

19th
ANNUAL
REPORT
1998-99

ANNAPURNA FOILS
LIMITED





ANNAPURNA FOILS LIMITED

Board of Directors

Sri T. Venkatram Reddy
Chairman

Sri Gautam Mukherjee
Managing Director

Sri T. Vinayak Ravi Reddy
Joint Managing Director

Sri H. Sankara Raman
Nominee (IDBI)

Sri Ajai Bhambi
Nominee (BIFR)

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

Sri David Chandrasekaran
Nominee (LIC)

Sri Prabal Kumar Sen
Nominee (INDAL)

Sri Sunirmal Talukdar
Nominee (INDAL)

Mrs Vijaya Sampath
Alternate Director to Prabal Kumar Sen and
Sunirmal Talukdar

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.

Regd Office

36, Sarojini Devi Road,
Secunderabad-500 003.

Works

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

Secretary & General Manager (Legal)

Sri. V. Lakshmanacharya



ANNAPURNA FOILS LIMITED

NOTICE

To

The Shareholders,

NOTICE is hereby given that Nineteenth Annual General Meeting of M/s Annapurna Foils Limited will be held on Thursday, the 30th September, 1999 at Hotel Baseraa, 9-1-167/168, Sarojini Devi Road, Secunderabad-500003 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, 1999 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri T. Venkatram Reddy, Director of the Company, who retire by rotation and being eligible offered himself 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 Nineteenth Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board in consultation with Auditors."

Special Business:

4. To consider, if thought fit, with or without modification, to pass the following resolution as the Ordinary Resolution:

"RESOLVED THAT in pursuant to the provisions of Section 269, 309 schedule 13 and any other applicable provisions of the Companies Act, 1956, consent be and is hereby accorded to the appointment of Sri Gautam Mukherjee as Managing Director on remuneration payable for a period of three years from 1st December, 1998, subject to the approval of the Financial Institutions, on the following terms:

PART - A

Salary

- | | |
|------------------------|-----------------|
| a) Consolidated Salary | Rs. 30,000 P.M. |
| b) Special Allowance | Rs. 18,600 P.M. |

Others:

- | | |
|---|----------------|
| a) Education Allowance | Rs. 100 P.M. |
| b) Flat Maintenance | Rs. 9,000 P.A. |
| c) Soft furnishings - Reimbursement not exceeding | Rs. 4,000 P.A. |

PART - B

Commission

Sri Gautam Mukherjee 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 over all ceiling laid down in Sections 198 and 309 of the Companies Act, 1956.



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PART - C

Others

a) Housing

The company will provide unfurnished accommodation to Sri Gautam Mukherjee.

b) Medical Expenses

- i) Free Medical attention and treatment for self and wife.
- ii) Reimbursement of expenses up to a maximum of Rs. 4,200/- per annum towards medical treatment of dependant family members.
- iii) Medical Insurance with Calcutta Hospital and Nursing Home Benefits Association, Annual premium Rs. 3,000/- for coverage of self and wife borne by the company
- iv) Post-retiral Medical benefits of Rs. 12,000/- p.a. (max.) for self and dependants accumulative up to five years and continuation of Medical Insurance cover for self and wife at company's cost.

c) Car

Air-Conditioned Car (1 No.) maintained by company.

d) Telephone

To be provided by the company. Charges for personal trunk calls are payable by him.

e) Leave Travel Assistance

Leave Travel Assistance will be provided to Sri Gautam Mukherjee and his family once in a year, which is equal to one month's salary.

f) Club Membership

Entrance fees and monthly subscription for one club.

g) Company provided & maintained assets

- | | |
|---------------------|--------|
| i) Air-Conditioners | 2 Nos. |
| ii) Refrigerator | 1 No. |
| iii) Cooking Range | 1 No. |

h) Provident & Pension Fund

Employer's contribution to provident fund at 12% of consolidated monthly salary and annual contribution at 15% of consolidated annual salary towards pension fund.

i) Gratuity

As per the payment of Gratuity Act, 1972.

j) Free Electricity and Gas at Residence

k) Privilege Leave

Eligible for four weeks privilege leave for every calendar year (apart from the accumulation already to his account as per the rules of Indian Aluminium Company Limited)."



ANNAPURNA FOILS LIMITED

I) Any payment made exgratia to his category of the employees will become payable to him also.

"FURTHER RESOLVED THAT the Board of Directors may review the remuneration from time to time."

"FURTHER RESOLVED THAT 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."

5. To consider and if thought fit, to pass the following resolutions as ordinary resolution.

"RESOLVED THAT Sri Prabal Kumar Sen who was appointed as Additional Director of the company (nominated by Indian Aluminium Company, Limited in place of Sri M. Philip, retired), who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of Director, be and is here by appointed as Director of the company liable to retire by rotation".

Place : SECUNDERABAD
Date : 30.07.1999

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 effect 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 closed for record purpose from 27th September, 1999 to 30th September, 1999 (both days inclusive)
3. The explanatory statements relating to special business mentioned in the notice as required by Section 173 (2) of the Companies Act, 1956 is annexed to the notice.



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ANNEXURE

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

In pursuance of the Scheme of Rehabilitation and agreement dated 7th November, 1994. Indian Aluminium Company, Limited nominated Sri Gautam Mukherjee as a Managing Director in place of Sri T.N.M. Balagopalan, (retired as Managing Director nominated by Indian Aluminium Company, Limited). Sri Gautam Mukherjee, a Bachelor of Engineering (Civil) from Calcutta University, has varied experience of 30 years in Marketing, Manufacturing, HRD, Project Management, Industrial relations & total quality management. Prior to his nomination he was Chief Executive Officer, Electronics business in Indian Aluminium Company, Limited. His rich experience and total quality management increase the performance of the company. Sri Gautam Mukherjee was nominated by Indian Aluminium Company, Limited for a period of three years from 1st December, 1998. At the time of his appointment, he was paid a monthly salary of Rs. 30,000/- per month and Rs. 18,600/- per month as a Special Allowance with other perquisites duly approved by the Board subject to the approval of Financial Institutions. The Board has reserved the right to revise the remuneration of Sri Gautam Mukherjee from time to time within the limits prescribed by schedule XIII of the Companies Act, 1956.

Since the company has no profits, Sri Gautam Mukherjee will not be entitled for any Commission till the company earns divisible net profit.

None of the other Directors is concerned or interested in the said resolution, except Sri Gautam Mukherjee, neither participated in the discussions nor he did vote.

Item No. 5

Sri Prabal Kumar Sen, Nominee Director, was appointed as Additional Director of the company on 26th September, 1998. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as a Director only up to the date of ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from the member expressing his intention to propose the appointment as a Director. The Board considers it desirable that company should continue to avail his services.

None of the Directors is interested except Sri Prabal Kumar Sen in the said resolution.



ANNAPURNA FOILS LIMITED

DIRECTORS' REPORT

To
The Shareholders,
Annapurna Foils Limited

Your Directors have pleasure in welcoming you to the Nineteenth Annual General Meeting and have pleasure in presenting the Nineteenth Annual Report and Accounts of the Company for the year ended 31st March, 1999 along with the Auditors' Report thereon.

The year 1998-99 was a difficult year for the foil industry as it faced the severest ever competition witnessed in the recent past. Major capacities expansion including new capacities has lead to a 40% excess supply in the industry. In a bid to maximise volumes the major players carried out corrections in their selling price. Your company could retain its market share by doing a judicious product mix but at the cost of extended credit and corrections in selling prices. This has had its impact on the operating results for this year. The loss for the year could have been minimised but for increases in raw material prices triggered mainly by metal cost increase by the primary producers of aluminium. None of these cost increases could be passed on to the market.

The company has explained the state of foil industry to the Financial Institutions and Banks and the consequent impact on its operating performance and liquidity. The future course of action on loan servicing is being discussed with Financial Institutions.

I now give below the operational results for the year under review:

1. Operational Results

	1998-99	1997-98
	Rs. in Lakhs	
i) Production (M.T.)	3193.00	3641.00
ii) Sales	6559.59	7500.41
iii) Operating profit	36.40	966.56
iv) Interest	675.99	643.62
v) Depreciation & Non-cash charges	306.10	310.19
vi) Profit/ (Loss)	(945.69)	12.74

2. Conservation of Energy Etc.

Details regarding energy conservation, technology absorption, foreign exchange earnings and outgo 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. Directors

- During the period under review, Indian Aluminium Company, Limited has withdrawn its Nominee Director Sri M Philip and appointed Sri Prabal Kumar Sen as a Nominee Director on their behalf. Mrs Vijaya Sampath has been nominated as Alternate Director to Sri Prabal Kumar Sen and Sri Sunirmal Talukdar, Directors of the company, in place of Sri M. V. Rao.
- Sri T. Venkatram Reddy, Director of the company, who is retiring by rotation and is being eligible, offered himself for re-appointment.
- In pursuance of provisions of the Companies Act, 1956 Sri Prabal Kumar Sen a Nominee Director of Indian Aluminium Company, Limited retired by rotation and is being eligible, offered himself for re-appointment.
- Regarding the approval of Managing Director's remuneration, the matter has been adequately explained in the notes to accounts.



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4. Industrial Relations

Industrial relations during the year under review were very cordial and all the workforce, staff and managerial performance are very co-operative in achieving the work endeavour.

5. 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.

6. 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.

7. Y2K Complainece

The company has been addressing its Y2K compliance issues since 1998. All internally developed software as well as third party software and operating systems relevant to Y2K issues have been identified and are in the process of being made Y2K complaint. The company does not envisage any business disruptions on this count.

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 : SECUNDERABAD
Date : 30.07.1999

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, 1999.

A. Conservation of Energy**a. Energy conservation measures taken:**

AP Transco consumption increased by 800000 units compared to previous year inspite of producing 400 tons less. Self-generation is reduced by 900000 units as the restrictions on AP Transco were removed to pay minimum of 80% on CMD which had forced us to utilise AP Transco power. Due to low production almost throughout the year the average consumption has gone up by 270 units per ton.

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

Utilisation of DG Sets was reduced to reduce the energy cost.

c. The specific energy consumption per ton of foil is 2517.56 KWH.

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