

Annual Report 1997-98

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	NA		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	NA
TRA	NA		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	7/	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			

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AEC

AEC (India) Limited

BOARD OF DIRECTORS : **SHRI R.D. APTE**
Chairman & Managing Director

SHRI SANJEEV R. APTE (NRI)
Vice Chairman

SHRI VASANTLAL D. MEHTA

SHRI ASHOK K. SINGHANIA

SHRI K. K. BHANDARI

MS. MAMTA SURI
(Nominee of U.T.I)

SHRI JAY APTE (NRI)

SHRI SATISH SABNIS

BANKERS : **BANK OF BARODA**
UNION BANK OF INDIA
BANK OF MAHARASHTRA

AUDITORS : **V.V. KALE & CO.**
Chartered Accountants,
New Delhi- 110 005

REGISTERED OFFICE : 3E/7, JHANDEWALAN EXTENSION,
NEW DELHI -110 055, INDIA

AEC (INDIA) LIMITED

NOTICE

NOTICE is hereby given that the **Fourteenth Annual General Meeting** of the Members of AEC (INDIA) LIMITED, will be held **ON SATURDAY, the 26th December, 1998** at **AIR FORCE AUDITORIUM, SUBROTO PARK, DHAULA KUAN, NEW DELHI** at 10.30 A.M. to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the 18 months' period ended September 30, 1998, the Balance Sheet as at date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri V.D.Mehta who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Satish Sabnis 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 with or without modification (s), the following resolution:-

"RESOLVED THAT, pursuant to Section 293 (1)(a) of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company for the following acts :

- a) To dispose of, as a going concern, the Company's Health Care Products Division situated at Plot No.B-8,9 &10, Hosiery Complex, NOIDA (U.P.) at a price and upon the terms and conditions as may be deemed fit by the Board of Directors of the Company.
- b) To sell only Production Plant and Machinery and retain Land, Building and whole or any part of utilities, so as to utilise the same for other business to be set up in the same premises.

"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to complete the sale and to do all such acts, deeds, matters and things, as may be deemed necessary and expedient in the interest of the company."

By Order of the Board

PLACE : NEW DELHI

DATE : 28.11.1998

(R.D.APTE)

Chairman & Managing Director

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 16.12.1998 to 26.12.1998 (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 10.12.1998 at the Registered Office of the Company.
5. Members are requested to bring copies of the Reports and Accounts to the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO.5**

The Company had set up a 100% Export Oriented Unit for manufacture of Cotton Bandages, Crepe Bandages, POP Bandages and Surgical Cotton in NOIDA. This unit of the Company had commenced commercial production in phases in March,1995 but due to reasons beyond the control of the management, the plant could never stabilize and hence the level of capacity utilisation remained very low resulting in poor turnover and resultant losses in the unit. Your management did its best to stabilise the unit by frequently inducting money but it has now reached a stage where it is being felt that it is impractical to revive this unit and run it profitably in near future. Therefore, after deliberating upon this issue in detail with various authorities on the subject, it is considered desirable that the unit either as a whole be sold to some other Group or alternatively sell only Plant & Machinery and the land, building and other utilities of the Company would continue to be with the Company only, for utilising in other business to be set up in same premises.

This decision of selling the Unit as a whole or plant and machinery of this unit has been discussed with the Bankers of Noida Plant and is subject to obtaining of the requisite approval of the Banks and Institutions, once the agreement to sell is arrived at.

None of the Directors are interested in this resolution.

By Order of the Board

PLACE : NEW DELHI
DATE : 28.11.1998

(R.D.APTE)
Chairman & Managing Director

AEC (INDIA) LIMITED**DIRECTORS' REPORT**

To,

The Shareholders of AEC (INDIA) LIMITED.

The Directors have pleasure in placing before you the 14th Annual Report and the Audited Accounts of the Company for the 18 months period ended 30th September, 1998.

1. Financial Results

The financial results of the company for the period ended 30th September, 1998 and the proposed appropriations as compared to the previous year are summarised for your consideration .

	Period ended 30.09.98 (18 months)	(Rs.in lacs) Period Ended 31.03.97 (18 months)
Profit/(Loss) before Depreciation	(105.74)	640.11
Less Depreciation	53.75	202.15
Profit / (Loss) before Tax	(159.49)	437.96
Provision for Tax	—	162.00
Profit / (Loss) after Tax for the year	(159.49)	275.96
Add : Prior year adjustments (Net)	(173.30)	118.63
Add :Surplus brought forward from previous year	652.79	338.20
Amount Available for Appropriation	320.00	732.79
Appropriations :		
General Reserve	—	80.00
Proposed Dividend	—	—
(Subject to deduction of Tax)		
Balance Carried forward	320.00	652.79
Total	320.00	732.79

2. Take over bid

On 5th of June, 1998, there was a Take-over bid lodged on your company, by a Delhi based company, M/s Peacock Chemicals Pvt.Ltd. The prevailing recession in the Indian market, shattering of the Korean economy as well as the complete recession in South East Asian markets, no doubt had an impact on the working of our company also. It was probably because of the tightness of the funds on one hand and a full knowledge of the potential of your company on the other hand, which tempted M/s Peacock Chemicals Pvt. Ltd. to lodge a take over bid. I am pleased to inform you that the matter was immediately referred to the Hon'ble High Court of Delhi and after over 2 months of legal deliberations, the Hon'ble High Court of Delhi has given a verdict absolutely in your company's favour and has highlighted in its 25 page judgement that M/s Peacock Chemicals

Pvt. Ltd. have attempted by fraudulent means to grab the company, and the same has been rejected. Now that as the judgement has been clearly given in favour of your company, the company is now trying to come out of the hardships and is now on the revival path.

3. Performance of the Company

As is known to you, the overall business scenario in the country has been totally depressing, for over one year now. There has been no expansion in the industrial sector nor has there been any major growth, as such it has had an impact on your company, which is primarily related in the construction activities. With the recession in the country as well as a worldwide recession, the growth / expansion of the existing units as well as the new projects have been practically shelved by the private and public sectors. Accordingly one of the Group company's project for setting up of P.E. Tarpaulin project for which AEC (India) Ltd. was awarded a turnkey contract for Rs.22.60 crores, could not take off last year. This was primarily on account of Equity not coming in from the Korean collaborator because of the economic recession in Korea. Your company which had a contracted plan of executing over Rs.30 crores worth of projects in the year concluded, therefore has been able to do a turn over of only Rs. 11.42 crores in Engineering and Construction Division, with a Net profit of Rs.49.90 lacs and Rs. 2.75 crores in Healthcare Division, with a Net Loss of Rs.209.39 lacs, totalling a turn over of Rs.14.17 crores for the Company as a whole, with a loss of Rs.159.49 lacs. Healthcare Division of the Company also has undergone a lean period clubbed with no exports to the South Korean market, which was considered to be a major buyer. The tight financial conditions followed by a lay off at the plant from June onwards on account of the Take over bid, has resulted in a complete set back for this Division.

Although I regret to inform that the year which has concluded has not been a healthy year for your company, primarily on account of recession followed by take over bid lodged on your company, but keeping in view of our inherent strength in Engineering and Construction activities and a positive thought being given to develop a package for revival of the Noida Unit, we are confident to come out of the lean period and bounce back into profits in near future.

4. Engineering & Construction Division

I am pleased to inform you that your Engineering and Construction Division has been short listed as one of the few companies in the country for executing jobs under World Bank, Asian Development Bank, OECF Japanese funding, German aid etc. for carrying out jobs all over the country. Your company's this Division has expanded and has picked up jobs worth Rs.15 crores for Chennai Metropolitan Water Supply and Sewerage Board which is a World Bank aided project. Also jobs at Karamsana in Rajasthan of Rs.9 crores has been picked up, which is funded by the German Govt., as well as another job at Mathura of U P Jal Nigam of approx. Rs.5 crores has been received. I am pleased to inform you that the total unexecuted order being as on date with the Engineering and Construction Division is over Rs.50 crores. A complete thrust is being given in this front and we are in the process of enhancing our operations on account of the technical know-how and pre-qualification which your company possess.

AEC (INDIA) LIMITED

Another arena which is being exploited in our construction activity is that of taking up good value jobs of offering complete Turn key package for setting up industrial units for different clients, be it in the field of Textiles, Petrochemicals, Healthcare, Foods, Tele communication or any other industry. Your company is fully geared up with offering concept to commissioning services in the shape of identifying projects, collaborator, tying up finance and funds, undertaking setting up of industry on a turn key basis, organising all the clearance and approvals from the various government departments and handing over of the units to the clients. This type of service, all under one roof, is being pursued both in the domestic as well as in the international markets. Few of the discussions are at an advance stage and there are major chances that your company may bag some assignments in foreign countries for setting up projects for the clients on the basis mentioned above.

5. Noida Plant

In order to revamp the entire system as well as to bring your company back into the profitability, it has been decided to change the business activity at Noida plant.

After having detailed discussions with the Bankers of this Division. as well as with certain consultants. 3 alternatives to revive the Noida Plant, have been proposed. The same are :

1. To sell the entire unit including land and building to some national or international group. Reduce the liabilities by paying off the Banks, Institutions, other agencies and concentrating on Engineering & Construction activity.
2. To sell the plant and equipment of the Healthcare Products to a buyer and utilise the land, building and utilities for setting up any other manufacturing activity. One of the potential buyers has been identified. Negotiations with the party are under way.
3. To offer the land, building and utilities to any multinational for them to set up their plant at Noida in joint venture with your company.

All the above 3 possibilities are being pursued and very soon a solution to this would be found out. We are very confident that we shall be able to revive business at our Noida plant in the months to follow thereby improving the health of the company.

6. Dividend

Due to losses incurred by the Company, your Directors are unable to recommend payment of any dividend during the current year.

7. Directors

7.1 ILFS Venture Capital Fund Ltd. (Formerly Creditcapital Venture Fund (India) Ltd.) who have been holding 2,50,000 Equity Shares in the Company and in terms of shareholders agreement, have withdrawn the nomination of Shri Rahul D.Shah as their Nominee Director on the Board of the Company.

7.2 In accordance with the provisions of Section 255 of the Companies act, 1956 and the Company's Articles of Association, Shri Vasantlal D.Mehta and Shri Satish

Sabnis Directors of the company retire by rotation and being eligible have sought re-appointment.

8. Auditors :

The Auditors, M/s V.V. Kale & Co. Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished a certificate to the effect that the re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

9. Fixed Deposits

During the period under report, your company has not accepted any deposit within the meaning of Section 58(A) of the Companies Act, 1956 and the rules made thereunder.

10. Particulars of Employees

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are annexed and forms part of this report.

11. Particulars of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and outgo.

a) Since during the period under report, the Health Care Products Unit of the Company has not functioned to the optimum capacity, still every effort has been made to conserve the energy during the manufacturing process.

b) Technology Absorption

The Company has successfully completed the technology absorption process. However, continuous efforts were made to improve the productivity and remove all the bottlenecks in the process.

c) Information as per Section 217(I)(e) read with Companies Disclosure of particulars in the Report of Board of Directors Rules 1988 are given below :

Foreign Exchange Earning : Rs.262.72 lacs

Foreign Exchange used : Rs. 8.76 lacs

12. Acknowledgement

The Directors express their appreciation for the dedicated and committed hard work of the company's personnel at all levels.

Your Directors also wish to thank the company's bankers, financial institutions, shareholders and business associates for their continued support and co-operation.

For and on behalf of the Board

PLACE : NEW DELHI

DATE : 28.11.98

(R.D. APTE)

Chairman & Managing Director

AEC (INDIA) LIMITED**AUDITORS' REPORT****TO THE MEMBERS OF AEC (INDIA) LIMITED.**

We have audited the attached Balance Sheet of AEC (India) Limited as at 30th September, 1998 and also the Profit & Loss Account of the Company for the Period ended 30th September, 1998 annexed thereto.

We report as follows :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in Paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph (1) above.
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by Law have been kept by the company so far as appears from our examination of the books.
 - (c) The Balance Sheet and the Profit & Loss Account are in agreement with the books of accounts.
 - (d) In our opinion Profit & Loss Account and Balance Sheet compiled with the Accounting Standards referred to in Sub-section 3C of Section 211 of the Companies Act, 1956.
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account subject to and read together with Note No.25 in respect of Deferred Revenue Expenditure and other notes in Schedule No. 20, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - (i) In so far as it relates to the Balance Sheet, of the state of affairs of the company as at September 30th, 1998.
 - (ii) In so far as it relates to the Profit & Loss Account, of the Loss of the company for the Period ended on that date.

FOR V.V. KALE & CO.
Chartered Accountants

PLACE : NEW DELHI
DATED : 28.11.1998

(VIJAY V. KALE)
Partner