



ARTSON ENGINEERING LTD.



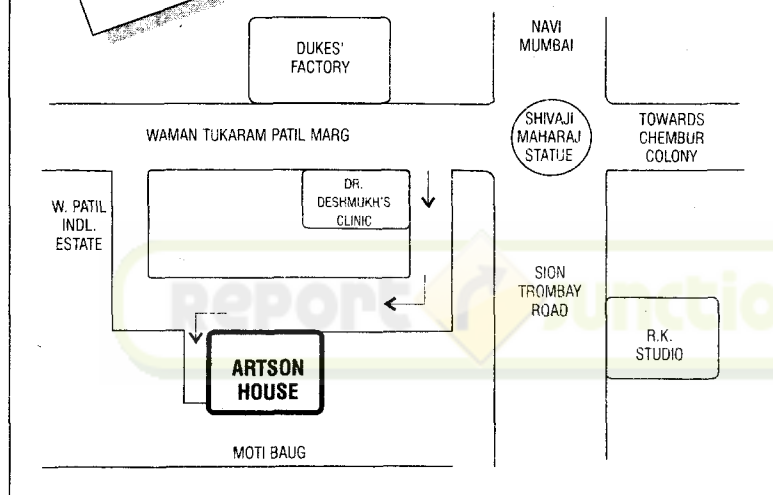
AN ISO 9001 COMPANY

20TH ANNUAL REPORT 1998-99

ANNUAL GENERAL MEETING ON

Friday, 24th Sept., 1999 at 11.30 a.m. at
 "ARTSON HOUSE", 16-17 Motibaug, W.T.
 Patil Marg, Chembur, Mumbai 400 071.

As a measure of economy, copies of the Annual
 Report will not be distributed at the Annual General
 Meeting. Shareholders are requested to kindly bring
 their copies to the Meeting.

LOCATION OF VENUE**BOARD OF DIRECTORS**

N. K. JAGASIA
Executive Chairman

P. S. CHOPDE
Managing Director

K. B. KAKATKAR
Wholtime Director

R. S. MEDHI
Wholtime Director

C. V. KADVEKAR
Wholtime Director

J. S. PAL
Nominee Director

V. S. DATE
Director

MANAGEMENT

V. E. VAITHILINGAM
Vice-President — Operations

**VICE-PRESIDENT
(FINANCE) & SECRETARY**

V. CHANDRASHEKAR

BANKERS

BANK OF INDIA
 DENA BANK
 ICICI BANKING CORPORATION LTD.

AUDITORS

CHOKSHI & CHOKSHI
Chartered Accountants
 MUMBAI 400 020

REGISTERED OFFICE

ELYSIUM MANSION
 WALTON ROAD, COLABA
 MUMBAI 400 001

HEAD OFFICE

ARTSON HOUSE
 16-17, MOTIBAUG,
 CHEMBUR
 MUMBAI 400 071

PLANT

PLOT NO. D-5 MIDC AMBAD
 NASHIK 422 010

REGISTRARS

SHAREPRO SERVICES
 912, RAHEJA CENTRE
 FREE PRESS JOURNAL MARG
 NARIMAN POINT, MUMBAI 400 021

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Notice

NOTICE is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the Company will be held at ARTSON HOUSE, 16-17 Motibaug, W.T. Patil Marg, Chembur, Mumbai 400 071 on Friday, 24th September, 1999 at 11.30 a.m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 1999 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K. B. Kakatkar who retires by rotation and who is eligible for reappointment.
3. To appoint a Director in place of Mr. R. S. Medhi who retires by rotation and who is eligible for reappointment
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification (as may be permissible) the following resolution as an ordinary resolution:

"RESOLVED that the Company hereby accords its approval and consent under Sections 198, 269, 309, 310 and other applicable statutory provisions, if any, of the Companies Act, 1956, and all other applicable statutory provisions, if any, to the re-appointment of Mr. N. K. Jagasia as Executive Chairman of the Company and to his receiving remuneration, benefits and amenities for a period of five years with effect from 1st April, 1999, upon the terms, conditions and stipulations contained in an agreement to be entered into between the Company and Mr. N. K. Jagasia, a draft whereof is placed before the meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement, as may be agreed to between the Board of Directors and Mr. N. K. Jagasia provided, however, that the remuneration payable to Mr. N. K. Jagasia shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all necessary or

desirable steps for the aforesaid purpose and matters incidental thereto."

6. To consider and if thought fit, to pass with or without modification (as may be permissible) the following resolution as an ordinary resolution :

"RESOLVED that the Company hereby accords its approval and consent under Sections 198, 269, 309, 310 and other applicable statutory provisions, if any, of the Companies Act, 1956, and all other applicable statutory provisions, if any, to the re-appointment of Mr. P. S. Chopde as Managing Director of the Company and to his receiving remuneration, benefits and amenities for a period of five years with effect from 1st April, 1999, upon the terms, conditions and stipulations contained in an agreement to be entered into between the Company and Mr. P. S. Chopde, a draft whereof is placed before the meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement, as may be agreed to between the Board of Directors and Mr. P. S. Chopde provided, however, that the remuneration payable to Mr. P. S. Chopde shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto."

7. To consider and if thought fit, to pass with or without modification (as may be permissible) the following resolution as an ordinary resolution:

"RESOLVED that the Company hereby accords its approval and consent under Sections 198, 269, 309, 310 and other applicable statutory provisions, if any, of the Companies Act, 1956, and all other applicable statutory provisions, if any, to the re-appointment of Mr. K. B. Kakatkar as Wholtime Director of the Company and to his receiving remuneration, benefits and amenities for a period of five years with effect from 1st April, 1999, upon the terms, conditions and stipulations contained in an agreement to be entered into between the Company and Mr. K. B. Kakatkar, a draft whereof is placed before the meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and

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Notice (Contd.)

conditions of the said appointment and/or agreement, as may be agreed to between the Board of Directors and Mr. K. B. Kakatkar provided, however, that the remuneration payable to Mr. K. B. Kakatkar shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto."

8. To consider and if thought fit, to pass with or without modification (as may be permissible) the following resolution as an ordinary resolution:

"RESOLVED that the Company hereby accords its approval and consent under Sections 198, 269, 309, 310 and other applicable statutory provisions, if any, of the Companies Act, 1956, and all other applicable statutory provisions, if any, to the re-appointment of Mr. R. S. Medhi as Wholtime Director of the Company and to his receiving remuneration, benefits and amenities for a period of five years with effect from 1st April, 1999, upon the terms, conditions and stipulations contained in an agreement to be entered into between the Company and Mr. R. S. Medhi, a draft whereof is placed before the meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement, as may be agreed to between the Board of Directors and Mr. R. S. Medhi provided, however, that the remuneration payable to Mr. R. S. Medhi shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto."

9. To consider and if thought fit, to pass with or without modification (as may be permissible) the following resolution as an ordinary resolution:

"RESOLVED that the Company hereby accords its approval and consent under Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, and all other applicable statutory provisions, if any, to vary the terms of

appointment of Mr. C. V. Kadvekar, Wholtime Director, in as much as it pertains to his receiving remuneration, benefits and amenities as is contained in the agreement to be entered into between the Company and Mr. C. V. Kadvekar, a draft whereof is placed before the meeting.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto."

10. To consider and if thought fit, to pass with or without modification (as may be permissible) the following resolution as a special resolution :

"RESOLVED that the registered office of the Company hitherto located at "Elysium Mansion Walton road, Colaba, Mumbai 400 001", be and is hereby relocated to be at "Plot No. D-5 MIDC, Ambad, Nashik, Maharashtra 422 010".

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to do all such acts deeds and things to give effect to the aforesaid resolution."

By Order of the Board

V. CHANDRASHEKAR
Vice President (Finance)
& Company Secretary

Mumbai, 20th August, 1999

Registered Office:
Elysium Mansion
Walton Road, Colaba
Mumbai-400 001

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.



Notice (Contd.)

(b) The Register of Members and Share Transfer Books of the Company will be closed from 16th September 1999 to 25th September 1999 (both days inclusive).

(c) Members are requested to intimate immediately any change in their address to M/s Sharepro Services, 912 Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021.

(d) Members holding shares under more than one folio are requested to send to the Registrar and Transfer Agents details of such folios alongwith the share certificates for consolidating the folios.

(e) The Company has already transferred unclaimed dividend declared upto the financial year ended March 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Maharashtra, Hakoba Compound, 2nd Floor, Kalachowki, Mumbai 400 033.

The Unpaid Dividend that is due for transfer to the Central Government is as follows:

Financial Year	Date of Declaration	Due for transfer on
1995-96	23.09.96	9.11.2003

(f) Members seeking any information with regard to Accounts, etc. are requested to write to the Company at an early date so as to enable the management to keep the information ready.

(g) Members who have not encashed their dividend warrants for the aforesaid financial year are requested to approach the Company's Share transfer Agents, for obtaining duplicate dividend warrants.

By Order of the Board
V. CHANDRASHEKAR
Vice President (Finance)
& Company Secretary

Mumbai, 20th August 1999

Registered Office:
Elysium Mansion
Walton Road, Colaba
Mumbai 400 001

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Annexure to the Notice

Explanatory Statement as required by Section 173 of the Companies Act 1956 are annexed hereto:

ITEM 5, 6 and 7

The Board of Directors of the Company at their Meeting held on 28th March, 1999 have re-appointed Mr. N. K. Jagasia as Executive Chairman, Mr. P.S. Chopde as Managing Director, Mr. K. B. Kakatkar as Wholetime Director for a term of five years w.e.f. from 1st April, 1999, subject to the approval of the members, on the terms and conditions as detailed below.

SALARY: Rs. 50,000/-p.m. with an annual increment of Rs. 5,000/- on 1st April every year.

PERQUISITES: In addition to the above, the appointee shall be entitled to the following perquisites equal to the annual salary or Rs.4,50,000/- p.a., whichever is less. Unless the context otherwise requires, perquisites are classified into three categories 'A', 'B' and 'C' as under.

CATEGORY "A"

This will comprise House Rent Allowance, Leave Travel Concession and Medical Reimbursement. This will be provided as under:-

Housing:

1. The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the following ceiling:-
Sixty percent of the salary over and above ten percent payable by the appointee.
2. In case the accommodation is owned by the Company, 10% of the salary of the appointee shall be deducted by the Company.
3. In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance, subject to ceiling laid down in (1) above.

Explanation:

The expenditure incurred for the appointee on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the appointee.

Medical Reimbursement:

Expenses incurred by the appointee and his family subject to one month's salary in a year or three months' salary over a period of three years.

Leave Travel Concession:

For the appointee and his family once in a year incurred in accordance with any rules specified by the Company.

Explanation:

For purpose of Category 'A' Family means the spouse, the dependant children and dependant parents of the appointee.

Club Fees:

Membership of maximum of two clubs. This will not include admission and life membership fees.

Personal Accident Insurance:

Rs. 4,000/- p.a.

CATEGORY "B"

Provident Fund:

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable will not exceed half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY "C"

Provision of car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee.

MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the appointee by way of salary and perquisites as mentioned above subject to a maximum of Rs. 87,500/- p.m. or Rs.10,50,000/- p.a. in terms of Schedule XIII of the Companies Act, 1956.

In terms of the provisions of the Companies Act, 1956 these re-appointments are required to be confirmed by the members. Mr. N.K. Jagasia, Mr. P. S. Chopde and Mr. K.B. Kakatkar may be said to be interested in the



Annexure to the Notice (Contd.)

resolution pertaining to their re-appointments. The Board commends the passing of the resolutions. None of the other Directors are interested in the resolutions.

ITEM 8

The Board of Directors of the Company at their Meeting held on 28th March, 1999 have re-appointed Mr. R. S. Medhi as Wholtime Director for a term of five years w.e.f. from 1st April, 1999, subject to the approval of the members, on the terms and conditions as detailed below.

SALARY: Rs. 33,000/-p.m. with an annual increment of Rs.4,000/- on 1st April every year.

PERQUISITES: In addition to the above, the appointee shall be entitled to the following perquisites equal to the annual salary or Rs. 4,50,000/- p.a., whichever is less. Unless the context otherwise requires, perquisites are classified into three categories 'A', 'B' and 'C' as under.

CATEGORY "A"

This will comprise House Rent Allowance, Leave Travel Concession and Medical Reimbursement. This will be provided as under:-

Housing:

1. The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the following ceiling:-
Sixty percent of the salary over and above ten percent payable by the appointee.
2. In case the accommodation is owned by the Company, 10% of the salary of the appointee shall be deducted by the Company.
3. In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance, subject to ceiling laid down in (1) above.

Explanation:

The expenditure incurred for the appointee on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the appointee.

Medical Reimbursement:

Expenses incurred by the appointee and his family subject to one month's salary in a year or three months' salary over a period of three years.

Leave Travel Concession:

For the appointee and his family once in a year incurred in accordance with any rules specified by the Company.

Explanation:

For purpose of Category 'A' Family means the spouse, the dependant children and dependant parents of the appointee.

Club Fees:

Membership of maximum of two clubs. This will not include admission and life membership fees

Personal Accident Insurance:

Rs. 4,000/- p.a.

CATEGORY "B"

Provident Fund:

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable will not exceed half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY "C"

Provision of car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee.

MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the appointee by way of salary and perquisites as mentioned above subject to a maximum of Rs. 87,500/- p.m. or Rs.10,50,000/- p.a. in terms of Schedule XIII of the Companies Act, 1956.

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Annexure to the Notice (Contd.)

In terms of the provisions of the Companies Act, 1956 the re-appointment is required to be confirmed by the members. Mr. R.S. Medhi may be said to be interested in the resolution pertaining to his re-appointment. The Board commends the passing of the resolution. None of the other Directors are interested in the resolution.

ITEM 9

The Board of Directors of the Company at their Meeting held on 28th March, 1999, have modified the terms of employment of Mr. C. V. Kadvekar, Wholetime Director, subject to the approval of the members. The modified terms and conditions are as detailed below.

SALARY: Rs. 33,000/- p.m. with an annual increment of Rs. 4,000/- on 1st April every year.

PERQUISITES: In addition to the above, the appointee shall be entitled to the following perquisites equal to the annual salary or Rs. 4,50,000/- p.a., whichever is less. Unless the context otherwise requires, perquisites are classified into three categories 'A', 'B' and 'C' as under.

CATEGORY "A"

This will comprise House Rent Allowance, Leave Travel Concession and Medical Reimbursement. This will be provided as under:-

Housing:

1. The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the following ceiling:-
Sixty percent of the salary over and above ten percent payable by the appointee.
2. In case the accommodation is owned by the Company, 10% of the salary of the appointee shall be deducted by the Company.
3. In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance, subject to ceiling laid down in (1) above.

Explanation:

The expenditure incurred for the appointee on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the appointee.

Medical Reimbursement:

Expenses incurred by the appointee and his family subject to one month's salary in a year or three months' salary over a period of three years.

Leave Travel Concession:

For the appointee and his family once in a year incurred in accordance with any rules specified by the Company.

Explanation:

For purpose of Category 'A' Family means the spouse, the dependant children and dependant parents of the appointee.

Club Fees:

Membership of maximum of two clubs. This will not include admission and life membership fees

Personal Accident Insurance:

Rs. 4,000/- p.a.

CATEGORY "B"*Provident Fund:*

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable will not exceed half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY "C"

Provision of car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee.

MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the appointee by way of salary



Annexure to the Notice (Contd.)

and perquisites as mentioned above subject to a maximum of Rs. 87,500/- p.m. or Rs. 10,50,000/- p.a. in terms of Schedule XIII of the Companies Act, 1956.

In terms of the provisions of the Companies Act, 1956 the modification is required to be confirmed by the members. Mr. C. V. Kadvekar may be said to be interested in the resolution pertaining to modification in terms of his appointment. The Board commends the passing of the resolution. None of the other Directors are interested in the resolution.

The aforesaid explanations alongwith the accompanying notes are to be treated as an abstract under Section 302 of the Companies Act, 1956 in respect of remuneration of Mr. N.K. Jagasia, Mr. P.S. Chopde, Mr. K.B. Kakatkar, Mr. R. S. Medhi and Mr. C. V. Kadvekar.

ITEM NO. 10.

The registered office of your Company is presently located in a rented premises at Mumbai. Your Company also owns a factory which is located at Nashik. Your Directors are of the opinion that your Company's interests will be well served if its registered office is shifted to its own premises at Nashik. In the present competitive environment, cost reduction by rationalisation of available resources and infrastructure coupled with restructuring has become inevitable. The cost of manpower and related expenditure are quite significant in your Company's operations. With modern aids of communication, which allow your Company to operate effectively irrespective of its location, it is

essential that your Company shifts its operation to places where costs are optimum, at low levels and manpower effectiveness is maximum. The cost of manpower is probably highest in Mumbai, as it has to be compensated for high cost of living. The problems of commutation also affects the effectiveness of manpower. From that point of view Nashik is an ideal location where cost of manpower is low and the problems of commutation are absent. It is close to Mumbai. No additional infrastructure or investment would be required to provide for the relocation. Some of your Company's senior managers including Directors also propose to be relocated at Nashik to ensure that the relocation gives the intended advantage to your Company. The infrastructure and facilities freed in Mumbai would be utilised for more value added activities. In view of this your Directors commend passing of the resolution.

None of the Directors is interested in the resolution.

By Order of the Board

V. CHANDRASHEKAR
Vice President (Finance)
& Company Secretary

Mumbai, 20th August 1999

Registered Office:
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