

ABG Infralogistics Limited



ANNUAL REPORT 2008

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kamlesh Kumar Agarwal

Chairman

R. G. Govindrajpuram

Director

Rishi Agarwal

Director

H. P. Prabhu

Director

Saket Agarwal

Managing Director

G. Lakshmi Prasanna

Company Secretary

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

Axis Bank Ltd.

Bank of India

The Jammu & Kashmir Bank Ltd.

UCO Bank

ICICI Bank Limited

HDFC Bank Limited

LEGAL ADVISORS

M/s Bachubhai Munim & Co

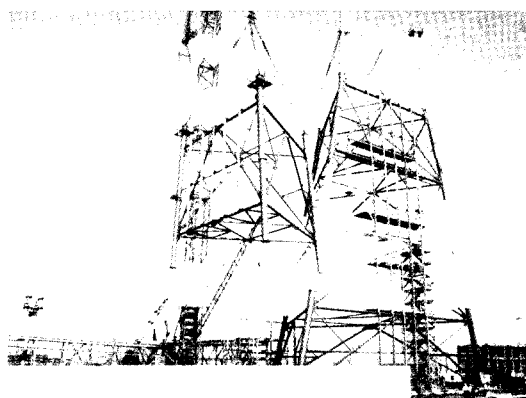
Mumbai

REGISTRAR AND SHARE TRANSFER AGENTS

Bigshare Services Pvt. Ltd.

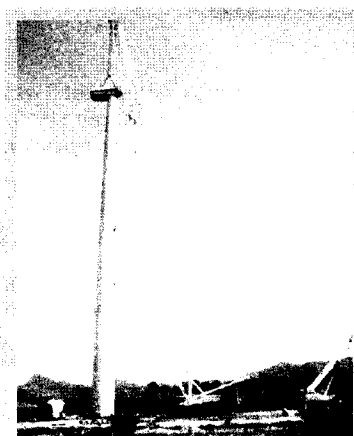
E/2, Ansa Industrial Estate, Sakivihar Road,

Sakinaka, Andheri (East), Mumbai 400 072



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(Rs. In Crores)

Particulars	2007-08	2006-07	2005-06	2004-05	2004-03
Gross Receipts	163.54	86.32	78.81	67.92	61.80
Gross Profit before Interest and depreciation	89.26	49.89	45.88	30.23	33.45
Less: Interest	(28.76)	(10.32)	(6.09)	(5.34)	(7.80)
Less: Depreciation	(47.26)	(26.24)	(17.81)	(14.92)	(14.71)
Less: Any Extra ordinary (Loss)/Income	72.89	Nil	Nil	Nil	Nil
Profit Before Tax	86.13	13.33	21.98	9.97	10.94
Less: Provision for Taxation	(19.39)	(1.61)	(1.60)	(2.60)	(0.86)
Add/(Less): Reversal of Deferred Tax	2.71	(2.01)	(3.09)	1.51	1.63
Provision for Fringe Benefit Tax	(0.33)	(0.14)	(0.14)	Nil	Nil
Profit After Tax	69.12	9.57	17.15	8.88	11.70
Less: Minority Interest	(2.41)	Nil	Nil	Nil	Nil
Profit after Minority Interest	66.71	9.57	17.15	8.88	11.70
Proposed Dividend (including Corporate Dividend Tax)	15.00	3.49	3.23	1.92	1.28

Gross Block	698.18	465.89	312.04	275.60	257.42
Net Worth	273.81	188.27	133.43	119.50	112.54
Debt: Equity	1.61:1	1.48:1	0.83:1	0.62:1	0.56:1
Cash Profit	115.56	48.70	47.39	44.41	39.30

NOTICE

Notice is hereby given that Twenty Forth Annual General Meeting of ABG Infralogistics Limited will be held on Monday, 29th September 2008 at Sangam Hall, Agarwal Bhawan, 100/C, Marine Drive, Next to Indian Oil Petrol Pump, Mumbai 400 002 at 4.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To take note of interim dividend paid for the year ended 31st March 2008.
3. To declare final dividend on Equity Shares for the year ended 31st March 2008.
4. To appoint a Director in place of Mr. Kamlesh Kumar Agarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. R. G. Govindrajpuram, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

By order of Board of Directors

Mumbai, 1st July 2008

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G. Lakshmi Prasanna
Company Secretary

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 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 25th September 2008 to 29th September 2008. (both days inclusive).
3. Members holding shares in physical form are requested to notify/ send the intimation if any, of their change in address and details of Bank Account at the earliest to the Share Transfer Agents viz: Bigshare Services Pvt. Ltd., E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072. Tel: 40430200 Fax: 28475207.

Members holding shares in the electronic form are advised to inform changes if any, in address/ Bank mandate directly to their respective Depository Participants. The address and Bank mandates as furnished to the company by the respective Depositories viz. NSDL and CDSL will be printed on the Dividend warrants.

4. Dividend as recommended by the Board if approved by the members will be paid on or after 30th September 2008, to those shareholders whose names appear on the Register of Members as on the date of Annual General Meeting. In respect of the shares held in electronic form the dividend will be paid on the basis of beneficial ownership as at the close of business as on 29th September 2008 as per the details furnished by the National Securities Depository Limited/Central Depository Services (India) Limited for the purpose as on that date.
5. The resolution regarding re-appointment of Mr. Kamlesh Kumar Agarwal and Mr. R. G. Govindrajpuram as Directors 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 and Mr. R. G. Govindrajpuram are being provided herein below:

Mr. Kamlesh Kumar Agarwal is presently Managing Director of Onaway Industries Ltd and ABG Kandla Container Terminal Limited and is having experience of successfully managing various businesses for the last 44 years. He does not hold any shares of the Company. His other directorships are as under:

Name of the Company	Position Held
Onaway Industries Ltd.	Managing Director
ABG Infralogistics Limited	Director
ABG Shipyard Ltd.	Director
ABG Acquafarm Private Limited	Director
ABG Cement Ltd.	Director
PFS Shipping (India) Limited	Director
ABG Kandla Container Terminal Ltd.	Managing Director
ABG Kolkata Container Terminal Pvt. Ltd.	Director
ABG Foods Private Limited	Director
Agbros Glass Works (India) Private Limited	Director

Mr. R. G. Govindrajpuram is an 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 workings of the company. He does not hold any shares of the Company.

6. In terms of Sections 205A and 205C of the Companies Act, 1956 the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of its transfer to Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund established by the Central Government and no claim shall lie against the said Fund or the Company for the amount of dividend so transferred to the Fund. Unclaimed or unpaid dividend for the financial year ended 31st March, 2001 has been transferred to the Investor Education and Protection Fund.
7. Member desirous of getting any information relating to the accounts and operation of the Company are requested to address their queries at least 7 days in advance of the meeting so that the information required may be made available at the meeting.
8. Members are requested to bring their copy of Annual Report to the meeting.

By order of Board of Directors

Mumbai, 1st July 2008

G. Lakshmi Prasanna
Company Secretary

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

DIRECTORS' REPORT**To the Members of
ABG Infralogistics Limited**

Your Directors have great pleasure in presenting this Twenty Forth Annual Report on the performance of your company along with the Audited Statement of Accounts for the financial year ended March 31, 2008

Financial Highlights (Standalone- ABG Infralogistics Ltd.)

Particulars	Amount (Rupees in Crore)	
	2007-08	2006-07
Gross Receipts	107.93	69.21
Gross Profit before Interest and Depreciation	73.18	40.01
Less : Interest	(18.47)	(8.50)
Less : Depreciation	(37.73)	(23.37)
Profit Before Extra Ordinary Items and Tax	16.98	8.14
Add: Extra Ordinary Item	72.89	Nil
Net Profit Before Tax	89.87	8.14
Less : Provision for Taxation	(18.76)	(0.93)
Add /(Less): Reversal of Deferred Tax	2.71	(2.01)
Provision for Fringe Benefit Tax	(0.27)	(0.12)
Profit After Tax	73.55	5.08
Add : Profit brought forward from earlier year	36.62	40.02
Net profit available for appropriation	110.17	45.10
Interim Dividend (including Dividend Distribution Tax)	11.25	Nil
Proposed Dividend (including Dividend Distribution Tax)	3.75	3.48
Transfer to General Reserve	50.00	5.00
Balance Carried to Balance Sheet	45.17	36.62

Operating Results and Business

During the year under review, your company has achieved significant increase in gross receipts at Rs.107.93 crore as compared to Rs. 69.21 crore in the previous financial year 2006-07, an increase of 56%. Operating income during the year amounted to Rs. 35.45 crore as compared to Rs. 16.64 crore in the previous financial year, resulting increase of 113 %.

Your company has earned a higher net profit after tax from ordinary activities of the company at Rs. 17.10 crore as compared to Rs. 5.09 crore in the previous financial year 2006-2007, an increase of 237 %.

The year 2007-08 has been a substantially good year for crane rental business. The company has purchased sizeable number of cranes during the year and deployed them at customer's site. The addition of cranes to the gross block shall significantly increase revenues. The year ahead also promises good scope for deployment of further cranes. Your company enjoys competitive edge due to its long association with key crane manufacturers.

During the year your company has concluded the terms of purchase of the world's largest Crawler Crane having lifting capacity of 3200 Metric Tonnes from M/s Terex Demag, Germany. Also, a 1250 Metric Tonnes Crawler Crane ordered by your company is expected to be commissioned during the current financial year.

During the year, the Company commenced commercial operation at New Mangalore Port Trust and Paradip Port Trust and achieved impressive turnover, the full year impact of the same will be realized in the ensuing year.

ABG Kolkata Container Terminal Pvt. Ltd. a subsidiary of your company has registered reasonable growth in the throughput and operating receipts this year. The company has achieved gross receipts of Rs. 16.09 crore as compared to Rs. 14.93 crore in the previous financial year. To cope up with the growing traffic and to maintain the efficiency of the container handling, one more Reach Stacker and necessary back up equipments have been added to the existing fleet of equipment at Kolkata Port.

During the year, the company has issued 1,319,100 nos. Equity shares of Rs. 10/- each at a price of Rs. 266.50 (including a premium of Rs. 256.50 per share) to PSA India Pte. Ltd, a Foreign Corporate Body on preferential basis.

ABG Kandla Container Terminal Ltd. a wholly owned subsidiary of your company has completed its first full year of operations at Kandla Port Trust and achieved a turnover of Rs. 39.52 crores, which is reasonably good performance considering the available berth length of 281 meters.

The Company is in the process of expanding its operations at Kandla Port Trust. The Kandla Port will be allocating additional berth admeasuring 264 meters in the ensuing year, which will enhance capacity of the company manifold; further company is upgrading its facilities at the Kandla Port, by adding equipments, development of roads, rails etc. to provide efficient service.

Finance

The company has divested part of its holding in subsidiary company viz. ABG Kolkata Container Terminal Pvt. Ltd, resulted in to infusion of fund amounting to Rs. 56 Crores (net of taxes).

The continuous investment in purchase of additional cranes during the year has led to higher borrowing. The interest costs were high due to hardening of interest rates and additional borrowing to part finance purchase of additional cranes.

Dividend

For the year 2007-2008, your Directors, have recommended a final dividend of Rs. 2.50 per Equity share (25%) in addition to an interim dividend of Rs. 7.50 per Equity share (75%) paid in the month of June 2008. The total dividend for the year 2007-08 thus aggregates to Rs. 10.00 per Equity share, as against Rs. 2.50 per Equity share paid in the previous year. The final dividend shall be paid after your approval at the Annual General Meeting. The dividend payout for the year amounts to Rs. 15 Crore, including Dividend Distribution Tax.

Directors' Responsibility Statement

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

- i) in preparation of the annual accounts, 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 judgments 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 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.

Change of Name:

The Company is presently engaged in the Port activities and Logistics services defined as Infrastructure facilities / services. In order to reflect the present business activities of providing Infrastructure facility and logistics services in the name of the Company, your company has changed its name from ABG Heavy Industries Limited to ABG Infralogistics Limited. Infralogistics is coined from the combination of "Infrastructure" and "Logistics". After the change of name no business activities carried out by the Company has changed.

Auditors

M/s. M. M Chaturvedi & Co., Chartered Accountants, the Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re - appointment. The Company has received a letter from M/s. M. M Chaturvedi & Co. to the effect that their re-appointment as Auditors, if made, would be within the limits under Section 224 (1-B) of the Companies Act, 1956. The Auditors' comments in their Report are self - explanatory, hence do not call for any further clarification.

Corporate Governance

Pursuant to clause 49 of the Listing Agreement with Stock Exchange, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report. The website of the company is launched and contains among others the code of conduct for the Directors and Senior Management adopted by the Company.

Subsidiaries

The Company has three subsidiaries namely, ABG Kolkata Container Terminal Private Limited, ABG Kandla Container Terminal

Limited and ABG Projects & Services Limited (U.K.). In accordance with the provisions laid down in Section 212(1) of the Companies Act, 1956 ("the said Act"), your company is required to attach the Director's Report, Balance Sheet and Profit & Loss Account of these subsidiaries to its Balance Sheet. In accordance with the provisions of Section 212(8) of the said Act, your company had made necessary application to the Central Government for seeking exemption from the aforesaid requirement. Audited Accounts of the subsidiaries of the Company are available at the registered office of the Company for inspection by members. The company will make available these documents upon request by any member of the Company.

Fixed Deposit

Your Company has not accepted any Fixed Deposits within the meaning of sections 58A & 58AA of The Companies Act, 1956 from the public during the year ended March 31, 2008.

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 the same relates to Conservation of Energy and Technology Absorption, are not applicable.

The information related to foreign exchange earnings and outgo has been given in the notes forming part of the accounts for the year ended 31st March 2008.

Particulars of Employees

A statement giving the requisite information as per Section 217 (2A) of the Companies Act, 1956 is as follows:

Name	Age (Year)	Qualification	Experience	Date of Employment	Designation	Gross Remuneration
Mr. Saket Agarwal	44 years	B.Com	24 years	11.06.84	Managing Director	Rs. 6,960,000/-
Mr. C. Babu Rajeev *	61 years	M.Sc.	38 years	01.12.07	Chief Executive Officer	Rs. 2,268,894/-
Mr. Jagdish Parikh *	45 years	F.C.A.	20 years	05.11.07	Chief Financial Officer	Rs. 1,424,303/-

* Indicates earnings for the part of the year.

NOTES:

- (1) The nature of employment is contractual.
- (2) Remuneration includes salaries, allowances, bonus, and expenditure incurred in providing rent free accommodation, medical expenses, value of other perquisites as calculated under the provisions of Income Tax Act and Rules and Company's contribution to Provident and Pension Fund.
- (3) In addition to the above remuneration, employees are entitled to gratuity, medical benefits, etc. in accordance with the company's rules.
- (4) Mr. Saket Agarwal is a relative of Mr. Kamlesh Kumar Agarwal and Mr. Rishi Agarwal, Directors of the Company.

Appreciation

Your Directors place on record their appreciation for the support and co-operation extended by Company's Bankers, Government Bodies, Shareholders and specifically the contribution made by the employees of the Company in the success of the Company during the year under review. Your Directors look forward to their continued unstinted support.

For and on behalf of the Board of Directors

Kamlesh Kumar Agarwal
Chairman

Mumbai, 1st July 2008

MANAGEMENT DISCUSSION & ANALYSIS

A) INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Economy in the year 2007-08 grew at 9% as compared to 9.6% in the previous year, as per the revised estimates released by CSO. India continued to be one of the fastest growing economies of the world. With Prime Minister Manmohan Singh projecting investment of \$320 billion in the infrastructure sector over two years, coupled with advancement in entering in to Nuclear Treaty with U.S. and continuation in trust to SEZ, Heavy duty lifting crane will continue to remain in demand. Globally, the shortage of cranes is expected to continue.

The New Foreign Trade Policy envisages doubling of India's share in global exports to \$150 billion. As per the projections by the Department of Commerce, a large portion of the foreign trade is expected to be through the maritime route - 95% by volume and 70% by value. This is expected to translate into Containerized cargo growth of 17.3%. Growth in merchandise exports is projected at over 13% p.a. These underline the need for large investments in port infrastructure. Government has identified 219 projects for the development of major ports and it is expected that 64% of the proposed investment in major ports will be sourced from private players. The plan proposes additional port handling capacity in major ports through projects related to port development (construction of jetties, berths etc.) and procurement, replacement or up-gradation of port equipment like ship to shore cranes, yard cranes etc.

B) OPPORTUNITIES AND THREATS

Due to Global economic slowdown, the forecast for growth in GDP of India is likely to be affected. Besides, with the interest rates and inflation moving northward and depreciation of the Indian rupee, there is bound to be greater pressure on bottom line. However, the sustained growth in the infrastructural sector and increasing industrial production will provide opportunities for growth for your company.

The company has been awarded a letter of intent by Visakhapatnam Port Trust for hiring of two 100 Tonne capacity Harbour Mobile Cranes for handling of Bulk Cargo at west quay berths.

Considering tremendous growth in the container traffic sector, the company has made foray into setting up of container freight station. The Company has been allotted 20000 sq metres of land within the Port premises by the New Mangalore Port Trust on long term lease basis for a period of 30 years to set up a state of the art Container Freight Station.

The container throughput of Kolkata Port has been growing steadily and ABG Kolkata Container Terminal Private Limited, a subsidiary of the Company, who has entered into contract with the Kolkata Port Trust for handling containers at NSD Berths of the port expects to improve its business performance substantially.

ABG Kandla Container Terminal Ltd., the wholly owned subsidiary of your company has completed maiden first full year of operation. With the expected allocation of an additional berth admeasuring 266.5 mts, and expansion plan of the company comprising of purchase of additional equipment and development of other related facilities will contribute to the revenue of the company.

C) RISKS AND CONCERNS

Market & Industry Risk

As the Company operates in world market, competitive pressures develop from any corner of the world. Company has to maintain its competitive edge in terms of quality of services. The Company has always followed a cautious approach of mitigating risks while capitalizing on the opportunities. The Company is exposed to the risks of changes in the government policies on infrastructure development, privatization of port operations and the opening up of port sector for foreign investment. It is exposed to policy initiatives that accelerates or inhibits industrial growth particularly in core sectors. The estimated GDP growth of for the country in the region of 8-9 per cent makes India one of the fastest growing economies in the world. The Company has used the present situation to its advantage and is looking for expansion in India and abroad to reduce the risk in business.

Interest Rate and Foreign Exchange Risk

To mitigate the impact of hardening of interest rates, the company borrows in Indian currency and Foreign currency in proper mix. It is however endeavored to keep the re-pricing period as long as possible. The foreign currency loan exposures of the company are hedged through available instruments. The company attempts to minimize the risk of foreign exchange by diversifying the currency in which it invoices its customers and by taking forward covers where appropriate.

D) Internal Control Systems and their adequacy

The organization is well structured. The Company has adequate systems of internal control commensurate with its size and the nature of its operations in place. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions proper authorization and ensuring compliance of corporate policies. The Company has an Audit Committee, details of which have been provided in the Corporate Governance Report. The Audit Committee meets the Company's Statutory Auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of its major observations from time to time. It also evaluates the Company's strategic risk management system and suggests risk mitigation measures for all the key operations.

E) HUMAN RESOURCE MANAGEMENT

Employee relations remained cordial throughout the year. The Company has a system for Annual Performance appraisal for its employees. The grant of increment or accelerated increments is related to work performance.

F) CAUTIONARY STATEMENT

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

