
21st
ANNUAL
REPORT
2000-2001



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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 Ajai Bhambi
Nominee (BIFR)

Sri Manash Lal Mitra
Nominee (IDBI)

Sri S. Davidchandrasekaran
Nominee (LIC)

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

Sri Prabal Kumar Sen
Nominee (Indal)

Sri Sunirmal Talukdar
Nominee (Indal)

Sri Jairaj Singh
Alternate Director to Prabal Kumar Sen and
Sunirmal Talukdar

Auditors

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

Bankers

STATE BANK OF INDIA
Flat No. 101 to 106A,
Ashok My Home Chambers,
Block-B, 1-8-301 to 303
Sardar Patel Road
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 Twenty First Annual General Meeting of M/s Annapurna Foils Limited will be held on Saturday, the 29th September, 2001 at Millennium Gardens, 221/B, Secunderabad Club Road, Secunderabad at 10.00 A.M. to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 and Profit & Loss Account for the year ended 31st March, 2001 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri P.K. Sen Director of the company who retires by rotation and being eligible offered himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modifications the following resolution :
 "RESOLVED THAT M/s C.B.Mouli & Associates, Chartered Accountants, retiring Auditors be and are hereby appointed as Auditors of the company to hold office from conclusion of the Twenty First 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:
 a) "RESOLVED THAT Sri Manash Lal Mitra, Director nominated by Industrial Development Bank of India (IDBI) in place of Sri H.Sankara Raman be and is hereby appointed as non-retiring Director nominated by IDBI".

Place : Secunderabad

Date : 10.08.2001

By Order of the Board

Dr.V.LAKSHMANACHARYA
General Manager (Legal) & Secretary

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 2001 to 29th September 2001 (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

1. In pursuance of the Loan Agreement with Industrial Development Bank of India(IDBI), Sri Manash Lal Mitra was appointed as Nominee Director in place of Sri H.Sankara Raman with effect from 29th December, 2000. Sri Mitra is not retiring by rotation.

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ANNAPURNA FOILS LIMITED

DIRECTORS' REPORT

To
The Shareholders
Annapurna Foils Limited

Your Directors welcome you to the Twenty First Annual General Meeting and have pleasure in presenting the Twenty First Annual Report and Accounts of the company for the year ended 31st March 2001 along with the Auditors' Report thereon.

Domestic Foil market continued to reel under excess capacity leading to fierce price war, which affected realizations and margins. The major competition was seen in Cable Wrap, Pharmaceuticals and Plain Foil segments due to entry of new and small players.

As a result, raw material cost escalations arising from increase in feedstock price could not be passed on. The company was also constrained by acute shortage of Working Capital fund, which resulted in low capacity utilisation and drop in market share. The impact of this was minimized by resorting to jobwork.

The market for Foil products is expected to be buoyant and the company will bounce back into the market as soon as the Working Capital is made available.

Your company has also made plan to increase its presence in the International market through exports.

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

1. Operational Results

	<u>2000-2001</u>	<u>1999-2000</u>
	Rs. in Lacs	
i) Production (MT)	1898.00	2337.00
ii) Sales	2596.62	3675.29
iii) Operating profit/(Loss)	(120.32)	(189.75)
iv) Interest	627.59	578.91
v) Depreciation & Non-cash charges	302.75	304.56
vii) Profit/(Loss) after non-recurring items	(1050.66)	(1073.22)

2. Corporate Governance Code

The Securities and Exchange Board of India (SEBI) has introduced a code of Corporate Governance for implementation by the listed companies by an amendment to the Listing Agreement. As per the amendment, this code is required to be implemented by your company by 31st March, 2002.

Even before the aforesaid amendment becomes applicable your company is already following the Corporate Governance practice like striking out reasonable balances in composing of the Board of Directors, setting up of Audit Committee, constituting Shareholders/Investors Grievance Committee and constituting a Committee for fixing the Remuneration of Directors. These Committees were headed by a non-executive Director and majority of Directors of these Committees are non-executive Directors. The Management adequately disclosing the information and Business practices to be deliberated by the Board. Detailed report is annexed as the integral part of the Directors' Report.



ANNAPURNA FOILS LIMITED

3. Conservation of Energy, etc.

Details regarding energy conservation, technology absorption, foreign exchange earnings and out go as required by Sec. 217 (a) 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-I and form part of this report.

4. Directors

In pursuance of provisions of the Companies Act, 1956, Sri P.K. Sen, a Nominee Director of Indian Aluminium Company, Limited retire by rotation and is eligible for re-appointment.

5. AAIFR's Order

On 3rd July, 2001, Appellate Authority for Industrial & Financial Reconstruction (AAIFR) had issued a Draft Rehabilitation Scheme which was adopted at the meeting of the Board of Directors on 30th July, 2001, a copy of the Report shall be available for inspection at the Registered Office of the company on the day of the Annual General Meeting of the company from 10.00 A.M. to 12.00 P.M. The salient features of the scheme are given in Annexure.

6. Listing of Securities

The company's shares are listed with Hyderabad, Mumbai & Calcutta Stock Exchanges and the Annual Listing Fees for the year 2000-2001 has been paid to the respective Stock Exchanges.

7. Public Deposits

The company has not accepted any deposits from the public during the year under review.

8. 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 endeavor.

9. 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, none of the employees are covered under this rule.

10. 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.

11. Audit Committee

The Audit Committee was constituted on 26th April, 2001 and the Committee comprises of Six members. The details are given in the Corporate Governance Report.



ANNAPURNA FOILS LIMITED

The role and powers of the Audit Committee are as laid down under the relevant clause of the listing agreement and section 292 (A) of the Companies Act, 1956.

12. Directors Responsibilities Statement

In agreement with the Provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state

- i) that in preparation of annual accounts, the applicable accounting standards have been followed.
- ii) that your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and are of the profit or loss of the company for that period.
- iii) that your Directors have taken proper and sufficient care for the maintenance of accounts records in accordance with the provisions of Companies Act, 1956 for safeguarding the assistance of the company and for preventing and detecting fraud and other irregularities.
- iv) that your Directors have prepared Annual Accounts on a going concern basis.

13. Acknowledgements

Your Directors take this opportunity to express their deep sense of gratitude to IDBI, ICICI, IFCI, LIC, GIC, NIA, UTI, State Bank of India, Punjab National Bank, BIFR, AAIFR 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 : 10.08.2001

T.Venkatram Reddy
Chairman



ANNAPURNA FOILS LIMITED

DRAFT REHABILITATION SCHEME OF AAIFR

SALIENT FEATURES :

1. The existing share capital of AFL shall be written down by 80% (ie. the face value of shares will be reduced to 20%).
2. Indal will acquire the entire shareholding of the Reddy's, existing promoters of AFL, at a mutually negotiated price at Rs.2/- per share of the face value of Rs.10/- in accordance with the terms of MOU dated 20.02.2001 between them.
3. The term loan dues of the Financial Institutions/SBI shall be paid in two installments; 50% within 15 days from the date of the AAIFR's Order and 50% by 03.01.2002. The outstanding principal term loan dues are stated to be : IDBI (Rs.874.56 Lacs); IFCI (Rs.490.88 Lacs); ICICI (Rs.392.64 Lacs); LIC (Rs.59.51 Lacs); GIC (Rs.6.88 Lacs) ; NIA (Rs.10.28 Lacs); SBI (Rs.642 Lacs). All interest dues, including outstanding FITL dues, shall be waived.
4. Indal shall bring in funds required for payment of the OTS amounts by due dates. Indal's failure to make OTS payment will entitle the term lenders to cancel the OTS arrangement and recall their dues in accordance with the loan documents.
5. Indal shall bring in the required amount as equity (at par)/unsecured loan (unsecured loan shall not be withdrawn until the entire OTS amount is paid).
6. In view of section 32(I) of SICA, there will be exemption from the provisions of the Companies Act, 1956, for reduction in the face value of the existing paid up share capital of AFL and allotment of fresh equity shares of AFL to Indal.
7. The Unsecured Loans of the promoters will stand reduced from Rs. 720 Lacs to Rs. 190 Lacs.





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, 2001.

A. Conservation of Energy

a) Energy conservation measures taken:

Consumption of units further declined by 14,30,000 units compared with previous year as the production dropped by 439 tons. There was no power restrictions from AP Transco for the year 2000-2001. For the above reasons the self-generation was restricted to nearly 50,000 units. Due to increase in power tariff from June, 2000 the average consumption unit cost was increased from Rs.4.44 to Rs.5.06.

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

Due to lack of funds, no such investments could be made.

c) The specific energy consumption per ton of foil is 2376.33 KWH

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

	Current Year	Previous Year
1) Electricity:		
a. Purchase Units (KWH)	44,62,250	58,93,000
Total amount (Rs.)	2,25,83,092	2,61,87,317
Rate/Unit (Rs. ps)	5.06	4.44
b. Own generation units (KWH)	48,600	3,92,550
Total Amount (Rs.)	3,05,668	22,74,535
Rate/Unit (Rs. ps)	6.29	5.79
Consumption of Diesel (Ltrs)	15,265	1,22,347
2) Electricity per MT of		
Net Metal (KWH)	2,376.33	2,671.26
Units generated per Ltr of Diesel	3.18	3.21

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.)	2,20,64,490	2,26,09,816
2. Outgoings (Rs.)		
i. Raw Material	2,90,01,915	3,24,05,721
ii. Spares	15,13,653	8,16,574
iii. Other Charges	2,12,816	4,08,709



ANNAPURNA FOILS LIMITED

ANNEXURE-II

ANNEXURE TO DIRECTOR' REPORT

CORPORATE GOVERNANCE / PHYLOSOPHY

Your company aims to deliver the best management practices in line with the SEBI's code of Corporate Governance as a company believing in good Corporate Governance. Your company seeks to align the interest of the organization with those of its stakeholders. It also adopts standards of transparency, accountability and fairness and social responsibility in implementing the philosophy of good Corporate Governance.

Corporate Governance disclosures :

- I. Your company Board comprises of Nine (9) Directors of which Seven (7) Directors are non-executive. Out of Seven non-executive Directors, 4 are Nominees of Financial Institutions / Banks.

Composition of the Board

Director	Executive/Non-executive/ Independent	No. of Outside Directorships held (as on 31 st March, 2001)	
		Public	Private
Mr T.Venkram Reddy	Non-executive (Chairman)	5	15
Mr Gautam Mukherjee	Executive (Managing Director)	-	-
Mr T.Vinayak Ravi Redy	Executive (Jt. Managing Director)	1	-
Mr Manash Lal Mitra	Independent (IDBI Nominee)	-	-
Mr Ajai Bhambi	Independent (BIFR Nominee)	-	-
Mr S.Davidchandrasekan	Independent (LIC Nominee)	-	-
Mr C.V.Ramana	Independent (SBI Nominee)	-	-
Mr Prabal Kumar Sen	Non-executive	2	-
Mr Sunirmal Talukdar	Non-executive	1	-

II. Audit Committee

Your company constituted an Audit Committee in the year 2001 with a clear mandate and defined scope to provide the Board of Directors with additional assurances as to the reliability of financial information and to review the adequacy of internal accounting and control systems. This Committee is also a conduit between the Auditors, Internal and Statutory, and the Board of Directors. The Internal Auditor submits his quarterly reports to this Committee for review and the observation of the Committee are placed before the Board of Directors in the meetings held every quarter. The Chairman of the Committee will be present at the ensuing Annual General Meeting to answer the shareholders questions particularly in the field of Finance. The composition of Audit Committee and details of meetings held and attendance at meetings are given below :

Director	Position	Meetings held	Meetings attended
Mr S.Davidchandrasekaran	Chairman	2	2
Mr Gautam Mukherjee	Member	2	2
Mr T.Vinayak Ravi Reddy	Member	2	2
Mr Ajai Bhambi	Member	2	1
Mr Prabal Kumar Sen	Member	2	1
Mr Sunirmal Talukdar	Member	2	1