

27th Annual Report

1996-97

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ALCOBEX METALS LIMITED

ALCOBEX METALS LIMITED, NEW DELHI

27th Annual General Meeting on Tuesday,
the 30th September, 1997 at 10.00 a.m. at
Surekha Farms, 20, Shivji Marg, Rangpuri,
National Highway No. 8
New Delhi - 110 045

| | | |
|------------------------------|---|--|
| BOARD OF DIRECTORS | : | Shri G. C. Kanunga (Managing Director) Prof. A. D. Bohra Shri B. L. Kanunga Shri S. R. Kanunga Shri A. S. Bhandari Shri Manoj Kanunga Shri Udayan Roy (Nominee IIBI) |
| BANKERS | : | Punjab National Bank, Sojati Gate, Jodhpur Bank of India, Chopasani Road, Jodhpur Vijaya Bank, Station Road, Jodhpur Bank of Baroda, Jodhpur The Bank of Rajasthan Ltd., Sojati Gate, Jodhpur |
| AUDITORS | : | M/S. Goel Garg & Company, Chartered Accountants, 102, Skylink, E- 588, Greater Kailash - II, New Delhi - 110 048 Phones : (011) 6415 236 , 6415 777 |
| SHARE TRANSFER AGENTS | : | M/S. Karvy Consultants Limited, 46, Karvy House, Road No. 4 , Street No. 1, Banjara Hills, Hyderabad - 500 034 Phones : (040) 3312 454, 3320 251, 3320 751, 3320 752 Fax No. : (040) 3311 968 |
| REGISTERED OFFICE | : | 4223/1, Ansari Road, Daryaganj, New Delhi - 110 002 Phones : (011) 327 3496, 327 4641 Fax No. : (011) 328 6565 |
| HEAD OFFICE AND WORKS | : | 24/25, Heavy Industrial Area, Jodhpur - 342 003 Phones : (0291) 40366, 40626, 40629, 40631, 40671, 40731, 41974, 41975 Fax No. : (0291) 41990 Telex No. : 0552 - 217, Gram : ALCOBEX |
| ZINC UNIT | : | 16th Mile Stone, S . H .No. 9, Udaipur Chittor Road, Shisham Ki Ghati, Dabok, Distt. Udaipur (Raj.) Phones : (0294) 655 176, 655 254 Fax No. : (0294) 524 667 |

NOTICE

NOTICE is hereby given that the twenty seventh Annual General Meeting of the Members of Alcobex Metals Limited will be held on Tuesday, the 30th day of September, 1997 at 10.00 a.m. at Suraksha Farms, 20, Shivji Marg, Rangpuri, National Highway No. 8, New Delhi-110 045 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt Balance Sheet of the Company as at 31.03.1997, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on the Equity Shares for the year ended on 31.03.1997.
3. To appoint Directors in place of S/Shri B. L. Kanunga and Manoj Kanunga, who retire by rotation and being eligible, offer themselves for reappointment.
4. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-
 "RESOLVED THAT M/S. Goel Garg and Company, Chartered Accountants, be and are hereby appointed Auditors of the Company for holding office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors exclusive of travelling and other out of pocket expenses."

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution :-
 "RESOLVED THAT in accordance with the provisions of the sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri G. C. Kanunga be and is hereby reappointed as Managing Director of the Company for a period of five years w.e.f. the 15th day of June, 1998 on the existing remuneration as well as terms and conditions as set out in the Statement placed before the meeting and signed by the Chairman of the meeting for the purpose of identification thereof."
6. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution :-
 "RESOLVED THAT in accordance with the provisions of the sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri B. L. Kanunga, be and is hereby reappointed as a Wholetime Director of the Company for a period of five years w.e.f. the 12th day of September, 1997 on the existing remuneration as well as terms and conditions as set out in the Statement placed before the meeting and signed by the Chairman of the meeting for the purpose of identification thereof."
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-
 "RESOLVED THAT in accordance with the provisions of the sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri S. R. Kanunga, be and is hereby reappointed as a Wholetime Director of the Company for a period of five years w.e.f. the 12th day of September, 1997 on the existing remuneration as well as terms and conditions as set out in the Statement placed before the meeting and signed by the Chairman of the meeting for the purpose of identification thereof."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-
 "RESOLVED THAT in accordance with the provisions of the sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri Manoj Kanunga, be and is hereby reappointed as a Wholetime Director of the Company for a period five years w.e.f. the 15th day of



June, 1998 on the existing remuneration as well as terms and conditions as set out in the Statement placed before the meeting and signed by the Chairman of the meeting for the purpose of identification thereof."

By order of the Board of Directors,

Place : Jodhpur
Dated : 21st August, 1997

(G. C. Kanunga)
Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.
2. The Members / Proxies should bring the attendance slips duly filled in for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd day of September, 1997 to 30th day of September, 1997 (Both days inclusive).
4. The dividend when declared will be payable on or after 1st October, 1997 to those Members of the Company whose names appear on the Register of Members on the 30th day of September, 1997.
5. Members of the Company who have not so far encashed or received their Dividend Warrants for the Accounting Years ended on 31st March, 1994, 31st March, 1995 and 31st March, 1996 are advised to immediately get in touch with the Company for revalidation of their related Dividend Warrants or issuance of duplicate Dividend Warrants, as the case may be. The unpaid or unclaimed dividend amount for the year ended on 31st March, 1994 would fall due for deposit to the credit of the General Revenue Account of the Central Government on or before 14th day of November, 1997.
6. Pursuant to section 205A of the Companies Act, 1956, all unpaid or unclaimed dividend amount for the Accounting Year ended on 31st January, 1993 has been transferred to the General Revenue Account of the Central Government. Members of the Company who have not encashed the related Dividend Warrants for the said Accounting Year are advised to claim the amount of the dividend from the Registrar of Companies, Delhi & Haryana, Paryavaran Bhawan, Block - B, 2nd Floor, CGO Complex, Lodi Road, New Delhi-110 003.
7. Members are requested to notify change in their addresses, if any, immediately to the Share Transfer Agents, namely M/S. Karvy Consultants Ltd., Hyderabad of the Company quoting their Folio Numbers.
8. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item nos. 5, 6, 7 and 8 has been annexed to the notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NOS. 5, 6, 7 AND 8.

Shri G. C. Kanunga has been associated with the Company since its inception and has been continuing as its Managing Director since 01.09.1970. His current tenure as Managing Director will expire on 14.06.1998.

Shri B. L. Kanunga and Shri S. R. Kanunga have been associated with the Company since 01.12.1985 and are its Wholetime Directors with effect from 12.09.1992. Their current tenure as Wholetime Directors will expire on 11.09.1997.

Shri Manoj Kanunga has been associated with the Company since 01.12.1985 and is its Wholetime Director since then. His current tenure as Wholetime Director will expire on 14.06.1998.

During their tenure as Managing Director and Wholetime Directors, the Company has made alround progress. In view of highly satisfactory services provided by them to the Company in their respective fields, the Board of Directors of the Company is of the view that the above Directors be reappointed for a period of five years each from the respective dates of expiry of their current tenures on the existing remuneration as well as terms and conditions as set out below :-

The existing salary and perquisites on which they are proposed to be reappointed are as under :-

Salary

- (i) Shri G. C. Kanunga's existing salary is Rs. 40,000 /- per month as Managing Director.
- (ii) S/Shri B. L. Kanunga's and S. R. Kanunga's existing salary is Rs. 30,000/- per month, each as Wholetime Directors.
- (iii) Shri Manoj Kanunga's existing salary is Rs. 20,000/- per month as Wholetime Director.

Perquisites

The existing perquisites which they will continue to enjoy are classified into three categories, namely:-

CATEGORY - A

- (i) Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- (ii) Leave Travel Commission : Travelling expenses incurred for not more than two journeys each year to any place within India and return for self and family.
- (iii) Fees of Clubs including Institutions : Fees subject to a maximum of two clubs/institutions besides Diners's Club of India.
- (iv) Personal Accident Insurance : Premium not to exceed Rs. 5000/- (Rupees Five Thousand) per annum.
Explanation : For the purposes of (i) and (ii) above, "family" shall mean the spouse and the dependent children.

CATEGORY - B

- (i) Company's contribution to Provident Fund of 10% of the salary as per rules of the Company or such other percentage as may be specified from time to time.
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- (iii) Earned / Privilege Leave on full pay as per rules of the Company.

CATEGORY - C

- (i) Provision of car with chauffeur for use on Company's business.
- (ii) Other benefits, schemes, privileges and amenities as are applicable to senior executives of the Company in accordance with the Company's practices, rules and regulations in force from time to time. S/Shri G. C. Kanunga and Manoj Kanunga are interested in the Resolutions at S.Nos. 5 and 8 both individually and also as relatives. S/Shri B. L. Kanunga and S. R. Kanunga are interested individually in the Resolutions at S. No. 6 and S. No. 7 respectively.

None of the other Directors of the Company is interested in the Resolutions at S. Nos. 5 to 8, above.

The Explanatory Statement read with the proposed Resolutions at S. Nos.5 to 8, above may be treated as an abstract of the terms of appointment and Memorandum of Interest under section 302(7) of the Companies Act, 1956.

By order of the Board of Directors,

Place : Jodhpur
Dated : 21st August, 1997

(G. C. Kanunga) .
Managing Director



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the 27th Annual Report and Audited Statement of Accounts of the Company for the year ended on 31st March, 1997.

FINANCIAL RESULTS :

(Rupees in lacs)

| | 1996-97 | 1995-96 |
|--|---------|---------|
| Profit before depreciation and interest | 702.62 | 730.87 |
| Less : Depreciation | 92.08 | 87.53 |
| Less : Interest | 486.21 | 441.70 |
| Profit before taxation | 124.33 | 201.64 |
| Less : Provision for tax | 30.00 | 97.61 |
| Profit after taxation | 94.33 | 104.03 |
| Add : Surplus as per last year | 151.82 | 150.89 |
| Add : Investment Allowance Reserve (utilised) written back | 0.84 | — |
| Available for Appropriation | 246.99 | 254.92 |
| Appropriations : | | |
| Debenture-Redemption Reserve | 22.10 | 22.10 |
| General Reserve | 10.50 | 10.00 |
| Proposed Dividend | 49.70 | 71.00 |
| Tax on Dividend | 4.97 | — |
| Balance carried to Balance Sheet | 159.72 | 151.82 |

OPERATIONS :

Your Company, inspite of facing certain unforeseen adverse factors during the year under report, was able to earn a net profit of Rs. 1.24 crores (previous year Rs. 2.02 crores). The Company achieved production of 5704 MT and turnover of Rs. 94.37 crores at its Jodhpur Unit during the year as against production and turnover of 6315 MT and Rs.107.85 crores respectively during the previous year. At its Udaipur Unit, production and turnover achieved were 1239 MT (557 MT used for own consumption) and Rs. 4.56 crores respectively during the year under report as against production and turnover of 644 MT (318 MT used for own consumption) and Rs. 2.28 crores respectively during the previous year. The adverse factors that affected Company's performance during the year at its Jodhpur Unit were :- (i). Accidental fire in billet heating furnace, disrupting production for about three weeks. (ii). Major breakdown of one of the Extrusion Presses affecting production for about six weeks. (iii). Frequent power cuts ranging from 50% to 100% imposed by the State Electricity Board. (iv). Recessionary trends during the year under report, and (v). Heavy fluctuations in copper prices. The production target at Company's Udaipur Unit could not be achieved because of frequent and severe power cuts imposed by the State Electricity Board and restrictions on the import of Zinc ash, a principal raw material for producing secondary Zinc, imposed by the Government.

EXPORTS :

The Company's exports during the year under report amounted to-Rs. 4.20 crores as against Rs. 2.91 crores during the previous year.

ISO - 9002 - QUALITY SYSTEMS :

Your Directors are happy to report that the Company having fulfilled all the requirements for obtaining ISO - 9002 has been recommended by KPMG-Quality Registrars for grant of certificate .

EXPANSION IN THE EXTRUSION CAPACITY AT JODHPUR UNIT :

A 3500 tonne extrusion press is under installation at Jodhpur Unit of the Company to raise the extrusion capacity by about 9000 MT per annum. The scheme estimated to cost about Rs. 9.50 crores is likely to be completed before the end of this year.

NEW ITEMS OF PRODUCTION AT UDAIPUR UNIT :

At Udaipur Unit, facilities have been installed to produce Copper Sulphate and Zinc Sulphate to improve the profitability of the Unit.

FUTURE OUTLOOK :

The Directors are hopeful of achieving better operational results during the current year as compared to the year under report provided, there is no deterioration in the power availability and economic conditions in the world in general and in India in particular, continue to remain stable.

DIVIDEND :

Your Directors are pleased to recommend a Dividend of 7% on the Equity Shares for the year ended on 31st March, 1997 for consideration of shareholders at the ensuing Annual General Meeting.

DIRECTORS :

Shri C. L. Logani ceased to be a Director of the Company w.e.f. 02.05.1997 and in his place, Shri Udayan Roy has been appointed by IIBI, New Delhi as the Company's Nominee Director w.e.f. 02.05.1997. S/Shri B. L. Kanunga and Manoj Kanunga retire by rotation and being eligible, offer themselves for reappointment.

AUDITORS :

M/S. Goel Garg and Company, Chartered Accountants the Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting, and being eligible, have expressed their willingness to be reappointed as such for the financial year 1997-98.

PERSONNEL :

A statement giving names and other particulars of employees of the Company under section 217 (2A) of the Companies Act, 1956 is annexed and forms part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO :

In accordance with the requirement of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, a statement showing particulars in respect of above is annexed and forms part of this Report.

ACKNOWLEDGEMENT :

Industrial relations generally remained cordial throughout the year. Your Directors are pleased to place on record their appreciation for the sense of cooperation shown by the employees at all levels. Your Directors also acknowledge with gratitude, the assistance and cooperation provided by the Company's bankers, financial institutions, suppliers, customers and various Government Departments.

By order of the Board of Directors,

Place : Jodhpur
Dated : 21st August, 1997

(G. C. Kanunga)
Managing Director



ANNEXURE TO THE DIRECTORS' REPORT

Conservation of energy, technology absorption, foreign exchange earnings and out go
[in accordance with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988]

A. CONSERVATION OF ENERGY :

(a) Energy conservation measures taken :

Efforts are continuously being made to conserve energy. The power factor has been kept at 0.95 inspite of the precarious power availability during the year.

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

The cooling system for the captive generator has already been changed by providing the heat exchangers and the system is working satisfactorily and the efficiency of D.G. Sets has improved. A separate cooling tower has been provided for the D.G. Set with the result that the cooling capacity has increased.

(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 :

Continuous efforts are being made for energy conservation and for reduction of power consumption per unit of production.

(d) Total energy consumption & energy consumption per unit of production as per prescribed Form A : Not Applicable.

B. TECHNOLOGY ABSORPTION :

Form B

(e) Research & Development (R & D) :

1. Specific areas in which R & D carried out by Company

Developing new brass alloy with cobalt for synronizing ring.

Developing new route of wire manufacturing .

Developing new route for manufacturing small copper and copper alloy sections.

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

New areas where Company's products can be sold. (expansion of marketing areas)

3. Future plan of action

Installation of new extrusion press along with its auxiliary equipments to improve productivity.

4. R & D Expenditure

(a) Capital : Nil

(b) Recurring : Rs. 10.30 Lacs

(c) Percentage of turnover : 0.10

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts in brief made towards technology absorption, adaptation and innovations

Fullest utilisation of indigenous capabilities through continuous efforts to adopt latest technology, improved machines and methods and to manufacture new high value added items .

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.