



**Pennar Aluminium  
Company Limited**

Report  junction.com

17th Annual Report 2006-07



## Pennar Aluminium Company Limited

### BOARD OF DIRECTORS

Shri Nrupender Rao	Chairman
Shri Vijay Chandra Puljal	Director
Shri Bhaskara Rao	Director

### PRESIDENT & COO

Shri. S. Mohinta

### AUDITORS

M/s Rambabu & Company  
Chartered Accountants  
31, Pancom Chambers,  
6-3-1090/1A, Rajbhavan Road,  
Somajiguda, Hyderabad - 500 082.

### BANKERS

HDFC Bank Limited  
Usha Kiran Complex, Sardar Patel Road ,  
Secunderabad - 500 003

### REGISTERED OFFICE

Plot No.56, Sancharpuri Colony, Phase-II  
New Bowenpally, Secunderabad-500 011.

## Pennar Aluminium Company Limited



### NOTICE TO SHAREHOLDERS

Notice is hereby given that the 17th Annual General Meeting of the Company will be held on Saturday, the 29th September, 2007 at 9.00 A M at registered office of the Company to transact the following business:

#### Ordinary Business

1. To receive, consider and adopt the 17th Directors' Report, Balance Sheet as at 31st March, 2007, 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 Shri Nrupender Rao who retires by rotation and offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### Special Business

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, including any statutory modifications or re-enactment thereof, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 the Securities Contract (Regulations) Act, 1956 and the rules framed thereunder, listing agreement with the Stock Exchanges and other applicable laws, rules & regulations and guidelines and subject to such other approvals, permissions, sanctions etc as may be necessary and subject to such conditions as may be prescribed by any authority while granting such

approvals, permissions, sanctions etc. which may be agreed to by the Board of Directors (hereinafter referred to as "the Board" which expression shall be deemed to include any committee of the Board for the time being, exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to voluntarily delist the securities of the Company from The Hyderabad Stock Exchange Limited where the equity shares of the Company are presently listed without giving an exit option to the shareholders of the region of the "Hyderabad Stock Exchange".

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts, deeds and things as it may in its absolute discretion deem necessary, desirable and appropriate to give effect to the above resolution".

#### 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 from 22.09.2007 to 29.09.2007 (both days inclusive).

Secunderabad  
20.08.2007

By Order of the Board  
**P. Bhaskara Rao**  
Director

### Details of the Director proposed to be re-appointed in Annual General Meeting to be held on 29th September, 2007.

A. Name of Director	:	Mr. Nrupender Rao
Date of Birth	:	26.06.1945
Date of Appointment	:	01.09.1989
Qualification	:	B.Tech., (IIT), M.S., (Purdue)
Expertise in specific Functional areas	:	Promoter - Significant experience as Industrialist and overall business management.
List of other companies in Which directorships held	:	Pennar Industries Limited Pennar Chemicals Limited O&S Ratna Aluminium Fabricators Pvt Ltd., EValue Consulting Limited Thapati Trading Pvt Ltd., Palguna Consulting Pvt Ltd.,
Chairman / Member of the Committees of Directors of Companies in Which he is a Director.	:	Pennar Industries Limited Pennar Chemicals Limited O&S Ratna Aluminium Fabricators Pvt Ltd., EValue Consulting Limited Thapati Trading Pvt Ltd., Palguna Consulting Pvt Ltd.,



## Pennar Aluminium Company Limited

### DIRECTORS' REPORT

To

The Members

Your Directors present the Seventeenth Annual Report together with the Audited Accounts and Cash Flow Statement for the period ended 31st March 2007.

### FINANCIAL RESULTS

Your Company has continued its operations mainly on job work basis till 28th February, 2006. It had manufactured 2967 MT (previous year 16327 MT) of rolled products during the period under review of which a small quantity has been sold on direct sales basis and balance was on job work basis. The Income of the Company during the period under review is Rs.689 lakhs (previous years Rs.2457 lakhs). The Company has incurred a loss of Rs166 Lakhs (previous year Rs.600 lakhs) before interest and depreciation. Considering the interest payable the net loss for the period is Rs. 249 lakhs (previous year Rs.3468 lakhs), which is carried forward to the balance sheet. Depreciation has not been provided. The Operations of the Company were discontinued with effect from 28th February, 2006 as the Asset Reconstruction Company (India) Limited (ARCIL) had taken over the Plant and Machinery and sold the same to another Company under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 SARFAESI.

### AUDITORS QUALIFICATIONS

The qualifications made by the auditors in their report regarding the accounts for the period ended 31st March, 2007 have been dealt with in the Notes to Accounts (Schedule XVI) and are self-explanatory.

### SARFAESI ACT

The Company has become a sick industrial company within the meaning of Section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) as its accumulated losses exceeded its net worth as on 30.09.1997. The Company has made the application to BIFR and at the hearing held on 27th April, 1998 BIFR declared that the Company became "SICK" in terms of Section 3(1)(O) of SICA.

ARCIL acquired the financial assets of the Company from majority of the secured lenders of the Company and issued a notice under Section 13(2) of the SARFAESI Act on 8th October, 2004. Thereon, ARCIL took possession of the Company's assets on 25th August, 2005 under Section 13(4) of SARFAESI Act read with Rule 6(2) and 8(6) of Security Interest and Enforcement Rules 2002. ARCIL issued a term sheet to various parties to dispose of the assets of the Company under SARFAESI Act. It had sold the assets and handed over the same to the bidder selected by them on 04.03.2006. The Company had closed its operations w.e.f. 1.3.2006.

The entire fixed assets and current assets of the Company available as on 4th March, 2006 in the Plant on as is where is basis have been sold by Arcil and the consideration received by Arcil in this transaction have been proportionately paid to all the secured creditors such as Arcil, FIs, Banks and debentureholders. As per the terms and conditions of sale of assets by Arcil the acquirer of the assets have taken over the statutory liabilities of the Company as on 04.03.2006 including liabilities on account of gratuity, bonus payable and arrears of salary if any etc. The Company which has taken over the assets from Arcil had also settled the dues of the leasing and hire purchase companies and taken over the leased and hire purchase assets.

Consequent to the above the Company had been issued no dues letters by all the secured creditors. In view of this the Company had adjusted the following liabilities as they appear in the books of accounts to the fixed assets (net of depreciation) and current assets (stores and spares).

- i. Principal dues to the secured creditors (FIs / Banks)
- ii. Interest dues against the secured loan.
- iii. Deferred liabilities under hire purchase items.
- iv. Lease rentals accrued and due
- v. Sales Tax deferment and Sales Tax Assessment liabilities if any arising out of Sales Tax assessments.
- vi. The Cenvat dues
- vii. The dues to the employees such as gratuity and bonus.

## Pennar Aluminium Company Limited



### 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 along with proper explanation relating to material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgments 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 period under review;
- iii) they 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) they have prepared the annual accounts on a going concern basis.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company is not in operation except for first two months of the financial period. Hence, the Company is unable to present its report on management discussion and analysis regarding the industry in which it is in operation. Presently the Company has no fixed assets and current assets as explained in this report.

### REDEMPTION OF DEBENTURES

After Arcil has received the sale proceedings of the sale of the assets of the Company under SARFAESI Act, Arcil has set aside Rs.29,06,50,567/- towards redemption of 28,25,000 secured debentureholders of Rs.100/- each. Out of this Rs.24,20,88,773/- have been paid by Arcil itself to the institutional debentureholders holding 23,53,470 debentures. Balance amount of Rs.4,85,61,794/- pertaining to 4,71,530 debentures has been remitted to a no lien account. The Company has requested the public debentureholders to surrender their debenture

certificates to the Company to enable it to redeem @ Rs.103/- per debenture. The Company has so far redeemed Rs.23321260 for 226420 debentures (up to 31st March, 2007 the debentures redeemed is Rs.23059125 for 223875 debentures).

### CORPORATE GOVERNANCE

The Company is not having any operations with effect from 1st March, 2006 and it has no assets. Compliance of Corporate Governance is attached to this report.

### AUDIT COMMITTEE

The Audit committee of the Company is reviewing various areas of audit and accounts. The Committee comprises of Shri Nrupender Rao, Shri Vijay Chandra Puljal and Shri P Bhaskara Rao.

### AUDITORS

M/s. Rambabu & Co., 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.

### LISTING OF SECURITIES

Your Company's securities are listed the Stock Exchange, Mumbai (BSE). Your Company has paid the annual listing fee for 2007-08 to BSE, Mumbai.

### PERSONNEL

Your Directors place on record their appreciation for the dedicated work put in by the employees till the date of closure of operations of the Company.

### ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the guidance and assistance received from BIFR, ARCIL, Auditors and the Registrar and Share Transfer Agents. Your Directors express their gratitude to the shareholders and debenture holders.

For and on behalf of the Board

Secunderabad  
20.08.2007

**Nrupender Rao**  
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 Directors) Rules, 1988.

#### A. Conservation of Energy

##### a) Energy Conservation measures taken:

Since the Company has not been running its plant 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

	2006-07	2005
1. Electricity		
a) Purchased Units	2417941	13672300
Total Amount (Rs.in Lakhs)	82.21	512.85
Avg. Cost/KWH (Rs.)	3.40	3.75
b) Own Generation	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil (incl. of LDO & LSHS)		
Qty. (K.Ltr.)	310.93	2465.040
Total Amount (Rs.in Lakhs)	48.75	363.66
Avg. Cost/K.Ltr. (Rs.)	15680	14760
4. Others/Internal Generation	NIL	NIL

#### (B) Consumption per unit of Production

##### Products

##### Aluminium Conductors

Electricity (KWH/Tonne)	N.A.	N.A.
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##### Aluminium Strips

Electricity (KWH/Tonne)	815	837
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Furnace Oil (Ltrs./Tonne)	124	123
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#### FORM - 'B'

##### B. Technology Absorption

##### Research and Development (R&D)

- Specific areas in which R&D carried out by the Company : NIL
- Benefits derived as a result of the above R & D : NIL
- Future plan of action : NIL
- Expenditure on R&D : NIL

#### Technology absorption, adaptation and innovation

The Company has absorbed the technology given by Pechiney Rhenalu of France fully and the Company is in a position to produce its products matching international quality.

#### 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 period under review, the Company exported NIL of rolled products i.e., towards job work.

##### b) The foreign exchange used and earned:

	Rs. lakhs	
	2006-07	2005
Used	18	411
Earned	NIL	NIL

## Pennar Aluminium Company Limited



### COMPLIANCE OF CORPORATE GOVERNANCE

#### Composition of Board

The Board comprises three Directors. The Chairman of the Board is a non-executive director.

#### Board Meetings

The attendance at various meetings of the Board of Directors and the Annual General Meeting during the period is as follows :

Director	No. of Meetings held	Attended	Attended last AGM
Shri. Nrupender Rao	7	7	Yes
Dr. P P Shastri*	1	1	No
Shri.Vijay Chandra Puljal	7	7	Yes
Shri. P.Bhaskara Rao	7	7	Yes

\* UTI has withdrawn his nomination from the Board of directors w.e.f 24.04.2006

#### Number of other directorships held:

Director	Category	Number of directorships held
Shri. Nrupender Rao	Chairman & Non-Executive Director	6
Shri. Vijay Chandra Puljal	Non-Executive Director	2
Shri. P.Bhaskara Rao	Non-Executive Director	5

#### Audit Committee

The Audit Committee of the Board of Directors of the Company was reconstituted after April, 2006 to include all the three Directors in its committee.

#### Share Transfer Committee

The Board had delegated the authority to approve transfer of shares to a Committee of Directors. The meetings of the committee are held periodically to approve transfers, transmissions, splitting and consolidation of shares issued by the Company.

#### Compliance

##### Shareholder Information

##### a) Annual General Meeting

Date : 29.09.2007

Time : 9.00 A M

Venue : Plot No.56, Phase II  
Sancharpuri Colony  
New Bowenpally  
Secunderabad - 500011

b) Book Closure : From Saturday the 22.9.2007 to Saturday the 29.09.2007  
(both days inclusive).

c) Registered Office : Plot No.56, Sancharpuri Colony,  
Phase-II, New Bowenpally,  
Secunderabad - 500 011.

d) Registrar and Transfer Agent : Dakshin Consultants (P) Ltd.,  
6-3-655/2/4,



## Pennar Aluminium Company Limited

Civil Supplies Bhavan Lane,  
Somajiguda, Hyderabad - 500 082

- e) Listing on Stock Exchange : The shares of the Company are listed Mumbai Stock Exchange.  
f) Listing Fee : Paid the annual listing fee for 2007-08 to BSE.

g) Dematerialisation of equity shares

Trading in equity shares of the Company became mandatory in dematerialised form w.e.f. 29th September 2000. To facilitate trading in dematerialised form, the Company has entered into agreement with both the depositories, viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open account with any of the depository participants registered with any of the above depositories.

h) Simultaneous dematerialisation of shares sent for transfer

The Company provides facility of simultaneous transfer and dematerialisation of equity shares. Upon receipt of the share certificate for transfer or splitting and upon completion of the process thereof, investor is intimated about the option of dematerialisation of shares. The investor may send his / her demat request within a period of 21 days from the date of option letter failing which share certificate is despatched to the investor. The investors who wish to exercise the option to demat their shares are required to submit Dematerialisation Request Form (DRF) duly filled in along with the original option letter to the Depository Participant (DP).

i) Nomination facility

The members holding shares in dematerialised form may contact their respective Depository Participant (DP) for availing the nomination facility.

j) Secretarial Audit

The Company gets the secretarial audit done by a practising company secretary for purpose of reconciliation of the total admitted capital with both the depositories and the total issued and listed capital. The Secretarial Audit Report is placed before the Board of Directors on quarterly basis and is also sent to the Stock Exchanges where the Company's shares are listed.

k) Location and time of last three Annual General Meetings

Year	Location	Date	Time
2006	Pennar Aluminium Co. Ltd., Plot No.56, Phase - II Sancharpuri Colony, New Bowenpally Secunderabad - 500011	31-08-2006	9.00 A M
2005	Kamat Lingapur Hotel 1-10-44/2, Chikoti Gardens Begumpet, Hyderabad - 500 016.	22-09-2005	11.00 A M
2004	Kamat Lingapur Hotel 1-10-44/2, Chikoti Gardens Begumpet, Hyderabad - 500 016.	25-06-2004	10.00 A M

Distribution of Shareholding as on 31s March, 2007

Category	No. of Shares	% holding
a) Promoters	17,91,400	3%
b) Financial Institutions	7,32,200	1%
c) Public	5,62,07,400	96%
TOTAL	5,87,31,000	100%