

MD	/	BKC	✓
CS	/	DPY	✓
RO	/	DIV	✓
TRA	/	AC	✓
AGM	✓	SHI	✓
YE	✓		

Annual Report 1995-97



AEC

AEC (India) Limited





BOARD OF DIRECTORS	:	SHRI R.D. APTE <i>Chairman & Managing Director</i> SHRI SANJEEV R. APTE [NRI] <i>Vice Chairman</i> SHRI VASANTLAL D. MEHTA SHRI ASHOK K. SINGHANIA SHRI K. K. BHANDARI SHRI DINESH C. SHARMA <i>(Nominee of U.T.I)</i> SHRI RAHUL DINESH SHAH <i>(Nominee of Creditcapital Venture Fund (India) Ltd.</i> SHRI JAY APTE (NRI) SHRI SATISH SABNIS
COMPANY SECRETARY	:	SHRI TARSEM SINGH
BANKERS	:	BANK OF BARODA UNION BANK OF INDIA BANK OF MAHARASHTRA
AUDITORS	:	V.V. KALE & CO. <i>Chartered Accountants,</i> <i>New Delhi- 110 005</i>
REGISTERED OFFICE	:	3E/7, JHANDEWALAN EXTENSION, NEW DELHI -110 055, INDIA
CORPORATE OFFICE	:	6, ARADHANA ENCLAVE, SECTOR XIII, R.K.PURAM, RING ROAD, NEW DELHI-110 066, INDIA.



NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of AEC (India) Limited, will be held at AIR FORCE AUDITORIUM, SUBROTO PARK, DHAULA KUAN, NEW DELHI on Friday, the 27th June, 1997 at 10.30 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the period ended 31st March, 1997, the Balance Sheet as at that date and the Reports of the Directors' and Auditors' thereon
2. To appoint a Director in place of Shri Sanjeev R.Apte who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Jay Apte who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration, M/s V.V.Kale & Co. Chartered Accountants retire and being eligible offer themselves for reappointment.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolution, with or without modification(s), as a Special Resolution :

"RESOLVED THAT

- a) Pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 [including any amendment to or on re-enactment thereof] and subject to such approvals, permissions and/or sanctions of the appropriate statutory authorities and institutions that they may be required and subject to such terms, conditions, alterations or modifications as may be prescribed by them in granting such approvals, permissions or sanctions and which may be agreed to by the Board of Directors of the Company ["the Board"] who is hereby authorised to do so, consent of the company be and is hereby accorded to the Board to offer, issue and allot 5,28,676 Equity Shares of Rs.10/- of the company for cash, at such price and on terms as may be fixed by the Board in accordance with the rules and guidelines prevailing in this regard so as to raise the shareholding in the company of the Promoters, Directors and/or the Associated companies hereinafter referred to as "the Promoters-Group" from the existing 46.91% to 51% of the paid up Equity Share Capital of the company;
- b) The new Equity Shares be allotted subject to the provisions of the Memorandum and Articles of Association of the company;
- c) The new Equity Shares to be allotted to the aforesaid promoters group shall not be transferable for a period of 5 years or for such period of time as may be prescribed by appropriate authorities from time to time from the date of allotment;
- d) The new Equity Shares shall rank pari passu in all respects with the existing equity shares of the company except that they shall rank for dividend in the year of allotment pro-rata to the period in respect of which the said shares are fully paid;
- e) The Share Certificates in respect of the new Equity Shares to be completed and kept ready for delivery within the three months from the date of allotment thereof;



- f) For the purpose of giving effect to this resolution, the Board of Directors of the company be and is hereby authorised to do and perform all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, desirable or appropriate to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of 5,28,676 Equity Share of the company to the aforesaid promoters group and any other related and incidental matters."
6. To consider and if thought fit to pass, with or without modification(s) the following resolution as Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of the Articles of Association of the company and all other concerned authorities or bodies and departments if any to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such terms, conditions, alterations and modifications as may be prescribed while granting such approvals, permissions and sanctions which the Board of Directors of the company be and is hereby authorised to accept, if it deems fit, consent of the company be and is hereby accorded to the Board of Directors of the company to create, offer and issue Preference shares of Rs.100/= each of the aggregate value not exceeding Rs.1000 Lacs for cash in one or more tranches as may be decided by the Board and on such terms and conditions as may be decided by the Board may be issued whether or not such persons are members of the Company and on such other terms including allotments of Preference Shares to the Company and to such persons including NRIs/Foreign Institutional Investors/ Overseas Body Corporates whether or not such persons are members of the company."

"RESOLVED FURTHER THAT in case, the Board of Directors of the company decides to reserve on firm allotment/ Preferential allotment basis, a portion of all or any of the Securities to be issued under the authority of this resolution, such reservation shall be subject to the guidelines prevailing at the time of the issue, interalia, relating to maximum number of shares to be allotted, overall percentage of reservation and the lock in period for each category of applicants and any unsubscribed portion thereof may be disposed off in such manner as the Board may deem fit in accordance with the then prevailing guidelines."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors of the company be and are hereby authorised to do all things necessary for the purpose and to take such action or give such directions as may be necessary or desirable and to settle any question or difficulty that may arise with regard to the issue and allotment of securities in terms of this resolution."

7. To consider and if thought fit to pass, with or without modification(s) the following resolution as Ordinary Resolution :

"RESOLVED THAT subject to the approval of the members of the Company and also subject to the approvals and permissions from the competent authorities under Section 292(1)(b) and Section 293(1)(d) of the Companies Act, 1956 and such other rules, regulations, acts and provisions as may be applicable from time to time the Board of Directors of the Company be and is hereby authorised and shall deemed to have always been so authorised to raise or borrow from time to time at its discretion by issue of Redeemable Non Convertible Debentures of Rs.100/-each carrying interest at such rates as may be prevalent from time to time and on such terms and conditions as may be deemed fit and expedient by the Board of Directors of the Company upto a limit not exceeding Rs.10.00 Crores only (Rupees Ten Crores only)."

"RESOLVED FURTHER THAT the Board of Directors of the Company is also authorised, if required and if deemed necessary, to secure the aforesaid Redeemable Non Convertible Debentures by way of creating charge on the assets of the Company both movable and immovable, such debentures to be on or before the



expiry of four years from the date of issue of such Non Convertible Debentures or at any time, at the option of the company on giving three months' prior notice to the holders of the debentures."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised, if required, to execute such Deed of Trust as may be deemed fit and expedient by it."

8. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 293(1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such consent and approvals as may be necessary, the Board of Directors of the Company be and is hereby authorised to mortgage and/or charge all or any of the present and future movable and immovable properties and the whole of the undertaking of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, for the purpose of securing the additional borrowings/financial assistance by way of Term Loans from Financial Institutions/Banks/Bodies Corporate and/or other term lending Institutions together with interest at the agreed rates, commitment charges, premium on repayment and other monies payable by the company and that such mortgage or charge to rank pari passu with the mortgage and charge created/to be created/ by the company to secure the financial facilities/borrowings already availed by the company from the Financial Institutions/Banks/Mutual Funds/Bodies corporate and/or other term lending Institutions or in any other form as may be mutually agreed upon by the Company and the Lender/s."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and execute all such acts, deeds and things, as may be necessary, for giving effect to this resolution:

9. To consider and if thought fit to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT in supersession of the resolution passed by the members of the Company at the Annual General Meeting held on March 29, 1996, in relation to the exercise of borrowing powers under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to borrow money from time to time upto a limit of not exceeding in aggregate of Rs.125 crores notwithstanding that the money to be borrowed together with moneys already borrowed by the company apart from temporary loans obtained from the company's bankers in the ordinary course of business, will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose."

By Order of the Board

PLACE: NEW DELHI
DATE : 26.05.1997

(TARSEM SINGH)
COMPANY SECRETARY

Registered Office :
3E/7, Jhandewalan Extension,
New Delhi-110 055.



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL IN HIS/HER STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 16.06.1997 to 27.06.1997 (both days inclusive).
3. Members are requested to intimate to the Company, change, if any, in their Registered Address.
4. Members are requested to forward their queries regarding accounts on or before 10.06.1997 at the Registered Office of the Company.
5. Members are requested to bring copies of the Reports and Accounts to the meeting.
6. The Members are hereby informed that in terms of the provisions of Section 205(A) (2) of the Companies Act, 1956, the Company has transferred a sum of Rs.38,250/- to the General Revenue Account of the Central Government pertaining to the Unpaid/Unclaimed Dividend amounts for the year 1992-93 on 14.11.1996. Members desirous of claiming this dividend may now approach Registrar of Companies, NCT of Delhi & Haryana.

By Order of the Board

PLACE: NEW DELHI
DATE : 26.05.1997

(TARSEM SINGH)
COMPANY SECRETARY



ANNEXURE TO NOTICE :

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.5

The present Authorised Share Capital of the company is Rs.10 Crores. The Board of Directors considers it desirable in the long term interest as also in continuity of the management of the company that the promoter group be offered to subscribe to the further new capital to the extent of 5,28,676 Equity Shares representing 7.71% of the enhanced equity capital of the company to ensure their 51% holding in the equity of the company, necessary for effective control of the management of the company. The Promoter Group is willing to make this further investment.

The Board contemplates, for this purpose, fixing issue price in consultation with requisite authorities which shall be according to the guidelines of SEBI and shares allotted pursuant to such offer will not be allowed to be transferred for such period as may be prescribed by SEBI. In order to make such offer to the promoter group, viz, AEC Leasing and Finance (Pvt) Ltd., AEC Holdings (Pvt) Ltd. which are at present holding 42.87% and 1.82% respectively and 2.22% by Apte family of the existing paid up capital of the company. The Board requires the sanction of the company in general meeting by a special resolution as laid out in the Notice of the meeting.

The funds so raised will be utilised for the operations of the company and also for the normal capital expenditure.

The Promoter-Directors of the company, namely, Shri R.D. Apte, Shri Sanjeev R. Apte, Shri Satish Sabnis and Shri Jay Apte are concerned and/or interested in this item of business to the extent of equity shares that may be allotted to them and also to the Promoter Group/any of the companies comprising in the promoter group by virtue of their shareholding and/or their Directorship in such companies.

The Board of Directors recommend the passing of the Special Resolution.

ITEM NO.6

To augment the Working Capital resources of the Engineering & Construction Division of the Company as well as to purchase certain equipment for this division, the Company proposes to issue Redeemable Preference Shares in terms of the provisions of Section 80 of the Companies Act and such other provisions, Rules and Regulations as may be applicable from time to time and subject to necessary approvals from the competent authorities as may be required in this regard.

Therefore the Board of Directors has decided to recommend for your approval for issuing of Preference Shares on preferential basis.

Shri R.D.Apte, Shri Sanjeev R.Apte, Shri Satish Sabnis and Shri Jay Apte are interested in this resolution.

ITEM NO.7

To augment the Working Capital resources of the Health Care Division of the Company and to establish Research and Development Division, the Company proposes to issue Non-convertible Debentures in terms of the provisions of Section 292 (1)(b) & 293 (1)(d) of the Companies Act and such other provisions, Rules and Regulations as may be applicable from time to time and subject to necessary approvals from the competent authorities as may be required in this regard.



Therefore the Board of Directors has decided to recommend for your approval for issuing of Redeemable Non-convertible Debentures.

None of the Directors is interested in this resolution.

ITEM NO.8

The company has availed Rupee Term Loan from Bank of Baroda and Union Bank of India to the tune of Rs.960 Lacs which has been secured by creating charge/mortgage on the Land & Building and Plant & Machinery of the Noida unit. The company proposes to swap the existing Rupee Term Loan with External Commercial Borrowing or by raising foreign currency funds from Financial Institutions/ FIIs/Body Corporates/Banks and/or other term lending institutions.

Further the company also proposes to set up a Research & Development Centre for the 100% EOU Cotton Dressings Unit as well as to buy certain balancing equipments and other capital items for which purpose it intends to privately place Redeemable Non-Convertible Debentures with Financial Institutions/Overseas Corporate Bodies/Banks or Body Corporates. Such borrowing has to be secured by charge/ mortgage on the assets of the company, both movable and immovable in the manner as may be desired by the lenders and as agreed by the company. Creation of charge/ mortgage on the assets of the company requires the approval of the shareholders under Section 293 (1) (a) of the Companies Act, 1956. This will augment the future working capital requirements also.

None of the Directors is interested in this resolution.

ITEM NO.9

In terms of the Resolution passed in the previous Annual General Meeting held on March 29, 1996, had authorised the Board of Directors of the Company to borrow upto a maximum limit of Rs.55 crores notwithstanding that the money to be borrowed together with moneys already borrowed by the company apart from temporary loans obtained from the company's bankers in the ordinary course of business, will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.

However, to meet the growing monetary needs of the company to finance its expanding operations, it is considered desirable that the borrowing limit of the Company be enhanced from the present Rs.55 crores to Rs.125 crores so as to enable the company to meet its requirement of funds.

Therefore the Board of Directors has decided to recommend for your approval for enhancement in the borrowing power of the company.

None of the Directors is interested in this resolution.

By Order of the Board

PLACE: NEW DELHI
DATE : 26.05.1997

(TARSEM SINGH)
COMPANY SECRETARY



DIRECTORS' REPORT

To,

The Shareholders of AEC (INDIA) LIMITED.

The Directors have pleasure in placing before you the 13th Annual Report and the Audited Accounts of the Company for the 18 months period ended 31st March, 1997.

1. GENERAL ECONOMIC SCENARIO

The past more than one year has been very tough for the Indian Corporate sector. High interest rates couple with sluggishness in the economy have affected the bottom lines of most of the companies.

However, the pragmatic credit policy recently announced by the Reserve Bank of India and the presentation of recent Union Budget has provided the necessary fillip to the industry and it is expected that the coming months would help the corporate sector to surge ahead.

2. FINANCIAL RESULTS :

The financial results of the company for the period ended 31st March, 1997 and the proposed appropriations as compared to the previous year are summarised for your consideration.

	Period ended 31.03.1997 (18 Months)	(Rs.in Lacs) Year ended 30.09.1995 (12 Months)
Profit before Depreciation	640.11	650.52
Less : Depreciation	202.15	196.64
Profit before Tax	437.96	453.88
Provision for Tax	162.00	-
Profit after Tax for the year	275.96	453.88
Add: Prior year adjustments (Net)	-	80.22
Add : Excess Provision (Depreciation) Written Back	118.63	-
Add: Surplus brought forward from Previous year	338.20	241.11
Amount Available for Appropriation	732.79	614.77
Appropriations:		
General Reserve	80.00	150.00
Proposed Dividend (Subject to deduction of Tax)	-	126.57
Balance Carried forward	652.79	338.20
Total	732.79	614.77

3. PERFORMANCE OF THE COMPANY

As a result of its continued efforts over the past two year, the Company's Engineering & Construction Division has now started undertaking a wider profile of projects. It is expected that over the coming years this would change further as more specialised nature of projects in the field of water purification, power projects and other infrastructure projects are undertaken by the division.