



**ANNUAL  
REPORT  
2001-2002**

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**ANNAPURNA FOILS LIMITED**

## Contents

1. Board of Directors and Other Information
2. Notice to Members
3. Directors' Report
13. Management's Discussion and Analysis
15. Auditors' Report
18. Profit and Loss Account, Balance Sheet and Schedules
25. Notes to the Accounts
31. Cash Flow Statement





## Board of Directors

Gautam Mukherjee

Managing Director

Manash Lal Mitra

Nominee of IDBI

S. Davidchandrasekaran

Nominee of LIC

Khaja Ruknuddin

Nominee of SBI

Ajai Bhambi

Nominee of BIFR

Prabal Kumar Sen

Sunirmal Talukdar

Jairaj Singh

Alternate Director to Sri Prabal Kumar Sen  
and Sri Sunirmal Talukdar

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## Company Secretary

D. Satya Srinivas

## Auditors

M/s C.B. Mouli & Associates  
Chartered Accountants

## Registered Office

Plot No.73, 202, SMR House,  
Nagarjuna Hills, Punjagutta,  
Hyderabad – 500 082.

## Factory Address

Kollur Village  
Via Muthangi,  
Sangareddy Taluk,  
Medak Dist – 502 300  
Andhra Pradesh

## Bankers

State Bank of India  
Punjab National Bank

## **Annapurna Foils Limited**

### **Notice to Members**

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Company will be held on Friday, the **24<sup>th</sup> day of May, 2002 at 10.00 A.M.** at Registered Office of the Company: Plot No.73, SMR House, Nagarjuna Hills, Punjagutta, Hyderabad 500 082, to transact the following business:

#### **Ordinary Business:**

To receive, consider and adopt the Balance Sheet as at 31st March 2002 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.

**By Order of the Board**

Place : Hyderabad  
Date : 17<sup>th</sup> April, 2002

**D.Satya Srinivas**  
Sr.Manager – Finance & Company Secretary

#### **NOTE:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- (b) Pursuant to the Order dated 8<sup>th</sup> March 2002 of the Appellate Authority for Industrial & Financial Reconstruction (AAIFR), the Company is to be merged with Indian Aluminium Company, Limited (INDAL) with effect from 1st April 2002. As per the Order of AAIFR, the Company has also taken steps to file Form No. 21 of the Companies (Central Govt's) General Rules and Forms, 1956 with Registrar of Companies, Andhra Pradesh, Hyderabad. Accordingly, since the Company ceases to exist with effect from 1st April 2002, it is necessary to pass resolution for adoption of accounts for the year 2001–02 and the provisions relating to re-appointment of Directors retiring by rotation and appointment of auditors from the conclusion of this Annual General Meeting do not apply.**
- (c) Members desires of seeking any information on the accounts at the Meeting are requested to write to the Company a week in advance to facilitate compilation of the same.**
- (d) Members are requested to carry their respective copies of the Annual Report for reference during the Annual General Meeting.**

**IN DEFERENCE TO THE GOVT. POLICY, NO GIFTS WILL BE DISTRIBUTED AT THE A.G.M**



## Directors' Report

The Directors have pleasure in presenting the Twenty Second Annual Report and Accounts of the company for the year ended 31<sup>st</sup> March 2002.

1. Financial Results		(Rupees in Lacs)	
		2001-2002	2000-2001
i)	Sales	3946.64	2596.62
ii)	Operating profit/(Loss)	(431.38)	(120.32)
iii)	Interest	80.54	627.59
iv)	Depreciation and Non-cash charges	263.17	302.75
v)	Profit/(Loss) after Non-Recurring items	(775.09)	(1050.67)

### 2. Amalgamation

At a hearing held on 27<sup>th</sup> November 2000, the Board for Industrial and Financial Reconstruction (BIFR) declared the Scheme sanctioned by BIFR for rehabilitation of your Company in 1994 as failed. Your Company, as well as Indian Aluminium Company, Limited (Indal) appealed against the said Order of BIFR to the Appellate Authority for Industrial and Financial Reconstruction (AAIFR). Pursuant to the orders of AAIFR, several actions were taken, inter alia the following:

- The entire shareholding of the erstwhile promoters, viz., the Reddy's, was acquired by Indal;
- The term loan dues of the Bank/Financial Institutions were settled in accordance with an One-Time Settlement (OTS);
- Share capital of the Company was written down by 80%;
- Out of the total amount brought in by Indal as per the Sanctioned Scheme, Rs.1650 lakhs were converted into equity.

Thereafter, at a hearing held on 8th March 2002, AAIFR passed an Order approving merger of the Company with Indal with effect from 1st April 2002 for long-term rehabilitation of your Company. The merger is subject to approval of Board of Directors of both the companies, shareholders of Indal and other regulatory and statutory approvals, as necessary. The Board of Directors of your Company approved the Scheme of Merger (the Scheme) at its meeting held on 17th April 2002. As per the Order of AAIFR, the Company has also taken steps to file Form No.21 of the Companies (Central Government's) General Rules & Forms, 1956 with Registrar of Companies, Andhra Pradesh, Hyderabad. In accordance with the sanctioned Scheme of Merger, the shareholders of the Company may exercise option to take one share of Indal for every forty shares of the Company along with cash payment for shares of the Company being less than 40 at Rs.2 per share. Shareholders who do not exercise the option shall be paid in cash at Rs.2 per share of AFL.

Indal currently holds 89.75% of the Paid-up Equity share capital, and has assumed responsibilities of management and operations of your Company.

The treatment of various transactions arising out of the Orders of AAIFR has been adequately explained in the Notes to the Accounts.

### 3. Performance Review

The company has partially regained its lost market share and is attempting to utilise its idle capacity by doing job work. The company could manage to operate at its full capacity in the second half of the financial year. The company has also improved its efficiency parameters through minor modification of equipments and stricter process control.

### 4. Change of Registered Office

The Company's registered office has been shifted from 36, Sarojini Devi Road, Secunderabad - 500 003 to Plot No.73, 202, SMR House, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082 with effect from 20th November, 2001.

### 5. Conservation of Energy, Technology absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956,

## Annapurna Foils Limited

read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure – A, forming part of this report.

### 6. Particulars of Employees

There are no employees in the Company who are drawing prescribed salary under sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

### 7. Dividend

Since your Company has not made any profits during the year under review, your Directors have not recommended any dividend.

### 8. Fixed Deposits

The Company has not accepted any Fixed Deposits from the public during the year under review.

### 9. Directors Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company;
- ii) appropriate accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2002 and of the Profit of the Company for the year ended on that date ;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- iv) the annual accounts have been prepared on a going concern basis.

### 10. Corporate Governance Code

Pursuant to Clause 49 of the listing agreement, a report on corporate governance and a certificate from the auditors of the Company is given in the Annexure – B and Annexure - C respectively, which forms part of this report.

### 11. Board of Directors

Mr.T. Venkatram Reddy and Mr. T. Vinayak Ravi Reddy, the erstwhile promoters of the Company, resigned as Directors with effect from 29<sup>th</sup> September 2001. The Board of Directors place on record its deep appreciation of valuable services rendered by Mr.T.Venkatram Reddy and Mr.T.Vinayak Ravi Reddy during their tenure as Directors.

The State Bank of India (SBI) has nominated Mr.Khaja Ruknuddin as its nominee on the Board of your Company with effect from 16<sup>th</sup> August 2001 in place of Mr.C.V.Ramana. Mr.C.V.Ramana served your Company as a Director during the period from 19<sup>th</sup> September 1996 to 16<sup>th</sup> August 2001. The Board of Directors express their appreciation of the guidance received from Mr.C.V. Ramana during his tenure as Director of the Company.

### 12. Auditors

The Company's Auditors M/s C.B.Mouli & Associates, hold office upto the conclusion of the ensuing Annual General Meeting. Pursuant to the Order dated 8th March, 2002 of the AAIFR, the Company is to be merged with Indian Aluminium Company, Limited and ceases to exist with effect from that date. Accordingly, the provisions of the Companies Act, 1956 relating to appointment of auditors from the conclusion of the ensuing Annual General Meeting, does not apply.

### 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, local authorities, customers and vendors for the co-operation and assistance extended. Your Directors also wish to place on record their appreciation of the devoted and dedicated service rendered by all employees of your Company.

For and on behalf of the Board

Place : Hyderabad  
Date : 17<sup>th</sup> April, 2002

**Gautam Mukherjee**  
Managing Director

**Prabal Kumar Sen**  
Director



## Annexure - A to Directors' Report

Conservation of Energy, Technology absorption, Foreign Exchange Earnings and Outgo  
– Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

### A. Conservation of Energy

#### a) Energy conservation measures taken during the year

Training programmes were conducted to increase awareness on energy saving. Energy Audit was carried out and the report is awaited.

#### b) Proposals being implemented for reduction of energy consumption

Proposed areas of work includes changing over the heating system of the key converting machines from Electric Energy to Thermic Fluid and substituting light diesel oil with high speed diesel oil for generation of power through diesel generator.

#### c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods

Power consumption per unit of production has come down by 169 kwh.

#### d) Details of total energy consumption and energy consumption per unit of production

Electricity	Current Year	Previous Year
i. Purchase Units (KWH)	6,313,330	4,462,250
Total amount (Rs.)	30,006,535	22,583,092
Rate/Unit (Rs. ps)	4.75	5.06
ii. Own generation units (KWH) (through Diesel Generator)	531,600	48,600
Total Amount (Rs.)	3,292,167	305,668
Rate/Unit (Rs. ps)	6.19	6.29
Consumption of Diesel (Ltrs)	170,277	15,265
iii. Electricity consumption per unit of production	2,207	2,376
Units generated per Ltr of Diesel	3.12	3.18

### B. Technology Absorption

- |   |   |
|---|---|
| i. Efforts made in technology<br>absorption as per Form B | 1. Technology obtained during<br>Project contract of 1985,<br>fully absorbed. |
|   | 2. No further technology<br>Contract is entered into.                         |

### C. Foreign Exchange Earnings and Outgo

1. Earnings (Rs.)	17,518,000	22,064,490
2. Outgo (Rs.)		
i. Raw Material	14,105,861	29,001,915
ii. Spares	1,177,380	1,513,653
iii. Travelling and Other Charges	611,594	212,816

For and on behalf of the Board

Place : Hyderabad  
Date : 17<sup>th</sup> April, 2002

Gautam Mukherjee  
Managing Director

Prabal Kumar Sen  
Director

## Annappurna Foils Limited

### Annexure - B to Directors' Report

#### Report on Corporate Governance

##### (A) Corporate Governance Philosophy

The Company is committed to good Corporate Governance. The Company fully understands the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. The Company provides detailed information on various issues concerning the Company's business and financial performance to its shareholders.

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself to increasing long-term shareholder value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

##### (B) Board of Directors

###### a) The Composition of the Board of Directors as at 31st March 2002 is as follows:

Director	Executive/Non-executive/ Independent	No. of other Directorship held (as on 31.03.2002)	
		Public	Private
Mr. Gautam Mukherjee	Executive (Managing Director)	-	-
Mr. Manash Lal Mitra	Independent (IDBI Nominee)	-	-
Mr. Ajai Bhambi	Independent (BIFR Nominee)	-	-
Mr S Davidchandrasekaran	Independent (LIC Nominee)	-	-
Mr. Khaja Ruknuddin	Independent (SBI Nominee)	1	-
Mr. Prabal Kumar Sen	Non-executive	2	-
Mr. Sunirmal Talukdar	Non-executive	1	-
Mr. T. Venkatram Reddy (since resigned)	Non-executive (Chairman)	-	-
Mr. T.Vinayak Ravi Reddy (since resigned)	Executive (Jt Managing Director)	-	-
Mr. C.V. Ramana (since resigned)	Independent (SBI Nominee)	-	-

###### b) Changes in the composition of the Board of Directors

Mr. T. Venkatram Reddy and Mr. T. Vinayak Ravi Reddy erstwhile promoters resigned as Directors with effect from 29th September 2001.

The State Bank of India (SBI) nominated Mr. Khaja Ruknuddin as its nominee on the Board of your Company with effect from 16th August 2001 in place of Mr. C.V. Ramana. Mr. C.V. Ramana served your Company as a Director during the period from 19th September 1996 to 16th August 2001.

###### c) Meetings held in financial year 2001-02 and Attendance of Directors

The Board meets atleast once in a quarter to consider amongst other business, the quarterly performance of the Company and financial results. The Board held eight meetings during the financial year 2001-02 on 27th April, 2001, 30th July, 2001, 10th August, 2001, 29th September, 2001, 30th October, 2001, 8th December, 2001, 2nd January, 2002 and 31st January, 2002.





S.No.	Name of the Director	No. of Board Meetings attended	Attendance at last AGM
1	Mr Gautam Mukherjee	8	Present
2	Mr Manash Lal Mitra	5	Present
3	Mr Ajai Bhambi	6	Not Present
4	Mr S.Davidchandrasekaran	8	Present
5	Mr Khaja Ruknuddin (appointed w.e.f.16th August 2001)	4	Present
6	Mr Prabal Kumar Sen	6	Present
7	Mr Sunirmal Talukdar	7	Present
8	Mr. C.V. Ramana (resigned w.e.f. 16th August 2001)	Nil	N.A.
9	Mr T.Venkatram Reddy (resigned w.e.f. 29th September 2001)	3	N.A.
10	Mr T.Vinayak Ravi Reddy (resigned w.e.f. 29th September, 2001)	4	N.A.

### (C) Committees of Directors

#### a) Audit Committee

The Audit Committee is responsible for overseeing the Company's financial reporting process, reviewing with the management the financial statements and adequacy of internal audit function and discuss significant internal audit findings. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company. The Audit Committee meetings were held during the financial year 2001-02 on 26th April 2001, 10th August 2001, 30th October 2001 and 31st January 2002.

The composition of Audit Committee and the attendance of each Director at these meetings was as follows :

S.No.	Members of Audit Committee	No. of meetings attended
1	Mr S.Davidchandrasekaran (Chairman)	4
2	Mr Gautam Mukherjee	4
3	Mr Ajai Bhambi	3
4	Mr Prabal Kumar Sen	2
5	Mr Sunirmal Talukdar	3
6	Mr T.Vinayak Ravi Reddy (resigned w.e.f. 29th September, 2001)	2

#### b) Remuneration Committee

The Remuneration Committee of the Board was constituted in the previous financial year to recommend to the Board the remuneration package for Executive Directors. During the Financial Year 2001-02 the meeting was held on 30th October 2001.

The composition of the Remuneration Committee and the attendance of each Director at these meetings was as follows:

S.No.	Members of Remuneration Committee	No. of Meetings Attended
1	Mr S.Davidchandrasekaran (Chairman)	1
2	Mr Ajai Bhambi	1
3	Mr Manash Lal Mitra	Nil

## Annapurna Foils Limited

### Remuneration and Sitting Fee paid to the Directors for the financial year 2001-02

Director	Business relationship with the company, if any	Remuneration paid / payable during 2001-02 (Rs.)	
		Salary and Perquisites	Sitting Fees
Mr. T.Venkatram Reddy	Chairman	---	300
Mr Gautam Mukherjee	Managing Director	10,65,736	---
Mr T.Vinayak Ravi Reddy	Jt. Managing Director	5,50,373	---
Mr Manash Lal Mitra	Nominee of IDBI	---	---
Mr Ajai Bhambi	Nominee of BIFR	---	800
Mr.S.Davidchandrasekaran	Nominee of LIC	---	2200
Mr Khaja Ruknuddin	Nominee of SBI	---	400
Mr Prabal Kumar Sen	Director	---	----
Mr Sunirmal Talukdar	Director	---	---

#### c) Shareholders' Grievance Committee

The Committee held three meetings during the Financial Year 2001-02 on 8th June 2001, 6th July 2001 & 8th December 2001.

The composition of Shareholders' Grievance Committee and attendance of the Directors at these meeting was as follows:

S.No.	Members of Shareholder's Grievance Committee	No. of Meetings Attended
1	Mr S.Davidchandrasekaran (Chairman)	3
2	Mr Gautam Mukherjee	3

The status of investor queries/complaints is as under:

No. of investor queries/complaints received in the year 2001-02	Pending at the end of the year	No. of pending share transfers
54	Nil	Nil

#### d) Management Committee

The Committee held four meetings during the Financial Year 2001-02 on 27th April 2001, 30th July 2001, 30th October 2001 and 31st January 2002. The Composition of the Management Committee and attendance of Directors at these meetings was as follows:

S.No.	Members of Management Committee	No. of Meetings Attended
1	Mr Gautam Mukherjee (Chairman)	4
2	Mr Ajai Bhambi	2
3	Mr Manash Lal Mitra,	3
4	Mr. T. Vinayak Ravi Reddy (resigned w.e.f. 29th September 2001)	2

#### e) Directors who are Members in other Committees

No Director is a Member of more than 10 Committees or a Chairman of more than 5 Committees across all companies of which he is a Director. The details are as under :