

**ABG
Heavy Industries
Limited**

Report  Junction.com

**Annual Report
2002**

CORPORATE INFORMATION**BOARD OF DIRECTORS**

Kamlesh Kumar Agarwal
Chairman

Rishi Agarwal
Director

R. G. Govindrajpuram
Director

H. P. Prabhu
Director

Saket Agarwal
Managing Director

COMPANY SECRETARY
B. Durga Prasad Rai

REGISTERED OFFICE

5th Floor, Bhupati Chambers,
13 Mathew Road, Mumbai 400004

AUDITORS

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

BANKERS

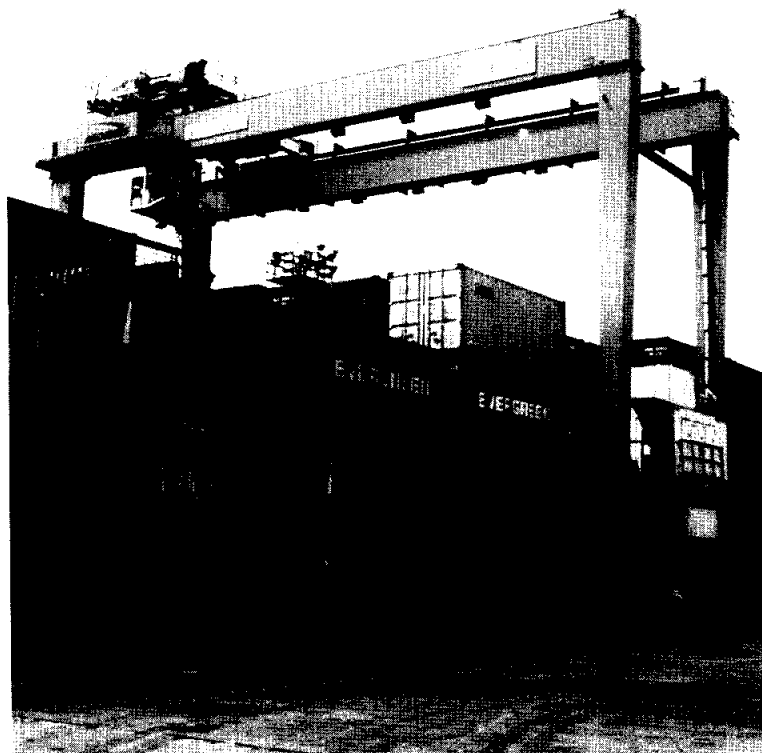
Corporation Bank
UTI Bank Ltd
The Jammu & Kashmir Bank Ltd,

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 400072.



*Cochin Port's container throughput is helped by high availability of
ABG's RTGC*

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Company will be held at Ashoka Hall, Arcadia, Nariman Point, Mumbai-400021, on Monday, September 30, 2002 at 12.30 p.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, 2002.
2. To appoint a Director in place of Mr. Kamlesh Kumar Agarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

4. As an Ordinary Resolution:

"RESOLVED THAT Mr. R. G. Govindrajpuram be and is hereby appointed as a Director of the Company".

5. As an Ordinary Resolution:

"RESOLVED THAT Mr. H. P. Prabhu be and is hereby appointed as a Director of the Company".

Regd. Office:

5th Floor, Bhupati Chambers,
13 Mathew Road,
Mumbai- 400004

S. D. D. Gunasekar
Chief Executive

Dated : 1st July, 2002

ANNEXURE TO NOTICE

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

Items 4 and 5

Mr. R. G. Govindrajpuram and Mr. H. P. Prabhu were appointed by the Board of Directors with effect from 5th March 2002 as additional Directors in the Company in terms of Section 260 of the Companies Act, 1956 and Article 128 of the Company's Articles of Association. They hold office only up to the date of this Annual General Meeting but are eligible for re-appointment. As required under Section 257 of the Companies Act, 1956, notices in writing (along-with a deposit of Rs. 500 each) have been received from some members signifying their intention to propose the aforesaid individuals as the Directors of the Company at this Annual General Meeting.

Mr. R. G. Govindrajpuram is a engineering graduate with wide experience of over 25 years in the operation and management of major ports in India. He retired as Chief Mechanical Engineer from Mumbai Port Trust – a position he held for over 10 years. His experience has a direct bearing on the working of the company. He is not a Director in any other company.

Mr. H. P. Prabhu is a seasoned banker and was with Bank of India for over 35 years. During his career in Bank he held many

important positions including the positions of Principal, Management Development Institute and Zonal Manager, Pune Zone. He took Voluntary Retirement in the year 2000 while holding the post of a Deputy General Manager in the bank. His experience is of relevance and value to the business of the Company. He is not a Director in any other company.

The Directors recommend the resolutions for approval of the shareholders. No Director, except Mr. R.G.Govindrajpuram and Mr. H. P. Prabhu is in any way, concerned or interested in the resolution.

By Order of the Board

Regd. Office:

5th Floor, Bhupati Chambers,
13 Mathew Road,
Mumbai- 400004

S. D. D. Gunasekar
Chief Executive

Dated : 1st July, 2002

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 Monday, September 23, 2002 to Monday, September 30, 2002(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 400072. Tel :8523474 Fax :8525207
4. The resolution regarding the re-appointment of Mr. Kamlesh Kumar 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. Kamlesh Kumar Agarwal are being provided:

Mr. Kamlesh Kumar Agarwal:

Presently, Managing Director, Onaway Industries Ltd. and having experience of successfully managing various business for last 40 years.

Other Directorships:

Name of the Company	Position Held
Onaway Industries Ltd.	Managing Director
ABG Shipyard Ltd.	Director
Essar Glass Works Pvt. Ltd.	Director
ABG Cement Ltd.	Director

5. Members are requested to bring their copy of Annual Report to the meeting.

Directors' Report

To the Members

Your Directors have pleasure in presenting the Eighteenth Annual Report with the Audited Accounts for the year ended March 31, 2002.

Financial Results

(Rs. In Lacs)

	2001-02	2000-01
Gross Receipt	6060	5982
Gross Profit before Interest and Depreciation	4452	4632
Less : Interest	1392	1930
Less : Depreciation	1912	1823
Profit before Extra - ordinary items & Tax	1148	879
Less : Loans & advances written off	257	-
Less : Loss on sale of assets	117	1
Net Profit before tax	774	878
Less : Provision for Taxation	60	58
Add : Excess Provision of Tax of earlier year w/back	-	109
Profit After Tax	714	929
Add : Profit brought forward from earlier year	2131	1970
Net profit available for appropriation	2845	2899
Proposed Dividend	-	268
(Including Corporate Dividend Tax)		
Transfer to General Reserve	300	500
Balance Carried to Balance Sheet	2545	2131

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 income from these cranes has recorded growth. The actual availability of these cranes are higher than contractual norms. However, the mobile crane hiring business continued to be in difficulties due to decline in real investment in Infrastructure projects and the general economic situation.

Dividend

With a view to conserve resources of the Company for its business requirements, the Board of Directors of the Company

has not recommended any dividend for the year 2001-02

Directors' Responsibility Statement

As stipulated in Section 217(2AA) of Companies Act, 1956, your Directors subscribe to "Directors Responsibility Statement" and confirm that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;
- 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 as 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	2.29
iii. Other Expenditure (Travelling / Interest etc.)	11.09



ABG's heavy lift cranes are deployed in very large projects

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.

Fixed Deposit

Your Company has not accepted any Fixed Deposits from Public during the year ended March 31, 2002.

Directors

During the year, your Board has been further strengthened with the induction of two more Directors, Mr. R. G. Govindrajpuram and Mr. H. P. Prabhu. Both Mr. R. G. Govindrajpuram and Mr. H. P. Prabhu, being Additional Directors, are liable to retire at the Annual General Meeting and being eligible, offer themselves for re-appointment.

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. Kamlesh Kumar 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. The observations made in the Auditor's report are self explanatory and therefore, do not call for any further comments.

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.

Corporate Governance

Pursuant to clause 49 of the listing agreements with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditor's Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual 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

Date : 1st July, 2002

Kamlesh Kumar Agarwal
CHAIRMAN

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

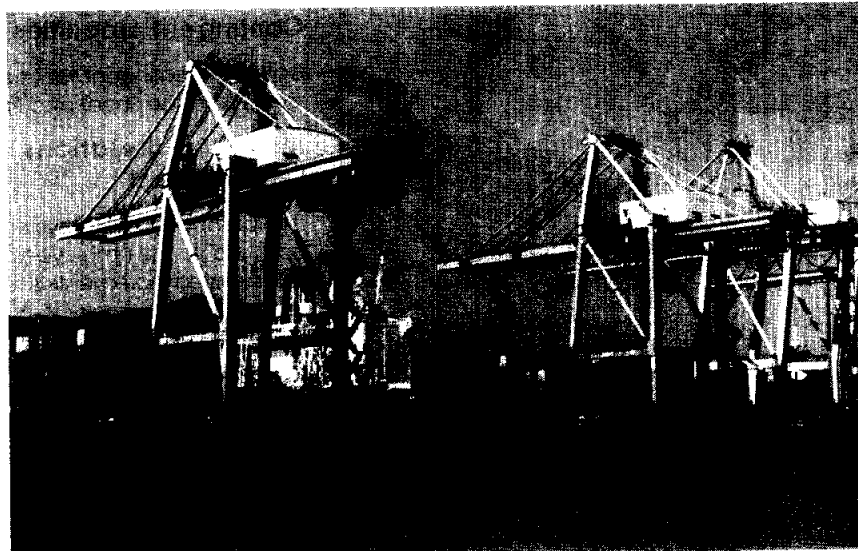
Name	Age	Qualification	Experience	Date of Employment	Designation	Gross Income	Previous Employment
Mr. Saket Agarwal	38 years	B.Com	18 years	11.06.84	Managing Director	29,28,000/-	First Employment

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) Mr. Saket Agarwal is a relative of two Directors of the Company.



RMQC's in operation at JNPT

Management Discussion & Analysis

Business Overview

The Company operates only in one segment of Operating & Maintenance of Cranes. Business conditions during the year under review did not provide any substantial opportunity for growth despite all efforts taken by the management to contract new business. Although much hype was created regarding the growth and opportunities in the Infrastructure Sector, actual investment was largely lacking. The Company's long terms contracts with Ports provided some level of sustenance in its income and profitability. The sincere efforts made by the Financial Officers of the Company also resulted in reduction of interest cost.

Internal Control & Systems

The company has adequate internal systems and controls in place. The work centers are treated as profit centers for the purpose of business processes across the Company in respect of operational efficiency, financial reporting etc. The Company has constituted an Audit Committee comprising of three Non - Executive Directors. The Committee also met the Statutory Auditors of the Company, to ascertain their observations on Financial reports and control concerns. The audit observations are monitored and acted upon by the Management.

Risk Management

Market & Industry Risk

In the initial stages of reforms in India, there was a surge in capital goods and infrastructure investments. These were the years of high GDP and industrial growth. The Company was able to exploit the situation to its advantage by undertaking expansion of unparalleled magnitude in its history. It also diversified its cranes to include port cranes in its possession. This diversification has helped the company to preserve its revenue and profitability even during the general slowdown being presently experienced.

Interest Rate and Foreign Exchange Risk

The company has always contracted fixed price loans to avoid any interest rate risk. But in falling interest rate regime, there was a need to replace them to bring the interest cost to market levels. The company has undertaken replacement of debts to reduce interest cost as is apparent from the financial results. The company does not have any foreign exchange risk.

Technology

The cranes of the company are of current technological standards. Internal operations and control systems of the company are also computerized.

Financials

Traditionally, the financial management of the company has been governed by prudent policies. Continuous reinforcement of capital through internal accruals has been the approach all along. The present financial muscle of the company is owing to these practices. The Debt - Equity Ratio of less than 1 speaks of the financial discipline of the Company.

Business Prospects

The Company's subsidiary ABG Goa Port Ltd. is in the stage of finalizing tenders for the construction of 5A & 6A berths. The construction of berths will go in full swing soon. It is expected that this company will start generating revenue from 2003 - 04. The company has also bid for some long - term contracts for operation / maintenance of cranes. These will call for expansion of the asset base of the company and result in additional income. The present income of the company is mostly dependent upon its operational efficiency.

Contingent Liabilities

Details of contingent liabilities are given in schedule "M" to the Balance Sheet and Profit & Loss Account.

Industrial Relations & Human resource Development

The company has a system for Annual Performance appraisal for its employees. The grant of increment or accelerated increments is related to work performance.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.



Grab unloaders deployed in Chennai Port

Report on Corporate Governance for the year 2001-02

(As required under Clause 49 of the Listing Agreement with Stock Exchanges)

Company's philosophy on Corporate Governance

Corporate Governance framework of the company endeavours to blend corporate goals with corporate sustainability encouraging efficient use of resources with management accountability. The tenets of corporate governance adopted by the company are concerned with creation of long term value for its shareholders keeping in harmony the interests of its other stakeholders like creditors, customers, suppliers, employees and the government and society at large. Its importance lies in the overall contribution it makes to the overall growth and direction of business, management accountability and transparency and above all equitable treatment for its stakeholders.

Compliance with SEBI code on Corporate Governance

The recommendations of the Kumarmangalam Birla Committee on Corporate Governance have been accepted

by the Securities and Exchange Board of India (SEBI) in December 1999 and have since formed part of Clause 49 of the Listing agreement with Stock Exchanges. Your company was required, as per the schedule of implementation of corporate governance prescribed by SEBI, to implement the conditions of clause 49 before 31st March, 2002. Your company is compliant with these recommendations as is discernible from the report below:

Board of Directors

The company has a non – executive Chairman and the number of independent Directors is more than one – third of the total number of Directors and the number of Non – Executive Directors is also more than 50% of the total no. of Directors.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the companies in which he is a Director.

The names of Directors, the categories of the Directors on the Board, their attendance at Board Meeting and Annual General Meeting as also the number of Directorship and Committee Membership held by them in other companies are given below:

Name	Category	Attendance at Board Meeting		Attendance at AGM on 28.09.2001	Directorship in other Companies		Membership in other Committees	
		Held	attended		Chairman	Director	Chairman	Member
Mr. Kamlesh Kumar Agarwal	Chairman, Independent Non-Executive	16	16	Yes	–	4	–	1
Mr. Rishi Agarwal	Promoter, Non-Executive Not Independent	16	16	No	–	12	–	–
Mr.R. G. Govindrajpuram*	Non-Executive Independent	2	2	NA	–	–	1	1
Mr. H. P. Prabhu *	Non-Executive Independent	2	2	NA	–	–	1	1
Mr. Saket Agarwal	Managing Director, Executive Not Independent	16	16	Yes	–	11	–	–

* Joined the Board on 5th March, 2002

Sixteen meetings of the Board of Directors were held during the year on the following dates:

30th June, 2001, 3rd August 2001, 22nd September, 2001, 6th October, 2001, 31st October, 2001, 5th November, 2001, 20th November, 2001, 30th November, 2001, 5th December, 2001, 31st December, 2001, 23rd January 2002, 30th January 2002, 18th

February 2002, 25th February 2002, 5th March, 2002, 22nd March, 2002.

No Director other than Mr. Saket Agarwal is paid any remuneration during the year. Remuneration paid to Mr. Saket Agarwal under section 217(2A) of The Companies Act, 1956 is as under:

Name	Age	Qualification	Experience	Date of Employment	Designation	Gross Income	Previous Employment
Mr. Saket Agarwal	38 years	B.Com	18 years	11.06.84	Managing Director	29,28,000/-	First Employment

The Company maintains a separate office for the Non- Executive Chairman and all necessary infrastructure and assistances are made available to enable him discharge his responsibilities effectively.

Audit Committee

The company has constituted an Audit Committee of Directors. The terms of reference of the Audit Committee are in

consonance with the requirement under Clause 49 of Listing agreement. Deputy General Manager (Finance) and a representative of Statutory Auditors are permanent invitees. Deputy General Manager (Finance) is the Member Secretary of the Committee.

Audit Committee comprises of three non-executive Directors namely:

1. Mr. H. P. Prabhu, Chairman
2. Mr. R. G. Govindrajpuram
3. Mr. Kamlesh Kumar Agarwal

During the year Audit Committee met on 5th March 2002 when all the members of the Committee were present.

Shareholders Committee

An Investor Grievance Committee is set up to specifically look into redressal of investor complaints like transfer of shares, non – receipt of Balance Sheet or declared dividend etc.

The Investor Grievances Committee is headed by Mr. Mr. R. G. Govindrajpuram with Mr. H. P. Prabhu as another member of the committee. One meeting of Investors Grievances Committee took place during the year on 5th March 2002 when all the member of the Committee were present.

Name, designation &

address of Compliance Officer: Mr. Shabbir Kanchwala,
Deputy Manager
5th Floor, Bhupati Chambers
13 Mathew Road
Mumbai 400 004

- | | |
|--|-----|
| a) No. of complaints received from the Investors from 01.04.2001 to 31.03.2002 Comprising of non – receipt of dividend, non – receipt of shares sent for transfer, revalidation of dividend etc. | 105 |
| b) No. of complaints not solved to the satisfaction of investors as on 31.03.2002 | 41 |
| c) No. of pending share transfers. | 0 |

Remuneration Committee

The Company does not have a Remuneration Committee. The Board determines the remuneration of Whole Time Director or any other Directors. (Non – mandatory requirement)

Annual General Body Meeting

The last three AGMs were held on/at

1. On 28.09.2001 at Shree Pant Bhuvan, Chowpatty, Mumbai – 400 007.
2. On 29.09.2000 at Ashoka Hall, Arcadia, Nariman Point Mumbai – 400 021
3. On 30.09.1999 at Birla Kreed Kendra, Chowpatty, Mumbai – 400 007.

Whether Special resolutions –

- | | |
|---|-----|
| a) were put through postal ballot last year | No. |
| b) are proposed to be conducted through postal ballot this year | No. |

Disclosures

1. Details of related party transactions pursuant to Accounting Standard 18 are given in Notes on Accounts. Company entered into a sale transaction of a Ship, a materially significant related party transaction, for Rs. 700 lacs with ABG Shipyard Ltd, a Company in which promoter Directors of the company are interested as Directors / shareholders. The sale value was arrived at on the basis of valuation done by a registered and qualified valuer.

2. Payment of Dividend for the year 2000-2001 was delayed and the same was paid alongwith interest as per the provisions of the Companies Act, 1956.
3. The trading of stocks at NSE is temporarily suspended
4. The Company does not have any nominee of term lending institutions on the Board

Means of Communication

Whether half – yearly report sent to the household of each shareholder

No.

(Non – mandatory requirement)

Quarterly Report

Which newspaper generally

published in?

Free Press Journal & Nav Shakti

Any website, where displayed

No.

Whether it also displays official news releases, and the presentations made to investors or to analysts

No

Whether Management Discussion & Analysis is a part of Annual report.

Yes

General Shareholder Information

AGM - Date, Time & Venue	30.09.2002 at 12.30 pm Ashoka Hall, Arcadia Nariman Point, Mumbai 400 021
Financial Calendar	Year ending March 31 AGM September
Date of Book Closure	23.09.2002 to 30.09.2002
Dividend Payment date	No Dividend proposed this year.
Listing on Stock Exchange	The Company's securities are listed on BSE, NSE, DSE and ASE. The listing fees have been paid to each of these exchanges for the year 2001-02.
Registrar & Transfer Agents	Bigshare Services Pvt. Ltd. E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai – 400 072.
Share Transfer System	Share Transfers in physical forms can be lodged with Bigshare Services Pvt. Ltd. at above mentioned address. The transfers are normally processed within three weeks if all documents are received in order.

Distribution of Share Holding

Number of Ordinary Shares Held	Number of Share Holders			
	As on 31/03/2002		As on 31/03/2001	
	Number	%	Number	%
1 to 100	8338	70.17	8541	70.6
101 to 500	2789	23.47	2799	23.18
501 to 1000	459	3.86	448	3.71
1001 to 10000	268	2.26	273	2.26
10001 to 100000	26	0.22	26	0.22
100001 to 9999999	3	0.03	3	0.03

Category of Share Holders

Category	No of Shareholders		Voting Strength (%)		No. of Ordinary Shares held	
	31/03/2002	31/03/2001	31/03/2002	31/03/2001	31/03/2002	31/03/2001
Individuals	11688	11904	23.76	23.79	2690094	2693750
Insurance/ Other Inst	5	4	3.30	3.31	373100	374200
Bodies Corporate	139	114	2.71	2.28	306306	258550
NRI	30	36	0.45	0.56	51500	63400
Directors	6	6	69.71	69.71	7891000	7891000
Mutual Funds	5	5	0.04	0.05	4800	5200
Bank	1	3	0.00	0.21	100	23300
Transit	9	1	0.03	0.09	3300	10800
Total	11883	12073	100.00	100.00	11320200	11320200

Share Market Data

Month	High Price	Low Price	Average Price
Apr-01	16.40	14.00	15.20
May-01	17.90	15.10	16.50
Jun-01	16.65	15.00	15.83
Jul-01	17.25	11.60	14.43
Aug-01	14.00	10.70	12.35
Sep-01	11.25	7.60	9.43
Oct-01	11.50	8.65	10.08
Nov-01	11.95	9.50	10.73
Dec-01	12.00	9.50	10.75
Jan-02	12.40	8.55	10.48
Feb-02	12.50	9.25	10.88
Mar-02	12.95	8.65	10.80

Dematerialisation of Shares : ISIN No. in NSDL & CDSL – INE580C01019. As on 31st March, 2002, dematerialised shares accounted for 15.43% of total equity shares

On behalf of the Board of Directors

Place: Mumbai
Date : 1st July, 2002

Kamlesh Kumar Agarwal
CHAIRMAN

CERTIFICATE

To the Members of
ABG Heavy Industries Limited

We have examined the compliance of conditions of Corporate Governance by ABG Heavy Industries Limited, for the year ended 31st March, 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the management, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement before 31st March, 2002, the last date for the Company for the implementation of the conditions of Corporate Governance as per Schedule of Implementation prescribed in the said clause.

As required by the Guidance Note Issued by the Institute of Chartered Accountants of India, we have to state that while the Shareholders/ Investor Grievance Committee has not maintained records to show the investor grievances pending for a period of one month against the Company, the Registrars of the Company have maintained the records of investors grievances and certified that as at 31st March, 2002, there were 41 investor grievances remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Mumbai
Dated : 1st July 2002.

M.M. CHATURVEDI
Partner

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, 2002 and the Profit & Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- (1) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (2) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government 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.
- (3) Further to our comments in the Annexure referred to in paragraph (2) 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 those 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 31st March, 2002 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, in conformity with accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
 - (ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date.

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

Place : Mumbai
Date : 1st July, 2002.

M. M. Chaturvedi
Partner