



**ARTSON ENGINEERING LTD.**

**24**

***ANNUAL REPORT 2002-2003***

**24TH ANNUAL REPORT 2002 - 2003****ANNUAL GENERAL MEETING ON**

Monday, 29th September, 2003 at 2.30 p.m. at Hotel Sai Palace, Mumbai - Agra Road, Opp. CIDCO, Nashik - 422 009.

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**

N. K. JAGASIA

Chairman &  
Managing Director

C. V. KADVEKAR

Wholetime Director

R. S. MEDHI

Wholetime Director

P. S. CHOPDE

Director

T. RAMARAJU

Director

**MANAGEMENT**

U. S. NANIWADEKAR

General Manager  
(Projects)

R. K. DAMANIA

General Manager  
(Projects)

P. E. THOMAS KUTTY

General Manager  
(Projects)

**BANKERS**

BANK OF INDIA

DENA BANK

ICICI BANK LTD.

**AUDITOR**

CHOKSI & CHOKSHI

Chartered Accountants  
Mumbai 400 020

**REGISTERED OFFICE**

N-44/CB2/1/6, 4th Scheme,  
CIDCO, Trimurthy Chowk,  
Nasik - 422 009.

**HEAD OFFICE**

'ARTSON HOUSE' 16-17, MOTI BAUG,  
CHEMBUR, MUMBAI - 400 071.

**PLANT**

PLOT NO D-5, MIDC AMBAD,  
NASHIK 422 010.

**REGISTRARS**

SHAREPRO SERVICES  
SATAM INDL. ESTATE, 3RD FLOOR,  
CARDINAL GRACIOUS ROAD, CHAKALA,  
ANDHERI (E), MUMBAI - 400 099.

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## NOTICE

NOTICE is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company will be held at Hotel Sai Palace, Mumbai-Agra Road, Opp. CIDCO, Nashik - 422 009, on Monday, 29<sup>th</sup> September, 2003 at 2.30 p.m. to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2003 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. R. S. Medhi who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. T. Ramaraju who retires by rotation and 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 a Special Resolution.

**"RESOLVED** that the Company hereby accords its approval and consent under the provision of "Securities And Exchange Board of India, (Delisting of Securities) Guidelines - 2003, "Companies Act, 1956, and all other applicable statutory provisions, if any, to the voluntary Delisting of Company's Shares from Delhi Stock Exchange, Madras Stock Exchange and Ahmedabad Stock Exchange.

**RESOLVED FURTHER** that the Board of Directors of the Company be authorized to take necessary steps in accordance with the guidelines in force from time to time to give effect to the above resolution."

By Order of the Board,

**N. K. JAGASIA**

*Chairman & Managing Director*

Mumbai 28<sup>th</sup> August, 2003.

**Registered Office :**

N-44/CB2/1/6, 4<sup>th</sup> Scheme,  
CIDCO, Trimurthy Chowk,  
Nashik - 422 009.

**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 16<sup>th</sup> September 2003 to 30<sup>th</sup> September 2003.
- c) Members are requested to intimate immediately any change in their address to M/s. Sharepro Services, Satam Industrial Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099.
- 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) 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.

By Order of the Board,

**N. K. JAGASIA**

*Chairman & Managing Director*

Mumbai 28<sup>th</sup> August, 2003.

**Registered Office :**

N-44/CB2/1/6, 4<sup>th</sup> Scheme,  
CIDCO, Trimurthy Chowk,  
Nashik - 422 009.

**Annexure to the Notice**

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

**ITEM 5**

Securities And Exchange Board of India, (Delisting of Securities) Guidelines - 2003 provides for voluntary delisting of shares after a minimum period of Listing of three years. Your company is presently listed on Mumbai Stock Exchange, Delhi Stock Exchange, Madras Stock Exchange & Ahmedabad Stock Exchange. Under the aforesaid guidelines Stock Exchange, Mumbai is recognised as a stock exchange having nationwide trading terminal. In view of the same the Board of Directors of your company in their meeting held on 28<sup>th</sup> August, 2003 have approved delisting of securities from the Stock Exchange of Delhi, Madras and Ahmedabad.

In terms of the provisions of SEBI (Delisting of Securities) rules, 2003 the same needs to be approved by the members as a special resolution. The Board commends the passing of the resolution. None of the directors are interest in the resolution.

By Order of the Board,

**N. K. JAGASIA**

*Chairman & Managing Director*

Mumbai 28<sup>th</sup> August, 2003.

**Registered Office :**

N-44/CB2/1/6, 4<sup>th</sup> Scheme,  
CIDCO, Trimurthy Chowk,  
Nashik - 422 009.

**Details of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting**

(In pursuance of Clause 49 of the Listing Agreement)

**MR. R. S. MEDHI**

**Date of Birth : 17.03.1945**

Mr. R. S. Medhi is a Mechanical Engineer and Diploma Holder in Systems Management. He has over 35 years experience in Process Equipment manufacturing and construction. He has been with Artson Engineering Limited since 1980.

**MR. T. RAMARAJU**

**Date of Birth : 03.08.1928**

Mr. T. Ramaraju is a Civil Engineer and a Post Graduate in M.S. from North Western University, Illinois, U.S.A. He is also a diploma holder in Administrative Management from Bajaj Institute, University of Bombay. He has over 40 years experience of designing of integrated structures such as construction and commissioning of scientific laboratories, housing complexes, highly sensitive accelerators, industrial plants and hospital complexes. At present Mr. T. Ramaraju is the Technical Adviser at Gujarat Ambuja Cements Ltd.

## 24TH ANNUAL REPORT 2002 - 2003

## DIRECTORS' REPORT

To the Members,

The Directors hereby present their Twenty Fourth Annual Report on the business and operations of your Company and statements of accounts for the year ended 31<sup>st</sup> March, 2003.

1. **SUMMARISED FINANCIAL RESULTS**

The financial results are briefly indicated below :

	For the year ended 31 <sup>st</sup> March, 2003 Rs. in '000	For the year ended 31 <sup>st</sup> March, 2002 Rs. in '000
Profit / (Loss) before Depreciation	(119,388)	(57,002)
Less : Depreciation	9,398	10,962
Profit / (Loss) before Taxation	(128,786)	(67,964)
Less : Provision for Taxation	-	-
Net Profit / (Loss)	(128,786)	(67,964)
Surplus brought forward from previous year	(57,487)	851
Other Adjustments	1,061	(1,445)
Profit available for disposal	(185,212)	(68,558)
<b>Appropriations :</b>		
Proposed Dividend	-	-
General Reserve	-	11,071
Balance carried forward to Profit & Loss Account	(185,212)	(57,487)

2. **REVIEW OF OPERATIONS**

There has been further deterioration in performance as company could not book adequate business during the year under review. Although a major export order was booked by the company, execution of the same could not take place due to want of clearance from the foreign government. Business expected from government oil companies has still not come up to a level where your company could participate the same is expected in the second half of 2003-04.

3. **THE FUTURE SCENARIO**

Your company expects recommencement of ESSAR oil refinery. With a Rs 24 crore backlog your company expects to benefit from the same. Also in view of the good work done at ESSAR, your company would benefit by getting further work of approx. Rs. 20 crores by current year end on resumption of activities at Wadinar refinery Jamnagar.

The company is also expecting an export order from BHEL for export of prefabrication tanks to Libya worth about Rs. 5 crores. The company participated in tenders for tankage work at Djibouti and Cyprus. The industrial climate and the investment in Projects are on the increase. The company expects to participate in the new tenders and book further business in its line of activity. As you know the company is also in construction of captive power generation projects. With the recent changes in the electricity laws there will be considerable openings in this field for the company.

4. **DIRECTORS**

Mr V.Chandrashekar resigned from the wholtime employment of the company as whole-time Director and Company Secretary. Mr M.S.Gulati resigned as director of the company. The Board wishes to place on record its appreciation of valuable services rendered by Mr. Chandrashekar and Mr Gulati during their tenure as directors of the company.

5. **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.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors state as under :

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently and made judgements and estimate 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;
- that the Directors had taken proper and sufficient care for 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;
- that the Directors had prepared the annual accounts on a going concern basis.

7. **PARTICULARS 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 put in a separate statement attached hereto which forms part of the report.

8. **ACKNOWLEDGEMENTS**

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

For and on behalf of the Board  
N.K. JAGASIA  
Chairman & Managing Director

Mumbai, 28th August, 2003

Registered Office :

N-44/CB2/1/6, 4<sup>th</sup> Scheme, CIDCO,  
Trimurty Chowk, Nashik - 422 009..



## ANNEXURE TO DIRECTORS' REPORT

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

Sr. No.	Name of Employees	Age	Present Designation / Nature of Duties	Qualification & Experience	Date of Appointment	Total Remuneration Paid (Rs.)	Particulars of last employment
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Employed throughout the financial year under review and was in receipt of remuneration in aggregate of not less than Rs. 24,00,000/- p.a. - NIL

Employed for a part of the financial year and was in receipt of remuneration in aggregate of not less than Rs. 2,00,000/- p.m. - NIL

For and on behalf of the Board

**N.K. JAGASIA**

Chairman & Managing Director

Mumbai, 28th August, 2003

**Registered Office :**

N-44/CB2/1/6, 4<sup>th</sup> Scheme, CIDCO,

Trimurty Chowk, Nashik - 422 009

Statement pursuant to Section 217 (1) (e) of the Companies Act, 1956.

**(A) CONSERVATION OF ENERGY**

(a)	Energy conservation measures taken :	NIL
(b)	Additional investments and proposals, if any, being implemented for reduction in consumption of energy :	None
(c)	Impact of the measures at (a) and (b) above for energy consumption and consequent impact on the cost of production of goods :	N.A.
(d)	Total energy consumption and consumption of energy per unit of production :	

**FORM A**

PARTICULARS	2002-2003	2001-2002
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**A. POWER AND FUEL CONSUMPTION****1. Electricity**

(a) Purchased Units (KWH)

NIL

122866

Total amount (Rs. in lacs)

NIL

6.84

Rate per unit (Rs.)

N.A.

5.57

(b) Own Generation

NIL

NIL

**B. CONSUMPTION PER UNIT OF PRODUCTION**

(Standards, if any)\*

(i) Electricity

N.A.

N.A.

(ii) Furnace Oil

N.A.

N.A.

(iii) Coal

N.A.

N.A.

(iv) Others

N.A.

N.A.

\* The Company does not have unitised product.

## 24TH ANNUAL REPORT 2002 - 2003

## (B) TECHNOLOGY ABSORPTION

## FORM B

## Research &amp; Development (R&amp;D)

1. Specific areas in which R & D was carried out by the Company : NIL
2. Benefits derived as a result of the above R & D : N.A.
3. Future plan of action : Being formulated.
4. Expenditure on R & D :

(Rs. in Lacs)

	2002-2003	2001-2002
(a) Capital	NIL	NIL
(b) Recurring	NIL	NIL
(c) Total	NIL	NIL
(d) Total R & D expenditure as % of total turnover	NIL	NIL

## Technology Absorption, Adaptation and Innovation

- (1) Efforts in brief made towards technology absorption, adaptation and improvements, None
- (2) Benefits derived as a result of the above efforts. NA
- (3) Import of Technology None
- (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Lacs)

	2002-2003	2001-2002
(i) Foreign Exchange earned	21.90	251.84
(ii) Foreign Exchange used	13.55	6.49

For and on behalf of the Board

N.K. JAGASIA

Chairman &amp; Managing Director

Mumbai, 28th August, 2003

## Registered Office :

N-44/CB2/1/6, 4<sup>TH</sup> Scheme, CIDCO,

Trimurty Chowk, Nashik - 422 009



## CORPORATE GOVERNANCE REPORT

**As per the format prescribed by SEBI guidelines and Clause 49 of the Listing Agreement**

The Company's Philosophy on Corporate Governance envisages attainment of high level of transparency and accountability in the functioning and conduct of business of the Company. This includes its interaction with employees, shareholders, creditors, consumers and institutional and other lenders. The Company shall continue its efforts in strengthening and raising the standards in Corporate Governance and shall also review its systems and procedures constantly to keep pace with the changing economic scenario.

**1. BOARD OF DIRECTORS**

The Company has an Executive Chairman. The composition of the Board of Directors is as under :

Name of Director	Category	No. of Board Meetings attended	Attendance at the last AGM (Y / N)	Directorship in other companies incorporated in India	No. of committees in which Chairman / Member
Mr. Narayan K. Jagasia	Chairman (Executive & Non-Independent)	6	N	Kerraun Systems Ltd.	Member - 1
Mr. Ramesh S. Medhi	Wholtime Director (Executive & Independent)	6	Y	—	
Mr. Chandrashekhar V. Kadvekar	Wholtime Director (Executive & Independent)	4	Y	—	
Mr. V. Chandrashekar	Wholtime Director (Executive & Independent)	7 Resigned on 26.06.2003	Y	—	Member - 1
Mr. Prakash S. Chopde	Director (Non-Executive & Non-Independent)	6	Y	Kerraun Systems Ltd.	Chairman - 1 Member - 1
Mr. Mohindar S. Gtlati	Director (Non-Executive & Independent)	2 Resigned On 28.07.2003	N	M.D. of Nitson & Amitsu Pvt. Ltd.	Chairman - 1
Mr. T. Ramaraju	Director (Non-Executive & Independent)	6	N	—	Member - 1

**2. BOARD MEETINGS**

During the year under review, 7 Board Meetings were held, viz. 29.04.2002, 30.07.2002, 26.08.2002, 27.09.2002, 29.10.2002, 28.11.2002 and 30.01.2003.

The Company did not have any pecuniary relationship with NEDs during the year under review.

**3. AUDIT COMMITTEE**

During the year under review, the Audit Committee held 3 meetings, viz. 23.08.2002, 29.10.2002 and 30.01.2003. The Company Secretary acted as the Secretary to the Committee. The composition of the Audit Committee is as hereunder:

Name of Member	Category
Mr. M. S. Gulati	Chairman -Non-Executive & Independent
Mr. T. Ramaraju	Non-Executive & Independent
Mr. P. S. Chopde	Non-Executive & Non-Independent

The broad terms of reference of the newly constituted Audit Committee is to review financial reporting process, reports of the Internal Auditor and discussion with them periodically, to meet Statutory Auditors to discuss their findings, suggestions and other matters, internal control systems and quarterly financial statements. The scope of the activities of the Audit Committee is as prescribed by Clause 49 II (C) & (D) of the Listing Agreement.

**4. REMUNERATION COMMITTEE**

The Company has not set up a Remuneration Committee. The Board of Directors, however, review the remuneration / performance of the senior management.

Directors' Remuneration.

Directors	Remuneration (Rs.)	Sitting fees (Rs.)
N. K. Jagasia	13,91,040	Nil
R. S. Medhi	8,54,220	Nil
C. V. Kadvekar	9,71,420	Nil
V. Chandrashekar	8,61,959	Nil

**5. SHARE TRANSFER COMMITTEE / SHAREHOLDERS' GRIEVANCE COMMITTEE**

The Company has combined the Share Transfer Committee and Shareholders' Grievance Committee into one committee. The Share Transfer Committee functions under the Chairmanship of Non-Executive Director, Mr. P. S. Chopde. The other member of the Committee is Mr. N.K. Jagasia, Executive Director of the Company. The Committee has been delegated the powers to attend to share transfer / transmission approvals, name deletion approvals, etc. and look into the grievances of shareholders. It meets at least twice in a month. During the financial year, 6 complaints were received from shareholders, all of which have been resolved to date. The Company had 9 transfers aggregating 2400 shares pending at the close of the financial year which have been processed by 08.04.2003.