



ANNUAL REPORT 2001 - 2002

CHAIRMAN SHRI ANAND KUMAR AGARWAL

WHOLETIME DIRECTOR SHRI BINOY KRISHNA DHAR

DIRECTORS SHRI MAHENDRA KUMAR GOYAL
SHRI VIJAY KUMAR JAIN
DR. PADAM CHAND AGARWAL

SECRETARY SHRI SUNDAR GOPAL DAS

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

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

BANKERS UCO Bank
CITIBANK
INDIAN OVERSEAS BANK
CANARA BANK
STATE BANK OF INDIA

REGISTERED OFFICE KEDAR ROAD
GUWAHATI-781 001

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NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of the members of **ABC India Limited** will be held on Thursday, the 12th day of September, 2002 at Ritu Raj Hotel, Kedar Road, Guwahati, Assam at 3 PM to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Profit & Loss Account of the Company for the year ended 31st March, 2002 together with the Balance Sheet as at that date.
2. 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 Ordinary Resolution:

"RESOLVED that Messrs. V. M. Purohit & Company, Chartered Accountants, be and are hereby reappointed as the Auditors of the Company to hold office from the conclusion of the 29th Annual General Meeting to the conclusion of the 30th Annual General Meeting".

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

Special Business

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all or part of the immovable and movable properties of the Company wheresoever situate, present and future to or in favour of any or all of the following namely:

1. State Bank of India, Uco Bank and or any other Public Sector Bank(s),
2. ICICI Bank Limited and/or any other Scheduled Commercial Bank(s) in Private Sector,
3. Any other Financial Institution.

To secure loans and other financial assistance by way of Term Loans, Cash Credit, Overdraft, Bank Guarantee, Letter of Credit and similar other facilities.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise the terms and conditions of such loan and facilities with the said banks and financial institutions for creating aforesaid mortgage and/or charges and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to this resolution and any action already taken in this regard stands ratified".

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

"RESOLVED that Shri Mahendra Kumar Goyal of Kolkata, who was appointed as Director in Casual Vacancy of the Company under Article 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".

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

"RESOLVED that Shri Vijay Kumar Jain of Kolkata, who was appointed as an Additional Director of the Company under Article 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".

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

"RESOLVED that Dr. Padam Chand Agarwal of Kolkata, who was appointed as an Additional Director of the Company under Article 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".

Kolkata,
the 28th day of June, 2002.

By Order of the Board
S. G. DAS
Secretary

NOTES:

- 1) A member entitled to attend and vote at the meeting is also entitled to appoint a Proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxies in order to be effective, must be lodged with the company not less than 48 (Forty-eight) hours before commencement of the meeting.
- 2) An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to the special business in respect of items 3 to 6 to be transacted at the meeting is appended hereto.
- 3) The Register of members and Share Transfer Register in respect of Equity Shares of the Company will remain closed from 5th September, 2002 to 12th September, 2002, both days inclusive, in connection with the Annual General Meeting.
- 4) Equity Shares of the Company are available for dematerialisation both with the National Securities Depository Limited and Central Depository Services India Limited.

Members holding shares in physical form are requested to notify/send any change in their address etc. in the following to either the Registered Office of the Company at Guwahati or Corporate Office of the Company at Kolkata to facilitate better service.

Members holding shares in Demat form are requested to give all instructions directly to their Depository Participants.



Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**Item No.: 3**

It is proposed to approach State Bank of India and other banks to obtain low cost loans to replace high cost borrowings of the Company. For this purpose, it is necessary to obtain approval u/s 293(1)(a) of the Companies Act, 1956 for creating charges and mortgages on movable and immovable assets of the Company.

The board commends the resolution set out in item number 3 of the notice of this meeting for your approval.

None of the Directors of the Company is interested in the resolution.

Item Nos. 4 to 6

Shri Mahendra Kumar Goyal was appointed as Director in Casual Vacancy and Shri Vijay Kumar Jain & Dr. Padam Chand Agarwal were appointed as Additional Directors of the Company pursuant to the provision of Section 260 of the Companies Act, 1956. They hold their office upto the ensuing Annual General Meeting. Your Company, however, has received a Notice each under provisions of Section 257 of the Companies Act, 1956 proposing the candidatures of Shri Mahendra Kumar Goyal, Shri Vijay Kumar Jain and Dr. Padam Chand Agarwal for the office of Director liable to retire by rotation.

Particulars of Directors proposed to be appointed:

1. Name : Shri Mahendra Kumar Goyal
 Age : 49 years
 Qualifications : B. Com.
 Experience : Renowned businessman having excellent knowledge about Road Transport business.
 Other Directorships : Konkan Roadways Private Limited
2. Name : Shri Vijay Kumar Jain
 Age : 52 years
 Qualifications : B. Com (Hons.)
 Experience : Renowned businessman having excellent knowledge about business activities in North Eastern India.
 Other Directorships : S. B. Yam India Private Limited
 Trust House Securities Private Limited
3. Name : Dr. Padam Chand Agarwal
 Age : 52 years
 Qualifications : MBBS, TDD
 Experience : Physician by profession and having business interests.
 Other Directorships : Bhonuka Properties Private Limited
 Prabhudhan Commercial Private Limited

Your directors recommend their appointment as Directors of the Company liable to retire by rotation. Resolution proposed at item 4 to 6 are meant for aforesaid purpose.

None of the Directors, other than Shri Mahendra Kumar Goyal, Shri Vijay Kumar Jain and Dr. Padam Chand Agarwal themselves, is interested or concerned in passing of said resolutions.

Chairman's Communication

We are working together for the past 39 years. Presently we see that the road transport industry is passing through continued phase of recession. In spite of which, we continue to serve the industries, a difficult job made possible by the continuous and untiring efforts of our staff members and the invaluable support and trust of our shareholders and our dear customers.

The reasons for this state of recession are not far to seek. In 2000, India's per capita gross domestic product (GDP) was \$ 467 in which the share of industrial sector was 27%. If we compare this data with other Asian Nations, China had a per capita GDP of \$ 825 in which the share of industry was 49%. Similarly Thailand's per capita GDP was \$ 2,812, and the share of industry was 40%.

It is therefore evident that in more developed Asian economies with significantly large per capita incomes, manufacturing accounts for a much larger per capita incomes. It would be difficult for India to achieve even 7% growth only on the back of services sector. If we have to attain 7% GDP growth for a decade, manufacturing has to grow by at least 10-12% per year. Our Industrial growth has been way below this target. After two heady years - 1994-95 and 1995-96, when growth exceeded 10%, the sector has been slowing down.

Over the past few decades, there has been a clearly distinct shift in the use of modes of transport in India due to various reasons viz. Fall in rates of freight, ability of trucks to take small loads etc. Today road transport undertakes the movement of nearly 70% of India's produce from one end to the other end of the country and also accounts for about 60% of all logistics cost in India. The average speed of trucks across India is very low. This is due to the main reason that apart from national highways and some state highways, the quality of Indian roads is very poor. This results in slow transport movement, increase in wear and tear of vehicles and accident rates. Even the National and State Highways, forming nearly 7% of the road length of the country, are below standards. And this prompted the Indian Government to take an initiative, in October 1998, for the improvement of National Highways. This has been termed as The National Highway Development Program (NHDP). Some indications say that the NHDP will go a long way in easing the condition of the trucking business in India.

In the last 3-4 years the small transporters have found it very difficult to remain in business and hence have begun to drop out of this business. The economic slowdown has made it impossible for them to earn economic returns from business. To remain in business, the larger transport companies have been employing different strategies like outsourcing their truck requirements rather than buying their own trucks. Through this they can concentrate on increasing their market network, warehousing facilities etc., and promote a decrease in average costs. The road transport business is under constant scrutiny in order to control costs.

The Road Transportation has also come to occupy a major role in logistics. The main reason behind this being that the road network is more far reaching than the railway network. Moreover, improvement in road transport technologies has also

resulted in reduction in costs per kilometer, which, though, has been offset by the hike in diesel fuel prices.

We hope that the road transport sector, which has an approximate growth rate of 5-6 percent per year, will grow at a greater pace. This can be effected by providing more and more value added services like backhaul services, tracking, single point accountability, alternative standby arrangements etc. for which we will have to work harder with a greater degree of commitment and a sense of fair competition. We are sure that all the members of the road transport sector, across the country, will endeavor to make our business a success.

Performance:

Several external constraints and impediments continued to adversely affect the performance of your company during the year under review. The unprecedented recession has not spared any segment of transport sector. In addition, problems of unremunerative rates, cash crunch and unethical competition coupled with high interest rates continued to depress our margins and consequently the profitability. We have withstood many challenges in the past, and I feel, if we all unite, we will come out of this recession also successfully. Let us face the challenge united and win over this situation once again.

Project Division:

The Project Division has been functioning smoothly though the growth figures are not very satisfactory. Performance of Nissin ABC Logistics Private Limited, the joint venture company floated by our company in collaboration with Nissin Corporation of Japan has been encouraging.

Organisational transformation:

Your Company is aware of the fact that its employees are its key resources for the reason that the work force is highly motivated. We continued to emphasise on building up strategic strength by practicing organisational transformation. Initiatives were taken for increased profitability and savings in overhead cost. Our dedicated workforce reinforced with youthful talent is our strong asset in the form of intellectual capital. We have placed substantial emphasis on teamwork culture and development of human resources. A large in-house pool of intellectual capital is one of our fundamental competitive strengths.

Total quality management, kaizen and staff education - Our efforts to create human assets:

We wish to reiterate that Customer focus oriented with total quality management is the key factors that integrate the human resources practices of your company. Participative planning and strategy formulation process has helped us to improve involvement and alignments amongst the employees. Continuous in-house training and development programs and continuous learning process is absolutely necessary for ensuring retention of the best talent, besides providing us with a sustainable platform for overall growth in the business environment.

Our training programs have been formulated to develop cross-functional skills amongst the workforce. The objective is to

provide our workforce with an opportunity to acquaint with the areas, not immediately relevant to their job profile, which is important from the perspective of all round development. One such training program was held at cyber cafes to make our employees familiar with the operation and functioning of the world of Internet.

The Company continued to organise in-house training programs regularly for motivation, team building, quality consciousness and overall personality development through quality circles and quality improvement teams. Through these training programs, specific case studies are made relating to our company and its various projects. Supplementary sessions are also conducted in these matters, which is supervised by our executives. Our staff members are regularly deputed for attending training courses organised externally by reputed organisations / associations.

In order to develop our company into a learning organization side by side our business activities, our entire team with internal initiative, determination and oneness of purpose continues to redefine the manner in which our company conducts its business albeit maintaining its values and traditions.

We have immensely benefited by the expert guidance of external faculty invited to our training programs and meetings

from time to time and our efforts in this direction shall continue.

I appreciate the services of all our staff members, at all levels, under stress and strain. I extend my thanks to all our customers, who reposed high confidence in us.

I deeply thank our Shareholders, who will be our inspiring spirit in the future to come. I also thank the members of the Board, who have guided me at all times.

With my best and warmest wishes to each of you.

Kolkata,
The 24th July, 2002

A.K. Agarwal
Chairman

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Financial Highlights for last ten years

(RUPEES IN LAKHS)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
(A) ASSETS OWNED BY THE COMPANY										
1. Net Fixed Assets	2396.28	2588.69	2665.13	2691.20	2715.66	2712.29	2796.04	2553.51	1233.14	1214.66
2. Investments	129.18	160.18	160.02	135.40	56.38	155.13	51.38	50.05	62.22	50.22
3. Current Assets, Loans & Advances and Deposits	3827.03	4036.95	3678.71	3202.32	2861.69	3020.31	2361.88	1681.11	1991.69	1142.24
4. Total Assets	6352.49	6785.82	6503.86	6028.92	5633.73	5887.73	5209.30	4284.67	3287.05	2407.12
(B) DUES TO BE PAID										
1. Loans	2121.89	2244.46	2015.34	1872.90	1771.35	1598.10	1421.23	726.64	1500.78	760.94
2. Current Liabilities & Provisions	1619.64	1485.63	1517.43	1213.04	954.76	1476.93	998.41	874.11	840.46	814.69
3. Total Liabilities	3741.53	3730.09	3532.77	3085.94	2726.11	3075.03	2419.64	1600.75	2341.24	1575.63
(C) COMPANY'S NET WORTH REPRESENTED BY SHAREHOLDERS' FUND										
1. Capital	499.70	499.70	499.69	499.69	399.65	399.65	399.63	399.08	270.19	270.19
2. Reserves & Surplus	2111.26	2556.03	2484.16	2443.29	2507.97	2435.96	2390.03	2284.84	675.62	563.53
(D) NET WORTH PER EQUITY SHARE OF Rs. 10/- EACH										
	52.19	61.11	59.65	58.89	72.66	70.89	69.72	67.00	35.00	30.66
(E) EARNINGS FROM										
1. Freight Earnings from Transportation of Goods	9327.59	10675.52	10884.41	11019.58	11501.94	10602.06	8706.59	8352.93	6970.72	6346.32
2. Rent, Commission, Interest, Dividend & Other receipts	627.93	541.03	165.40	259.76	177.48	87.59	137.23	336.12	269.62	31.45
3. Total Income	9955.52	11216.55	11049.81	11279.34	11679.42	10689.65	8843.82	8689.05	7240.34	6377.77
(F) WE PAID AND PROVIDED FOR										
1. Expenses of Transportation of Goods	8099.78	9229.88	9117.88	9175.50	9666.41	8819.94	7264.22	7140.50	5990.85	5388.19
2. Expenditure on Personnel	485.86	533.91	485.81	501.15	479.46	426.49	374.85	325.54	292.41	249.05
3. Establishment, Storage and Other expenses	671.99	719.91	633.77	939.92	786.51	720.98	611.42	559.47	460.80	404.06
4. Interest	358.72	357.50	332.16	310.71	280.51	294.12	124.43	104.34	110.74	82.65
5. Managerial Remuneration	15.47	15.13	16.05	11.99	13.52	12.30	9.63	7.05	3.45	2.57
6. Depreciation	180.92	199.92	194.57	180.10	168.34	160.33	137.62	96.57	131.07	68.94
7. Income Tax	55.77	72.00	80.00	80.50	130.00	118.00	120.00	129.56	90.00	76.00
8. Total Expenses	9868.51	11128.25	10860.24	11199.87	11524.75	10552.16	8642.17	8363.03	7079.32	6271.46
(G) NET SURPLUS										
	87.01	88.30	118.26	79.47	154.67	137.49	201.65	326.02	161.02	106.31
(H) APPROPRIATION OF NET SURPLUS										
1. Dividend	-	-	60.96	49.52	65.93	75.13	79.92	75.90	48.63	40.53
2. Retained in Business	87.01	88.30	57.30	29.95	88.74	62.36	121.73	250.12	112.39	66.78

DIRECTORS' REPORT

The Directors hereby present the 29th Annual Report of the Company together with Audited Accounts for the year ended 31st March 2002.

FINANCIAL RESULTS

	As on 31.03.2002 (Rs. in lacs)	Previous Year (Rs. in lacs)
Turnover	9956	11217
Profit before Taxation and Depreciation	324	360
Depreciation	181	200
Profit before Taxation	143	160
Provision for Taxation	56	72
Profit after Taxation	87	88
Balance of Profit & Loss Account brought forward	29	15
Profit available for appropriation	116	104
Appropriation:		
a) General Reserve	70	50
b) Debenture Redemption Fund	25	25
c) Balance carried forward to Balance Sheet	21	29
	<u>116</u>	<u>104</u>

SERVICES AND EARNINGS

Company's total earnings including other income for the year amounted to Rs. 9956 lacs as compared with the previous year total earnings of Rs. 11217 lacs.

DIVIDEND

The Directors do not recommend payment of dividend for the year ending 31.03.2002.

OUTLOOK

Market conditions continued to remain sluggish during the year under review. Both haulage and freight rates have been declining sharply. We expect the market conditions to improve during current financial year 2002-03 with increase in demand for Company's services. Business from our Project Division is expected to show improvement. The Company is very much optimistic for increasing business in small consignments category through Company's own and franchisee network. In the current year, we are expecting substantial increase in consignment notes particularly in small consignments.

HUMAN RESOURCES

Training and Development of employees at all levels continued to be an area of prime focus.

DIRECTORS

Shri Mahendra Kumar Goyal was appointed as Director in casual vacancy and Shri Vijay Kumar Jain & Dr. Padam Chand Agarwal were appointed as Additional Directors during the year. Shri Madan Gopal Todi, Shri Mahendra Kumar Agarwal, Shri D.Bandopadhyay and Shri Manish Bhoopal resigned during the year.

AUDITORS

M/s V.N. Purohit & Co., Chartered Accountants, Kolkata retires at the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment. The Company has received a Certificate from the auditors to the effect that their reappointment, if made, will be in accordance with the provision of Section 224(1B) of the Companies Act. 1956.

SUBSIDIARIES

During the year, the Company disinvested major portion of share holding in both the subsidiary Companies, and is presently holding