

**20th
ANNUAL
REPORT
1999-2000**

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**ANNAPURNA FOILS
L I M I T E D**



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)
Dr. V. Lakshmanacharya



ANNAPURNA FOILS LIMITED

NOTICE

To

The Shareholders,

NOTICE is hereby given that Twentieth Annual General Meeting of M/s Annapurna Foils Limited will be held on Friday, the 29th September, 2000 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, 2000 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri Sunirmal Talukdar, Director of the Company, who retires 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 Twentieth 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 an 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 re-appointment of Sri T. Vinayak Ravi Reddy as Joint Managing Director on remuneration payable for a period of five years from 29th November, 1999, on the following terms.

PART - A

Salary & other Allowances

i) Basic Salary	Rs. 29,000 P.M.
ii) Special Allowance	Rs. 12,000 P.M.
iii) Flat Maintenance	Rs. 600 P.M.
iv) Books & Periodicals	Rs. 350 P.M.
v) Children's Education	Rs. 100 P.M.
vi) Soft furnishing	Rs. 4,000 P.A.

PART - B

Commission

In the event however that the company has net profits in any financial year during the currency of this re-appointment Sri T. Vinayak Ravi Reddy will be entitled to a commission as may be determined by the Board of Directors subject to the over all ceilings laid down in Sections 198 and 309 of the Companies Act, 1956.



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PART - C

Others

A) I) Housing:

The company will provide furnished residential accommodation to Sri T. Vinayak Ravi Reddy with company owned assets.

II) Medical Expenses:

Full medical care for the incumbent and his wife at Company's expenses. Additionally company will contribute into a Medical Insurance Scheme to cover the incumbent and his wife on account of hospitalisation. Reimbursement of medical expenses for incumbent, dependent children and parents will be made up to a maximum of Rs. 5,000 per annum which can be accumulated for a period of 3 years.

III) Leave Travel Assistance:

Leave Travel Assistance will be provided to Sri T. Vinayak Ravi Reddy and his family once in a year, which is equal to one month Basic Salary.

IV) Club Fees:

Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.

V) Personal Accident Insurance:

Premium not exceeding Rs. 1,000 per annum.

The expenses incurred for gas, electricity, water and furnishings in the residential accommodation shall be valued as per Income Tax Rules, 1962.

B) Provident Fund, Superannuation and Gratuity

i) Provident Fund and Superannuation Fund:

The Company's contribution towards Provident Fund and Superannuation Fund shall not exceed 25% of the salary as laid down in the Income Tax Rules.

ii) Gratuity (non-interchangeable)

Payable in accordance with the approved fund and which does not exceed one half of the month's salary for each completed year of service as per the payment of Gratuity Act.

Contribution to Provident Fund and Superannuation Fund and Gratuity will not be considered or included for the companies on ceiling of perquisites to the extent of those either singly or put together are not taxable under the Income Tax Act.

C) Car & Telephone

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.



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D) Privilege Leave

Encashment of privilege leave as per the Company Rules

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 limits as the effective capital of the company permits from time to time whichever is less.

“RESOLVED FURTHER that the Board of Directors may review the remuneration and perquisites from time to time within the limit provided under the law.”

Place : SECUNDERABAD
Date : 29.07.2000

By Order of the Board

Dr. 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 26th September, 2000 to 29th September, 2000 (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.



ANNAPURNA FOILS LIMITED

ANNEXURE

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

In pursuance of BIFR scheme sanctioned in 1994, Sri T. Vinayak Ravi Reddy, Promoter Director was re-appointed as Joint Managing Director for further period of Five years with effect from 29th November, 1999.

The Board has reserved the right to increase the remuneration to Sri T. Vinayak Ravi Reddy, Joint Managing Director from time to time within the provisions of the Companies Act, 1956.

Since the company has no profits, Sri T. Vinayak Ravi Reddy will not be entitled for any commission till the company earns divisible net profit.

Sri T. Venkatram Reddy and Sri T. Vinayak Ravi Reddy being interested Directors, neither participated in the discussions nor did they vote.

None of the other Directors was interested/concerned in the said resolution.

The Notice as an Abstract to Section 302 of the Companies Act, 1956 issued on 29th January, 2000 was taken on record.



ANNAPURNA FOILS LIMITED

DIRECTORS' REPORT

To
The Shareholders,
Annapurna Foils Limited

Your Directors have pleasure in welcoming you to the Twentieth Annual General Meeting and have pleasure in presenting the Twentieth Annual Report and Accounts of the Company for the year ended 31st March, 2000 along with the Auditors' Report thereon.

The year 1999-2000 continued to be difficult year for the foil industry. The minimal growth in demand aggravated the domestic capacity overhang leading to severe pressure on realisations and margins. As a result raw material cost escalations arising from increase in feedstock prices could not be passed on. Your company was also constrained by acute shortage of working capital fund which resulted in low capacity utilisation and a drop in market share. We tried to minimise the impact by resorting to jobwork. All of these contributed to the operating performance of the company.

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

1. Operational Results

	1999-2000	1998-99
	Rs. in Lakhs	
i) Production (M.T.)	2753.00	3193.00
ii) Sales	3675.29	6559.59
iii) Operating profit/(Loss)	(189.75)	36.40
iv) Interest	578.92	675.99
v) Depreciation & Non-cash charges	304.56	306.10
vi) Profit/ (Loss) after non-recurring items	(1073.22)	(945.69)

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

- In pursuance of provisions of the Companies Act, 1956 Sri Sunirmal Talukdar, a Nominee Director of Indian Aluminium Company, Limited retire by rotation and is eligible for re-appointment.
- Regarding the approval of Managing Director's remuneration, the matter has been adequately explained in the notes to accounts.



ANNAPURNA FOILS LIMITED

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 Compliance

Your company had taken adequate steps to ensure that all-critical equipment, processes and systems were Y2K compliant and also developed contingency plans to minimise the risk of any disruption. Special emphasis was laid on business application systems, systems in equipment and business continuity.

The Directors are pleased to report that your company had a smooth roll over into the year 2000 and the Y2K bug had no impact on operations.

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. Your Directors are grateful for the continued confidence and faith that you place in them as shareholders.

By Order of the Board

Place : SECUNDERABAD
Date : 29.07.2000

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, 2000.

A. Conservation of Energy

a. Energy conservation measures taken:

Consumption of units sharply declined by 15,00,000 units compared with previous year as the production dropped sharply by 840 tons. Self-generation also declined by 3,00,000 units. There were no power restrictions for the year 1999-2000 from AP Transco. For the above reasons the average consumption per ton has gone up by 153 units.

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

c. The specific energy consumption per ton of foil is 2671.26 KWH.

d. Total energy consumption and energy consumption per unit of production:

	Current Year	Previous Year
i) Electricity:		
a. Purchase Units (KWH)	58,93,000	73,87,930
Total Amount (Rs.)	2,61,87,317	2,93,96,289
Rate/ Unit (Rs. ps)	4.44	3.98
b. Own generation units (KWH)	3,92,550	7,03,500
Total Amount (Rs.)	22,74,535	32,54,081
Rate/ Unit (Rs. ps)	5.79	4.63
	(Including depreciation excluding interest charges)	
c. Consumption of Diesel (Ltrs)	1,22,347	2,01,995
ii) Electricity per MT of Net Metal (KWH)	2,671.26	2,517.56
Units generated per Ltr of Diesel	3.21	3.48

B. Technology Absorption:

a. Efforts made in technology absorption as per Form B

1. Technology obtained during Project contract of 1985, fully absorbed.
2. No further technology contract is entered into.

C. Foreign Exchange Earnings & Outgoings

1. Earnings (Rs.)	2,26,09,816	2,05,86,973
2. Outgoings (Rs.)		
i. Raw material	3,24,05,721	4,76,42,386
ii. Spares	8,16,574	11,97,694
iii. Capital Goods	----	----
iv. Other Charges	4,08,709	2,77,415