

ABG Heavy Industries Limited



Annual Report - 1999

ABG Heavy Industries Limited**Corporate Information****BOARD OF DIRECTORS**

Kamlesh Kumar Agarwal	Chairman
Rishi Agarwal	Director
S. N. Jhunjhunwala	Director
A. R. Jagannathan	Director
Saket Agarwal	Managing Director

COMPANY SECRETARY

Neville Fernandes

REGISTERED OFFICE

5th Floor, Bhupati Chambers
13 Mathew Road
Mumbai 400 004.

AUDITORS

M/s. M. M. Chaturvedi & Co.
24 Atlanta
Nariman Point
Mumbai 400 021.

BANKERS

Oriental Bank of Commerce
State Bank of India

LEGAL ADVISORS

M/s. Bachubhai Munim & Co.
Mumbai

REGISTRARS AND SHARE TRANSFER AGENTS

Bigshare Services Pvt. Ltd.
J/12, Ansa Industrial Estate,
Sakivihar Road, Sakinaka
Andheri (E), Mumbai 400 072.
Tel. : 8524914 / Fax : 8525207

Contents

	Page No
Corporate Information	2
Notice	3
Directors' Report	7
Auditor's Report	11
Cash Flow	13
Balance Sheet	14
Profit & Loss Account	15
Schedules	16
Subsidiary (ABG Goa Port Ltd.)	
Statement u/s 212	25
Directors' Report	26
Auditors' Report	27
Balance Sheet	28
Schedules	29

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Company will be held on Thursday, September 30, 1999 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Director's Report, Auditor's Report and the Audited Balance Sheet and Profit and Loss Account for the year ended March 31, 1999.
2. To declare Dividends on the Share Capital of the Company..
3. To appoint a Director in place of Mr. Kamlesh Kumar Agarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rishi Agarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), if any, the following Resolution as a Special Resolution :

"RESOLVED THAT in terms of Section 80, 81 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications(s) or re-enactment thereof for the time being in force as may be enacted from time to time) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications(s) as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (herein referred to as "the Board") at its absolute discretion, the consent of the Company be and is hereby accorded to the Board to offer / issue / allot Preference Shares of the face value of Rs. 10/- each of an aggregate nominal amount not exceeding Rs. 9 Crores to be subscribed by such person or persons whether or not shareholders of the Company, as the Board may at its absolute discretion decide, including one or more of the Members, Promoters, Employees, Financial Institutions, Institutions, Banks, Mutual Funds, Non-Resident Indians, Overseas Corporate Bodies (OCB), Foreign Institutional Investors (FII), Bodies Corporate, Companies, Private or Public or other entities, in one or more combinations thereof, whether through Private or Public or other entities, in one or more combinations thereof, whether through Public Issue, Rights Issue, Private Placements, Preferential allotments or otherwise, in one or more tranch or tranches and on such terms and conditions including the rate of dividend, amount of premium, if any, on redemption, redemption period, manner of redemption and matters incidental thereto;

RESOLVED FURTHER THAT such of these Preference Shares to be issued as are not subscribed may be disposed off by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion think most beneficial to the Company including offering or placing them with Banks / Financial Institutions / Institutions / Mutual Funds / Foreign Institutional Investors / Bodies Corporate / such other persons or otherwise as the Board may in the absolute discretion decide ;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer / issue / allotment and utilisation of the proceeds and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper desirable or expedient, as it may deem fit ".

7. To consider and, if thought fit, to pas, with or without modification(s), if any, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 269, 309, 314, and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the reappointment of Mr. Saket Agarwal as the Managing Director of the Company for a period of five years with effect from September 13, 1999 on the terms and conditions including remuneration as are set out in the draft Agreement to be entered into by the

ABG Heavy Industries Limited

Company with him, submitted to the meeting, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and / or Agreement, so as not to exceed the limits, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be varied by the General Meeting and that the consent of the Company be and is hereby accorded to his holding an office or place of profit and continuing to hold an office or place of profit as a Director nominated and as may be nominated by the Company from time to time on the Boards of its subsidiary companies."

By Order of the Board

Regd. Office :

5th Floor, Bhupati Chambers,
13 Mathew Road,

Mumbai 400 004

Dated : June 10, 1999

NEVILLE FERNANDES
COMPANY SECRETARY

NOTES

1. 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 Proxy form must be lodged with the Company not less than 48 hours before the time of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 24, 1999 to Thursday, September 30, 1999 (both days inclusive).
3. Members are requested to intimate their change of address, if any to the Share Transfer Agent. Viz. : Bigshare Services Pvt. Ltd., J/12 Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai 400 072.
4. If the dividend on shares, as recommended by the Board of Directors is passed at the Meeting, the payment of such Dividend will be made within the prescribed time limit under the Companies Act, 1956, to those members whose names stand on the Register of Members as on September 30, 1999.
5. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item Nos. 6 & 7 set out above is annexed hereto.
6. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

Note : Members are requested to bring their copy of Annual Report to the Meeting.

EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under Item Nos. 6 & 7 of the accompanying Notice .

Item No. 6

In view of the recent guidelines issued by the Securities and Exchange Board of India (SEBI) for preferential allotment of shares and other financial instruments for the issue to allot shares at a future date to a selected group of persons and also the need to raise substantial funds, it would be necessary in the interest of the Company to authorise Board of Directors to issue Preference Shares to such persons and in such manner as stated in the resolution.

The Company, if necessary, in consultation with the appropriate authorities and advisors, will fix at the relevant time, the detailed terms of the issue including the price of issue, rate of dividend, period of redemption etc.,.

The said resolution is an enabling resolution conferring authority on the Board to cover all present and future contingencies and corporate requirements. The Board of Directors consider it to be in the interest of the Company to have such approval to enable it to proceed with the offer at an appropriate time.

The Directors recommend the resolution for approval of the Shareholders.

All the Directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to the securities that may be offered to them on rights basis or otherwise and applied for and allotted to them.

Item No. 7

Mr. Saket Agarwal was appointed as Managing Director of the Company at the Tenth Annual General Meeting for a period of five years w.e.f. September 13, 1994. His period of appointment ends on September 12, 1999. The Board of Directors of the Company at its meeting held on June 10, 1999 have sought the permission of the Members to re-appoint him as Managing Director for a further period of five years w.e.f. September 13, 1999 and also approve the agreement setting out the terms and conditions including the remuneration payable to him.

The Agreement proposed to be entered into by the Company with Mr. Saket Agarwal in respect of the re-appointment as the Managing Director of the Company, *inter alia*, contains the following terms and conditions.

1. The Managing Director shall, subject to the supervision and control of the Board of Directors of the Company, manage the business and affairs of the Company
2. The Duties of the Managing Director shall remain the same as elaborated in the Resolution passed by the Board of Directors at its meeting held on September 15, 1994.
3. The Period of Agreement shall be Five Years with effect from September 13, 1999.
4. Remuneration payable:
 - (a) Salary:
Rs. 2,00,000/- per month in the Scale of Rs. 2,00,000/- to Rs. 4,00,000/- inclusive of dearness allowance.
 - (b) Commission:
Subject to overall ceiling under section 198 and 309 of the Companies Act, 1956 based on the net profits of the Company for each financial year as the Board may in its absolute discretion determine.
 - (c) Perquisites:
 1. The Managing Director shall be entitled to perquisites including free fully furnished accommodation, with gas, electricity, water, furnishings, medical reimbursement and Leave Travel concessions for self and family, club fees, medical and personal accident insurance, etc..
 2. The Managing Director shall be entitled to Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund upto the tax exemption limit, benefits of Gratuity and Pension Scheme, earned leave and encashment of earned leave at the end of the tenure , as per rules of the Company and these shall not be included in the computation of perquisites.
 3. Company maintained Car for use on Company's business, telephone and other communication facilities at residence, will not be considered as perquisites.
- (c) The Managing Director, so long as he functions as such, shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof from the date of his appointment. The Managing

ABG Heavy Industries Limited

Director will be paid sitting fees as Director on the Boards of Company's subsidiaries on which he is / will be appointed as Director.

- (d) Apart from the above terms and conditions governing remuneration, the aforesaid agreement contains further terms and conditions as to the provision for earlier determination of the appointment by either party by giving six months ' notice in writing to the other party, non-participation in any selling agency of the Company, reimbursement of the entertainment, travelling and all other expenses incurred by him for the business of the Company, etc.
- (e) In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.
- (f) The remuneration and perquisites payable to Mr. Saket Agarwal as provided for hereinabove shall be subject to the overall ceiling on managerial remuneration as provided by Section 198 and 309 of the Companies Act, 1956.

The Agreement proposed to be entered into by the Company with Mr. Saket Agarwal is available for inspection of members at the Registered Office of the Company on all its working days (except Saturdays) between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

Mr. Kamlesh Kumar Agarwal and Mr. Rishi Agarwal, being related to Mr. Saket Agarwal and Mr. Saket Agarwal himself, being the appointee, are deemed to be interested in the proposed resolution to the extent of the remuneration payable to him. No other Director is concerned or interested in this resolution.

The Directors recommend this resolution for approval of the shareholders.

This Explanation together with the accompanying notice is and should be treated as an abstract of the terms of appointment of the Managing Director under Section 302 of the Companies Act, 1956.

By Order of the Board

Regd. Office :

5th Floor, Bhupati Chambers,
13 Mathew Road,

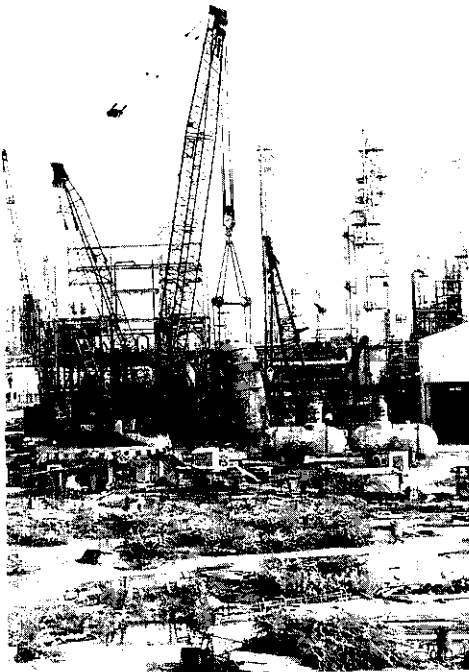
Mumbai 400 004

Dated : June 10, 1999

NEVILLE FERNANDES
COMPANY SECRETARY

Report Junction.com

Directors' Report



Record Heavy Lift of 630MT EO/EG Reactor at IPCL, Gandhar.

TO THE MEMBERS,

Your Directors have pleasure in presenting the Fifteenth Annual Report with the Audited Accounts for the year ended March 31, 1999.

FINANCIAL RESULTS

	(Rs. In Lacs)	
	1998-99	1997 - 98
Gross Receipts	6967	6457
Gross Profit before Interest and Depreciation	5301	4830
Less : Interest	2430	2199
Less : Depreciation	1686	1625
Profit before Tax	1184	1006
Less : Provision for Taxation	2	1
Profit after Tax	1182	1005
Add : Profit brought forward from earlier year	1354	1210
Net profit available for appropriation	2536	2215
Proposed Dividend (Including Tax on Proposed Dividend)	271	461
Transfer to General Reserve	500	400
Balance carried to Balance Sheet	1765	1354

OPERATIONS

The most substantial area of your Company's operations has been its Port and related services. More than 60% of total income during the year has been earned from long term contracts for deployment of container handling and bulk handling systems to major ports of the country. Company has secured another order for deployment of a Rubber Tyred Gantry Crane at Cochin Port for a period of 10 years. It is heartening to note that most of the above Port operations are performing at higher than stipulated requirements and continue to provide assured income to the Company on long term basis.

Company's operations in charter hire, erection and heavy lift business have shown marked improvement during the year. Company has successfully executed the erection and heavy lift jobs at Mangalore Refinery and Reliance Petroleum. Company has secured similar contract from JPCL which is being executed in the current year.

ABG Goa Port Ltd., a wholly owned subsidiary of the Company has signed a Licence Agreement with Mormugao Port Trust for the construction and operation of two Multipurpose Bulk Cargo Berths (5A & 6A) in Mormugao Port on BOOT basis for a period of 30 years.

In view of Company's significant presence in areas related to infrastructure facilities and core sector, the Board of Directors of your Company are optimistic about sound future performance.

ABG Heavy Industries Limited**DIVIDEND**

Your Directors recommend the following Dividends for the year ended March 31, 1999.

1. Rs. 1.50 per share on 14,00,000 15% Cumulative Redeemable Preference Shares of Rs. 10/- each.
2. Rs. 1.25 per share on 26,00,000 12.5% Cumulative Redeemable Preference Shares of Rs. 10/- each.
3. Rs. 1.35 per share on 17,50,000 13.5% Cumulative Redeemable Preference Shares of Rs. 10/- each on pro-rata basis.
4. Rs. 1.50 per share on 1,13,20,200 Equity Shares of Rs. 10/- each.

SHARE CAPITAL

During the year under review the Board of Directors have allotted Preference Shares of Rs. 10/- each aggregating to Rs. 175 Lacs. These shares are entitled for pro-rata dividend from the date of allotment.

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

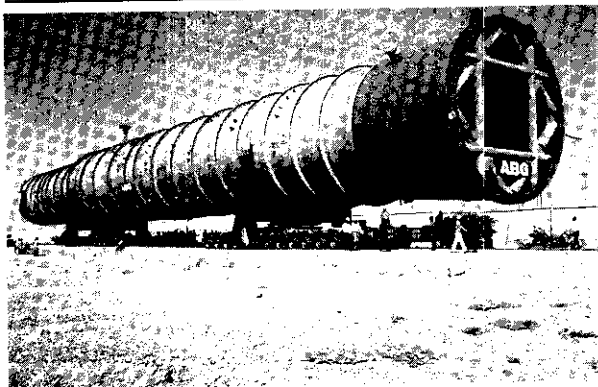
Since your Company does not own any manufacturing facility, the particulars as required u/s 217(1) (e) of the Companies Act, 1956 so far it relates to Conservation of Energy and Technology Absorption are not applicable.

The particulars regarding Foreign Exchange Earnings and Outgo are as under :

	(Rs. In Lacs)
Foreign Exchange earned	NIL
Foreign Exchange outgo	
i. Import of Capital goods	NIL
ii. Import of Raw materials, Spare parts and Companies	80
iii. Other Expenditure (Travelling / Interest etc.)	04

Container Handling Operations in progress.





685MT Crude Column transportation work in progress.

SUBSIDIARY COMPANY

During the year, ABG Goa Port Ltd., has become a 100% subsidiary of your Company. ABG Goa Port Ltd. has signed a Licence Agreement with the Mormugao Port Trust for the construction and operation of two Multi-purpose Bulk cargo Berths (5A & 6A) in Mormugao Port on BOOT Basis for a period of 30 years. The statement to Section 212 of the Companies Act, 1956 relating to the Company's subsidiary is annexed to this Report.

LISTINGS

Your Company has been listed on the National, Delhi, Ahmedabad and Mumbai Stock Exchanges. The annual listing fees have been paid to each of these Stock Exchanges.

Y2K COMPLIANCE

The computer systems of your Company are Y2K compliant and the cost thereof has been met from the internal resources of your Company.

FIXED DEPOSITS

Your Company has not accepted any Fixed Deposits from Public during the year ended March 31, 1999.

DIRECTORS

In accordance with the provisions of Sections 255 and 256 of the Companies Act, 1956 and also Article 128 of the Articles of Association of the Company, Mr. Kamlesh Kumar Agarwal and Mr. Rishi Agarwal retire by rotation and are eligible for reappointment.

At the Tenth Annual General Meeting, the Members had passed a resolution appointing Mr. Saket Agarwal as Managing Director of your Company for a period of 5 years w.e.f. September 13, 1994. Accordingly, the present term expires on September 12, 1999. The Board of Directors at its meeting held on June 10, 1999 have sought the permission of the Members to re-appoint Mr. Saket Agarwal for a further period of 5 years w.e.f. September 13, 1999, a resolution for which has been placed in the Notice convening the Fifteenth Annual General Meeting of your Company.

AUDITORS

M/s. M. M. Chaturvedi & Co., Chartered Accountants, retire as Auditors of the Company and being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

A statement giving the requisite information as per the Section 217 (2A) of the Companies Act, 1956 is annexed hereto and forms part of this report.

APPRECIATION

Your Directors wish to place on record their appreciation for the support received from Bankers / Financial