

1999-2000

ANNUAL REPORT



ARTSON ENGINEERING LTD.





ANNUAL GENERAL MEETING ON

Thursday, 28th Sept., 2000 at 3.30 p.m. at

ARTSON ENGINEERING LIMITED
Plot No. D-5, MIDC, Ambad, Nashik - 422010.

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.

BOARD OF DIRECTORS

P.S. CHOPDE

Chairman

C.V. KADVEKAR

Managing Director

N. K. JAGASIA

Wholtime Director

K. B. KAKATKAR

Wholtime Director

R. S. MEDHI

Wholtime Director

J. S. PAL

Nominee Director

MANAGEMENT

V. E. VAITHILINGAM

Vice-President — Operations

VICE-PRESIDENT

(FINANCE) & SECRETARY

V. CHANDRASHEKAR

BANKERS

BANK OF INDIA

DENA BANK

ICICI BANK LTD.

AUDITORS

CHOKSHI & CHOKSHI

Chartered Accountants

MUMBAI 400 020.

REGISTERED OFFICE

PLOT NO. D-5,

MIDC, AMBAD,

NASHIK - 422 010

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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21ST ANNUAL REPORT 1999-2000

Notice

NOTICE is hereby given that the TWENTY FIRST ANNUAL GENERAL MEETING of the Company will be held at Artson Engineering Limited, Plot No. D-5, MIDC Ambad, Nashik - 422 010 on Thursday, 28th September at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 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. N.K. Jagasia who retires by rotation and is eligible for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. 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 Section 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 appointment of Mr. P.S. Chopde as Chairman of the Company and to his receiving remuneration, benefits and amenities for a period of five years with effect from 1st April, 2000, 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 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 and / or desirable steps for the aforesaid purpose and matters incidental thereto."

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 Section 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 appointment of Mr. C.V. Kadvekar 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, 2000, upon the terms, conditions and stipulations contained in an agreement to be entered into between the Company and Mr. C.V. Kadvekar, 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 agreement, as may be agreed to between the Board of Directors and Mr. C.V. Kadvekar provided, however, that the remuneration payable to Mr. C.V. Kadvekar 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 and / or desirable steps for the aforesaid purpose and matters incidental thereto."

By Order of the Board

V. CHANDRASHEKAR
Vice President (Finance)
& Company Secretary

Mumbai, 19th August, 2000

Registered Office :
Plot No. D-5,
MIDC, Ambad,
Nashik - 422 010.

Notice (Contd.)

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.

b) The Register of Members and Share Transfer Books of the Company will be closed from 16th September, 2000 to 28th September, 2000 (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 Marg, 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 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, 19th August, 2000

Registered Office :

Plot No. D-5,
MIDC, Ambad,
Nashik - 422 010.

Annexure to the Notice

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

ITEM 4

The Board of Directors of the Company at their Meeting held on 25th March, 2000 have appointed Mr. P.S. Chopde as Chairman for a term of five years w.e.f. 1st April, 2000, 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 this appointment is required to be confirmed by the members. Mr. P.S. Chopde may be said to be interested in the resolution pertaining to his appointment. The Board commends the passing of the resolution. None of the other Directors are interested in the resolution.



Annexure to the Notice (Contd.)

ITEM 5

The Board of Directors of the Company at their Meeting held on 25th March, 2000 have appointed Mr. C.V. Kadvekar as Managing Director for a term of five years w.e.f. 1st April, 2000, 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 this appointment is required to be confirmed by the members. Mr. C. V. Kadvekar may be said to be interested in the resolution pertaining to his appointment. The Board commends the passing of the resolution. None of the other Directors are interested in the resolution.

By Order of the Board

V. CHANDRASHEKAR
Vice President (Finance)
& Company Secretary

Mumbai, 19th August, 2000

Registered Office :

Plot No. D-5,
MIDC, Ambad,
Nashik - 422 010.

21ST ANNUAL REPORT 1999-2000

Directors' Report

To the Members.

The Directors hereby present their Twenty First Annual Report on the business and operations of your Company and statements of accounts for the year ended 31st March, 2000.

SUMMARISED FINANCIAL RESULTS

1. The financial results are briefly indicated below :

	For the year ended 31 st March, 2000 Rs. in Lacs	For the year ended 31 st March, 1999 Rs. in Lacs
Profit before Depreciation	248.51	399.08
Less : Depreciation	145.51	163.27
Profit before Taxation	103.00	235.81
Less : Provision for Taxation	48.00	84.00
Net Profit	55.00	151.81
Surplus brought forward from previous year	296.89	184.69
Other Adjustments	(19.38)	6.39
Profit available for disposal	332.51	342.89
Appropriations :		
Proposed Dividend	—	—
General Reserve	—	46.00
Balance carried forward to Profit & Loss Account	332.51	296.89
	332.51	342.89

2. REVIEW OF OPERATIONS

The general economic slow down continued to affect the performance of your company. Sales have declined by 37.77% and profit after tax has come down by 63.77%. Suspension of work of Essar's Vadinar Refinery site has deprived your company of additional billing during the year. The company has successfully completed contracts for 2nd Phase of Mangalore Refineries & Petrochemicals Ltd., PTA project of Mitsubishi Heavy Industries at Haldia and DHDS project of Technimont ICB at Haldia. Financial compulsions restrain your Directors from recommending dividend for the year 1999-2000.

3. THE FUTURE SCENARIO

Investments in Oil & Gas Sector are expected to pick up with several cross country pipelines, LNG terminals and refinery expansions. Your Company can expect some business out of these, either directly or through bigger EPC contractors.

Your Company is exploring export opportunities and good performance on some of the export orders in the past and present can get us some orders in that sector. Your Company is expected to start a joint venture outside India to broad base its operations.

Though private sector power projects have still not much picked up, it is expected that in the next one year some of them could come into project execution stage where your Company can get some business.

4. DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company Mr. N.K. Jagasia retires by rotation and is eligible for re-appointment. During the course of the year designations of Mr. P.S. Chopde and Mr. C.V. Kadvekar were changed to that of Chairman and Managing Director respectively. The appointments took effect from 1st April, 2000 and are required to be confirmed by the shareholders at the Annual General Meeting.



Directors' Report — (Contd.)

5. AUDITORS

The observations of Auditors are explained, where necessary, in appropriate notes on accounts. The shareholders are requested to appoint the Auditors and fix their remuneration. M/s. Chokshi & Chokshi, retiring Auditors, have informed the company that they are eligible for reappointment.

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

In accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, the required information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed to the Directors' Report.

7. PARTICULAR OF EMPLOYEES

As required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 1975, as amended, particulars of the Company's employees are set out in a separate statement attached hereto which forms part of the report.

8. Y2K READINESS

Your Company's computer systems - Hardware & Software are Y2K compliant.

9. ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank the employees of Artson, who continue to stand by your Company. Bank of India, Dena Bank, ICICI Bank Limited and SICOM Limited need special mention for their unfettered support to your Company. Your Directors look forward to a stronger association with these institutions.

For and on behalf of the Board

P. S. Chopde
Chairman

Mumbai, 19th August, 2000

Registered Office :

Plot No. D-5,
MIDC, Ambad,
Nashik 422010

Annexure to Directors' Report (Contd.)

Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956.

Sr. No.	Name of Employee	Age	Present Designation/ Nature of duties	Qualification & Experience	Date of Appointment	Total Remuneration Paid (Rs.)	Particulars of last employment
Employed throughout the financial year under review and were in receipt of remuneration in aggregate of not less than Rs.6,00,000/- p.a.							
1	Mr. P.S. CHOPDE	51	Chairman	B.E. (Mech) MMS 27 years	18.09.78	10,46,165.00	Engineer, Hindustan Petroleum
2	Mr. C.V. KADVEKAR	44	Managing Director	B.Chem. Engg., MBA 22 years	01.09.82	6,88,219.00	Chemical Engineer, Hindustan Antibiotics Ltd.
3	Mr. N. K. JAGASIA	58	Wholtime Director	B.E. (Mech) 35 years	18.09.78	10,36,274.00	Manager, Alkan Engg. (I) P. Ltd.
4	Mr. K. B. KAKATKAR	55	Wholtime Director	B.E. (Civil), MMS 29 years	18.09.78	10,43,306.00	Dy. Com. Manager, Standard Alkali Div. Standards Mills Co. Ltd
5	Mr. R. S. MEDHI	55	Wholtime Director	Mech. Engineer 35 years	01.09.80	6,91,360.00	Head of PPC Dept. Gratic Engineering

1. Remuneration includes Salary, House Rent Allowance, Reimbursement of Medical expenses, L.T.A., Company's contribution to Provident Fund and expenditure incurred by the Company in respect of perquisites to Directors.

2. In addition to the above, these employees are also covered under "Personal Accident Insurance" policy.

3. The nature of employment in all cases is contractual subject to rules and conditions of the Company and terminable by appropriate notice.

4. (a) No Director is related to any other Director.

(b) None of the above employees is related to any Director of the Company.

For and on behalf of the Board
P. S. Chopde
Chairman

Mumbai, 19th August, 2000

Registered Office :

Plot No. D-5,
MIDC, Ambad, Nashik 422010