



**Pennar Aluminium
Company Limited**

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10th Annual Report 1999



Pennar Aluminium Company Limited

BOARD OF DIRECTORS

S. Samarapungavan	Chairman
Nrupender Rao	Vice Chairman
P Bhaskara Rao	President & CEO
S M M V Krishna Rao	Nominee of IDBI
P P Shastri	Nominee of UTI
S N Mathur	Nominee of BIFR
Vijay Chandra Puljal	

G M - FINANCE & COMPANY SECRETARY

R Ravi

AUDITORS

M/s Rambabu & Company
Chartered Accountants
31, Pancom Chambers
6-3-1090/1/A, Rajbhavan Road
Somajiguda, Hyderabad - 500 482.

BANKERS

State Bank of India
State Bank of Hyderabad
State Bank of Mysore
Vijaya Bank
The South Indian Bank Ltd.
Syndicate Bank
Canara Bank
IndusInd Bank Ltd.

REGISTERED OFFICE

1-10-63/4/1, Chikoti Gardens
Begumpet, Hyderabad - 500 016.

WORKS

Dahali Village, Mouda Taluk
Nagpur District,
Maharashtra - 441 104.

REGISTRARS & SECURITIES TRANSFER AGENTS

Dakshin Consultants (P) Ltd.
(Formerly Pennar Investor Services (P) Ltd.)
3rd Floor, Saptagiri Towers
Begumpet, Hyderabad - 500 016.

Pennar Aluminium Company Limited**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the Tenth Annual General Meeting of the Members of Pennar Aluminium Company Limited will be held on Saturday, the 24th June 2000 at 11.00 a.m. at Hotel Green Park, Greenland area, Begumpet, Hyderabad - 500 016 to transact the following business:

1. To receive, consider and adopt the 10th Directors' Report, Balance Sheet as at 31st December, 1999, Profit & Loss Account for the period ended on that date and the report of the Auditors thereon.
2. To appoint a Director in place of Mr. Nrupender Rao, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Vijay Chandra Puljal, who retires by rotation and, being eligible, offers himself for reappointment.
4. To consider and if thought fit to pass with or without modifications, the following as a Special Resolution.

RESOLVED that pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s Rambabu & Company, Chartered Accountants,

retiring Auditors of the Company, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting on such remuneration and out-of-pocket expenses as may be fixed by the Board of Directors of the Company.

By Order of the Board

Hyderabad
29th April 2000

P. Bhaskara Rao
Wholtime Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, in the event of a poll, to vote on his behalf. A proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not later than 48 hours before the time of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed for ten days from Thursday, the 15th June 2000 to Saturday, the 24th June 2000 (both days inclusive).

DIRECTORS' REPORT

To
The Members

Your Directors present the Tenth Annual Report together with the Audited Accounts and Cash Flow Statement for the financial year ended 31st December 1999.

OPERATIONS

During the year under review, your Company incurred losses due to continued financial difficulties. Your Company could not procure raw material to run the plant continuously as the banks have suspended all credit facilities to your Company. During the year under review, your Company carried on its operations mainly on a job work basis.

The operations of your Company's Conductor Plant have come to a standstill for non-availability of bank guarantee and letters of credit limits from banks.

The workers of your Company went on strike demanding 'Bonus', from 18th December 1999 which affected the performance of your Company. The strike was called off on 18th February 2000 and the normal operations have resumed.

FINANCIAL RESULTS

During the year under review, your Company has manufactured 10301 MT of rolled products and 799 MT of conductors, thus achieving a capacity utilisation of only 25%. Out of this, the job work production is 4733 MT (previous year 729 MT). The net sales, together with income on job works, for the year under review were Rs. 5542 lakhs (Rs.8418 lakhs for 15 months ended 31st December 1998). The financial charges were Rs.3066 lakhs as compared to Rs.3724 lakhs for previous year. The Company has incurred a net loss of Rs. 3254 lakhs including prior period expenses of Rs.92 lakhs (Rs.5953 lakhs for 15 months ended 31st December 1998), which has been carried forward to the Balance Sheet.



Pennar Aluminium Company Limited

REHABILITATION

At the hearing held on 4th April 2000, the Board for Industrial & Financial Reconstruction (BIFR) reviewed the present status of rehabilitation of the Company and directed the Operating Agency to invite global bids for rehabilitation of the Company.

Y2K COMPLIANCE

The Y2K transition was smooth.

DIRECTORS

Mr. Nrupender Rao and Mr. Vijay Chandra Puljal retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Mr M.N.Rao resigned from the Board with effect from 31st July, 1999. SICOM has withdrawn the nomination of Mr.T.A.N.Devalkar as Director with effect from 29th September 1999.

Your Directors place on record their appreciation of the services rendered by Mr. M.N.Rao and Mr. T.A.N.Devalkar, during their tenure as Directors of the Company.

AUDITORS

M/s Rambabu & Company, Chartered Accountants, Hyderabad, the Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

The qualifications made by the Auditors in their report on the accounts for the period ended 31st December 1999 have been dealt with in the Notes to Accounts (Schedule XVI)

LISTING OF SECURITIES

Your Company's securities are listed on two Stock Exchanges, viz. (1) The Hyderabad Stock Exchange

Limited, 3-6-275 Himayat Nagar, Hyderabad - 500 029 and (2) The Stock Exchange, P.J.Towers, Dalal Street, Mumbai - 400 021. Your Company is regular in paying the annual listing fees to the above two Stock Exchanges.

PERSONNEL

Your Directors place on record their appreciation for the dedicated work put in by the employees.

The particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956, are annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, the required information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the guidance and assistance received from BIFR, Financial Institutions and Banks.

Your Directors express their gratitude to the shareholders and debentureholders for the confidence reposed in the Company.

For and on behalf of the Board

Hyderabad
29th April 2000

S Samarapungavan
Chairman

Pennar Aluminium Company Limited

ANNEXURE TO THE
DIRECTORS' REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy(a) *Energy Conservation measures taken:*

Since the Company has not been running continuously due to financial crisis, fresh studies have not been conducted.

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

NIL

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

NOT APPLICABLE

FORM - 'A'**(A) Power and Fuel Consumption**

	1999 (12 Months)	1997-98 (15 Months)
1. Electricity		
a) Purchased Units	9476900	10161130
Total Amount		
(Rs. in lakhs)	411.32	449.00
Rate/Unit (Rs.)	4.22	4.42
b) Own Generation	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil (incl. of LDO & LSHS) Qty. (K.Ltr.)	1048	740
Total Amount		
(Rs. in lakhs)	81.83	51.51
Avg. Rate (Rs.)	7808	6961
4. Others/Internal generation	Nil	Nil

(B) Consumption per unit of Production

	1999 (12 Months)	1997-98 (15 Months)
Products		
Aluminium Conductors		
Electricity (Unit/Tonne)	595	737
Aluminium Strips		
Electricity (Unit/Tonne)	898	1247
Furnace Oil (Ltrs./Tonne)	124	117

FORM - 'B'**B. Technology Absorption
Research and Development (R&D)**

1. Specific areas in which R&D carried out by the Company	:	Nil
2. Benefits derived as a result of the above R&D	:	Nil
3. Future plan of action	:	Nil
4. Expenditure on R&D	:	Nil

Technology Absorption, Adaptation and Innovation

The Company has entered into a Technical Collaboration Agreement with Pechiney Rhenalu of France for a period of six years from 1990. The process of technology transfer and training during the project phase has been completed.

C. Foreign Exchange Earnings and Outgo**a) Activities relating to exports; initiatives taken to increase exports; development of new products and services; and export plans**

During the year under review, the Company exported 1785 MT of rolled products.

b) Total foreign exchange used and earned

	1999 (12 Months)	1997-98 (15 Months)
(Rs. in lakhs)		
Used	571	1480
Earned	1062	246


Pennar Aluminium Company Limited
ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 as amended by Companies (Amendment) Act 1998, read with Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the year ended 31st December, 1999.

Sl. No.	Name	Age (years)	Qualifications	Date of commencement of Employment	Designation	Gross Remuneration (Rs.)	Experience (years)	Last employment held
1.	S Mohinta	54	B.Tech. (Hons) Metallurgy	21.03.1991	President (Operations)	7,57,473	31	Sr. Manager - Fabrications BALCO

Notes: 1. Gross remuneration includes Company's contribution to superannuation and Provident Fund.

2. The above employee is not related to any Director of the Company.

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