



**MINUTES OF THE THIRTY FOURTH ANNUAL GENERAL MEETING OF ARTSON ENGINEERING LIMITED HELD ON FRIDAY, 12<sup>TH</sup> JULY 2013 AT 4.00 P.M. AT SUNVILLE BANQUETS, ROYAL HALL, 3<sup>RD</sup> FLOOR, 9, DR. ANNIE BESANT ROAD, OPPOSITE ATRIA MALL, WORLI, MUMBAI 400 018**

**Present:**

|                       |                                 |
|-----------------------|---------------------------------|
| Mr. Vinayak Deshpande | Chairman                        |
| Mr. H. H. Malgham     | Director                        |
| Mr. Michael Bastian   | Director                        |
| Mr. Shashikant Oak    | Special Director . BIFR Nominee |
| Mr. Nalin Shah        | Director                        |
| Mr. Pralhad Pawar     | Director                        |

42 Members were present in person and 1 Member was present through Corporate Representation.

**In Attendance:**

|                      |                         |
|----------------------|-------------------------|
| Mr. Gurnam Singh     | Chief Operating Officer |
| Mr. Satish Joshi     | Chief Financial Officer |
| Mr. Vishram Panchpor | Company Secretary       |

The Chairman extended a warm welcome to the Members present and since there was a quorum, started the proceedings of the Meeting.

The Chairman stated that the Register of DirectorsqShareholdings and the Register of Proxies were available for inspection to the Members, if anyone so desired.

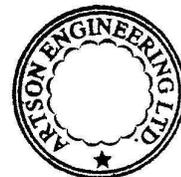
The Chairman then introduced to the Members Mr. Pralhad Pawar who was attending the Annual General Meeting for the first time in his capacity as a Director of the Company. The Chairman also introduced Mr. Gurnam Singh, Chief Operating Officer of the Company who had joined the Company's services effective 1<sup>st</sup> July 2013.

The Chairman informed the Shareholders that due to certain personal reasons Mr. A. K. Misra, Director, had regretted his inability to be present at the Meeting.

With the permission of the Members, the Notice convening the Thirty Fourth Annual General Meeting was taken as received and read.

In the course of his Speech, amongst other matters, the Chairman informed the Members:

- a. the circumstances and significant events that affected the Company's performance during the year under review.



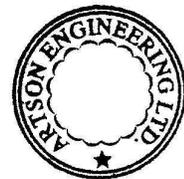


- b. that the Company had commenced the year under review with a sizeable Order-book of about 115 Crore and added additional orders having estimated order value of approx. 55 Crore, Thus, the Company had executable orders to the tune of 170 Crore. However, 4 (four) projects with estimated aggregate value of 90 Crore viz. projects at Cuddalore (Tamil Nadu), Jodhpur (Rajasthan), Dahej (Gujarat) and a project in UAE were subsequently either suspended indefinitely or terminated.
- c. that the entire infra-industry had witnessed continued uncertainties and adverse business conditions throughout the previous year and business environment had remained difficult. Higher domestic inflation, high interest rates, adverse sentiments held back the growth story and further due to the economic slowdown, the growth momentum slackened.

The Chairman expressed a hope that the Government would take measures to propel the Indian economy and this would hopefully lead us towards higher growth trajectory and better business opportunities.

The Chairman thereafter informed the Members that:

- a. the projects execution activities were being carried out at various locations at Haldia (West Bengal), Uran (Maharashtra) and Kalinga Nagar (Odisha). The Nashik Factory had demonstrated good performance in past couple of years and efforts were on to improve the performance levels and productivity.
- b. during the year under review, the Company had:
  - completed and closed all contractual obligations for projects at Bathinda and Barmer;
  - successfully completed the order entailing structural fabrication work at Tata Steel Limited's Growth Shop at Gamharia near Jamshedpur.
- c. the Order for Engineering, Procurement and Construction of 21 tanks, Piping, Equipment erection and Painting for a Liquid Tank Terminal at Haldia was nearing completion and it was expected that the project would be completed soon.
- d. the Order entailing construction of 2 Open Roof Storage tanks at Uran in Maharashtra having estimated value of about 4 Crore was under execution and the project would be completed soon.
- e. Order to be executed in Ras Al Khaimah, UAE entailing Fabrication and installation of Piping spools with estimated order value of about 2 Crore was nearing completion.
- f. the Company had commenced the Financial Year 2013-14 with an order back-log of approx. 25 Crore and since commencement of the Financial Year 2013-14, the Company had booked 2 (two) new orders aggregating 50 Crore from Tata Steel Limited's Growth Shop entailing structural fabrication activities. The total Orders on hand as on date thus aggregated approx 75 Crore and the Company was expecting to book some more orders in near future.





- g. the Company's Management had, in consultation with Tata Projects Limited's Management, devised a business development strategy and was confident that its focused efforts would yield results shortly. For the current Financial Year, to begin with, the Company would primarily pursue its core competencies with orders from some of the Tata companies.

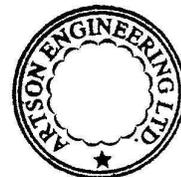
The Chairman then shared with the Members the Company's new initiative to expand its operations. He informed that the Company has planned to avail on sub-let basis from Tata Projects Limited a manufacturing facility to undertake medium to heavy type structural fabrication work at Umred in Nagpur. This sub-let of facility would be on an annual charge basis. The Company had received approval from the Maharashtra Industrial Development Corporation (MIDC) on 9 July 2013 and formalities for seeking other necessary approvals were being completed. The Company plans to commence commercial production during the second quarter of the current Financial Year.

The Chairman thereafter shared with the Members, the Company's performance for the first quarter ended 30<sup>th</sup> June, 2013, which had been approved by the Board of Directors at its Meeting held earlier during the day.

The Chairman then informed the Members that most of the provisions of the Sanctioned Scheme have already been implemented. However, owing to various impeding factors and poor financial performance, the Company had not been able to achieve positive networth. The Company would therefore approach the BIFR seeking continuity of the Sanctioned Scheme and extension to enable the Company to come out of the BIFR's purview. The proposal to the BIFR for the modified scheme was under finalization and the application would be filed soon.

The Chairman then informed that during the year under review, few changes had taken place in the Company's Board of Directors. He informed that:

- a. Mr. Nalin Shah had formally joined the Board effective 1<sup>st</sup> August 2012 as an Independent Director and he brought with him very rich experience and expertise in the fields of finance, audit and governance.
- b. Mr. P. V. Varghese, after his association of 3 years as a Whole-time Director did not seek any further extension as a Whole-time Director of the Company and the Board had placed on record its appreciation of the role played by Mr. Varghese during his tenure as a Director.
- c. Mr. P. S. Chopde, one of the founders of the Company, had resigned as a Director of the Company owing to some personal and health reasons. Mr. Chopde was well-appreciated in the Industry for his innovative solutions and he made many contributions to the Company during his very long association with the Company. The Chairman then expressed deep gratitude to Mr. Chopde, and on collective behalf, wished Mr. Chopde a healthy and satisfying life ahead.
- d. Mr. Pralhad Pawar was nominated by Tata Projects Limited on the Company's Board and the Board had appointed him as an Additional Director effective 19<sup>th</sup> April 2013.





The Chairman then informed the Members that the proposals for appointment of Mr. Nalin Shah and Mr. Pralhad Pawar formed part of the Agenda of the Annual General Meeting and expressed the hope that the Shareholders would approve these proposals with their overwhelming support.

The Chairman then informed the Members that Mr. Hoshie Malgham who would have retired at this AGM, did not offer himself for re-election in view of the Tata Group's Retirement Policy that specified the retirement age of 75 years for the Non-Executive Directors. The Chairman further informed the Members that Mr. Malgham was appointed as a Non-Executive Director on the Company's Board in January 2008 and he was also the Chairman of the Audit Committee, a Member of the Executive Committee and a Special Invitee to the Remuneration Committee. Mr. Malgham had played a significant role in nurturing Tata Group Values and best governance practices not only in the Company but also in many other Tata companies. The Board of Directors and its Committees had immensely benefitted with his guidance and contribution. His retirement would be a great loss to the Board. Thereafter the Chairman requested all the shareholders to join him in placing on record a keen appreciation of Mr. Malgham's contribution and also in wishing Mr. Malgham a healthy and satisfying life ahead.

The Chairman placed on record, his sincere thanks for the unstinted support of the Shareholders, business associates, vendor partners, bankers, government and regulatory authorities in India and abroad. He also thanked the dedicated team of employees for their commitment towards the Company.

Thereafter, Mr. Vishram Panchpor, Company Secretary, read the Auditors' Report and with the permission of the Members, the Annexure to the Auditors' Report was taken as read.

The Chairman proposed and Mr. Jehangir Batiwala seconded the following Resolution as an Ordinary Resolution:

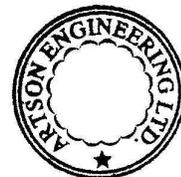
**RESOLVED THAT** the Profit and Loss Account for the Financial Year ended 31<sup>st</sup> March 2013, the Balance Sheet as at that date, Reports of the Directors and Auditors as laid before the Members at this Meeting be and are hereby adopted.+

Before putting the Resolution to vote, the Chairman invited the Members to make their comments/ seek clarifications, if any.

Mrs. C. E. Mascarenhas expressed concern on the Company's performance for the year under review and enquired:

1. as to when the Company is likely to wipe-off its accumulated losses;
2. about the shareholding pattern of the Company and the level of shareholding of Tata Projects Limited in the Company;
3. about any possibility of merger or amalgamation of the Company with Tata Projects Limited.

Mr. Hariram Chaudhary enquired about:





1. whether the BIFR will approve the Company's proposals on revival and in case, the proposals are not approved then what would be the plan of action;
2. the reasons for foreign exchange outflow being more than the inflow.

Mr. Jehangir Batiwala suggested that contact details including the telephone numbers should be printed in the Annual Report and enquired about:

1. the current order-book position;
2. the Capital Expenditure planned for Financial Year 2013-14;
3. the Budget for Research & Development for FY 2013-14; and
4. the Company's core competencies.

Mr. Anil Parekh enquired:

1. about further changes, if any, in the Registered Office of the Company;
2. as to when the Shareholders can expect dividend;
3. whether any further orders were likely to get cancelled;
4. about the reasons for increase in the Finance Cost;
5. about the Price Reduction as mentioned in Note 24 on Page 29 of the Annual Report; and
6. whether the management considered current receivables as good or bad;

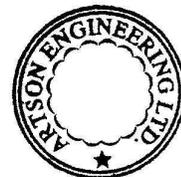
Mr. Parimal Mithani enquired as to what went wrong in the past few years and what are the proposals before the BIFR.

Mr. Tushar Sodha enquired:

1. Why the names of Directors were mentioned as on 10<sup>th</sup> May 2013;
2. What is meant by Special Director and
3. What is the status on undisputed service tax liability that had remained unpaid.

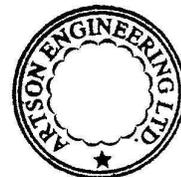
The Chairman thanked the shareholders for their suggestions and interest shown in the Company's affairs, and replied to their queries as follows:

- a. Based on the conservative estimates made by the Company's Management, the Company is likely to wipe-off accumulated losses by end of Financial Year 2017-18;
- b. The Promoter i.e. Tata Projects Limited held 75% in the Company's paid-up share capital and out of the public shareholding of 25%, the bodies corporate





- held close to 3%, the Individuals held approx. 21% and the balance by Institutions and Non-Resident Indians;
- c. No plans were under discussions or consideration for merger or amalgamation of the Company with Tata Projects Limited;
  - d. While most of the provisions of the Sanctioned Scheme have been implemented, the Company, despite its strenuous efforts, could not achieve the desired objective of being a net-worth positive company and hence it was necessary for the Company to approach the BIFR seeking continuity of the Sanctioned Scheme and extension to come out of the BIFR's purview. The Company is hopeful that the BIFR and the concerned authorities will graciously consider the revival proposals.
  - e. The foreign exchange outflow appeared to be more than the inflow due to accounting entries for write-off of receivables. However, there was no actual cash outflow.
  - f. The Company's current order book position was to the tune of approx. 75 Crore;
  - g. In view of the Company's financial conditions, no capital expenditure and expenditure towards Research & Development was planned for the Financial Year 2013-14;
  - h. The Company continued to pursue its core competencies in only one reportable business segment i.e. executing Engineering, Procurement and Construction (EPC) contracts.
  - i. No further changes in the Registered Office of the Company were envisaged;
  - j. As per the Audited Accounts, the Company has accumulated losses of 59.07 Crore as at the end of Financial Year 2012-13. The Sanctioned Scheme also contained a restriction that no dividend shall be declared without BIFR's prior permission. Hence, on completely wiping off the accumulated losses, the decision about dividend will be taken by the Board of Directors at an appropriate time in future.
  - k. The projects at Cuddalore and Rajasthan were indefinitely suspended by the Clients for their financial difficulties and project at Dahej was unilaterally terminated by the Client. The Company took a decision to short-close a contract at UAE as continuing further with contract was not perceived in the best interest of the Company. No further cancellation of orders were expected;
  - l. Considering the working capital requirements for projects under execution and Nashik Factory operations, the Company, during the FY 2012-13, availed additional ICDs from Tata Projects Limited and as a result, the finance cost had increased.
  - m. The Price Reduction represented a penalty imposed by a Client for the delays in execution of the contract.





- n. The management has considered the current receivables as good and majority portion of the current receivables is less than 3 (three) months age;
- o. The composition of the Board of Directors was given as on 10<sup>th</sup> May 2013 as the Board Meeting for considering and approving the audited accounts was held on that date;
- p. The Special Director is appointed by the BIFR under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985;
- q. The Companies Auditors Report Order (CARO), amongst others, required that undisputed tax dues should be reported and accordingly the Statutory Auditors had included the information in their Report. The service tax dues had since been paid by the Company.

The Chairman then put the Resolution for adoption of Accounts, Directors Report and Auditors Report to vote and the Resolution was carried unanimously.

Mr. Bharat Negandhi proposed and Mr. Tushar Sodha seconded the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Hoshie H. Malgham, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed as a Director of the Company and the vacancy, so created on the Board of Directors of the Company, be not filled.”

The Resolution was carried unanimously.

Mr. Anil Parekh proposed and Mr. B G Parekh seconded the following Resolution as an Ordinary Resolution:

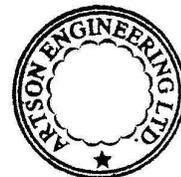
**RESOLVED THAT** Mr. A. K. Misra, who retires by rotation in accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company and is eligible for re- appointment, be and is hereby re- appointed as a Director of the Company.+

The Resolution was carried unanimously.

Mrs. S. K. Mahajan proposed and Mr. Naresh Kachalia seconded the following Resolution as an Ordinary Resolution:

**RESOLVED THAT** M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai, (Firm Registration No. 101872W), the retiring Auditors be and are hereby appointed as the Auditors of the Company to hold office until the conclusion of the Thirty-fifth Annual General Meeting on a remuneration as may be decided by the Board of Directors plus reimbursement of Service Tax and out of pocket expenses for actual traveling and other expenses in connection with the Company's audit.+

The Resolution was carried unanimously.





Mr. Jehangir Batiwala proposed and Mrs. Lekha Shah seconded the following Resolution as an Ordinary Resolution:

**RESOLVED THAT** Mr. Nalin Shah, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1<sup>st</sup> August 2012 and who holds the office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a Member of the Company proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.+

The Resolution was carried unanimously.

Mr. Tushar Sodha proposed and Mr. Bharat Negandhi seconded the following Resolution as an Ordinary Resolution:

**RESOLVED THAT** Mr. Pralhad Pawar, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 19<sup>th</sup> April 2013 and who holds the office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a Member of the Company proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.+

The Resolution was carried unanimously.

Mr. Vinayak Deshpande thanked the Members.

The meeting concluded with a vote of thanks to the Chair.

Hyderabad, 31 July 2013

Sd/-

CHAIRMAN

