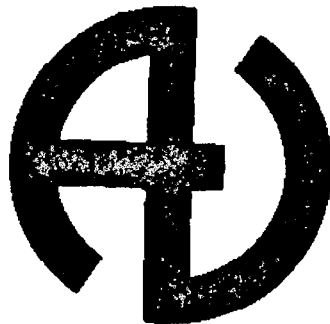


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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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ATV PROJECTS INDIA LIMITED



ELEVENTH ANNUAL REPORT

BOARD OF DIRECTORS

Mr. Mahesh Chaturvedi *Chairman*

Mr. E.C.P. Prabhakar, I.A.S. (Retd.)

Dr. V.K.Saxena, Ph.D., I.A.S. (Retd.)

Mr. S. P. Banerjee

Mr. V. Narayan

Mr. S.N.Kaul

Mr. H.C. Chopra

Mr. R. S. Rajput

Mr. B.R. Pandhi

Nominee Director - IFCI

Executive Director

MANAGEMENT EXECUTIVES

Mr. K.S. Nalwaya --- Chief Executive Officer (P&C)

Mr. S. Kartikeya --- General Manager

Mr. P.Y. Mahajan --- Company Secretary

AUDITORS

B.M.Chaturvedi & Co.
Chartered Accountants,
Mumbai.

BANKERS

Central Bank of India
Bank of India
State Bank of India
State Bank of Travancore
Punjab National Bank

REGISTERED OFFICE

D-8, MIDC, Street No. 16, Marol,
Andheri (East), Mumbai - 400 093.

WORKS

- I. Delhi - Agra Bypass, Post Krishnanagar,
Mathura - 281 001.
- II. D-8, MIDC, Street No. 16, Marol,
Andheri (East), Mumbai - 400 093.
- III. Nagothane, Dist. Raigad, Maharashtra.

SALES OFFICES

- I. 409/410 Chiranjiv Towers, Nehru Place,
New Delhi - 110 019.
- II. 204, Gera Chambers, Off Boat Club Road,
Pune - 411 001.

INVESTORS SERVICES DEPT

D-8, MIDC, Street No. 16, Marol,
Andheri (East),
Mumbai- 400 093.

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of **ATV PROJECTS INDIA LIMITED** will be held on Monday, 28th December, 1998 at 11.00 a.m. at Tejpal Auditorium, August Kranti Marg, Gowalia Tank, Mumbai - 400 007 to transact the following business :-

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 30th June, 1998 and the Balance Sheet as at that date, and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in Place of Mr. E.C.P. Prabhakar, who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. S N. Kaul, who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint Auditors to hold office from the conclusion of the Eleventh Annual General Meeting till the conclusion of the Twelfth Annual General Meeting, and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution** :-

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals and consents, if any, required, the consent and approval of the Company in general meeting be and is hereby accorded to the remuneration paid and payable to Mr. H.C. Chopra, a Director of the Company by way of retainer fees for professional services rendered/to be rendered by Mr. H.C. Chopra to the Company on the terms stated in the letter dated 27th July, 1998 issued by the Company to Mr. Chopra, a copy of which, initialled by the Chairman, for the purpose of identification, is submitted to this meeting."

NOTES

1. A statement of Material Facts in respect of the Special Business under Item No 5 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. All documents referred to in the above Notice and the accompanying Statement are open for inspection at the Registered Office of the Company on all working days (except Saturdays and Holidays) between 10.30 a.m. and 12.30 p.m. upto the date of Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 22nd December, 1998 to Monday, 28th December, 1998 both days inclusive.
5. Members are requested to intimate their queries / requirements for clarification on the Annual Reports so as

to reach the Company on or before 22nd December, 1998 which will enable the Company to furnish the replies at the Annual General Meeting.

6. Members are requested to bring their copy of the Annual Report along with them to the Meeting as copies of the Annual Report will not be distributed at the Meeting.
7. Members are requested to produce the Attendance Slip at the entrance to the venue.

Registered Office :

D-8, M.I.D.C., Street No 16,
Marol, Andheri (East),
Mumbai - 400 093.

By Order of the Board

Place : Mumbai,
Dated: 2nd December, 1998.

P. Y. Mahajan
Company Secretary

ANNEXURE TO NOTICE

Statement of Material Facts pursuant to Section 173 (2) of the Companies Act, 1956 annexed to the Notice dated 2nd December, 1998

Item No. 5

Mr. H.C. Chopra, presently an Ordinary Director of the Company, who was a Wholtime Director of the Company for some time, is a Graduate in Chemical Engineering with more than 35 years of experience in Chemical Industry. Before his retirement Mr. Chopra had been incharge of the Company's TPE Division at Nagothane. The experience and expertise which Mr. Chopra has is still vitally required by the Company for its TPE Unit. Mr. Chopra has agreed to make his professional services available to the Company for this. For his professional services the Company has agreed to pay him, as retainer fees, a remuneration of Rs. 1.5 lacs per annum. Mr Chopra's services have been retained from August 1, 1998.

The Company has been advised that payment of retainer fees to an Ordinary Director for rendering professional services does not constitute "remuneration" as envisaged by the provisions of Sections 198, 309 and 314 of the Companies Act, 1956, and strictly speaking, no approval is required. For the sake of abundant caution, however, the approval of the Company in general meeting is being obtained in terms of the resolution proposed under this item of business.

Except Mr. H.C. Chopra, no other Director of the Company is interested in this item of business.

Registered Office :

D-8, M.I.D.C., Street No 16,
Marol, Andheri (East),
Mumbai - 400 093.

By Order of the Board

Place : Mumbai,
Dated: 2nd December, 1998.

P. Y. Mahajan
Company Secretary

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Eleventh Annual Report together with the Audited Statement of Accounts for the year ended June 30, 1998.

CORPORATE RESULTS

	For the Year ended June 30, 1998 (Rs. in Lacs)	For the 15 months period ended June 30, 1997 (Rs. in Lacs)
Income	17087.52	31628.23
Gross Profit/(Loss)	(7703.37)	4169.21
Less : Interest	5738.07	6170.46
Cash Profit/(Loss)	(13441.44)	(2001.25)
Less : Depreciation	5624.68	513.12
Net Profit/(Loss)	(19066.12)	(2514.37)
Add : Pre - operative expenses of Project under implementation	---	2952.03
Less : Provisions for taxation	---	---
Profit after tax/(loss)	(19066.12)	437.66
Add : Surplus balance brought forward from previous year	1219.74	1137.08
Profit available for appropriations	(17846.38)	1574.74
Proposed Dividend	---	---
Transfer to Debenture Redemption Reserve	---	255.00
Transfer to General Reserves	---	100.00
Balance carried to Balance Sheet	(17846.38)	1219.74
	(17846.38)	1574.74

PERFORMANCE REVIEW

As the Shareholders would recall they were informed at the last Annual General Meeting that the Company had approached IDBI for necessary financial assistance to stabilise the overall operations of the Company, etc., and that the Directors were quite confident of getting IDBI's sanction for the proposal. IDBI did sanction the proposal in June 1998 agreeing to grant additional term loan of Rs.900 lakhs with balance Rs.1100 lacs to come from other Institutions, allowing deferment of Interest fallen due up to June 1998 and also allowing reschedulement of all outstanding loans granted for TPE Project as well as for Engineering Division.

Your Company set up a pioneer unit - first of its kind in India - to manufacture SBS type TPE in 1995 but for a period of nearly three years, it has not been provided with the need-based Working Capital by the Consortium Banks, assigning one or another reason. Even after holding three Consortium meetings in January to April 1997 no sanction could take place but we were advised to have the techno-economic viability study conducted by an IDBI approved Consultant. Hence the Company approached IDBI, IFCI for the purpose.

IDBI not only undertook the detailed reappraisal but also sanctioned the Company's proposal. Following this reappraisal the Company again approached the Working Capital Bankers for enhanced Working Capital limits, but thereafter even though two Consortium meetings have been held with loss of much precious time, no concrete decision has been taken and the Company continues to suffer and has been working with severe constraints on account of non-availability of Working Capital funds. Since one of the conditions of IDBI's reappraised sanction is that the Company should make satisfactory arrangements for financing its working capital requirements which is yet to be finalised which has resulted in the IDBI sanction being inoperative.

It will not be out of place to mention here that after setting up the TPE Project, the Company has not been provided its due Working Capital facilities on one plea or another. Earlier also the Banks had not provided the Working Capital limits raising some unnecessary issues which were satisfactorily clarified. The Banks had then agreed to provide the need - based Working Capital funds but that was made conditional on the projects of the Company being found technically feasible/ economically viable by Financial Institutions and on the latter agreeing to provide the rehabilitation package. Strangely enough even after IDBI sanctioned the rehabilitation package the Banks now want appointment of Consultants for conducting the techno-economic viability study of the Company even though the lead Bank of the Consortium had confirmed at its highest level to IDBI that if rehabilitation package for the Company was sanctioned the Bank would recommend to its Consortium Banks to extend the need - based Working Capital limits/other facilities required by the Company and to restructure the existing dues after taking into account the revised/ additional terms/conditions stipulated by the term lending institutions. Despite this, as stated above, the Consortium Banks have decided to again have the viability of the project studied thus again deferring the decision to provide necessary Working Capital funds.

As you are aware, the TPE plant of the Company is a Petro Chemical project. Though the plant commenced production during the year, on account of non-availability of the Working Capital, the plant could hardly be run in the Year under review. On the technical evaluation of the plant made recently by an expert in the field, and based on his advice, the Board has felt necessary to change the method of depreciation from straight line to written down value method so as to show a realistic value of the plant.

Since our TPE Plant has been running intermittently due to paucity of Working Capital, and due to power - cut in the factory, it was advised by a Chemical Industry Expert to dispose off the material in the process plant pipeline it being hazardous in nature. On this basis, the Company has disposed off the material from the process plant pipeline. In case of Engineering Division also a few tailor-made items manufactured by the Company, not lifted by the customer for some reason, got completely rusted and corroded and consequently they have been valued at their net realisable value.

All these resulted from non-availability of Working Capital including non-issuance of L/Cs and Bank Guarantees even to bid for tenders and in the process the Company (which had a record of continuous profit making and dividend declaration right from its inception in 1987 till setting up of the TPE Project in 1994 - 95) has been pushed into the red.

On account of non-availability of Working Capital funds for over three years, the Company has not been able to meet its turnover targets and consequently profitability estimates and failed in meeting its financial commitments as a result of which several creditors/ lenders etc., including the 1994 - Series II Non Convertible Debentureholders and a Consortium Bank initiated legal steps to protect their interest.

Your Directors were confident that if sufficient Working Capital was provided to run the TPE Plant as well as for other Divisions of the Company, the Company could have sustained itself. But on account of continued non-availability of Working Capital limits without any definite time frame by which the Working Capital funds will be made available, and in the circumstances explained earlier, your Directors feel that the position of the Company as it appears as shown above and in the accompanying financial statements will be more realistic and will give a true and fair view of its state, in the changed scenario. In view of losses of the Company exceeding its networth, your Directors are making a reference to the Board for Industrial & Financial reconstruction.