

26TH ANNUAL REPORT 1999-2000

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Andhra Pradesh Tanneries Limited

ANDHRA PRADESH TANNERIES LIMITED

BOARD OF DIRECTORS

Sri T. Rajagopal Rao,
Chairman

Sri Y. Ratheish
Managing Director
(w.e.f. 05-09-2000)

Sri T.L. Prasad,
Director

Shri A. Appanna Dora
Director

Shri K. Nageswara Rao
Director

AUDITORS

M/s. Rowe & Pal
Chartered Accountants,
Vizianagaram.

BANKERS

Union Bank of India
Vizianagaram

REGISTERED OFFICE & FACTORY

Leather Complex Area,
Nellimarla - 535217
Vizianagaram Dist.

CONTENTS

Page Nos.

Notice	
Director's Report	
Auditor's Report	
Balance Sheet	
Profit & Loss Account	
Schedules	
Cash Flow Statement	

ANDHRA PRADESH TANNERIES LIMITED

NOTICE

NOTICE is hereby given that the TWENTY SIXTH Annual General Meeting of the Share holders of Andhra Pradesh Tanneries Limited will be held on 30-9-00 at 11 A.M. at the Registered Office of the Company. Leather Complex Area, Nallimarla - 535 217, Vizianagaram District to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2000 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri A. Appanna Dora who retires by rotation and being eligible offers himself for reappointment.
3. To consider and if thought fit to pass with or without modification, the following as an ordinary resolution, for appointment of auditors for the year 2000 - 2001.

"Resolved that pursuant to the provisions of Section 224-A and other applicable provisions if any, of the Companies Act, 1956, retiring auditors M/s. Rowe and Pal, Chartered Accountants, Vizianagaram be and are hereby reappointed Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting on remuneration of Rs.25,000/- excluding out-of-pocket and travelling expenses in connection with audit.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification the following as an ordinary resolution.

"Resolved that Sri Y. Ratheish be and is hereby appointed as Managing Director on the terms and conditions stated below for a period of 3 years w.e.f. 5-9-2000 subject to approval of shareholders in Annual General Meeting."

TWENTY SIXTH ANNUAL REPORT 1999-2000**SALARY**

Rs. 25,000/- per month (including dearness allowance and all other allowances)

ACCOMMODATION : Housing accommodation will be provided by the Company.

Leave travel concession, Medical Reimbursement, and Personal Accident Insurance may be provided for as under.

- i) Medical Reimbursement : Expenses incurred for the person and his family subject to a ceiling of one month salary in a block of one year.
- ii) Leave Travel Concession : For the person appointed and his family, once in a year incurred in accordance with the rules specified by the Company.
- iii) Personal Accident Insurance : For accidental coverage upto Rs. 5,00,000/-.

He is also eligible for P.F., and Gratuity not exceeding half a month's salary for each completed year of service subject to ceiling of Rs. 1,00,000/-, car for use on Company's business and telephone at residence will be provided.

Registered Office :
Leather Complex Area,
Nellimarla - 535 217,
VIZIANAGARAM Dist.
Date : 05-09-2000

By order of the Board

Sd/-

(T. RAJAGOPAL RAO)
CHAIRMAN

NOTES :

1. A member entitled to attend the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The instrument of proxies in order to be effective must be deposited at the Registered Office of the Company not less than Forty Eight hours before the meeting.
3. The Register of Members and transfer books of the Company will be closed from 16-09-2000 to 25-09-2000 both days inclusive.
4. Share holders are requested to notify change in address if any to the Company.

Item No. 3 :

A certificate received from the retiring auditors as required under Section 224(1B) of the Companies Act, 1956 is available for inspection at the Registered Office of the Company during office hours on any working day.

Item No. 4 :

Explanatory Statement Pursuant to Section 173 (1) of the Companies Act. 1956.

The Board of Directors in their 118 Meeting held on 5th September, 2000 appointed him as a Managing Director for a period of 3 years with effect from 05-09-2000 subject approval of Shareholders hence this ordinary resolution.

Sri T. Rajagopal Rao, Director and Sri K. Nageswara Rao, Director are interested in this resolution.

TWENTY SIXTH ANNUAL REPORT 1999-2000**AUDITORS REPORT**

To,
The Share holders of
M/s. Andhra Pradesh Tanneries Limited,
VIZIANAGARAM.

We have audited the attached Balance Sheet of M/s. Andhra Pradesh Tanneries Limited, Vizianagaram as at 31-3-2000 and annexed Profit and Loss Account of the Company for the year ended on that date and report that:

1. 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.
2. 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 such books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the Profit and Loss account and Balance Sheet comply with the accounting standards, referred to in Sub-Section (3) (c) of Section 211 of the Companies Act., 1956.
5. In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and the Profit and Loss account subject to note 13 of Schedule 14 read together with the notes thereon and the information required by the Companies Act, 1956 in the matter so required and give a true and fair view.
 - a) In the case of Balance Sheet, the state of affairs of the Company as at 31-03-2000.
 - b) In the case of Profit and Loss Account, the Loss for the period ended on that date.
6. As required by the Manufacturing and Other Companies (Auditor's Report) order 1988 issued by the Company Law Board in terms of Section 227(4-A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further state that:
 - i) The Company has maintained Fixed Assets Register showing all the particulars including quantitative details and situation of Fixed Assets. We are informed that these assets were physically verified during the year and no discrepancies were noticed on such verification.
 - ii) None of the Fixed Assets have been revalued during the year.

ANDHRA PRADESH TANNERIES LIMITED

- iii) Physical verification was conducted by the Management quarterly in respect of finished goods, stores and spares and raw materials. We advise the Management to incorporate ABC system of inventory control in respect of stores and spare parts.
- iv) Material discrepancies noticed on physical verification of stocks as compared to book records have been properly dealt with in the books of accounts.
- v) In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
- vi) The Company has not taken any loans, secured or unsecured from the companies under the Management as defined under subsection (1B) of section 370 of the companies Act. 1956.
- vii) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties listed in the register maintained under Sec. 301 and or to the Companies under the same Management as defined under Sub-Sec. (1B) of Section 370 of the Companies Act, 1956.
- viii) The Company has given Festival/Conveyance advances like pay advances etc., to its employees who are repaying the principal amounts as stipulated and we are informed that the advances are interest free.
- ix) In our opinion and according to the information and explanations given to us during the course of our Audit, it appears that there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of Plant and Machinery equipment and other Assets.
- x) In respect of transactions of purchase of goods and materials and sale of goods and materials, made in pursuance of contracts or agreements entered in the register maintained under Sec. 301 of the Companies Act, 1956 as aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable have regard to the prevailing market prices which would have been available from other parties. The Company has entrusted the job work of processing the raw hides into wet blue hides to M/s. The Associated Tanners, Vizianagaram in which two of the Directors of the Company are interested and in our opinion the job work charges paid are reasonable.
- xi) Damaged/Unserviceable stores items and handling losses have been determined to the tune of Rs. 25,819/- and the same has been written off under the head "Consumable Stores Written off" with the approval of the Board of Directors.
- xii) The Company has not accepted any deposits from the public and there was no contravention of the directions of the Reserve Bank of India and the provisions of Sec. 58A or the rules framed thereunder.

TWENTY SIXTH ANNUAL REPORT 1999-2000

- xiii) During the year, the Management has not appointed any Internal Auditors for the Company. Keeping in view, the size of the company and the nature of its business, we are of the opinion that the Company requires Internal Audit and the Management should take early steps in this regard.
- xiv) The Central Government has not prescribed maintenance of cost records U/s 209 (I) (d) of the Companies Act for any of the products of the Company.
- xv) According to the records of the Company and our examination of monthly P.F., and E.S.I statement, the Company is generally regular in depositing the dues with the appropriate authorities. In respect of provident fund dues, contribution of Rs. 11,32.964 were not deposited by the Company with the appropriate authority.
- xvi) As on the last day of the financial year, there were not material amounts outstanding in respect of undisputed Income tax, Sales Tax, Customs and Excise Duty which are due for more than 6 months from the date they become payable.
- xvii) According to the information and explanations given to us no personal expenses have been charged to Revenue Accounts.
- xviii) In our opinion, the Company is not a Sick Industrial Company within the meaning of Sec.3 (1)(0) of the Sick Industrial Companies (Special Provisions) Act, 1985.

VIZIANAGARAM,

For ROWE & PAL,
Chartered Accountants

Dt : 5-9-2000

Y. Anil Kumar
Partner.

ANDHRA PRADESH TANNERIES LIMITED**DIRECTOR'S REPORT :**

To our Share holders:

Your Directors have pleasure in presenting the 26th Annual Report of the Company with the audited accounts for the year ended 31st March, 2000.

Working Results :

The turnover during the year has been of Rs. 347.47 lakhs compared to Rs.581.17 lakhs during previous year. During the year the Company has incurred net loss of Rs. 69.62 lakhs. The accumulated loss now stands at Rs. 156.35 lakhs after providing for accumulated depreciation of Rs. 126.11 lakhs. The Company has worked to 41.43% of its capacity during the current year.

The Leather Industry was facing crisis due to recession in International and Domestic markets. However the market has picked up during current year and the performance is expected to be improved.

Share Capital :

The Paid-up capital excluding the amount of Rs. 83.875 received on forfeited shares as on 31st March, 2000 stood at Rs.57,39,000.

Fixed Deposits :

No deposits have been received pursuant to Section 58 A of the Companies Act, 1956 and there are no deposits to be repaid and/or claimed.

Auditors:

M/s. Rowe & Pal, Chartered Accountants, Vizianagaram the Company's Auditors retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224 (B) of the Companies Act, 1956. The members are requested to appoint the Auditors for the current year and fix their remuneration.