



MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓		SHH	✓
YE	✓			✓

ANUSHA INTERNATIONAL LIMITED

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5th ANNUAL REPORT 1997 - 98

For ANUSHA INTERNATIONAL LIMITED

S. Devadiga
General Manager
Finance & Control

Where Innovation Takes place

ANUSHA INTERNATIONAL LTD.

Dear Shareholder,

Please note the change in the address of the Registered Office of your company with effect from 28th December 1998.

The new address:

ANUSHA INTERNATIONAL LIMITED
No.112, 2nd Floor
Sterling Road, Nungambakkam
Chennai - 600 034.

You are requested to address all your future correspondence to our new address.

Please remember to mention your Registered Folio number in all your correspondence to facilitate speedy reply.

Chennai
5th Feb.1999

S. DEVADHIRAJAN
G.M.FIN. & COMPANY SECRETARY

ANUSHA INTERNATIONAL LIMITED

BOARD OF DIRECTORS

Dr.P.Maruthai Pillai

Chairman

Mr.M.Arunn Pillai

Managing Director

Mr.M.Sivaram

Dr.K.Ampikaipakam

Mr.G.Davidly Moses

TIDCO Nominee

Mr.M.Uttam Reddi

Mr.G.Dwarakanathan

Mr.S.Devadhirajan

Company Secretary & G.M
Finance

Bankers

State Bank of India
Commercial Branch
Chennai - 600 001.

Auditors

Venkatesh & Co.
Chennai - 600 014.

Registered Office

112, 2nd Floor, Sterling Road
Nungambakkam
Chennai - 600 034.

V. AR
22/1/96

Factory

Shoe Division
117/118, SIDCO Indl. Estate
Ranipet - 632 403, Vellore Dist.
Tamil Nadu.

Finished Leather Division
60, Mukundarayapuram Village
Wallajah Taluk, Vellore Dist.
Tamil Nadu

ANUSHA INTERNATIONAL LIMITED

Registered Office :
No.112, 2nd Floor, Sterling Road
Nungambakkam,
Chennai - 600 034.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Fifth Annual General Meeting of the Members of Anusha International Limited will be held on thursday, the 11th March 1999 at 10.15 A.M. at the Kasturi Srinivasan Hall (Music Academy Mini Hall), 306, TTK Road, Chennai - 600 014, to transact the following business:

1. To receive, consider and adopt the audited accounts for the year ended 30th June 1998 and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr.M.Uttam Reddy who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Mr.G.Dwarakanathan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT the consent, approval and authority of the Members be and is hereby given to the Board of Directors, under Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act 1956, for selling, leasing, transferring or otherwise disposing of Tannery Division of the



company, as going concern, along with the movable and immovable assets, licenses, permissions, rights, franchises etc. pertaining to the concerned Division, to any individual / firm / body corporate on such terms and conditions as they may deem fit, after getting approvals / permission / clearance from Courts of Law, Department of Income Tax, Banks and Financial Institutions and such other Legal, statutory and executive authorities as may be required".

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

"RESOLVED THAT the fact of over 50% erosion in the net worth of the company as at 30th June 1998, thus resulting in the company becoming "potentially sick" within the meaning of Section 23(1) (a) of the Sick Industrial Companies (Special Provisions) Act, 1985 be noted and the Board of directors be and are hereby authorised to report the fact to the BIFR for their further action in this regard".

By Order of the Board
for ANUSHA INTERNATIONAL LIMITED

Chennai
5th Feb. 1999

S.DEVADHIRAJAN
G.M.FIN. & COMPANY SECRETARY

NOTE

1. A Member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself and such proxy need not be a Member.
2. Proxies in order to be effective, should be lodged with the company at Registered Office not less than 48 hours before the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 1.3.99 to 11.3.99 (both days inclusive).
4. Change of address, if any, should be notified to the company immediately.
5. Shareholders are requested to bring their copies of the Annual Report to the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM 5

In view of the working capital crunch, the company is not in a position to operate the tannery at profitable levels. Moreover, the Leather Division had cost over 50% of the total project cost and with problems relating to effluent treatment had delayed stabilisation of operations.

It was initially conceived as part of an integrated project to supply finished leather to the Shoe Division. However, with the persistent recessionary market (it was estimated that the fall in leather exports alone was 39% during 1997-98) and working capital constraints, it is becoming increasingly difficult to run this division profitably.

Considering the above, the Board of Directors deem it fit to hive off the leather division. This would result in improving the bottom lines, besides better servicing of debts.

This is an enabling resolution to empower the Board of Directors to take further steps in this regard.

None of the Directors is interested in this resolution.

ITEM 6

Under the provisions of Section 23(1) (a) of the Sick Industrial Companies (Special Provisions) Act, 1985, the fact regarding erosion in net worth over 50% shall be reported to BIFR as "potential sickness" and such fact needs to be reported to the shareholders as well at a general meeting.

Accordingly the fact of erosion is hereby, reported to the shareholders for their consideration at the meeting.

As the erosion is over 50%, the company will be declared "potentially sick" under the said Act and will be referred to BIFR, with the approval of the shareholders.

None of the Directors is interested in this resolution.

By Order of the Board
for ANUSHA INTERNATIONAL LIMITED

Chennai
5th Feb. 1999

S.DEVADHIRAJAN
G.M.FIN. & COMPANY SECRETARY



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fifth Annual Report of the Company together with the Audited Accounts for the year ended 30th June 1998 and Auditors' Report thereon.

You would observe from the financial statements that the company had achieved a turnover of Rs.678.60 Lacs and suffered net loss of Rs.412.83 Lacs after interest (Rs.256.32 Lacs) and depreciation (Rs.69.67 Lacs).

The fall in turnover has been due to recessionary market conditions and working capital constraints.

As reported earlier, your company had approached banks and institutions for restructuring, besides, infusing additional funds from the main promoters. These are expected to be completed shortly. With the infusion of additional funds and banks/institutional support by way of restructuring loans and interest concessions, your directors are confident of achieving a marked improvement in the performance of your company in the near future.

In view of the accumulated losses, the net worth has been eroded by over 50% and required to be reported to BIFR under the Sick Industrial Companies (Special Provisions) Act, 1985 as a "potentially sick" company.

Pursuant to Clause 43 of the Listing Agreement, we give below the required particulars.

	Projections as given in prospectus	Actuals
	Rs. in Lacs.	
Total Sales	1846.00	678.60
Gross Profit	382.00	(71.64)
Net Profit	201.00	(412.83)

The projections were based on 100% export turnover which could not be achieved, as explained elsewhere, owing to general recessionary conditions and working capital constraints.

INDUSTRY

The industry had registered a negative growth of 12% during the year 1997-98, according to Council for Leather Exports.

With the overall global recession and continuing South - East Asian crisis, coupled with instable political conditions and a bearish stock market, the Indian economy had little to offer for growth during the year.

Competition from far-east countries, viz., China, South Korea, Taiwan and Hong Kong continue to make it difficult for India to maintain the price. Releasing the difficulties faced by the industry, the Government has enhanced the export incentives.

COMPANY'S PROSPECTS

Due to serve liquidity crunch ushered by cost overrun of the project and also due to pollution control problems, the company could not pay the interest on terms loans and also repayment of loan and hence the company requested the Financial Institution and bank to fund the outstanding interest on term loans and also



rescheduling of the principal. Bank has agreed for reschedulement upto 30.6.98 and Financial Institution is expected to give similar reschedulement shortly. After the institutional consent is obtained, the promoters will bring in their balance contribution of equity before end of this financial year.

With the expected infusion of additional funds and banks / institution's reschedulement, your Directors are confident of achieving better performance in the coming years.

DIRECTORS

During the year Mr.Bapty Seshasayee and Mr.R.Palanisamy resigned from the Board owing to their personal preoccupations.

The Directors place on record their valuable services and contribution to the company.

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Mr. M.Uttam Reddy, Director, retires by rotation and being eligible offers himself for reappointment.

Mr.G.Dwarakanathan, Director, retires by rotation and being eligible offers himself for reappointment.

PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) or the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are given in Annexure - I.

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 217(1)(e) of the Companies Act, 1956 is give in Annexure - II.

AUDITORS

M/s. Venkatesh & Company, Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and have offered themselves for reappointment.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the continued support and co-operation received from State Bank of India, Industrial Development Bank of India, Tamil Nadu Industrial Development Corporation Limited, Maika Holdings Berhad, Malaysia, and the Shareholders of the Company.

Your Directors also gratefully acknowledge the support and goodwill extended by employees at all levels.



for and on behalf of the Board

Chennai

5th Feb. 1999

DR. P.MARUTHAI PILLAI
CHAIRMAN