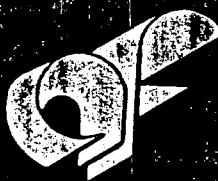

17th
ANNUAL
REPORT
1996-97



ANNAPURNA FOILS
L I M I T E D

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ANNAPURNA FOILS LIMITED



Board of Directors

Sri T. Venkatram Reddy
Chairman

Sri T.N.M. Balagopalan
Managing Director

Sri. T. Vinayak Ravi Reddy
Joint Managing Director

Sri. H. Sankara Raman
Nominee (IDBI)

Sri. Ajai Bhambi
Nominee (BIFR)

Sri. D. Sivasubramanian
Nominee (LIC)

Sri. M. Philip
Director

Sri. Sunirmal Talukdar
Director

Sri. C.V. Ramana
Nominee (State Bank of India)

Sri. M.V. Rao
Alternate Director to Sri. M. Philip

Auditors

M/s C.B. Mouli & Associates
Chartered Accountants,
125, M.G. Road
Secunderabad - 500 003.

Bankers

State Bank of India
Secunderabad (Main Branch)
Secunderabad - 500 003.

Punjab National Bank
Kothi Branch
Hyderabad - 500 001.

Bank of Baroda
Lakdikapool
Khairatabad
Hyderabad - 500 004.

Regd Office

3-6-356/358
Basheerbagh
Hyderabad - 500 029.

Works

Kollur Village
Via Muthangi
Sangareddy Taluk
Medak Dist. - 502 300
Andhra Pradesh

MD				BKC	
CS				DPY	
RO				DIV	
TRA				AC	
AGM				SHI	
YE					

Secretary & G.M. (Legal)
Sri. V. Lakshmanacharya



ANNAPURNA FOILS LIMITED



NOTICE

To

The Shareholders,

NOTICE is hereby given that Seventeenth Annual General Meeting of M/s Annapurna Foils Limited will be held on Thursday, the 27th November, 1997 at its Registered Office at 3-6-356/358, Basheerbagh, Hyderabad - 500 029 at 10.00 A.M. 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, 1997 and the Report of the Directors and Auditors thereon.
2. To appoint Director in place of Sri T. Venkatram Reddy and Sri M. Philip, Directors of the Company, who retire by rotation and being eligible offer themselves for reappointment.
3. To consider and, if thought fit, to pass, with or without modification, the following resolution:

“RESOLVED THAT M/s C.B. Mouli & Associates, Chartered Accountants, retiring Auditors be and are hereby reappointed as Auditors of the Company to hold office from conclusion of the Seventeenth Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration to be decided in consultation with Auditors.”

Special Business

1. To consider, if thought fit to pass the following resolution as an ordinary resolution:

“RESOLVED THAT the company hereby approves the remuneration payable to Sri T.N.M. Balagopalan on his re-appointment as a Managing Director of the Company for a further period of One (1) year from 29th November, 1997, and remuneration as set out below:

PART - 'A'

Salary: Basic salary Rs. 21,000/- per month with such revisions as may be approved by the Board from time to time subject to a maximum salary of Rs. 35,000/- per month.

Special Allowance: Rs. 10,500/- per month.

- Others: a) Flat Maintenance allowance of Rs. 600/- P.M.
 b) Books and Periodicals allowance of Rs. 350/- P.M.
 c) Children's Education allowance of Rs. 100/- P.M.
 d) Soft furnishing allowance of Rs. 4,000/- per annum.

PART - 'B'

Commission: Sri T.N.M. Balagopalan will be entitled to commission in the event the company has adequate net profits in any Financial Year during the tenure of his appointment as may be determined by the Board of Directors subject to the overall ceiling laid down in Section 309 of the Companies Act, 1956.



ANNAPURNA FOILS LIMITED

PART - 'C'

Others:

- a) Housing: The Company will provide furnished residential accommodation to Sri T.N.M. Balagopalan.
- b) Medical Expenses: Full medical care for the incumbent and his wife at Company's expenses. Additionally, Company will contribute to a Medical Insurance Scheme to cover the incumbent and his wife on account of hospitalisation. Reimbursement of medical expenses for incumbent's dependent children and parents will be made up to a maximum of Rs. 3,000/- per annum, which can be accumulated till the end of this contract.
- c) Leave Travel Assistance: Leave Travel Assistance will be provided to Sri T.N.M. Balagopalan and his family once a year which will be equal to one month's salary.
- d) The company shall bear the cost of contribution to a recognised Provident Fund, Pension and Gratuity Funds, as may be required, of which the incumbent is already a member.
- e) Membership for one Club. The subscription will be reimbursed.
- f) Encashment of unavailed Privilege Leaves at the end of the tenure.
- g) Car for use in Company's business and telephone at residence will be provided. Personal long distance calls on telephone and use of car for private purpose shall be paid to the company by the incumbent.
- h) Personal Accident Insurance: Premium not exceeding Rs. 1,000/- P.A.

The expenses incurred by the Company for Gas, Electricity, Water and Furnishings in the residential accommodation shall be valued as per Income-tax Rules, 1962."

"FURTHER RESOLVED THAT the Board of Directors may review the remuneration from time to time within the limits prescribed above."

The remuneration mentioned above shall be subject to the limits prescribed under Schedule XIII of the Companies Act, 1956, as amended and such remuneration shall not exceed Rs. 87,500/- per month or such other limit as the effective capital of the company permits from time to time, whichever is less.

"FURTHER RESOLVED THAT the Board of Directors may vary the remuneration and perquisites from time to time within the limits provided under the law".

Place: HYDERABAD.
Date : 19-09-1997

By Order of the Board

V. Lakshmanacharya
Secretary
& General Manager(Legal)

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the 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 meeting.
2. The Register of members and share transfer books of the company shall remain record closure from 24th November, 1997 to 27th November, 1997 (both days inclusive).
3. The explanatory statement relating to special business in the notice as required by Section 173 (2) of the Companies Act, 1956 is annexed to the notice.

ANNAPURNA FOILS LIMITED



ANNEXURE

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

The present term of appointment of Sri T.N.M. Balagopalan as a Managing Director will expire on 28th November, 1997. The Board of Directors feel that for the sake of continuity of the present management and for efficient running of the company the services of Sri T.N.M. Balagopalan should be available to the company for a period of one year with effect from 29th November, 1997. In terms of the provisions of the Articles of Association of the company, the Board of Directors at its Board Meeting held on 19th September, 1997 re-appointed him as a Managing Director for a further period of One (1) year with effect from 29th November, 1997 without any change in terms & conditions under the previous appointment. The remuneration proposed to be paid to Sri T.N.M. Balagopalan as Managing Director is as under:

Salary: Basic salary Rs. 21,000/- per month with such revisions as may be approved by the Board from time to time subject to a maximum of Rs. 35,000/- per month.

Special Allowance: Rs. 10,500/- per month.

Other allowances & perquisites: remain unchanged.

Since the company has inadequate profits, Sri T.N.M. Balagopalan will not be entitled for any commission for the current Financial Year.

The Board deemed it essential that Sri T.N.M. Balagopalan must continue as Managing Director of the company and recommended the above resolution in the interest of the company.

None of the other Directors is concerned or interested in the said resolution except Sri T.N.M. Balagopalan, neither participated in the discussions nor did he vote.

This notice may also be treated as an abstract pursuant to Section 302 of the Companies Act, 1956, to the extent necessary.



ANNAPURNA FOILS LIMITED

DIRECTORS' REPORT

To
The Shareholders,
Annapurna Foils Limited

Your Directors have pleasure in welcoming you to the Seventeenth Annual General Meeting and have pleasure in presenting the Seventeenth Annual Report and Accounts of the Company for the year ended 31st March, 1997 along with the Auditors' Report thereon.

1. Operational Results

	1996-97	1995-96
	Rs. in Lakhs	
i) Production (M.T.)	3826.00	3476.00
ii) Sales	7978.22	8979.37
iii) Operating profit	903.27	1151.97
iv) Interest	735.69	800.31
v) Depreciation & Non-cash charges	296.30	310.42
vi) Profit/ (Loss) after depreciation and interest but before non-recurring items.	(135.67)	41.24
vii) Profit/ (Loss) after non-recurring items	(393.48)	41.24

2. Conservation of Energy Etc.

Details regarding energy conservation, technology absorption, foreign exchange earnings and out go as required by Sec. 217 (1) (e) of the Companies Act, 1956 read with companies (Disclosure of the particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure - 1 and form part of this report.

3. Finance

As per the BIFR Scheme AFL has to pay service charge to Indian Aluminium Company, Ltd. (INDAL) equivalent to 3% of net sales i.e. gross sales after deducting Excise Duty. Such payment shall be effected only during the year in which sales of AFL (net of excise) exceeds Rs.50 Crores as per the Audited Annual Accounts. The payment shall be within the provisions in the profitability estimates and shall be effected after clearance of dues of the Financial Institutions and Banks during the year. Payment in excess of Rs.2.00 Crores during any year shall be made only with the prior approval of the Operating Agency (IDBI). Accordingly, service charge for the year 1994-95 - Rs.52.94 Lacs was paid to INDAL and a provision was made for the service charge in the Annual Account of 1995-96 amounting to Rs. 218.48 Lacs and for the year 1996-97 for Rs.189.32 Lacs.

Service charge to Indian Aluminium Company, Ltd. (INDAL) have been provided in these accounts on the same basis as in the earlier years i.e. @ 3% of net sales. This is as per the tripartite agreement forming part of the BIFR Scheme between the Company (AFL), Promoters of Annapurna Foils Limited & Indian Aluminium Company, Ltd. (INDAL), whereby INDAL is to provide Financial, Managerial, Operational and Marketing assistance to Annapurna Foils Ltd. Due to tight liquidity in the previous year and less than the expected growth experienced in the recent past, AFL has not been able to pay the service charge for 1995-96 as per terms.

After discussions between the Promoters, INDAL and the Operating Agency (IDBI), it was agreed that the service charge liability for the years 1995-96 and 1996-97 be converted into an interest-free unsecured loan granted by INDAL to AFL, repayable in 48 equal monthly instalments commencing from 1st April, 1998. Effective 1st April, 1997 the service charge payable by AFL to INDAL will be 1% of the net sales after deducting the excise duty as against 3% provided for in the BIFR scheme. Such service charge will be subject to a further ceiling of Rs.1.00 Crore per annum. This revised arrangement will be reviewed after three years.

ANNAPURNA FOILS LIMITED



4. Directors

- a) Sri Ajai Bhambi has joined the Board as the BIFR Nominee Director in place of Sri M.J. Mathan with effect from 23rd August, 1996 as non-retiring Director by rotation.
- b) Mr. C.V. Ramana, Dy. General Manager, State Bank of India has joined the Board as SBI's Nominee Director with effect from 19th September, 1996 as non-retiring Director by rotation.
- c) In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association Sri T. Venkatram Reddy & Sri M. Philip, Directors retire by rotation and are eligible for re-appointment.

5. Industrial Relations

The record production performance bears testimony to the cordial and harmonious industrial relations at all levels of the organisation.

6. 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, as amended, regarding employees is given in Annexure to the Directors' Report.

7. Auditors

M/s C.B. Mouli & Associates, retiring Auditors, being eligible offer themselves for re-appointment. As required under Section 224 of the Companies Act, 1956, certificates have been received from them to the effect that their appointments, if made, will be in accordance with the limits specified in Section 224 (1B) of the Act.

8. Acknowledgements

Your Directors take this opportunity to express their deep sense of gratitude to IDBI, IFCI, ICICI, LIC, GIC, NIA, UTI, State Bank of India, Punjab National Bank, BIFR, the Central and State Government Departments and Local Authorities for their continued guidance and support. Your Directors also express their appreciation and take on record the total commitment and dedication of every member of the Annapurna team, for rendering hard work for the promotion of the Company. To all of them goes the credit for the Company's achievement and to you, as Shareholders, your Directors are grateful for the continued confidence and faith that you place in them.

By Order of the Board

Place: Hyderabad
Date : 19.9.1997

T. Venkatram Reddy
Chairman



ANNAPURNA FOILS LIMITED

ANNEXURE-I

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (1) (e) read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 1997.

A. Conservation of Energy

a. Energy conservation measures taken:

The State Government imposed power restrictions w.e.f. 11th February, 1997, 35% on demand and 40% on energy for all industries and 25% on base demand and base energy to BIFR Companies under rehabilitation. The company was able to draw the higher quota of 458241 KWH energy and 1371 KVA demand per month being a company under BIFR Rehabilitation Scheme. In addition to the power restrictions there was load shedding for 8 hours per day between 12th February '97 to 28th February '97. Further on 16th, 20th, 23rd & 26th March '97 there was absolutely no power supply from the State Electricity Board due to farmers agitation. Production loss however could be kept at the minimal by use of own power generation. The overall power situation during the year was however better than the previous year resulting in a lower self generation of 2139150 KWH when compared to 3240610 KWH in the previous year. On account of maximising the load on furnace and longer batches of rolling including the increase in production, there was an appreciable improvement in the specific energy consumption.

b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

The third generator with a capacity of 1000 KVA was commissioned in March '97 to take care of the present and future power crisis as well as to limit power loss and production loss to the minimal.

c. Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production:

The specific energy consumption per tonne of foil has been brought down from 2429.91 KWH to 2102.57 KWH during the current year.