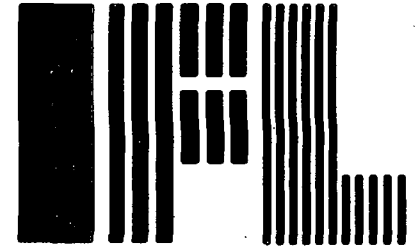


RE					
TRA					
ACM					
YE					



## ANNUAL REPORT 1997 - 98



**INDIA  
FOILS  
LIMITED**

*With global touch*




**Directors**

B. M. Khaitan, *Chairman*  
D. Khaitan, *Vice-Chairman*  
P. K. Kaul, I.A.S. (Retd.)  
P. Magor  
R. B. Magor  
P. K. Khaitan  
(Alternate to R. B. Magor)  
Sanjiv Goenka  
Lt. Gen K. S. Brar  
Maharaja Gaj Singh  
A. Khaitan  
Bhaskar Gupta - *Wholtime Director*

**Company Secretary**

Ashoke Ghosh

**Auditors**

Price Waterhouse

**Solicitors & Advocates**

Khaitan & Co.

**Registrars & Share  
Transfer Agents**

ABC Computers Pvt. Ltd.  
National Council of Education,  
Bengal  
Javadpur University Campus  
Calcutta 700 032

**Bankers**

ANZ Grindlays Bank plc  
State Bank of India  
American Express Bank Limited  
United Bank of India  
Bank of Baroda  
Indian Overseas Bank  
Deutsche Bank  
Citibank N.A.  
ABN Amro Bank N. V.

**Registered Office**

Four Mangoe Lane  
Calcutta 700 001

**Corporate Office**

27 Shakespeare Sarani  
Calcutta 700 017

**CONTENTS**

	Page
Balance Sheet at a glance	2
Directors' Report	3
Auditors' Report	8
Profit and Loss Account	10
Balance Sheet	11
Schedules	12
Cash Flow Statement	34
Statement regarding Subsidiary	36
Metals Centre Limited	36



## Balance Sheet at a glance

1997-98 1996-97 1995-96 1994-95 1993-94 1992-93 1991-92 1990-91 1989-90 1988-89  
(15months)

### Sources of Funds

(Rs. in lakhs)

#### 1. Shareholders' Funds

Capital

3585	1621	1671	1621	667	667	438	438	438	438
------	------	------	------	-----	-----	-----	-----	-----	-----

Reserves and Surplus

13030	9248	8740	8123	5413	3199	2349	2170	1989	1884
-------	------	------	------	------	------	------	------	------	------

16615	10869	10411	9744	6080	3866	2787	2608	2427	2322
-------	-------	-------	------	------	------	------	------	------	------

#### 2. Total Loan Funds

28500	24519	17799	9331	6863	5577	3514	3184	1760	1979
-------	-------	-------	------	------	------	------	------	------	------

45115	35388	28210	19075	12943	9443	6301	5792	4187	4301
-------	-------	-------	-------	-------	------	------	------	------	------

### Application of Funds

#### 3. Fixed Assets

Net Block

27648	21172	9359	7896	7810	2276	2201	1905	1656	1278
-------	-------	------	------	------	------	------	------	------	------

Capital Work-in-Progress

2436	1021	7545	1669	404	2996	860	280	34	84
------	------	------	------	-----	------	-----	-----	----	----

30084	22193	16904	9565	8214	5272	3061	2185	1690	1362
-------	-------	-------	------	------	------	------	------	------	------

#### 4. Investments

3413	3615	3095	3632	618	633	272	261	261	192
------	------	------	------	-----	-----	-----	-----	-----	-----

#### 5. Total Current Assets

18845	16458	15814	10783	7279	6557	6205	6031	5169	4130
-------	-------	-------	-------	------	------	------	------	------	------

#### 6. Total Current Liabilities and Provisions

7380	7011	7612	4929	3213	3080	3309	2771	3002	1440
------	------	------	------	------	------	------	------	------	------

Net Current Assets

11465	9447	8202	5854	4066	3477	2896	3260	2167	2690
-------	------	------	------	------	------	------	------	------	------

#### 7. Miscellaneous Expenses

(To the extent not written off or adjusted)

153	133	9	24	45	61	72	86	69	57
-----	-----	---	----	----	----	----	----	----	----

45115	35388	28210	19075	12943	9443	6301	5792	4187	4301
-------	-------	-------	-------	-------	------	------	------	------	------



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting of India Foils Limited will be held at the G. D. Birla Sabhagar, 29 Ashutosh Choudhury Avenue, Calcutta - 700 019 on Monday, 31st August, 1998 at 10.30 a.m. to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account of the Company for the financial year ended 31st March, 1998 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To declare dividends on Preference and Equity Shares.
3. To appoint Directors in place of Mr. D Khaitan, Mr. P Magor and Lt. Gen. K S Brar who retire by rotation and being eligible, offer themselves for reappointment.
4. To appoint Auditors and to fix their remuneration.

Registered Office  
4, Mangoe Lane,  
Calcutta 700 001  
30th June, 1998

By Order of the Board

**A GHOSH**  
*General Manager and Secretary*

- NOTES:**
1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a Member of the Company. Such proxies in order to be effective must be received by the Company at its Corporate Office at 27, Shakespeare Sarani, Calcutta-700 017 at least 48 hours before the Meeting.
  2. Dividend that may be declared at this Meeting will be payable on or around 23rd September, 1998 to those Members whose names appear in the Register of Members of the Company on 31st August 1998 or to their mandatees subject, however, to the provisions of Section 206A of the Companies Act, 1956.
  3. Members are requested to notify immediately change of address, if any, to the Registrars of the Company, ABC Computers Pvt. Ltd., National Council of Education, Bengal, Jadavpur University Campus, Jadavpur, Calcutta 700 032.
  4. The Register of Members and Share Transfer Books of the Company will remain closed from 18th August, 1998 to 31st August, 1998 (both days inclusive).
  5. The unclaimed Dividends upto the Dividend paid in respect of the Company's financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not received any Dividend upto the said period, may prefer an application to the Registrar of Companies, West Bengal at Calcutta, for the payment of the Dividends due to them.





## INDIA FOILS LIMITED

Registered Office : 4 MANGOE LANE, CALCUTTA 700 001  
 37TH ANNUAL GENERAL MEETING - 31ST AUGUST, 1998 AT 10.30 A.M.  
 AT G. D. BIRLA SABHAGAR, 29 ASHUTOSH CHOUDHURY AVENUE, CALCUTTA - 700 019

### ADMISSION SLIP

Full name of the member in Block Letters .....

Folio No. ....

I certify that I am a registered shareholder of the Company and hold ..... shares

Please ✓ in the box

☐

MEMBER

☐

PROXY

Member's Signature

Name of the Proxy in Block Letters

Proxy's Signature

- Notes : 1. Shareholder / Proxyholder wishing to attend the meeting must bring the Admission Slip to the meeting and hand it over at the entrance duly signed.  
 2. Shareholders are requested to advise their change in address as well as request for consolidation of accounts, if any, to the Corporate Office of the Company, 27 Shakespeare Sarani, Calcutta 700 017, quoting their Folio Numbers.

## INDIA FOILS LIMITED

### PROXY FORM

I/We .....

of .....

being a member/members of INDIA FOILS LIMITED hereby appoint .....

..... of .....

or failing him ..... of .....

as my / our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, 31st August, 1998 and at any adjournment thereof.

as witness my / our hand(s) this ..... day of ..... 1998.

Signed by the said .....

Folio No .....

No. of Shares held .....

Affix  
Rupree 1/-  
Revenue  
Stamp

Note : The proxy form must be returned so as to reach the Corporate Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

**MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT ALONG WITH THEM TO THE MEETING AS EXTRA COPIES OF THE REPORT FOR DISTRIBUTION AT THE MEETING HAVE NOT BEEN PRINTED DUE TO HIGH COST OF PAPER AND PRINTING.**







## Directors' Report

The Directors have pleasure in submitting the Annual Report and Accounts for the Financial Year ended 31st March, 1998.

### AMALGAMATION OF LIGHT METAL INDUSTRIES LIMITED (LMIL) WITH THE COMPANY

The Scheme of Amalgamation was approved by the respective Shareholders of the two Companies in separate meetings held on 17th and 18th December, 1997 under the direction of High Court at Calcutta. The Scheme received sanctions of High Court on 10th March, 1998. Upon filing the certified copy with the Registrar of Companies, West Bengal, the Scheme has become effective on 22nd May, 1998 with effect from 1st April, 1997. The audited accounts presented herewith for the period under review, therefore, reflect the state of affairs of the Company as a merged entity and are not comparable with the results of the previous year.

### COMPANY'S PERFORMANCE

	Year ended 31st March, 1998 (Rs. in Lac)
Profit before Interest and Depreciation	4883
Interest	3785
Depreciation	1486
Taxation	—
Net Profit/(Loss)	(388)
Profit brought forward from previous year	1857
Balance brought forward pursuant to Scheme of Amalgamation	15
Surplus available for appropriation	1484

Business-wise, the year under review, was a very difficult period for the Company. The desired level of economic recovery did not take place. The over-capacity in the foil industry continued. Moreover, due to the low import duty of 20%, there has been substantial import of foil from South-East Asian and Middle East Countries. All these resulted in sharper price competition, price erosion, the need for further cost absorption and a weakening in the debtor collection position causing an increase in financial charges.

The Company's performance during 1997-98 has to be viewed in the above context. Despite these adversities, the Company was able to maintain its sales at Rs.319 crore as against Rs.309 crore in the previous year. The profit before interest and depreciation at Rs.48.83 crore for the Financial Year 1997-98 has been satisfactory. However, abnormal situations prevailing in the money market and the capital market during the year under review together with the additional interest and depreciation charges on account of the new Foil Plant at Kamarhati had an impact on the profitability resulting in a net loss of Rs.3.88 crore.

### DIVIDEND

The Directors recommend a payment of Dividend to Equity Shareholders @ 5% and also recommend a payment of Rs.156.77 lac as Dividend on Preference Shares for the approval of Shareholders at the forthcoming Annual General Meeting.

### FINANCE

During the year under review, the Company has issued 18,50,000 Redeemable Non-convertible Preference Shares of Rs.100/- each aggregating to Rs.18.50 crore on Private Placement basis. 5,00,000 Preference Shares aggregating to Rs.5 crore issued in 1995-96 were redeemed during the year under review.



As on 31st March, 1998, a sum of Rs.19.70 lac relating to 287 depositors became due for repayment but was unclaimed by the depositors. Out of this, deposits amounting to Rs.8.30 lac have since been claimed and repaid/renewed as on the date of the report.

### **OPERATIONS**

The new Foil Plant at Kamarhati was optimised during the year under review. The Unit produced wide 6 micron ultra light gauge foil and has been able to go through the rigorous quality tests of some of the largest and best known packaging companies in the world. The mill in its first year of operation has achieved production close to 90% of its optimised level and produced 4350 MT of foils with high quality standard. Old Unit from Kamarhati has also performed satisfactorily producing around 7876 MT of finished material. During the year under review, the Unit at Hoera in the backward district of West Bengal achieved over 90% capacity utilisation both in the production of foil and foilstock.

The flexible packaging operations at Taratala unit had maintained stable performance. Various foil and non-foil specifications for new critical applications e.g. hot melt based soap wrap, ducting foil, lock-in seal bidding foil for hot filling, replacement of non-foil based bubble gum wrap with foil based laminate having higher barrier property etc. have been developed and marketed.

### **PROJECTS & MODERNISATION**

The implementation of the intermediary Rolling Mill Project to augment the capacity of foilstock manufacturing at the Hoera Factory was kept in abeyance due to depressed market situation. The Company proposes to take up the project during the later part of the current financial year. Installation of Strip Flatness Control System (SFC) for the Achenbach Foil Rolling Mill at Hoera was deferred till the full optimisation of the new Rolling Mill at Kamarhati since the implementation of SFC would involve shut-down of the Hoera Rolling Mill for almost two months. The Company also proposes to go ahead with the installation of SFC at Hoera during the later part of the current Financial Year.

### **RESEARCH & DEVELOPMENT**

The Company is continuously involved in Research & Development activities for improvement of existing product and for establishing new product in the market. During the year under review, fibreglass reinforced foil has been successfully developed and marketed. It has also developed Alu Alu Blister Foil for pharmaceutical application which is at the trial stage with various pharmaceutical manufacturers. The Company's R&D Centre has also undertaken joint research and investigation with Indian Institute of Science, Indian Institute of Technologies and other prime institutions.

### **EXPORTS**

During the year under review, the economic crisis in South-East Asia had a major impact on IFL's exports as traditionally the South-East Asian market constituted almost 60% of IFL's export. In spite of the setback, IFL has been able to maintain its export turnover at Rs.35.71 crore during 1997-98. With the production of international quality of ultra light gauge foil from the new foil mill at Kamarhati, the Company has successfully stepped into the global foil market and is in the process of increasing its market share in Asia and in many other countries in Middle East. The Company has also been able to enter into the sophisticated markets of USA, Australia and Europe during the year under review.

### **QUALITY MANAGEMENT**

All Units at Kamarhati, Taratala and Hoera went through their By-Annual Surveillance Audit for continuance of ISO 9002 : 1994 Certification and have registered improvements in the Quality Management Systems. All the Units have been declared fit for continuance of the ISO 9002 : 1994 Certification and Kamarhati and Taratala Units are due for re-certification in the Financial Year 1998-99.