### [B] Technology Absorption

The technology for manufacture of Composite Copper Clad Laminate is developed in house by the Company which is working satisfactorily for producing Quality Laminates.

#### [C] Foreign Exchange Earnings/Outgo

Your Company has earned foreign exchange worth Rs. 260 lacs and has spent foreign exchange worth Rs. 4,243 lacs under the following heads:

Particulars	(Rs. in lacs)
(i) Raw Materials and Components	3,773
(ii) Capital Goods	4
(iii) Royalty and Other Expenses	466
	<u>4,243</u>

On behalf of the Board of Directors

A. K. Patni  
Chairman

Mumbai, June 28, 2002

#### [A] POWER & FUEL CONSUMPTION AT CCL PLANT PUNE

2001-2002

##### (1) Electricity:

###### (a) Purchased:

Units	(KWH)	5,03,594
Total Amount	(Rs.)	26,08,622
Average Rate/Unit	(Rs.)	5

###### (b) Own Generation:

Units through diesel Generator		
Units	(KWH)	28,149
Units per litre of diesel oil		2
Average Cost/Unit	(Rs.)	10

##### (2) Furnace Oil-LDO:

Quantity	(Litres)	2,31,035
Total Amount	(Rs.)	22,43,579
Average Rate	(Rs./Litres)	10

##### (3) High Speed Diesel Oil (HSD):

Quantity	(Litres)	13,731
Total Amount	(Rs.)	2,71,866
Average Rate	(Rs./Litres)	20

#### [B] CONSUMPTION PER UNIT OF PRODUCTION:

(Unit of Production in Sq. Mtrs.)

Total Production in the year 2001-2002	82,921 Sq. Mtrs.
Electricity (KWH)	6.41 KWH/Sq. Mtrs.
Furnace Oil (LDO) (Litres)	2.79 Ltrs./Sq. Mtrs.
HSD Oil (Litres)	0.17 Ltrs./Sq. Mtrs.



# TWENTY FIRST ANNUAL REPORT 2001-2002

## MANAGEMENT DISCUSSIONS AND ANALYSIS



### INDUSTRY SCENIO AND REVIEW

The year 2001-02 show world economy witnessing a considerable slow down and recessionary trends which adversely affected trade and services. There was stagnation in the business of Private, PSU and household sectors. The demand from Government and Banking sectors were relatively low. In addition to the aforesaid problems, the U.S. recessionary conditions did not generate IT hardware purchase from Domestic Software Houses.

### SEGMENT REVIEW AND TURNOVER

Computer Division of your Company achieved sales turnover of Rs 194 Crores as against Rs 192 Crores inclusive of taxes in the previous year. Year 2001-02 was tough for PC business as they wore maximum brunt of slowdown in India. Despite industry slowing down in volumes, your Company has been able to add both in value and volumes over the previous year. Thus, the Computer Division has fared well contributing good profits in the Company's business.

#### A. COMPUTER DIVISION

The year 2001-02 was a very turbulent year for the IT hardware industry. In India, the situation was worse with the PC business showing negligible growth in unit terms and negative growth in value terms. PC business shrinking sizeably over the previous year attributed by overall slowdown in the economy, reduced consumer demands, reduced IT spending by Corporate and Government segments. The household segment, which has always shown a growth, added to the industry woe with an almost stagnant demand. Volatile component prices resulting in stiff competition and reductions in margins, changing in buying pattern for latest configuration resulting in lower upgrade market downsized the sales prospects. In between these turbulent situations your Company has been constantly consolidating and focusing on its Core areas of expertise IT hardware and Solutions. The turnover though has not shown growth, the Company has sustained in the falling market conditions where demand on an average has dropped and at best remained stagnant. Your Company, while maintaining its stronghold on the banking and financial sector has also broken into new grounds of Defence, Telecom and Services Sectors. Your Company has leveraged effectively the DGS&D rate contracts and the State Government rate Contracts to ensure high market share in the Government segment Verticals. The IT Hardware Service Division offering Turnkey Outsourcing, Facility Management, Third Party Maintenance and Net Work Enterprise Solutions bagged a number of new accounts. These breakthrough accounts have helped in establishing PCS as a strong player in the Hardware Service Business Domain. The business through channel partners grew at the rate of 35%. The channel base grew to 350+ resellers. Channel Operations were initiated in the states of Madhya

Pradesh, Chattisgarh, Bihar, and Andhra Pradesh. The Channel Business Division gave the necessary impetus to raise volumes for PCS in the PC business.

### COMPANY'S STRENGTHS AND OPPORTUNITIES

- \* PCS has 20 years of IT expertise to its feather with business activities spreading over every facet of the IT Industry.
- \* A very strong player in the Banking and Government Segment.
- \* A Network spread across 22 locations and a Service Network of approx. 475 Engineers.
- \* Capability to handle Multipoint locations across the Country.
- \* Strategic alliance with leading international technology Companies.
- \* A range of quality products to suit every need and budget
- \* A rapidly expanding reseller base
- \* ISO 9002 certified manufacturing facility; now being upgraded to ISO 9001:2000.
- \* Offers a complete bouquet of hardware services and solutions thus ensuring a 360-degree coverage of requirement of Large Customers.

### THREATS & CONCERNS

1. Sandwiched between MNC brands on the top and local assemblers at the bottom.
2. Price differentiation between assemblers and MNC players thinning down margins.

### GOVERNMENT POLICY

One of the key areas of concern for Indian IT Hardware Manufacturers has been the lack of apathy from the Government. Inspite of repeated assurances from Government, actual benefits are actually to be seen. The high incidence of taxation and excise, multiple tax slabs have all contributed to the pressurized margins for the Industry. The Assembler market with minimal taxation and maximum evasion has squeezed the Indian Hardware players.

### FUTURE OUTLOOK

A strong presence in the key IT buying verticals including Banking, Government, Insurance, Defence, all of them have planned huge outlays towards strengthening their IT infrastructure. B and C class cities are becoming key growth areas in India. PCS is already well entrenched in these cities and would derive benefits from this growth. Your Company is repositioning itself with changing demands and evolving technological changes. The Company has already increased its Network and began operations in Madhya Pradesh and Chattisgarh markets. The service Network now

## PCS INDUSTRIES LIMITED

spreads over 150 locations across the country providing a robust support Network. The upcoming year plans to reinvent itself by focusing on the PCS range of PC servers and Notebooks. The Company will also enter into the Net Work Security Business, Bank Automation Solutions, Software Solutions and Call Center Solutions. The PC business is expected to grow further with new initiatives to increase base in the Corporate and Educational Verticals. The IT Hardware Services have already implanted a prominent footprint in the Hardware service market by bagging some key and new projects. This will enable your Company to reposition as a key player in the high revenue generating business segment

### B. COPPER CLAD LAMINATES (CCL) DIVISION.

This division is engaged in the manufacturing of Copper Clad Laminates. The business in this segment has remained depressed throughout the year attributed by low demand and thinning margins on laminates both in domestic and export markets. High cost of input and competition from neighbouring countries especially from China receded the selling prospects. Continued slowdown and heavy unproductive expenses have forced the Management to shutdown the production and separate some of its employees to curtail overheads. The Management of your Company is closely watching the prospects and will review to restart the production at an appropriate time upon market conditions turning favourably. Constrained by these factors, this Division suffered a loss during the year

### C. DATA PROCESSING BUSINESS

The business in data processing has continued to be sluggish owing to poor capital market activities. After giving careful review the management of your Company has decided to discontinue this area of business.

### BUDGETARY CONTROL

The Company has sound budgeting system in force. The budgets are prepared and variations in the actual and budgeted performance are reviewed periodically.

### INTERNAL CONTROL AND ADEQUACY

Commensurate with its size and operations, your company has adequate internal control systems, which are in place.

### TAXATION

In Compliance with Accounting Standard (AS 22) relating to Accounting for Taxation on Income issued by the Institute of Chartered Accountants of India which became mandatory from the current year, deferred tax assets of Rs. 101 Lacs has been recognised in the Profit and Loss Account. Deferred tax liabilities of Rs. 350 Lacs as on 1st April, 2001 is also created.

### HUMAN RESOURCES

Employees relations continued to be satisfactory. Your Directors acknowledge and thank employees for their continued contribution. The staff strength at the end of fiscal year was approx. 900+

### CAUTIONARY STATEMENT

Statement in this Management Discussions and Analysis describing company's objective and predictions may be "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ from those expressed herein. Important factors that could make difference to the operations include Government regulations, tax structures, country's economic development, availability of input and their prices and other incidental factors.

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