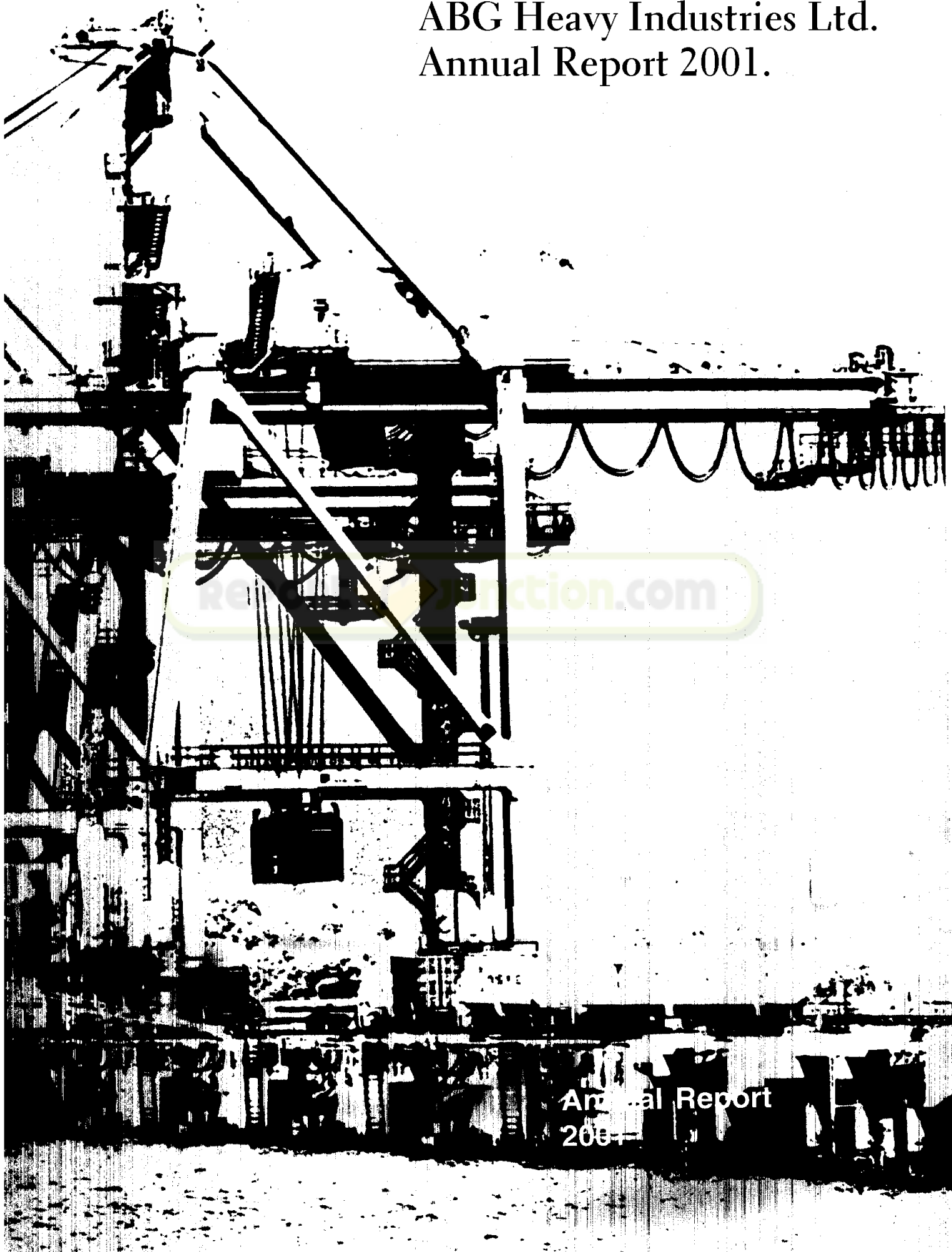


ABG Heavy Industries Ltd. Annual Report 2001.



Annual Report
2001

Annual Report - 2001

CORPORATE INFORMATION**BOARD OF DIRECTORS**

Kamlesh Kumar Agarwal
Chairman

Rishi Agarwal
Director

Saket Agarwal
Managing Director

COMPANY SECRETARY
Neville Fernandes

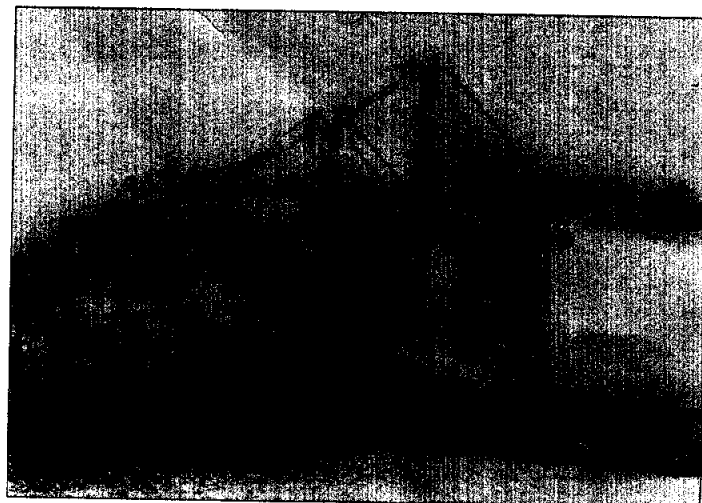
REGISTERED OFFICE
5th Floor, Bhupati Chambers,
13 Mathew Road, Mumbai 400 004.

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

BANKERS
State Bank of India, Corporation Bank

LEGAL ADVISORS
M/s. Bachubhai Munim & Co., Mumbai

REGISTRARS AND SHARE TRANSFER AGENTS
Bigshare Services Pvt. Ltd.,
E/2, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E), Mumbai 400 072



"ABG's ship to shore Container handling cranes in action at JNPT"

Contents

	Page No.
Notice	3
Directors' Report	5
Auditor's Report	8
Balance Sheet	10
Profit & Loss Account	11
Schedules	12
Cash Flow	23
Subsidiary (ABG Goa Port Ltd.)	
Statement u/s 212	25
Directors' Report	26
Auditors' Report	27
Balance Sheet	28
Schedules	29

ABG Heavy Industries Limited

Notice

Notice is hereby given that the Seventeenth Annual General Meeting of the Company will be held at 3/B, Shree Pant Bhuvan, Mama Varekar Road, Chowpatty, Mumbai - 400 007, on Friday, September 28, 2001 at 4.30 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Auditors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2001.
2. To declare Dividends on the Share Capital of the Company.
3. To appoint a Director in place of Mr. Rishi Agarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. 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 modification(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 modification(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. 5 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, as the board may at its absolute discretion decide;

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".

By Order of the Board

S. D. D. GUNASEKAR
Chief Executive

Dated : 30th June, 2001

Regd. Office :
5th Floor, Bhupati Chambers,
13 Mathew Road,
Mumbai - 400 004.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Annual Report - 2001

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 21, 2001 to Friday, September 28, 2001 (both days inclusive).
3. Members are requested to intimate their change of address, if any to the Share Transfer Agents viz.: Bigshare Services Pvt. Ltd., E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072.
4. The resolution regarding the re-appointment of Mr. Rishi Agarwal as Director of the Company is placed before the shareholders. As per clause 49 of the Listing Agreement with the Stock Exchanges the following particulars of Mr. Rishi Agarwal is being provided :

Mr. Rishi Agarwal

Qualifications : M.B.A

Presently Managing Director: ABG Shipyard Limited

Other Directorships :

Name of the Company	Position Held
ABG Heavy Industries Ltd.	Director
Onaway Industries Ltd.	Director
ABG International Ltd.	Director
ABG Shipping Pvt. Ltd.	Director
ABG Power Pvt. Ltd.	Director
ABG Terminals Pvt. Ltd.	Director
ABG Cranes Pvt. Ltd.	Director
ABG Capital Ltd.	Director
ABG Goa Port Ltd.	Director
Arabian Deep Sea Fishing Ltd.	Director
ABG Cement Pvt. Ltd.	Director

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 No. 5 of the accompanying Notice.

Item No. 5

As per the guidelines of 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.

By Order of the Board

S. D. D. GUNASEKAR
Chief Executive

Dated : 30th June, 2001

Regd. Office :
5th Floor, Bhupati Chambers,
13 Mathew Road,
Mumbai - 400 004.

ABG Heavy Industries Limited

Director's Report

To the Members

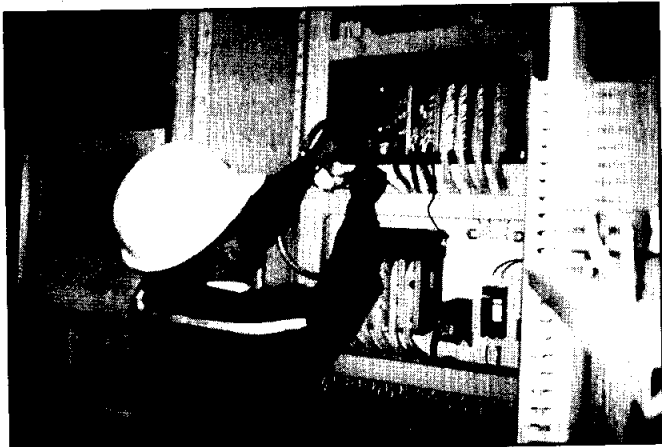
Your Directors have pleasure in presenting the Seventeenth Annual Report with the Audited Accounts for the year ended March 31, 2001.

FINANCIAL RESULTS

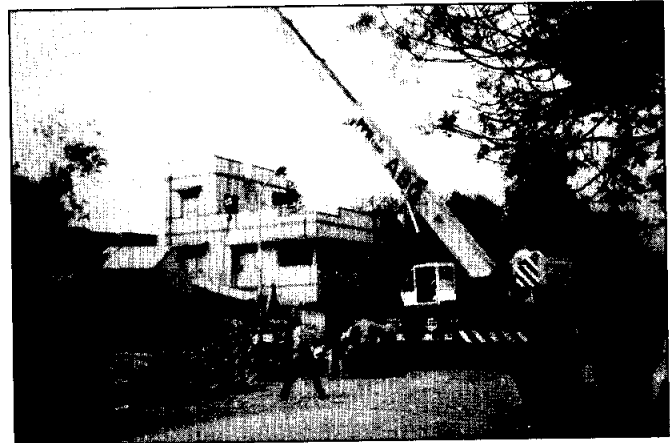
	(Rs. In Lacs)	(Rs. In Lacs)
	2000-01	1999-2000
Gross Receipts	5982	6968
Gross Profit before Interest and Depreciation	4631	5074
Less : Interest	1930	2197
Less : Depreciation	1824	1708
Profit before Tax	877	1169
Less : Provision for Taxation	58	13
Add : Excess Provision of Tax of earlier year W/back	109	-
Profit after Tax	819	1156
Add : Profit brought forward from earlier year	1970	1765
Net Profit available for appropriation	2899	2921
Proposed Dividend/ Interim Dividend (Including Corporate Dividend Tax)	268	351
Transfer to General Reserve	500	600
Balance Carried to Balance Sheet	2131	1970

OPERATIONS

Your Directors are pleased to report continued satisfactory performance of Container and Bulk handling cranes deployed at Jawaharlal Nehru Port, Chennai Port, Cochin Port and Mormugao Port and the operational



"Maintenance work being carried out by ABG's Engineers"



"ABG's Cranes deployed during the relief and rescue operations in Gujarat after the devastating earthquake"

income from these cranes has recorded growth on the basis of availability levels much higher than the contractual norms.

The Company was successful in being awarded the contract for Heavy lift erection works at Indian Oil Corporation Ltd.'s refinery at Barauni from M/s. Samsung Engineering and due to the "Completed Contract Accounting" system being followed by the Company, income from the same will be recorded in the next financial year. However, the mobile crane hiring business continued to be in further difficulties due to decline in real investment in infrastructure projects and the general economic situation.

Your Company's timely deployment of mobile Cranes for relief and rescue operations in the aftermath of the devastating Earthquake in Gujarat has been appreciated by the authorities and the employees of your Company are proud of this humanitarian action.

DIVIDEND

Your Directors recommend the following Dividends for the year ended 31st March, 2001.

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.
4. Rs. 1.25 per share on 42,00,000 12.5% Cumulative Redeemable Preference Shares of Rs. 10/- each.
5. Re.1 per share on 1,13,20,200 Equity Shares of Rs. 10/- each.

Annual Report - 2001

DIRECTORS RESPONSIBILITY STATEMENT

As stipulated in Section 217 (2AA) of Companies Act, 1956, your Directors subscribe to "Directors Responsibility Statement" and 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) the directors have selected such accounting policies and applied them Consistently and 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 at the end of the financial year and of the profit or loss of the Company for that period;
- iii) the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The directors have prepared the accounts on a going concern basis.

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 271 (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 components	35
iii. Other Expenditure (Travelling /Interest etc.)	16

SUBSIDIARY COMPANY

The Statement to Section 212 of the Companies Act, 1956 relating to the Company's subsidiary along with its Balance Sheet is annexed to this Report.

LISTING

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.

FIXED DEPOSIT

Your Company has not accepted any Fixed Deposits from Public during the year ended March 31,2001.

DIRECTORS

In accordance with the provisions of Sections 255 and 256 of the Companies Act, 1956 and also Articles 128 of the Articles of Association of the Company, Mr. Rishi Agarwal retires by rotation and being eligible, offers himself for re-appointment.

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 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 Institutions and Government Bodies. The employees have contributed in large to the success of the Company during the year under review and your Directors look forward to their continued support.

For and on behalf of the Board of Directors

Mumbai
June 30, 2001

Kamlesh Kumar Agarwal
Chairman

ABG Heavy Industries Limited

STATEMENT OF PARTICULARS OF EMPLOYEES FORMING PART OF DIRECTORS' REPORT AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

Name	Age	Qualification	Experience	Date of Employment	Designation	Gross Income	Previous Employment
Mr. Saket Agarwal	37	B. Com	17 years	11.06.84	Managing Director	28,08,000	First Employment

NOTES :

(1) The nature of employment is contractual

(2) Remuneration includes salaries, allowances, bonus, gratuity, payments made under voluntary retirement scheme and expenditure incurred in providing rent free

accommodation, medical expenses, value of other perquisites on the basis of Income Tax Act and Rules and Company's contribution to Provident and Pension Fund.

(3) Shri Saket Agarwal is a relative of the Director of the Company. None of the others are related to any Director of the Company.



"IC 50 Certificate Awarded By International Cranes."

Annual Report - 2001

Auditors' Report

To the Members of ABG Heavy Industries Ltd.

We have audited the attached Balance Sheet of ABG Heavy Industries Ltd. as at 31st March, 2001 and the Profit & Loss Account of the Company for the year ended on that date, annexed thereto and report that

- (1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4-A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- (2) Further to our comments in the Annexure referred to in paragraph (1) above :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.
 - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with Accounting Standards referred to in

sub-section (3C) of Section 211 of the Companies Act, 1956.

- (e) On the basis of confirmations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified from being appointed as a director as on the dates certified by the director under Section 274(1)(g) of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001 and
 - (ii) In the case of the Profit & Loss Account, of the profit for the year ended on that date.

For **M. M. CHATURVEDI & CO.**
Chartered Accountants

Place : Mumbai
Date : 30th June, 2001.

M. M. CHATURVEDI
Partner

ABG Heavy Industries Limited

Annexure To Auditors' Report

(ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS OF ABG HEAVY INDUSTRIES LIMITED FOR THE YEAR ENDED 31ST MARCH, 2001)

- (1) The Company is in the process of updating its records showing full particulars including quantitative details and situation of fixed assets. The Fixed Assets have been physically verified by the management during the year and discrepancies if any, shall be determined after the records are updated.
- (2) Some of the Fixed Assets of the Company were revalued as on 31st March, 1994 on the basis of the report given by a Government approved valuer as per details given in Note No. 4 in notes to accounts.
- (3) Company has been mainly carrying on the business of charter-hire and operation of the heavy duty equipment engineering and erection activities. Therefore, the question of stock of finished goods and raw materials does not arise. The stock of stores and spare parts and work-in-progress have been physically verified by the management during the year at reasonable intervals.
- (4) According to the information given to us, the procedures followed by the Management for physical verification of stock are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (5) Company is following the practice of charging off the cost of stores and spares in the year of purchase. As per the information and explanations given to us, no material discrepancies have been noticed on physical verification of stocks as compared to book records.
- (6) In our opinion and according to the information given to us, the valuation of stocks is fair and proper and is in accordance with normally accepted accounting principle and is on the same basis as in the preceding year.
- (7) In our opinion and according to the information given to us, the rate of interest and other terms and conditions of the loans taken from the companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
- (8) Except advance of Rs. 2,75,37,513 due from its subsidiary company, according to the information given to us, the Company has not given any loan to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management as defined under Section 370(1B) of the said Act. According to the explanation given to us, the above represents pre-operative expenses of the port project promoted by the Company.
- (9) Other loans and advances in the nature of loans given to various parties and staff members are being recovered with interest as stipulated except an Inter Corporate Deposit of Rs. 2 crores for which the Company has taken appropriate legal action.
- (10) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, plant and machinery, equipment and other assets and the sale of services.
- (11) The transaction of purchase and sale of services made in pursuance of contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such service or the prices at which the transaction for similar services have been made with other parties.
- (12) According to the information and explanations given to us, Company did not have any unserviceable or damaged stores, raw materials or finished goods.
- (13) Company has not accepted any deposits from the public.
- (14) According to the information given to us the Company did not have any scrap during the year.
- (15) According to the information given to us, the Company did not have a formal internal audit system during the year. However operating control systems are commensurate to the size and nature of business of the Company.
- (16) The Central Government has not prescribed maintenance of the cost records under Section 209(1)(d) of Companies Act, 1956 for any of the products of the Company.
- (17) According to the information given to us, Provident Fund and Employees State Insurance dues have generally been deposited with appropriate authorities with slight delays.
- (18) According to the information and explanations given to us, the Company does not have any undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty and excise duty outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable.
- (19) According to the information and explanations given to us and as certified by the management, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
- (20) The Company is not a sick industrial unit within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (21) In respect of its service activities, the Company has a reasonable system of recording receipts, issues and consumption of stores and spares commensurate with its size and nature of its business. The system provides for a reasonable allocation of stores cost and man-hours consumed to the relative jobs commensurate with its size and nature of business. In our opinion, there is a reasonable system of authorisation at proper levels and adequate system of internal control commensurate with the size of the Company and the nature of its business for the issue of stores and allocation of stores and labour to jobs.

For **M. M. CHATURVEDI & CO.**
Chartered Accountants

Place : Mumbai
Date : 30th June, 2001.

M. M. CHATURVEDI
Partner

Annual Report - 2001

Balance Sheet As At 31st March, 2001

SOURCES OF FUND	Schedule	As at 31st March, 2001		As at 31st March, 2000	
		Rupees	Rupees	Rupees	Rupees
Shareholders' Fund					
Share Capital	A	212,702,000		212,702,000	
Share Application Money		25,000,000			
Reserves & Surplus	B	845,556,453		792,049,333	
			1,083,258,453		1,004,751,333
Loan Funds	C				
Secured Loans		955,523,529		1,099,135,366	
Unsecured Loans		16,225,000		5,025,000	
			971,748,529		1,104,160,366
			2,055,006,982		2,108,911,699
APPLICATION OF FUNDS					
Fixed Assets	D				
Gross Block		2,459,913,920		2,453,847,569	
Less: Depreciation		1,032,798,603		838,433,538	
Net Block		1,427,115,317		1,615,414,031	
Add: Lease Adjustment		310,485,868		291,557,404	
			1,737,601,185		1,906,971,435
Investments	E		56,000,000		56,000,000
Current Assets, Loans & Advances	F				
Inventories		11,780,917		—	
Sundry Debtors		232,383,201		256,356,457	
Cash & Bank Balances		49,281,404		48,445,554	
Loans & Advances		246,420,801		195,268,213	
		539,866,323		500,070,224	
Less : Current Liabilities & Provisions	G	282,637,485		359,613,846	
			257,228,838		140,456,378
Miscellaneous Expenses (to the extent not Written/Off or adjusted)					
Share Issue Expenses			4,176,959		5,483,886
			2,055,006,982		2,108,911,699
NOTES TO ACCOUNT	M				

As per our report of even date

For **M. M. CHATURVEDI & CO.**
Chartered Accountants**M. M. CHATURVEDI**
PartnerMumbai
30th June, 2001

For and on behalf of the Board

RISHI AGARWAL
Director**SAKET AGARWAL**
Managing Director