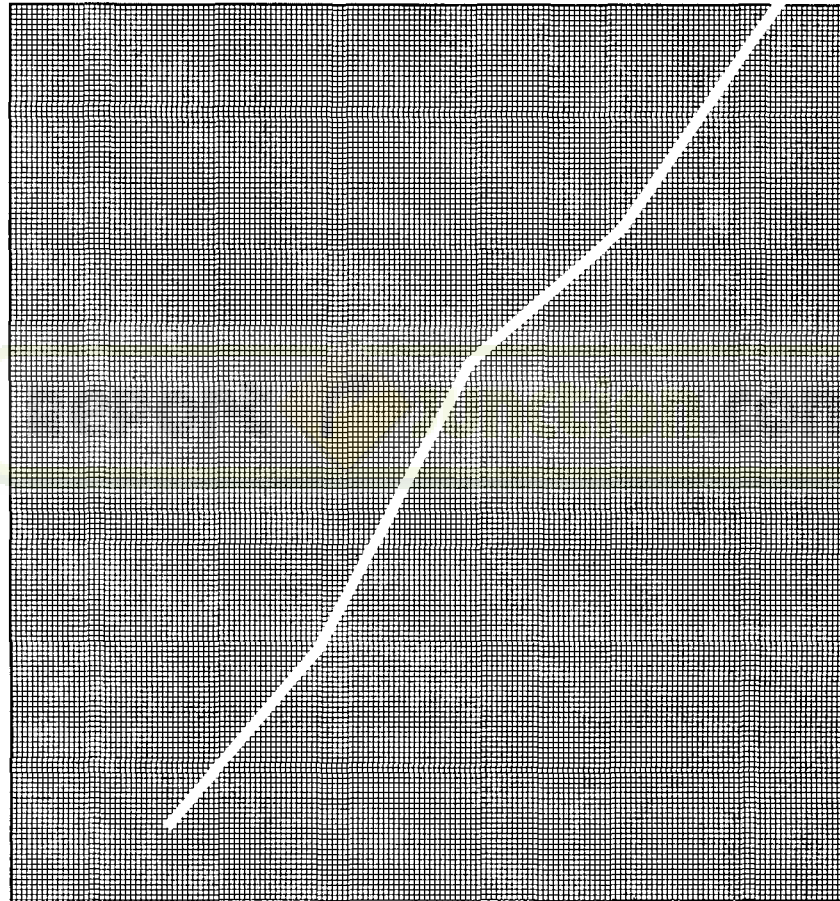
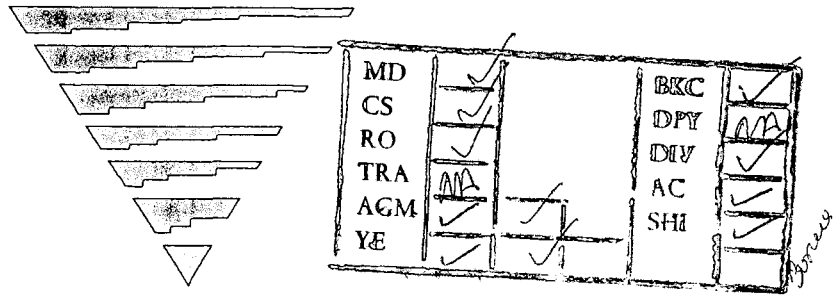


13



ABC INDIA LIMITED

Twenty Fifth Annual Report 1998



CHAIRMAN SHRI ANAND KUMAR AGARWAL

MANAGING DIRECTOR SHRI RAM SIROMONI TIWARI

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

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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

REGISTERED OFFICE KEDAR ROAD
GUWAHATI 781 001

Contents

Page No.

Notice	3
Chairman's Communication	6
Financial Highlights for Last Ten Years	8
Directors' Report	9-11
Auditors' Report	12-13
Balance Sheet	14
Profit & Loss Account	15
Schedules to the Balance Sheet and Profit & Loss Account	16-27
Statement Pursuant to Section 212 of the Companies Act, 1956	28
Cash Flow Statement	29
Subsidiary Companies	
a) Assam Bengal Carriers Limited	
Directors' Report	31
Auditors' Report	32
Balance Sheet	33
Profit & Loss Account	34
Schedules to the Balance Sheet and Profit & Loss Account	35-39
b) Utsav Prakashan Limited	
Directors' Report	41
Auditors' Report	42-43
Balance Sheet	44
Profit & Loss Account	45
Schedules to the Balance Sheet and Profit & Loss Account	46-53

Notice

NOTICE is hereby given that the 25th Annual General Meeting of the Members of ABC India Limited will be held on Saturday, the 5th day of September, 1998 at Ritu Raj Hotel, Kedar Road, Guwahati, Assam at 1.00 PM to transact the following business :

1. To receive and adopt the Directors' Report, Auditors' Report and Profit & Loss Account of the Company for the year ended 31st March, 1998 together with the Balance Sheet as at the date.
2. To declare a Dividend for the year ended 31st March, 1998.
3. To appoint Directors in place of Sri M.G. Todi, Sri D. Bandhopadhyay & Sri L.P. Mehta, who retire by rotation and offer themselves for re-election.
5. 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 Messrs V.N. Purohit & Company, Chartered Accountants, be and are hereby reappointed the Auditors of the Company to hold Office from the conclusion of the 25th Annual General Meeting to the conclusion of the 26th Annual General Meeting".

5. To Consider and, if thought fit to pass, with or without modifications, the following resolution as Special Resolution :
"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other consents and approvals, if any, as may be necessary, the Company hereby approves the appointment of Shri A.K. Agarwal as Chairman of the Company w.e.f. 02.04.98 for the remaining period of his office till 31.05.2000 on the existing terms, conditions and remuneration vide approval dated 30.11.95 at the Extra-ordinary General Meeting".
6. To Consider and, if thought fit to pass, with or without modifications, the following resolution as Special Resolution :
"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 and read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other consents and approval, if any, as may be necessary and in supersession of such ordinary resolution passed earlier on 30.11.1995 at Extra-ordinary General Meeting, the Company hereby approves the appointment and the remuneration payable to Shri R.S. Tiwari, Managing Director for the further period of 2 years w.e.f. 02.04.1998 on the terms and conditions given below :

I. Salary :

Rs.50,000/- per month with Annual increments of Rs.5,000/- and authority of the Board to grant more than one increment at a time.

II. Perquisites :

1. Housing provision by the Company on the following terms & conditions :

- a) The Company shall deduct 10% of the salary for providing unfurnished accommodation.
- b) The expenditure by the Company on hiring furnished accommodation will be subject to the ceilings :
Mumbai, Calcutta, Delhi and Chennai - 60% of the Salary, over and above 10% payable by him.
Other places - 50% of the salary, over and above 10% payable by him.
- c) If at any time he chooses to make his own arrangements for accommodation and the Company does not have to hire any accommodation for him, he shall be entitled to House Rent Allowance @ 60% of his salary if posted at Mumbai, Calcutta, Delhi and Chennai and @ 50% of his salary if posted at any other place.

2. Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month's salary per year or two month's salary in a period of two years.
3. Reimbursement of Soft Furnishing expenses upto a maximum amount of Rs.40,000/- per annum as per the Rules of the Company.
4. Leave with full pay and allowances and the right to accumulate in accordance with the Rules of the Company.
5. Leave Travel Concession for self and family, once in a year incurred in accordance with the Rules of the Company.
6. Fees of Clubs subject to a maximum of two Clubs, admission and life membership fees not being allowed.
7. Personal Accident Insurance Premium not exceeding Rs.4,000/- per annum.
8. Contributions by the Company to Provident Fund as per rules of the Company.
9. Payment of Gratuity on his retirement or in the event of his earlier death to his estate, for each completed year of service with the Company, of an amount equal to half of his monthly salary immediately prior to retirement or death.
10. No Encashment of leave is allowed.
11. The Company shall provide car with driver and telephone at his residence for use on Company's business.
12. General :
i) He shall not be paid any sitting fees for attending meetings of the Board or Committees thereof.
ii) Subject to the Superintendence, control and directions of the Board, he shall exercise substantial management powers in general and specific powers, as may, from time to time be lawfully entrusted to and conferred upon him by the Board.
Provided that the remuneration aforesaid as far as salary is concerned shall be subjected to a cut of 10% in the event of loss or in-adequacy of profits during the tenure of his appointment.

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

- (1) RESOLVED THAT upon the recommendation of the Directors and subject to the approval of Reserve Bank of India and other appropriate authorities where applicable, a sum of Rs.100,04,720/- (Rupees one hundred lacs four thousand seven hundred twenty only) out of the sums standing to the credit of Share Premium Account be and the same is hereby capitalised and accordingly the Directors be and are hereby authorised to appropriate the said sum for distribution to and amongst the members of the Company whose names appear in the Register of Members of Equity Shares as on such date to be hereafter fixed by the Directors in proportion to the Equity shares held by them respectively and to apply the said sum in paying up in full 10,00,472 Equity Shares of Rs.10/- each at par in proportion of one new share for every four of the said existing Equity Shares then held by such members respectively on the basis that members become entitled to the new equity shares as capital and not as income.
- (2) RESOLVED FURTHER THAT the new equity shares shall be allotted subject to the Memorandum and Articles of Association of the Company and shall in all respects rank pari passu with the existing fully paid-up equity shares of the Company, with a right, if the Directors so determine, to participate in full in dividend to be declared after the date of allotment of these shares, except for dividend, if any for the financial year 1998-99 which shall be pro-rata.
- (3) RESOLVED FURTHER THAT no fractional certificate shall be issued to the members in respect of their respective fractional entitlement of bonus shares but all the fraction remaining after allotment of the bonus shares as aforesaid shall be consolidated into full bonus shares which shall be allotted at the discretion of the Directors to any person or persons in trust for the benefit of those members who are entitled to fractional entitlements of bonus shares, for the purpose of selling such consolidated full bonus shares as soon as possible in the market and that the net sale proceeds of such consolidated full bonus shares after deducting therefrom the costs, charges, and expenses of sale, shall be divided and distributed proportionately amongst those members who would be entitled to fractional entitlement of such full bonus shares.
- (4) RESOLVED FURTHER THAT no letter of allotment shall be issued in respect of the said bonus shares but the certificate in respect of new equity shares to be allotted as fully paid bonus shares as aforesaid shall be delivered within six months of the date of allotment thereof by the Board of Directors of the Company or within such extended time as may be allowed by appropriate authorities.
- (5) RESOLVED FURTHER THAT the issue and allotment of the said bonus shares and/or payment of any sum in cash in lieu of fractional shares as aforesaid to the extent they relate to the non-resident members of the Company, will be subject to the approval of the Reserve Bank of India, as may be necessary.
- (6) RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for removal of any doubts or difficulties, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto or otherwise reconsider the matter with the changed circumstances, if any, as the Board in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons.
- (7) RESOLVED FURTHER THAT the present intention of the Board of Directors is to recommend, barring unforeseen circumstances, and subject to the provisions of the Companies (Transfer of Profits to Reserves) Rules, 1975 that the dividend to the members on the expanded equity capital of the Company in the year immediately after the bonus issue, shall not be less than 10% be and is hereby recorded.
- RESOLVED THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary or desirable to give effect to the resolution.
8. To consider and, if thought fit to pass, with or without modification, the following Resolution as Ordinary Resolution. "Resolved that the Authorised Share Capital of the Company be increased from Rs.5,00,00,000/- to Rs.10,00,00,000/- by creation of 50,00,000 further equity shares of Rs.10/- each ranking pari passu with the existing equity shares, and clause 5 of the Memorandum of Association of the Company be altered accordingly."

Calcutta,
the 17th day of June, 1998

By Order of the Board
S.G.DAS
Secretary

NOTES :

- 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.
- The Register of Members and Share Transfer Books shall be closed both for purpose of dividend and issue of Bonus Shares, if any, approved in AGM from 18.8.98 to 1.9.98 both days inclusive.
- Dividend on Equity Shares when sanctioned will be made payable to those Shareholders whose names stand on the Company's Register on 1st September, 1998 and dividend warrants will be posted within the statutory period.
- Members are requested to notify changes of address, if any, immediately to the Company at its Registered Office.

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

Item No.5

Shri A.K. Agarwal was appointed as Managing Director for a period of five years till 31st May, 2000 as per terms and guidelines vide Schedule XIII of Companies Act, 1956. For better utilisation of his services, he is elevated as Chairman of the Company. The Board has already approved the same. Members are requested to approve and give their consent. This explanation together with the notice be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the directors except Shri A.K. Agarwal, Shri M.K. Agarwal and Shri M.G. Todi are interested in the resolution.

Item No. 6

The period of appointment of Shri R.S. Tiwari as Joint Managing Director of the Company is due to expire in June 1998. His services are still required by the Company, and he is elevated as Managing Director of the Company. The Board has already approved the same. Members are requested to approve and give their consent. This explanation together with the Notice be treated as an abstract under section 302 of Companies Act, 1956.

None of the directors except Shri R.S. Tiwari is interested in the resolution.

Item No. 7

The Company has to the credit of General Reserve A/c Share Premium A/c a sum of Rs.13,81,97,727/- as on 31.03.98. The present paid-up capital of the Company is Rs.4,00,18,900 divided into 40,01,890 Equity Shares of Rs.10/- each. In the

circumstances, it is felt that it will be advantageous to the Company and the members if a portion of the Share Premium is capitalised. It is recommended that bonus Equity Shares be issued and allotted in the proportion of one Equity Share for every four Equity Shares held. The said bonus shares shall rank pari passu with the existing Equity Shares except for dividend, if any, for the financial year 1988-99 which shall be paid pro-rata and barring unforeseen circumstances, the dividend on the enhanced capital would not be less than 10%.

The Board recommends the adoption of the resolution. None of the Directors of the Company is interested in the resolution except to the extent they would be entitled for bonus shares in relation to their holding of Equity Shares.

Item No. 8

The Authorised Capital of the company presently stands at Rs.5,00,00,000/- divided into 50,00,000 Equity Share of Rs.10/- each. With proposed Bonus share issue of the company, it is desirable to increase the Authorised Share Capital of the Company to Rs.10,00,00,000 divided into 1,00,00,000 Equity Shares of Rs.10/- each. The proposed increase in the Authorised Capital of the Company requires approval of the members in general meeting. Consequent upon the increase in Authorised Capital of the Company, its Memorandum of Association will require alteration so as to reflect the increase in Share Capital. The Board recommends that the resolution be passed.

None of the directors of the Company are interested in the resolution.

Chairman's Communication

Dear Share Holders,

ABC has now existed for almost 35 years. During these long years we have witnessed many upheavals. Even so we have tried our best to build a company that is amongst the best in the industry. We have constantly endeavoured to align ourselves closely with the needs and plans of the country by providing our services for the development of industry, infrastructure and for the common needs of the people. We reaffirm that our efforts will continue towards that end.

This time I am addressing you as the Chairman of ABC India Limited. It has been my utmost and honest desire for the last few years to handover the mantle of the Company to one of my colleagues who would lead us further towards the ultimate goal of the Company. Ultimately I could reconcile myself to step down as Managing Director. The board elevated Mr. R.S. Tiwari, the senior most executive, with a continuous and dedicated service record of 40 years as Managing Director. I, on my behalf, and on behalf of all my colleagues, congratulate Mr. R. S. Tiwari for taking over and leading the Company towards future growth.

In all my previous communications and statements I have mentioned the problems of the Industry. However many of my suggestions have remained unattended though our industry depends mostly on the development of infrastructure across the country. The unsympathetic attitude of various state governments and the central government is working as an impediment against our industry. Our various submissions to the central and state governments have remained unanswered and our suggestions unimplemented. I am sure you will agree that without the development of the road transport industry we can't expect our national industrial productivity to grow. Our entry into the next millennium will remain blocked unless more attention is given to the country's development.

PERFORMANCE

The performance of ABC India Limited in the year 1997-98 was satisfactory, keeping in view the various external constraints and impediments faced by the Company. Due to the inner strength of the Company, and the active support of the customers, staff members and everyone else we could maintain steady growth inspite of the adverse situations that the company witnessed. Due to unremunerative prices accompanied by unethical competition and rising interest have caused a restriction in the flow of working capital. This has immensely hindered the growth of the Company. Still our performance reflects the spirit of commitment of the management team and the staff as well as the Company's customers who gave their full support to the Company to attend the objectives.

PROJECT DIVISION

Project Division is surging ahead. Business has increased

appreciably during the year. The current year has started with good orders on hand for transportation of equipments. The Company is in the process of diversification in the field of logistics. The negotiating with the foreign partners are progressing well for technology and financial participation.

ORGANISATION TRANSFORMATION

During the last few years, we have also placed emphasis on organizational renewal and transformation. Professional management, dynamic leadership, and a steady influx of youthful talent, will help us build intellectual capital for the future. We have opted for 'networking' with emphasis on teamwork and human capital. Our perception of involving employees using share has been introduced so that their financial rewards are coincident with shareholders.

CORPORATE GOVERNANCE

The development that is most responsible for the management of shareowner value is corporate governance. This trend can be and simply described as the exercise of ownership and management rights that is in the best interests of all the company's shareholders, creditors, and employees and also the state.

Corporate governance is becoming increasingly relevant. It has become a key issue since the yardstick for measuring corporate performance is no longer merely an increase in profits. A year-on-year increase and the inter-plan of shares in the capital market is more widely accepted as the living index of a company's visibility, credibility and commitment to those who have invested in the company in the first place.

TOTAL QUALITY MANAGEMENT, KAIZEN AND STAFF EDUCATION

There is an ongoing effort to integrate information technology with Total Quality Management. Kaizen activities at all our offices have been activated. By implementing the principles of Kaizen, workers are encouraged to use their talent, initiative and ideas to improve productivity, safety and quality.

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 to a greater focus on customer services.

The Company regularly organizes in-house and outside Orientation Programmes for improving productivity through quality circles and quality improvement teams. Staff Members 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.

HOUSE JOURNAL

The Company's house journal has successfully completed the 1st year of its life and has received wide appreciation from all quarters. We will continue our efforts to upgrade the journal and make it more informative, keeping in mind the suggestions received from various quarters.

I appreciate the services of hundreds of staff members, 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 of the Board, who have guided me at all times.

With my best and warmest wishes to each of you.

Calcutta
The 17th day of June, 1998

A. K. Agarwal
Chairman



Financial Highlights for last ten years

(RUPEES IN LAKHS)

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
(A) ASSETS OWNED BY THE COMPANY										
1. Net Fixed Assets	2715.66	2712.29	2796.04	2553.51	1233.14	1214.66	1179.87	1169.28	1190.85	1035.49
2. Investments	56.38	155.13	51.38	50.05	62.22	50.22	54.92	54.18	54.68	49.42
3. Currents Assets, Loans & Advances and Deposits	2861.69	3020.31	2361.88	1681.11	1991.69	1142.24	1088.64	844.17	833.61	530.27
4. Total Assets	5633.73	5887.73	5209.30	4284.67	3287.05	2407.12	2323.43	2067.63	2079.14	1615.18
(B) DUES TO BE PAID										
1. Loans	1771.35	1598.10	1421.23	726.64	1500.78	760.94	690.23	697.34	725.35	618.61
2. Current Liabilities & Provisions	954.76	1476.93	998.41	874.11	840.46	814.69	865.13	627.24	626.52	352.84
3. Total Liabilities	2726.11	3075.03	2419.64	1600.75	2341.24	1575.63	1555.36	1324.58	1351.87	971.45
(C) COMPANY'S NET WORTH REPRESENTED BY SHAREHOLDERS' FUND										
1. Capital	399.65	399.65	399.63	399.08	270.19	270.19	180.13	180.13	180.13	180.13
2. Reserves & Surplus	2507.97	2435.96	2390.03	2284.84	675.62	563.53	587.97	562.92	547.14	463.60
(D) NET WORTH PER EQUITY SHARE OF Rs. 10/- EACH										
	72.66	70.89	69.72	67.00	35.00	30.66	42.65	41.25	40.38	35.74
(E) EARNINGS FROM										
1. Freight Earnings from Transportation of goods	11501.94	10602.06	8706.59	8352.93	6970.72	6346.32	5359.56	4808.35	5095.56	6417.45
2. Rent, Commission, Interest, Dividend & Other receipts	177.48	87.59	137.23	336.12	269.62	31.45	51.80	53.52	39.94	37.36
3. Total Income	11679.42	10689.65	8843.82	8689.05	7240.34	6377.77	5411.36	4861.87	5135.50	6454.81
(F) WE PAID AND PROVIDED FOR										
1. Expenses of Transportation of goods	9666.41	8819.94	7264.22	7140.50	5990.85	5388.19	4427.62	4010.55	4284.47	5436.70
2. Non-Commercial Staff	479.46	426.49	374.85	325.54	292.41	249.05	218.72	216.40	181.74	237.82
3. Establishment, Storage and Other expenses	786.51	720.98	611.42	559.47	460.80	404.06	418.14	386.06	336.08	411.10
4. Interest	280.51	294.12	124.43	104.34	110.74	82.65	95.77	93.89	80.42	84.51
5. Managerial Remuneration	13.52	12.30	9.63	7.05	3.45	2.57	2.51	1.93	2.40	1.45
6. Depreciation	168.34	160.33	137.62	96.57	131.07	68.94	134.54	82.88	103.01	112.72
7. Income Tax	130.00	118.00	120.00	129.56	90.00	76.00	62.00	24.46	36.83	35.00
8. Total Expenses	11524.75	10552.16	8642.17	8363.03	7079.32	6271.46	5359.30	4816.17	5024.95	6319.30
(G) NET SURPLUS										
	154.67	137.49	201.65	326.02	161.02	106.31	52.06	45.70	110.55	135.51
(H) APPROPRIATION OF NET SURPLUS										
1. Dividend	65.93	75.13	79.92	75.90	48.63	40.53	27.02	27.02	27.02	43.23
2. Retained in Business	88.74	62.36	121.73	250.12	112.39	66.78	25.04	18.68	83.53	92.28