



**Pennar Aluminium
Company Limited**

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11th Annual Report 2000



Pennar Aluminium Company Limited

BOARD OF DIRECTORS

Nrupender Rao	Chairman
G V Ranganadham	Nominee of IDBI
P P Shastri	Nominee of UTI
S N Mathur	Nominee of BIFR
P Bhaskara Rao	President & CEO

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.
3rd Floor, Saptagiri Towers
Begumpet, Hyderabad - 500 016.



NOTICE TO SHAREHOLDERS

Notice is hereby given that the 11th Annual General Meeting of the Company will be held on Saturday, the 30th June 2001 at 11.00 a.m. at Hotel Green Park, Greenlands Area, Begumpet, Hyderabad – 500 016 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the 11th Directors' Report, Balance Sheet as at 31st December, 2000, Profit & Loss Account for the year 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 offers himself for reappointment.
3. 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.

SPECIAL BUSINESS

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

RESOLVED that in supersession of the resolution passed at the 8th Annual General Meeting held on 27th March 1998, consent of the Company be and is hereby accorded to the Board of Directors in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and / or charge by way of second charge all the immovable and movable properties of the Company, wheresoever situate, present and future, in favour of the following, namely ;

1. State Bank of India (SBI)
2. State Bank of Hyderabad (SBH)

3. State Bank of Mysore (SBM)
4. The South Indian Bank Ltd (SIB)
5. Syndicate Bank (SB)
6. Vijaya Bank (VB)
7. Canara Bank (CB), and
8. IndusInd Bank Ltd (IB)

(hereinafter referred to as "the said Banks") to secure :

- (1) enhanced working capital facilities of Rs.1332.00 lakhs (enhanced from Rs.2576.00 lakhs to Rs. 3908.00 lakhs sanctioned by SBI to the Company.
- (2) enhanced working capital facilities of Rs.58.00 lakhs (enhanced from Rs.644.00 lakhs to Rs.702.00 lakhs) sanctioned by SBH to the Company
- (3) enhanced working capital facilities of Rs.179.00 lakhs (enhanced from Rs.798.00 lakhs to Rs.977.00 lakhs) sanctioned by SBM to the Company.
- (4) enhanced working capital facilities of Rs.278.00 lakhs (enhanced from Rs.644.00 lakhs to Rs.922.00 lakhs) sanctioned by SIB to the Company
- (5) enhanced working capital facilities of Rs.376.00 lakhs (enhanced from Rs.491 lakhs to Rs. 867 lakhs) sanctioned by SB to the Company
- (6) enhanced working capital facilities of Rs.53.00 lakhs (enhanced from Rs. 644.00 lakhs to Rs. 697.00 lakhs) sanctioned by VB to the Company
- (7) enhanced working capital facilities of Rs.333.00 lakhs (enhanced from Rs. 644.00 lakhs to Rs. 977.00 lakhs) sanctioned by CB to the Company; and
- (8) working capital facilities of Rs.720.00 lakhs sanctioned by IB to the Company,

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, costs, charges, expenses and other moneys payable by the Company to the said



Banks under the Working Capital Loan Agreements, Letters of Sanction / Memorandum of Terms and Conditions entered into / to be entered into by the Company in respect of the said working capital facilities.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the said Banks the documents for creating aforesaid charge, to execute all such documents where necessary under the Common Seal of the Company and to do all such acts and things as may be necessary for giving effect to the above resolution.

By Order of the Board

Hyderabad
30th April 2001

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 six days from Monday, the 25th June 2001 to Saturday, the 30th June 2001 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business, is annexed hereto.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956.

Item No.4

The working capital facilities sanctioned to the Company have been enhanced by the Banks during 1996 from Rs.6441.00 lakhs to Rs.9770.00 lakhs, i.e. by the addition thereto of Rs.3329.00 lakhs) These facilities are secured by first charge on current assets and second charge on fixed assets of the Company.

By Interse Pari Passu Agreement dated 2nd March 2001 entered into between the Banks, the Banks have re-apportioned the working capital limits granted to the Company in a different proportion than the one for which the consent of the shareholders was obtained at the Eighth Annual General Meeting held on 27th March 1998. There is no change in the overall working capital limit granted to the Company.

The Directors commend the resolution for approval of the shareholders.

Copies of the Memorandum and Articles of Association of the Company and Interse Pari Passu Agreement dated 2nd March 2001 entered into between the Banks, are available for inspection during business hours.

None of the Directors of the Company is in any way concerned or interested in the aforesaid resolution.

By Order of the Board

Hyderabad
30th April 2001

P. Bhaskara Rao
Wholtime Director



DIRECTORS' REPORT

To
The Members

Your Directors present the Eleventh Annual Report together with the Audited Accounts and Cash Flow Statement for the financial year ended 31st December 2000.

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.

FINANCIAL RESULTS

During the year under review, your Company has manufactured 6511 MT of rolled products, thus achieving a capacity utilisation of only 22%. Out of this, the job work production is 2926 MT (previous year 4733 MT). The net sales, together with income on job works, for the year under review were Rs. 3755 lakhs (Rs.5542 lakhs). The financial charges were Rs.2982 lakhs as compared to Rs.3066 lakhs for previous year. The Company has incurred a net loss of Rs.3279 lakhs (Rs.3164 lakhs), which has been carried forward to the Balance Sheet.

The operations of your Company's conductor plant continued to be in standstill for non-availability of bank guarantee and letters of credit limits from banks.

REHABILITATION

As per the directive given by the Board for Industrial & Financial Reconstruction (BIFR) on 4th April 2000, the Industrial Development Bank of India (Operating Agency) released advertisements during May 2000 in national and international newspapers inviting global bids for takeover/acquisition of the Company. In response to the advertisements, the IDBI received some proposals. These proposals were discussed at a joint meeting of the lenders held during October 2000. However, IDBI is yet to take a decision in the matter of submitting their draft rehabilitation scheme for revival of the Company to BIFR.

DIRECTORS

Mr. Nrupender Rao retires by rotation at the ensuing Annual General Meeting and offers himself for reappointment.

Mr. Vijay Chandra Puljal retired by rotation at the Tenth Annual General Meeting of the Company held on 24th June 2000. Mr. S. Samarapungavan resigned from the Board with effect from 24th June 2000. IDBI nominated Mr. G.V. Ranganadham as its nominee in place of Mr. S.M.M.V. Krishna Rao with effect from 1st January 2001.

Your Directors place on record their appreciation of the services rendered by Mr. S. Samarapungavan, Mr. Vijay Chandra Puljal and Mr. S.M.M.V. Krishna Rao, during their tenure as Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors would like to state that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 the year under review;
- iii) the Directors have 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 have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

The Audit Committee of Directors has been constituted to review various areas of audit and accounts. The Audit Committee of the Board comprises of Mr. G.V. Ranganadham (Chairman), Mr. P.P. Shastri and Mr. P. Bhaskara Rao.

**Pennar Aluminium Company Limited****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 year ended 31st December 2000 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 has paid the annual listing fees upto 2000-01 to the Hyderabad Stock Exchange and upto 2001-02 to the Mumbai Stock Exchange.

PERSONNEL

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

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
30th April 2001

Nrupender Rao
Chairman

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