

ANNUAL REPORT 2000-2001

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INDIA FOILS LIMITED



**INDIA
FOILS
LIMITED**

Directors

Navin Agarwal

S. C. Krishnan

Tarun Jain

Agnivesh Agarwal

A. Khaitan

Alok Agarwal – *Nominee of ICICI*

Auditors

Price Waterhouse

Solicitors & Advocates

Khaitan & Co.

Registrars & Share

Transfer Agents

ABC Computers Pvt. Ltd.

National Council of Education,
Bengal

Jadavpur University Campus

Kolkata 700 032

Bankers

ABN Amro Bank N. V.

State Bank of India

American Express Bank Limited

United Bank of India

Bank of Baroda

Indian Overseas Bank

Canara Bank

Bank of India

Registered Office

1, Sagore Dutta Ghat Road

Kamarhati

Kolkata 700 058



Notice

NOTICE is hereby given that the 40th Annual General Meeting of India Foils Limited will be held at Nazrul Manch, Kamarhati Municipality, 1 M.M. Feeder Road, Rathala, Kolkata- 700 057, on Thursday, the 27th September 2001 at 11.00 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 2001 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint Directors in place of Shri Navin Agarwal and Shri S.C. Krishnan who retire by rotation, and being eligible, offer themselves for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED that pursuant to the provisions of Section 387 and 388 and other applicable provisions of the Companies Act, 1956, Shri Rahul Gupta, President of the Company, be and is hereby appointed as Manager of the Company in terms of the said Act, subject to the following terms and conditions:

- A) The terms of his Office will be for a period of 5 years commencing from 27th June, 2001. However, it may be terminated by either side on giving 3 months' notice;
- B) Shri Gupta, subject to the superintendence, control and direction of the Board of Directors, shall have the management of the whole or substantially the whole of the affairs of the Company including its existing and new Sections, if any;
- C) During the period of his Office as Manager of the Company, Shri Gupta shall also continue to be the President of the Company;
- D) During the period of his Office as 'Manager' of the Company, Shri Gupta will draw the salary and have the perquisites as follows:

| | |
|--|---|
| a) Salary | Not exceeding Rs.1,00,000/- per month, as may be decided by the Board from time to time. |
| b) Perquisites : | |
| i) Accommodation | <ol style="list-style-type: none"> a) Free of charge if owned by the company, or b) If hired accommodation, rent upto Rs.30,000/- per month. |
| ii) Medical Reimbursement | As per rules of the Company. |
| iii) Leave Travel Concession | As per rules of the Company. |
| iv) Club Fees | Fees for two Clubs. This will not include admission and life membership fees. |
| v) Personal Accident & Mediclaim Insurance | Actual premium not exceeding Rs.5000/- per annum. |
| vi) Company's Contribution to Provident Fund, Superannuation Fund and Leave Encashment | As per rules of the Company. |
| vii) Gratuity | As per rules of the Company. |
| viii) Car & Telephone | Use of one car for Company's business / personal use and telephone at residence. Personal long distance telephone calls and use of car for private purpose shall be billed by the Company as far as practicable on actual basis failing which on an estimated basis. |
| ix) Ex-gratia (Bonus) | As will be decided by the Board from time to time. |



**INDIA
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- x) Performance Bonus
c) Minimum Remuneration

As will be decided by the Board from time to time subject to a maximum of Rs.5,00,000/- per annum.

In the event of loss or inadequacy of profits in any financial year during the tenure of service, payment of salary, perquisites and other allowance shall be governed by the limits prescribed under Section II of the Part II of the Schedule XIII of the Companies Act, 1956.

FURTHER RESOLVED that the Board be and is hereby authorised to accept such alterations in the aforesaid terms and conditions of appointment of Shri Rahul Gupta and/or the remuneration payable to him and/or make such alterations therein from time to time in such manner as may be agreed to between the Board and Shri Rahul Gupta within the limits in that behalf as contained in Schedule XIII of the said Act, or may be modified from time to time.

Registered Office :

1, Sagore Dutta Ghat Road
Kamarhati
Kolkata- 700 058
30th July,2001

By Order of the Board

NAVIN AGARWAL
Director

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 the proxy need not be a member of the Company. Such proxies, in order to be effective, must be received by the Company at its Registered Office at 1, Sagore Dutta Ghat Road, Kamarhati, Kolkata- 700 058, at least 48 hours before the meeting.
2. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item of Special Business is annexed hereto.
3. Members are requested to deposit their shares for transfer/transmission/sub-division etc. and to send all other correspondences to the Registrars of the Company, ABC Computers Pvt. Ltd., National Council of Education, Bengal, Jadavpur University Campus, Kolkata- 700 032.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 25.09.2001 to 27.09.2001 (both days inclusive).

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

Item No. 4

As the Company is a public limited company with paid-up share capital of more than Rs. 5.00 crore, it is required to compulsorily appoint, in terms of sub-section (1) of section 269, either a managing director or a whole-time director or a manager. The Board of Directors of the Company at its meeting held on 27th June, 2001 decided to appoint, with immediate effect, Shri Rahul Gupta, as Manager of the Company in place of Mr. A. Ray, Managing Director, since resigned with effect from 4th June, 2001. Shri Rahul Gupta is the President of the Company.

The remuneration including perquisites proposed to be paid to Shri Gupta is within the limits provided under Schedule XIII of the Companies Act, 1956.

Your Directors are of the view that the appointment of Shri Gupta, as Manager will be beneficial to the operation of the Company and the remuneration payable to him as stated in the Resolution specifically is commensurate with his experience and ability.

The Resolution under this item is intended to obtain the approval of the Members for proposed appointment of Shri Gupta and your Directors recommend its approval.

None of the Directors of the Company is concerned with or interested in the Resolution.

Registered Office :

1, Sagore Dutta Ghat Road
Kamarhati
Kolkata- 700 058
30th July,2001

By Order of the Board

NAVIN AGARWAL
Director



Directors' Report

The Directors have pleasure in submitting the Annual Report and Accounts for the Financial year ended 31st March, 2001:

COMPANY'S PERFORMANCE

| | Year ended 31st March, 2001 (Rs. in crore) |
|---|--|
| Profit before Finance Cost and Depreciation | 32.64 |
| Finance Cost | 37.42 |
| Depreciation | 16.31 |
| Taxation | — |
| Net Profit / (Loss) | (21.09) |
| Loss brought forward from previous year | (40.80) |
| Profit/(Loss) carried to Balance Sheet | (61.89) |

FUTURE PLAN AND OUTLOOK

Your Company's performance has been reasonably satisfactory in the cost control area whereas the Company has encountered difficulties in pushing up volume due to intense competition in the market. In order to increase volume, the Company is aggressively pursuing the export market. With a state of art of equipment, back by technology to manufacture ultra light gauge foil, the Directors are confident that the Company will turnaround and post better result during the current year.

RESEARCH & DEVELOPMENT

Research & Development (R&D) continue to receive priority in the activities of the Company. The R&D set-up is being strengthened to enable introduction of new products as also new cost saving process and by adding new products range to its existing range of products. During the year under review, the Company had already developed and started marketing a wide range of extrusion coated laminates, Blister Pack for both insulation and Air-conditioning industries, ultra light gauge foil and laminates and cold formed laminates for packaging of pharmaceutical formulations.

ENTERPRISEWIDE RESOURCE PLANNING

Your Company is in the process of implementing the SAP R/3 Enterprisewide Resource Planning software at all its locations during the year. The successful implementation of SAP ERP package across the organisation, integrating all the functions of the organisation and automating business processes, is expected to result in better efficiencies in its operations and allied services.

THE ENVIRONMENT

With the increasing awareness on pollution control and environment, the Company continues to give high priority to safety and environmental issues. Kamarhati, Taratala and Hoera units have successfully gone through their annual Surveillance Audit for continuance of ISO 14001:1996, Environmental Management Systems Standards Certification. Marked improvement has been noticed through achievement of objectives and targets under ISO 14001:1996 in the area of better utilisation of contaminated Rolling Oil.



VOLUNTARY RETIREMENT SCHEME

Your Company has reduced the excessive work force of the Company by implementing the Voluntary Retirement Scheme (VRS) during the year 2000-01 and has incurred a sum of Rs.9.36 crore towards the payment of the same. The employment cost of the Company is, therefore, expected to reduce during the current year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors state that :

- i) In the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure, if any.
- ii) The Directors had 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 of the profit or loss of the company for that period.
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

The Stock Exchanges have amended the listing agreement by incorporating a new Clause 49 covering Corporate Governance which is an important step towards building market confidence and improving investor protection. As per the amendment, existing companies which are in Group "B" on the BSE are required to comply with the requirement within 2001-2002. Your Company has already commenced the process of implementation of the required provision of Corporate Governance and will ensure that all mandatory provisions are fully complied with well before the date prescribed by the Stock Exchanges.

AUDIT COMMITTEE

In accordance with the provisions of Section 292A of the Companies Act, 1956, the Board of the Company has constituted an Audit Committee, comprising three Directors, viz. Shri Navin Agarwal, Shri S.C. Krishnan and Shri Tarun Jain, as its Member.

The broad terms of reference of the Audit Committee are to review with the management and/or Statutory Auditor and/or Internal Auditor :-

- i) appointment and terms of external and internal Auditors,
- ii) the statutory annual and quarterly financial reporting by the Company,
- iii) updation of applicable accounting policies of the Company,
- iv) the audit approach and methodology of external auditors and any material issues arising from the audit, and
- v) the adequacy and effectiveness of accounting and financial controls of the Company, compliance with Company policies and applicable laws and regulations.

After formation of Audit Committee as on 30.01.2001, the Committee met on 28th March, 2001. The meeting was attended by Shri S.C. Krishnan and Shri Tarun Jain.

**DIRECTORS**

Shri A Ray, Managing Director, tendered his resignation from the services of the company. His resignation was accepted by the Board, with regret, with effect from 4th June, 2001. The Board placed on record its deepest appreciation and substantial contribution of Shri Ray.

During the year under review, ICICI appointed Shri Alok Agarwal in place of Dr. P.K. Basu as Nominee Director representing ICICI on the Board of your Company. The Directors welcome Shri Alok Agarwal on the Board of the Company and look forward to his assistance and guidance. The Board place on record its appreciation of the valuable guidance and advice received from Dr. P.K. Basu during his tenure as Nominee Director.

Shri Navin Agarwal and Shri S. C. Krishnan will retire by rotation at the forthcoming Annual General Meeting and , being eligible, offer themselves for reappointment.

AUDITORS

The Auditors, Price Waterhouse, Chartered Accountants, retire at the forthcoming Annual General Meeting, and are eligible for reappointment.

CONSERVATION OF ENERGY

Pursuant to the provisions of Section 217 (i)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, full particulars are given in statement as Annexure A which forms a part of this report.

PARTICULARS OF EMPLOYEES

As required by the provisions of Sub-Section(2A) of Section 217 of the Companies Act, 1956 as amended, read with the Companies (Particulars of Employees) Rules, 1975 the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956 the Report and the Accounts are being sent to all shareholders of the company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company at its Registered Office.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the continuing support from our valued customers, our suppliers, the Financial Institutions, Company's Bankers, the Government of West Bengal, Shareholders and our employees, during a very difficult period in the life of this Company.

On behalf of the Board

Place : Kolkata
Date : 27th June, 2001

NAVIN AGARWAL
Director


**INDIA
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ANNEXURE 'A' TO DIRECTOR'S REPORT

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

I. CONSERVATION OF ENERGY

A) Power & Fuel Consumption

| | Current Year | Previous Year |
|------------------------|-----------------|------------------|
| 1. Electricity | | |
| a) Purchased | | |
| Unit (KWH) | 36256148 | 42860449 |
| Total Amount(Rs Lacs) | 1487.17 | 1789.77 |
| Rate / Unit (Rs / KWH) | 4.10 | 4.18 |

b) Own Generation

| | | |
|--------------------------------------|------------------|--------|
| i) Through Diesel Generators (KWH) | 94822 | 643456 |
| Unit/Litre of Diesel Oil | 1.33 | 2.17 |
| Cost Unit(Rs/KWH) | 11.90 | 5.62 |
| (ii) Through Steam Turbine/Generator | | |
| Unit per Ltr. Of Fuel | } Not Applicable | |
| Oil/Gas | | |
| Cost/Unit | | |

2. Coal

| | | |
|--------------|------------------|--|
| Qty.(Tonnes) | } Not Applicable | |
| Total (Cost) | | |
| Average rate | | |

3. Furnace Oil

| | | |
|----------------------------|---------|---------|
| Qty. (K. Litres) | 5305 | 6301.50 |
| Total Amount(Rs lacs) | 505.73 | 499.77 |
| Average Rate (Rs /K.Litre) | 9533.09 | 7930.97 |

4. Other/Internal generation

| | | |
|-----------|------------------|--|
| Qty. | } Not Applicable | |
| Total | | |
| Rate/Unit | | |

B) Consumption per Unit of Production

| Products(with details of Unit) | Standard (if any) | Current Year | Previous Year |
|--|----------------------|-----------------|------------------|
| Aluminium Foils including poly - coated | | | |
| Cable Wrap and laminated flexible Packages | | | |
| Electricity (KWH/MT) | - | 3712 | 3388 |
| Furnace Oil (Ltr/MT) | - | 542 | 491 |
| Coal(Specify Quality) | - | NA | NA |
| Others(Specify) | - | NA | NA |

II. TECHNOLOGY ABSORPTION

Research & Development

1. Specific areas in which R & D Work is being carried out by the Company

- New Alloy has been developed for improvement of foil quality for application in new areas.
- In order to improve the quality of metal, studies on metallurgical aspects are thoroughly being carried out.
- To develop the products which are technologically supreme in order to compete in international market.
- Improvement of existing products through process optimisation.

- Development of products with special emphasis on the application of foil in new areas.
- Conservation of energy through effective utilisation of by-products.
- Company is contemplating to undertake joint research and investigation on the above areas with premier technological research institutions such as DRDO, BARC, IITs, CSIR Laboratories, B E College, ISI etc.

2. Benefits derived as a result of the above R & D

- Import substitution
- More Value Added Products
- Extended Utilisation of Metal
- Improvement in Metal Hygiene

3. Future Plan of Action

Attention has been paid to develop value added products in order to improve the market share in Indian Sub-Continent and Middle East.

To develop new foil based products, R & D of IFL is constantly involved with different Government agencies to achieve the desired result.

4. Expenditure on R & D

(Rs in lac)

| | |
|----------------------------|--------|
| (a) Capital | - |
| (b) Recurring | 20.39 |
| (c) Total | 20.39 |
| (d) Total as % of Turnover | 0.07 % |

Technology Absorption, Adoption and Innovation

1. Efforts made

Technical Service Agreement with Pechiney Rhenalu, France for technology absorption has helped in cost reduction and quality enhancement.

2. Benefits

Considerable benefits have been derived through the technology interaction in developing new products and improved quality compatible to international manufacturers.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

i) Activities relating to Export / initiatives taken to increase Export and Export plans

The Company has intensified its efforts in the export market and has plans to substantially enhance the exports.

ii) Total Foreign Exchange used and earned

(Rs.in lac)

| | |
|---|---------|
| Total usage | 2006.48 |
| (including Import of Capital Goods of Rs 8.96 lac) | |
| Total earnings | 3879.34 |

Kolkata
27th June , 2001

On behalf of the Board
NAVIN AGARWAL
Director



AUDITORS' REPORT

TO THE MEMBERS OF INDIA FOILS LIMITED

1. We report that we have audited the Balance Sheet of India Foils Limited as at 31st March, 2001 and the relative Profit and Loss Account for the year ended that date, both of which we have signed under reference to this report and above mentioned accounts are in agreement with the books of account.
2. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, together with the notes thereon/attached thereto and the statement on Significant Accounting Policies give in the prescribed manner the information required by 'the Companies Act, 1956', of India (the 'Act'), and also give respectively, a true and fair view of the state of the Company's affairs as at 31st March, 2001 and its loss for the year ended on that date.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law, so far as appears from our examination of the books.
4. In our opinion, these accounts have been prepared in compliance with the applicable Accounting Standards referred to in Sub Section (3C) of Section 211 of the Act.
5. On the basis of the written representations received from the directors of the Company, and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
6. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988 dated 7th September, 1988 issued by the Government of India and on the basis of such checks as we considered appropriate and, according to the information and explanations given to us, we further report that :
 - 6.1 The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the company are generally physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which is considered to be reasonable. However, none of the fixed assets of the Company have been physically verified by the management during the year.
 - 6.2 The fixed assets of the Company have not been revalued during the year.
 - 6.3 The stocks of finished goods, stores, spare parts and raw materials of the Company at all its locations, have been physically verified by the management during the year. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business. The discrepancies between the physical stocks and the book stock were not material and these have been properly dealt with in the books of account. In our opinion, the valuation of stocks of finished goods, stores, spare parts and raw materials has been fair and proper, in accordance with the normally accepted accounting principal in India and is on the same basis as in the preceding year.
 - 6.4 The Company has not taken any loan, secured or unsecured, from Companies, firms or other parties listed in the register maintained under Section 301 of the Act.
 - 6.5 In our opinion, the rates of interest and the other terms and conditions of unsecured loans granted by the company to Companies listed in the register maintained under Section 301 of the Act are prima facie not prejudicial to the interest of the Company.



- 6.6 The parties, including employees, to whom loan or advances in the nature of loans, have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest wherever applicable.
- 6.7 In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials including components, plant and machinery, equipment and other similar assets and for the sale of goods.
- 6.8 In our opinion, purchase of goods and materials and sale of goods and materials, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year Rs. 50,000 or more in value in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods and materials or the prices at which the transactions for similar goods and material have been made with other parties.
- 6.9 The company has a system of determining unserviceable or damaged stores, raw materials and finished goods on the basis of technical evaluation and on such basis, in our opinion, adequate amounts have been written-off from such stocks in the accounts.
- 6.10 In case of public deposits accepted by the Company, the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Act and the Rules framed thereunder where applicable, read with Note 12 on Schedule 25, have been complied with.
- 6.11 In our opinion, reasonable records have been maintained by the Company for the sale and disposal of production scrap. The Company has no by-products.
- 6.12 In our opinion, the Company's present internal audit system is commensurate with its size and nature of the business.
- 6.13 On the basis of the records produced, we are of the opinion that, prima facie, the cost records and accounts in respect of some of its products as prescribed by the Government of India under clause(d) of Sub Section (1) of Section 209 of the Act have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- 6.14 Read with Note 19 of Schedule 25, The Company has regularly deposited during the year Provident Fund and Employees' State Insurance dues with the appropriate authorities.
- 6.15 At the last day of the financial year there was no amount outstanding in respect of undisputed income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
- 6.16 During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses which have been charged to Profit and Loss Account nor have we been informed of such a case by the management other than those payable under contractual obligations and/or accepted business practices.
- 6.17 The Company is not a sick industrial company within the meaning of clause (o) of Sub Section (1) of Section (3) of the Sick Industrial Companies (Special Provisions) Act, 1985 of India.

Kolkata

27th June, 2001S. K. Deb
PartnerFor and on behalf of
PRICE WATERHOUSE
Chartered Accountants