

MINUTES OF THE THIRTY SECOND ANNUAL GENERAL MEETING OF ARTSON ENGINEERING LIMITED HELD ON THURSDAY, 28th JULY 2011 AT 4.00 P.M. AT MINI THEATRE, 3RD FLOOR, RAVINDRA NATYA MANDIR, P.L. DESHPANDE KALA ACADEMY, SAYANI ROAD, PRABHADEVI, MUMBAI – 400 025

Present:

Mr. Kishore Pal Singh	Chairman
Mr. N. K. Jagasia	Vice Chairman and shareholder
Mr. A. K. Misra	Director
Mr. H. H. Malgham	Director
Mr. Shashikant Oak	Special Director
Mr. Michael Bastian	Director
Mr. P. S. Chopde	Executive Director - (Manufacturing) and shareholder
Mr. P. V. Varghese	Executive Director

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

By Invitation:

Mr. R. S. Chokshi	Partner, Chokshi & Chokshi, Statutory Auditors
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In Attendance:

Mr. Purushothaman R.	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 Directors' Shareholdings and the Register of Proxies were available for inspection to the Members, if anyone so desired.

The Chairman then introduced the fellow Directors present on the dais.

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

In the course of his speech, amongst other matters, the Chairman informed that during the year under review:

1. the Company had satisfactorily completed projects entailing construction of 4 nos. of crude oil storage tanks at Bathinda and 4 nos. of storage tanks and associated facilities at Panipat.
2. the Company's works at Bathinda II Project for construction of 64 nos. of intermediate and Product Storage Tanks and Bathinda III Project entailing

supply, fabrication and erection of structural Crossover Platform in Tank Farm area were nearing completion.

3. the Company had satisfactorily completed the project at Mangala Processing Terminal, Barmer, for fabrication, erection and mechanical jobs of 2 well-pads as well as their operation and maintenance.
4. the mechanical works and piping of 8 (eight) well pads at Bhagyam Oil-fields, Barmer, had commenced in February 2011 and had gained momentum.
5. the EPC contract for 14 nos. of Floating and Fixed Roof Tanks at Cuddalore had commenced.
6. the Company had satisfactorily completed construction of 12 Nos. of Jet Fuel Tanks and 5 Nos. of Fire Water Tank for a Dubai-based client and the mechanical works for Construction of 1 No. of Bitumen Tank in Kuwait. The Company expects that all overseas activities will be completed by the end of 2nd quarter of Financial Year 2011-12
7. the Company had received an order for laying of cross-country pipeline of 192 KMs and another order for construction of 11 Nos. of tanks for bulk chemical handling facility to be executed in Kuwait. However, due to certain contractual issues, the Company could not proceed with execution of these orders and therefore these contracts were withdrawn and cancelled.

The Chairman also requested the shareholders to register their e-mail IDs and actively participate in the 'Green Initiative' introduced by the Ministry of Corporate Affairs.

The Chairman thereafter shared with the Members, the Company's performance for the first quarter ended 30th June, 2011, which had been approved by the Board of Directors earlier in the day.

The Chairman then informed the Members that since the commencement of Financial Year 2011-12 the Company had received:

1. 2 (two) orders at Cuddalore for execution of 9 tanks and piping works with aggregate value of about ₹ 21 Crore.
2. an order entailing fabrication of structurals at Gamharia (near Jamshedpur) and the estimated value of the order is about ₹ 20.65 Crore.

The Chairman placed on record, his sincere thanks for the understanding support of the 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 and the shareholders for their unstinted support to 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 Ms. Shobhana Mehta seconded the following Resolution as an Ordinary Resolution:

“RESOLVED THAT the Profit and Loss Account for the Financial Year ended 31st March 2011, 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.

Mr. Kisan Ratilal Choksey expressed disappointment on the Company’s performance for the Financial Year ended 31st March 2011 and also for the quarter ended 30th June 2011 and:

- a. enquired about the current order-book position;
- b. sought clarifications on the large amount of Sundry Debtors;
- c. enquired about the present status on the insurance claim of ₹ 89 Lakh;
- d. submitted that he would like to receive the hard-copy of the Annual Report

Mr. Rajul Padh enquired about the Company’s future prospects and asked why the Company was not conducting any shareholders meet or issuing any press releases.

Mrs. Shobhana Mehta suggested that for convenience an index of contents, contact details of key officials and past five years’ performance highlights should be mentioned in the Annual Report. She also enquired about:

- a. the expected time-period by which the Company will be able to wipe-out its accumulated losses;
- b. a possibility of arranging a visit to the Company’s Nashik Factory;
- c. the total number of employees employed by the Company;
- d. the name of the Internal Auditors and remuneration paid to them.

Mrs. C. E. Mascarenhas sought clarifications on:

- a. the details of the land mentioned in the Schedule 4 titled Fixed Assets and whether the said land is free-hold or lease-hold;
- b. the registration expenses to the extent of ₹ 15.94 Lakh incurred by the Company;

Mrs. Mascarenhas also suggested that for better readability and convenience she would prefer to receive a hard-copy of the Annual report instead of through e-mail.

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

1. the Company had orders on hand to the extent of about ₹ 125 Crore;

2. the Sundry Debtors outstanding for more than 6 months aggregated ₹ 11.17 Crore pertained to retention/ withheld amounts for old projects and these amounts are being recovered in a phased manner as per contract terms. Other Sundry Debtors (outstanding for less than 6 months) aggregating ₹ 27.53 Crore pertained to on-going projects.
3. in an unfortunate event, a fire had taken place in the month of October 2010 in one of the Bathinda Projects in which materials and equipments near one of the tanks were destroyed. The Company's claim for insurance is being settled by the insurance company.
4. since the Company is registered with the Board for Industrial and Financial Reconstruction (BIFR) as a 'sick company' the Company's Management had taken a policy decision that no analysts/ shareholders meets will be organised till the Company comes out of the BIFR's purview.
5. suggestions regarding inclusion of an index of contents, contact details and snapshot of financials etc. will be implemented;
6. the Sanctioned Scheme is to be implemented over a period of five years. Financial Year 2008-09 was the first full year of implementation and Financial Year 2012-13 will be the fifth year of implementation. The Company is hopeful of wiping out its accumulated losses by that time.
7. as per the Audited Accounts, the Company had accumulated losses of ₹ 6.37 Crore as at the end of Financial Year 2010-11. 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.
8. the commercial production in Nashik Factory had just commenced and it is too early to arrange for a visit. The decision about Factory Visit will be considered in future, but not at this stage.
9. the Company had 197 employees as at 31st March 2011 as compared to 180 as at 31st March 2010.
10. pursuant to the Sanctioned Scheme, the Company has appointed M/s. Patel & Deodhar, Chartered Accountants, Mumbai as the Concurrent Auditors effective 1st April 2008 and their remuneration is ₹ 8 Lakh per annum.
11. the land mentioned in Schedule 4 refers to the Nashik Factory Land and it is a lease-hold land taken from Maharashtra Industrial Development Corporation (MIDC) in Ambad area.
12. as a mandatory requirement before commencing business/ project execution activities, the Company had obtained registration with various Government and Local authorities in United Arab Emirates (UAE) and hence the expenses of about ₹ 15 Lakh were incurred.

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

At the request of the Chairman, Mr. N. K. Jagasia, Vice Chairman, took the Chair for the next item and conducted the proceedings of the Meeting.

Mr. Naresh Kachalia proposed and Mr. Hemal Marfatia seconded the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Kishore Pal Singh, 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.

Mr. Kishore Pal Singh thanked the Members and continued the proceedings of the Meeting.

Mr. Hemal Marfatia proposed and Mr. Kishanlal D. Mahajan seconded the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Arun Kumar 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. C. E. Mascarenhas proposed and Mr. Bharat Negandhi 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 – three 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 travelling and other expenses in connection with the Company’s audit.”

The Resolution was carried unanimously.

Mrs. Shobhana Mehta proposed and Mr. Naresh Kachalia seconded the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provision, if any of the of the Companies Act, 1956 (the Act), the Company hereby approves of the appointment and terms of remuneration of Mr. P. S. Chopde as the Whole - time Director of the Company, designated as Executive Director (Manufacturing), for a period of 3 (three) years with effect from 1st April 2011 upon the terms and conditions as set out below and in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as ‘the Board’ which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. P. S. Chopde.

a. Remuneration:

Salary upto a maximum of ₹ 1,00,000/- per month, with annual increments effective 1st April every year, commencing 1st April 2012, as may be decided by the Board, based on merit and taking into account the Company's performance; benefits, perquisites and allowances as determined by the Board from time to time; and incentive remuneration, if any, and/or commission based on certain performance criteria to be prescribed by the Board.

b. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances and incentive remuneration as specified above.

The Resolution was carried unanimously.

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

Sd/-

CHAIRMAN

Gurgaon, 10 August 2011