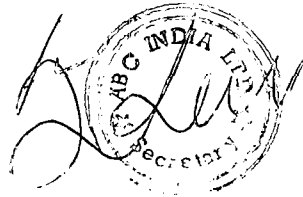


Moving Made Simple

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YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

CERTIFIED TO BE TRUE



ABC INDIA LIMITED

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Twenty Fourth Annual Report 1997



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CHAIRMAN AND MANAGING DIRECTOR SHRI ANAND KUMAR AGARWAL

DIRECTORS DR. ASHOK KUMAR AGARWAL
SHRI MADAN GOPAL TODI
SHRI CHANDRA KUMAR DHANUKA
SHRI PURUSHOTTAM DAS CHITLANGIA
SHRI MAHENDRA KUMAR AGARWAL
SHRI M. SREENIVASA RAO
SHRI D. BANDOPADHYAY
SHRI MANISH BHOOPAL
SHRI L. P. MEHTA
SHRI B. D. SHAH

JOINT MANAGING DIRECTOR SHRI RAM SIROMONI TIWARI

SECRETARY SHRI SUNDAR GOPAL DAS

AUDITORS M/S. V.N. PUROHIT & COMPANY

SOLICITORS M/S. P.D. HIMMATSINGKA & COMPANY

BANKERS CANARA BANK
HONGKONG & SHANGHAI BANK
STATE BANK OF INDIA
INDIAN OVERSEAS BANK
BANK OF BHUTAN

REGISTERED OFFICE KEDAR ROAD
GUWAHATI 781 001



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Notice

NOTICE is hereby given that the 24th Annual General Meeting of the Members of ABC India Limited will be held on Tuesday, the 16th day of September, 1997 at Ritu Raj Hotel, Kedar Road, Guwahati, Assam at 3.00 PM to transact the following business :

1. To receive and adopt the Directors' Report and Profit & Loss Account of the Company for the year ended 31st March, 1997 together with the Balance Sheet as at that date and to receive the Report of the Auditors.
2. To declare final Dividend for the year ended 31st March, 1997
3. To appoint Directors in place of Sri M.K. Agarwal, Sri C.K. Dhanuka and Sri P.D. Chitlangia, who retire by rotation and offer themselves for re-election.
4. To appoint Auditors of the Company.

For this purpose to consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED that Messers. V.N. Purohit & Company, Chartered Accountants, be and are hereby reappointed the Auditors of the Company to hold Office from the conclusion of the 24th Annual General Meeting to the conclusion of the 25th Annual General Meeting".

"FURTHER RESOLVED that the Board of Directors be and are hereby authorised to fix the remuneration of the Auditors".

5. As Special Business :

To consider and, if thought fit to pass, with or without modification, the following Resolution as Ordinary Resolution :

"RESOLVED that Dr. Ashok Agarwal, who was appointed as an additional Director of the Company under Article No. 46 of the Articles of Association of the Company and who holds such office until this Annual General Meeting, be and is hereby appointed as a Director of the Company whose terms of office shall be determined by retirement of Directors by rotation."

Calcutta,
The 24th day of June, 1997.

By Order of the Board
S.G. Das
Secretary

NOTES :

- a) A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.
- b) The Register of Members and Transfer Books in respect of the Equity Shares of the Company will be closed from Monday the 1st day of September, 1997 to Tuesday the 16th day of September, 1997, both days Inclusive.
- c) Dividend on Equity Shares when sanctioned will be made payable to those Shareholders whose names stand on the Company's Register on 16th day of September, 1997 and dividend warrants will be posted within the statutory period.
- d) Members are requested to notify changes of address, if any, immediately to the Company at its Registered Office.
- e) Unclaimed Dividend till 1993-94 (Interim) have been deposited with the Central Government as per provision of Companies Act 1956 under Section 205(2).

Managing Director's Statement

Dear Shareholders

We are in the 50th year of India's independence. After many decades of slow growth and lost opportunities the country is witnessing the prospect of growth due to the massive liberalization measures introduced in the past few years. In spite of this our nation still remains as one of the low income countries and we are on the threshold of competitive awareness and approach. We have to measure everything up to the expectation bestowed. We need to step up growth at the earliest if we desire to have any competitive advantage of the various opportunities.

Over the last 30 years the Company has skilfully built one of the best possible network. ABC has always been closely aligned to the needs and plans of the country through the supply of various materials, both consumable and capital goods, and by providing other services for the development of industry, and infrastructure and for the common needs of the people.

We, therefore, take the opportunity of rededicating ourselves to the service of the nation and to excellence and professionalism. We reassure that we will endeavour constantly to move goods and services efficiently and improve the productivity of our operation.

THE PERFORMANCE

The first half of the year 1996-97 was a difficult period for us and there was a considerable slow down in our operation. However with the active support of customers, employees & all other concerned parties, even in the midst of such an adverse situation the Company witnessed a growth of 20% during the year recording a turnover of Rs. 107 crores, a landmark achievement for a company like us. Our margins were under pressure due to increase in various cost factors, mainly because of higher interest rates and restricted availability of funds. This performance reflects the spirit & commitment of the management team, the workmen & the staff as well as the company's customers who gave their full support to the company in meeting its objectives during this odd period.

ROAD TRANSPORT AND ITS PROBLEMS

The Road Transport sector, as a whole, is a victim of the worst type of corruption which is institutionalised and all pervasive in every concerned department. Targets are fixed by various Government Departments for illegal collection from transporters. Innumerable check-posts and barriers are set up on highways by different departments and local bodies. Octroi check-posts, wherever these exist, are infamous as "Cess-Pools of corruption" but can not be removed because of vested interest there. These practices which are unfair and detrimental to road transport have come into being and continue to exist because of the rampant corruption. In short, it is impossible for any one to survive in the

business of road transport without succumbing to the rampant corruption in the road transport administration.

All over the world, a key feature of successful economies is the growing demand for transport. In India, the road sub-sector has not been able to keep pace with the expectations of the economy, primarily due to inadequate flow of funds into this sub-sector. The National Highways are in very bad shape and unless these are brought up to the proper standards they will act as a bottleneck in the growth of the economy. Out of the total of 34,298 kms of National Highways, only about 1,000 kms are 4 lanes wide. Another 1000 kms is under going the process of being widened to 4 lanes. By now, more than 15,000 kms of these highways should have been 4 lane wide. Moreover, about 5,000 kms of the National Highways are still only one lane wide, while the rest has 2 lanes wide pavement. A group of chief engineers, in 1981, recommended that the National Highways network should be extended to 66,000 kms by the year 2001. Further, an Asian Development Bank-funded study on the long term plans for expressways in India recommended that the construction of a 10,000 kms network of expressways in India needs to be built in stages, by the year 2015. The requirement of funds to improve the existing National Highway Network, including the widening to 4 lanes of about 14,000 kms of the total is about Rs.70,000 crores. Against this, yearly availability of funds for National Highway development is around Rs.800 crores. Due to this meagre availability of funds it is obvious that the required improvement of the National Highway Network cannot be completed in the foreseeable future.

Most other countries have faced similar problems in mobilising funds for upgrading and maintaining their highways. Many such countries have attempted several approaches for increasing resources such as

- i) Budgetary funds
- ii) Earmarking of funds by special levies, such as surcharge on fuel etc. and
- iii) Tolling of the highways, including tolling through private sector.

Because of the galloping fiscal deficits of the Government, there are constraints on budgetary funds. It has, therefore, become imperative for India to move away from the traditional method of Government funding for roads, both at the Centre as well as State levels. One way of mobilise vast resources is by encouraging private sector participation in the development, maintenance and management of highways and their commercialisation. The move in this direction has started slowly and requires acceleration with the support of all.

THE U.F. GOVERNMENT BUDGET

This year's Union Budget Proposals contains many welcome features. The thrust has been given on the development of agriculture, the social sector and the development and improvement of infrastructure facilities. The reform process is being continued which is evident from the abolition of surcharge on corporate taxes, reductions of corporate tax, abolition of tax deduction on dividend and provision of some relief to personal income tax.

OUR PROJECT DIVISION

The Company is operating fully in the International Freight Forwarding and Air Cargo business in a big way from Bombay, Delhi, Madras and Calcutta and hopes to improve the volume of such business further from the current year. We are negotiating with some foreign shipping & freight forwarding companies for handling their Air & Shipping Cargoes terminating in India. Specialised service for transportation of household goods has started. More foreign tie-ups are being explored in various countries to extend our multimodal activities. The Company has successfully completed the job of GEC Alstom Power Project, Agartala.

PROBLEMS FACING THE COMPANY

The Company is still facing a shortage of working capital. This has resulted in short-term borrowing from the market and incidentally higher interest costs. In spite of approaching the government and the banks the situation has remained as it were. The Government should come out with a clear-cut policy of extending credit facilities to the transport industry and with a definite norm of providing finance.

CUSTOMERS

The Company is the leader in providing road-transport services to the valued customers in the North Eastern States and we are proud of that since we are also the pioneers of operations in the North Eastern States. To meet the growing demand of the customers we have extended our services to the other parts of the country. This is in tandem with our objective: "In search of Excellence." We have also taken up continuous technological upgradation in our various offices which, we feel, will go a long way towards the improvement of our services and increasing our internal functioning.

TOTAL QUALITY MANAGEMENT & KAIZEN CLUB

Continuous efforts on the TQM front have helped create greater empowerment and team culture in the Company. A large number of teams, including cross-functional ones, are working on various improvement processes. These efforts have led a greater focus on customer services. We believe, this will help the Company in improving the quality of its services and prosperity. Our programme of "Kaizen Club" is a further step towards overall TQM.

HOUSE JOURNAL

The company has published its maiden house journal "LOGISTICS" in the month of March 1997. It will be a quarterly publication. This will be a good forum for the Company to focus on various aspects of the Company, Employees and Customers.

PERSONNEL

The Company regularly organises in-house and outside Orientation Programmes for improving productivity through quality circles and quality improvement teams. Employees at all levels are encouraged to improve their professional expertise by exchanging ideas and opinions, by providing leadership and motivation and by team work. Our efforts towards orientation and human-engineering will continue to produce constant improvements in the methods of working.

I appreciate the services of hundreds of employees, at all levels, under stress and strain. I extend my thanks to those customers, who are with us reposing high confidence. I deeply thank our Shareholders, who will be our inspiring spirit in the future to come. I also thank the Members to the Board, who have guided me at all times.

With my best and warmest wishes to each of you.

Calcutta
The 24th day of June, 1997

A. K. AGARWAL
Managing Director

Financial Highlights for last ten years

(RUPEES IN LAKHS)

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1987
(A) ASSETS OWNED BY THE COMPANY										
1. Net Fixed Assets	2712.29	2796.04	2553.51	1233.14	1214.66	1179.87	1169.28	1190.85	1035.49	1002.37
2. Investments	155.13	51.38	50.05	62.22	50.22	54.92	54.18	54.68	49.42	39.64
3. Currents Assets, Loans & Advances and Deposits	3020.31	2361.88	1681.11	1991.69	1142.24	1088.64	844.17	833.61	530.27	262.88
4. Total Assets	5887.73	5209.30	4284.67	3287.05	2407.12	2323.43	2067.63	2079.14	1615.18	1304.89
(B) DUES TO BE PAID										
1. Loans	1598.10	1421.23	726.64	1500.78	760.94	690.23	697.34	725.35	618.61	513.50
2. Current Liabilities & Provisions	1476.93	998.41	874.11	840.46	814.69	865.13	627.24	626.52	352.84	239.94
3. Total Liabilities	3075.03	2419.64	1600.75	2341.24	1575.63	1555.36	1324.58	1351.87	971.45	753.44
(C) COMPANY'S NET WORTH REPRESENTED BY SHAREHOLDERS' FUND										
1. Capital	2835.61	2789.66	2683.42	945.81	820.36	768.10	743.05	727.27	643.73	551.45
2. Reserves & Surplus	399.65	399.63	399.08	270.19	270.19	180.13	180.13	180.13	180.13	180.13
	2435.96	2390.03	2284.84	675.62	563.53	587.97	562.92	547.14	463.60	371.32
(D) NET WORTH PER EQUITY SHARE OF Rs. 10/- EACH										
	60.87	59.75	57.00	35.00	30.66	42.65	41.25	40.38	35.74	30.61
(E) EARNINGS FROM										
1. Freight Earnings from Transportation of goods	10602.06	8706.59	8352.93	6970.72	6346.32	5359.56	4808.35	5095.56	6417.45	3043.85
2. Rent, Commission, Interest, Dividend & Other receipts	87.59	137.23	336.12	269.62	31.45	51.80	53.52	39.94	37.36	62.24
3. Total Income	10689.65	8843.82	8689.05	7240.34	6377.77	5411.36	4861.87	5135.50	6454.81	3106.09
(F) WE PAID AND PROVIDED FOR										
1. Expenses of Transportation of goods	8819.94	7264.22	7140.50	5990.85	5388.19	4427.62	4010.55	4284.47	5436.70	2492.49
2. Non-Commercial Staff	426.49	374.85	325.54	292.41	249.05	218.72	216.40	181.74	237.82	132.56
3. Establishment, Storage and Other expenses	720.98	611.42	559.47	460.80	404.06	418.14	386.06	336.08	411.10	223.48
4. Interest	294.12	124.43	104.34	110.74	82.65	95.77	93.89	80.42	84.51	47.34
5. Managerial Remuneration	12.30	9.63	7.05	3.45	2.57	2.51	1.93	2.40	1.45	1.34
6. Depreciation	160.33	137.62	96.57	131.07	68.94	134.54	82.88	103.01	112.72	73.24
7. Income Tax	118.00	120.00	129.56	90.00	76.00	62.00	24.46	36.83	35.00	37.23
8. Total Expenses	10552.16	8642.17	8363.03	7079.32	6271.46	5359.30	4816.17	5024.95	6319.30	3007.68
(G) NET SURPLUS										
	137.49	201.65	326.02	161.02	106.31	52.06	45.70	110.55	135.51	98.41
(H) APPROPRIATION OF NET SURPLUS										
1. Dividend	75.13	79.92	75.90	48.63	40.53	27.02	27.02	27.02	43.23	13.51
2. Retained in Business	62.36	121.73	250.12	112.39	66.78	25.04	18.68	83.53	92.28	84.90

Directors' Report

The Directors hereby present the 24th Annual Report of the Company together with Audited Accounts for the year ending 31st March, 1997.

FINANCIAL RESULTS

	As on 31.03.1997 (Rs. in lacs)	Previous Year (Rs. in lacs)
Turnover	10690	8844
Profit before Taxation and Depreciation	415	459
Profit before Taxation	255	322
Provision for Taxation	118	120
Balance of Profit & Loss Account brought forward	37	32
	174	234
Appropriation :		
a) General Reserve	97	117
b) Proposed Dividend @ 18% (Previous year 20%) Including Interim Dividend @ 10% declared earlier subject to deduction of tax at source	72	80
c) Balance carried forward to Balance Sheet	5	37
	<u>174</u>	<u>234</u>

WORKING RESULTS

During the year pre-tax profit has decreased from Rs. 322 lacs in last year to Rs. 255 lacs, though gross turnover has grown substantially from Rs. 8843 lacs last year to Rs. 10690 lacs this year registering a growth of 21%. As is evident from audited statement of accounts all operating and overheads have slightly declined from last year as percentage of gross turnover due to better control over spending. However, profit before tax has reduced from last year only because of increased burden of interest payments this year on one hand and earning of reduced amount of other income only as Rs. 78.91 lacs as against substantial amount earned at Rs. 137.23 lacs in last year which included profit on sale of asset Rs. 113.20 lacs. Such realisations are occasional only and this year loss of Rs. 35.40 lacs has been suffered on sale of assets. Thus operational profit last year was much less and this year the Company could achieve better operational profits due to increase in turnover.

SERVICES AND EARNINGS

Company's total freight earnings amount to Rs. 10690 lacs including other income for the period as compared with the previous year's freight earnings of Rs. 8844 lacs.

DIVIDEND

The Directors recommend payment of Final Dividend for the period ending 31.03.97 @ 8% over and above interim Dividend @ 10% already declared in March 1997 making total Dividend @ 18% on the paid-up value of Share. Pursuant to Tax on distribution of dividend as proposed in 1997 union budget an additional tax of 10% on amount of dividend declared after 31st May, 1997 shall be borne by the Company, while dividend in the hands of shareholders will be free of tax.

FINANCE AND ACCOUNTS

Subject to your approval of the Dividend, the net Profit after Tax along with the depreciation gave an internal cash generation of Rs. 297 lacs. The Shareholder's Fund stand at Rs. 1696 lacs as compared to the previous year's amount of Rs. 1608 lacs excluding revaluation reserves.

OUTLOOK

As is evident from improved working results for the year under reference the reputation of the Company and demand for the Company's services are expected to continue to be strong. Efforts are being made to expand the business of branches by further improvement in the services and extension of Project Division activities in the field of Freight Forwarding both by Air & Sea. In view of these facts and various other steps which are being initiated, outlook for current year can be safely expected to be encouraging.

DEPOSITS

No public Deposit have been invited or accepted during the year under report.

FINANCIAL INSTITUTION & BANKS

The Directors appreciate the continued support provided by all India level Financial Institutions and Banks and private financiers.

MANAGEMENT AND HUMAN RESOURCE DEVELOPMENT

Company's efforts of re-engineering, Total Quality Mangement is in progress and Essae Chandra Institute of Bangalore have undertaken the entire job of TQM implementation on a continuous basis. The Company deutes senior executive to various professional institute to educate in proper perspective.

DIRECTORS :

Shri M.K. Agarwal, Sri C.K. Dhanuka, and Sri P.D. Chitlangia retire by rotation and are eligible for re-election and offer themselves for the same. Dr. Ashok Agarwal has been inducted as additional director and the Company hopes to gain from his rich experience.

SUBSIDIARIES :

The Statement relating to Subsidiary Companies, Assam Bengal Carriers Ltd. and Utsav Prakashan Ltd. pursuant to Section 212 of the Companies Act, 1956 for the year ended 31st March, 1997 are annexed thereto respectively.

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988.

A. Conservation of Energy :

The Company's operation involve no energy consumption.

B. Form of Disclosure of particulars with respect to Absorption of Technology and Development of R & D.

- i) Research and Development : The Company does not have any R&D Division and Company's operations does not require this type of establishment.
- ii) Technology absorption, adoption and innovation : The Company has not imported any technology due to its nature of operation.
- iii) Foreign Exchange earnings and outgoings : The Company's Project Division earned Foreign Exchange worth Rs. 2143675/- (7797357/-) during the year and has incurred expenses Rs. 3280056/- (2206559/-) by way of Foreign Tours.

AUDITORS

M/s. V.N. Purohit & Co., Chartered Accountants, Calcutta retires at the conclusion of this meeting and offer themselves for reappointment.

By order of the Board
A. K. Agarwal
Chairman

Calcutta, the 24th day of June, 1997.