

# 28TH ANNUAL REPORT

1997-98

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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ALCOBEX



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**ALCOBEX METALS LIMITED**

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# ALCOBEX METALS LIMITED, NEW DELHI

28th Annual General Meeting on  
Tuesday, the 29th September, 1998 at  
Surekha Farms, 20, Shivji Marg,  
Rangpuri, National Highway No. 8,  
New Delhi - 110 045

<b>BOARD OF DIRECTORS</b>	:	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 Dr. Arya Kumar (Nominee IIBI) Shri R.K. Limba (Nominee RIICO)
<b>BANKERS</b>	:	Punjab National Bank, Sojati Gate, Jodhpur Bank of India, Chopasani Road, Jodhpur Vijaya Bank, Station Road, Jodhpur Bank of Baroda, Sojati Gate, Jodhpur The Bank of Rajasthan Ltd., Sojati Gate, Jodhpur
<b>AUDITORS</b>	:	M/s. Goel, Garg & Company, Chartered Accountants, 102, Skylink, E- 588, Greater Kailash - II, New Delhi - 110 048 Phones : ( 011 ) 6415 236, 6415 777
<b>SHARE TRANSFER AGENTS</b>	:	M/s. Karvy Consultants Limited, "Karvy House", 46, 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
<b>REGISTERED OFFICE</b>	:	4223/1, Ansari Road, Daryaganj, New Delhi - 110 002 Phones : (011) 327 3496, 327 4641 Fax No. : (011) 328 6565
<b>HEAD OFFICE AND WORKS</b>	:	24/25, Heavy Industrial Area, Jodhpur - 342 003 Phones : (0291) 740366, 740626, 740629, 740631, 740671, 740731, 741974, 741975 Fax No. : (0291) 741990 Telex No. : 0552 - 217, Gram : ALCOBEX
<b>ZINC UNIT</b>	:	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 eight Annual General Meeting of the Members of Alcobex Metals Limited will be held on Tuesday, the 29th day of September, 1998 at 10.00 A.M. at Surekha 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 31.03.1998, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Directors in place of Shri S.R. Kanunga and Prof. A.D. Bohra, who retire by rotation and being eligible, offer themselves for reappointment.
3. 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".

By order of the Board of Directors,

Place : Jodhpur

Dated : 22nd August, 1998

(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 21st day of September, 1998 to 29th day of September, 1998 (Both days inclusive).
4. The unpaid or unclaimed Dividend amount for the year ended on 31st March, 1995 would fall due for deposit to the credit of the General Revenue Account of the Central Government on or before 14th day of November, 1998.
5. Pursuant to section 205-A of the Companies Act, 1956, all unpaid or unclaimed Dividend amount for the Financial Year ended on 31st March, 1994 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 and Haryana, Paryavaran Bhawan, Block-B, 2nd Floor, CGO Complex, Lodi Road, New Delhi - 3.
6. The Company's Equity Shares are listed at the following Stock Exchanges and listing fees to them have been paid up to date.
 

(1) <b>The Delhi Stock Exchange Association Limited,</b> West Plaza, I.G. Stadium, Indraprastha Estate, New Delhi - 110 002	(3) <b>The Jaipur Stock Exchange Limited,</b> "Stock Exchange Building", Jawahar Lal Nehru Marg, Malviya Nagar, Jaipur - 302 017
(2) <b>The Stock Exchange, Mumbai,</b> Pheroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 001	

## DIRECTORS' REPORT

### TO THE MEMBERS,

Your Directors have pleasure in presenting the 28th Annual Report and Audited Statement of Accounts of the Company for the year ended on 31st March, 1998.

FINANCIAL RESULTS	1997-98	1996-97
	(Rupees in Lacs)	
Profit before depreciation and interest	694.13	702.62
Less : Depreciation	105.26	92.08
Less : Interest	527.51	486.21
Profit before taxation	61.36	124.33
Less : Provision for tax	6.50	30.00
Profit after taxation	54.86	94.33
Surplus as per last year	159.72	151.82
Add : Investment Allowance Reserve (utilised) written back	—	0.84
Add : Excess Tax Provision for earlier year written back	12.46	—
Available for Appropriation	227.04	246.99
Appropriations :		
Debenture Redemption Reserve	—	22.10
General Reserve	9.55	10.50
Proposed Dividend	—	49.70
Tax on Dividend	—	4.97
<b>Balance carried to Balance Sheet</b>	<b>217.49</b>	<b>159.72</b>

### OPERATIONS :

Your Company, unfortunately, faced several unforeseen adverse factors during the year under report. The year witnessed a slow down of the economy practically in all fields. There were erratic market conditions arising from imbalance between supply and demand of industrial products. Frequent power cuts imposed by the State Electricity Board also resulted in fall of production. Liquidity crunch, political instability in the country, volatile fluctuations in the exchange rates and also in the prices of the raw materials, namely Copper and Zinc, adversely affected the Company's operations and profits during the year under report. Your Company's hopes of removal of restrictions imposed by the Government on the import of Zinc Ash for production of secondary zinc at Udaipur Unit were belied. Because of this, the operations at Udaipur Unit more or less remained suspended except for production of new items, namely, Zinc Sulphate and Copper Sulphate. The Company achieved production of 5873 MT and turnover of Rs.91.14 crores at its Jodhpur Unit during the year under report as against production and turnover of 5704 MT and Rs.94.37 crores respectively during the previous year. At its Udaipur Unit, production and turnover achieved were 530 MT ( 284 MT used for own consumption) and Rs.2.47 crores respectively during the year under report as against production and turnover of 1239 MT (557 MT used for own consumption) and Rs.4.56 crores respectively during the previous year. The production and turnover of Copper and Zinc Sulphate at Udaipur Unit of the Company for the year under report were 863 MT (previous year = 23 MT) and Rs.156.76 Lacs (previous year = NIL) respectively.

### EXPORTS :

The Company's exports during the year under report amounted to Rs.7.34 crores as against Rs.4.20 crores during previous year.



### **ISO - 9002 - QUALITY SYSTEMS :**

Your Directors are happy to report that the Company has since received ISO - 9002 certificate.

### **EXPANSION IN THE EXTRUSION CAPACITY AT JODHPUR UNIT :**

A 3500 tonne extrusion press at Jodhpur Unit of the Company to raise the extrusion capacity was commissioned in May, 1998.

### **FUTURE OUTLOOK :**

The Directors are hopeful of achieving better operational results during the current year as compared to the year under report provided the current economic down turn takes a reverse direction.

### **DIVIDEND :**

Owing to the need to plough back the profits of the Company, your directors have not recommended payment of dividend on the Equity Shares for the year under report (previous year 7% i.e., Re. 0.70 per Equity Share).

### **DIRECTORS :**

Shri Udayan Roy ceased to be a Director of the Company w.e.f. 13.07.1998 and in his place, Dr. Arya Kumar has been appointed by IIBI, New Delhi as the Nominee Director w.e.f. the same date. Shri R.K. Limba has been appointed by RIICO, Jaipur as the Nominee Director w.e.f. 14.05.1998. Shri S.R. Kanunga and Prof. A.D. Bohra retire by rotation and being eligible, offer themselves for reappointment.

### **AUDITORS' REPORT :**

In regard to the observations made in the Auditors' Report, the Company is continuing its efforts to get confirmation of balances from its debtors and creditors. In accordance with the Company's accounting policy, the gratuity and leave encashment is being accounted for on payment basis and particulars thereof have been disclosed in para 6 of the Schedule 20 forming part of the Balance Sheet. Provision for doubtful debts will be made once it is established that any debt is doubtful of recovery.

### **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 1998-99.

### **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 & FOREIGN EXCHANGE EARNINGS & 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 : 22nd August, 1998

(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 in spite of the precarious power availability during the year.

##### (b) Additional investments & 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 alongwith its auxiliary equipments to improve productivity.

###### 4. R & D Expenditure

(a) Capital	:	Nil
(b) Recurring	:	Rs.12.40 Lacs
(c) Percentage of turnover	:	0.13



**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.**  
Improvement in quality and productivity along with development of import substitutes.
3. **In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished**  
Not Applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUT GO :**

- (f) **Activities relating to exports, initiative taken to increase exports, development of new export market for products and services and export plans**

Company is continuing to export its products.

- (g) **Total Foreign Exchange earned and used**

	(Rupees in Lacs)	
	1997-98	1996-97
Foreign Exchange earned	733.57	420.43
Foreign Exchange used	2123.75	1908.52

**INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998**

S. No.	Name	Age	Designation/ Nature of Duties	Gross Remuneration	Qualification	Experience (years)	Date of Commencement of Employment	Previous Employment and Position held
1.	Sh. G.C. Kanunga	62	Managing Director	543445	Matric	43	01.09.70	Partner of erstwhile Partnership firm M/s. Alcobex Metal Coprn., Jodhpur
2.	Sh. G.N. Modi	47	Regional Sales Manager	465633	B.A., LL.B.	26	04.01.71	Sales Executive M/s. Alcobex Metals Corpn., Jodhpur
3.	Sh. B.L. Kanunga	49	Wholetime Director	414430	B.E.	22	01.04.86	Partner <del>M/s.</del> Capital Metal, Delhi
4.	Sh. S.R. Kanunga	42	Wholetime Director	405000	B.Corn.	22	01.04.86	Partner M/s. Maharashtra Metal House, Mumbai

- Notes:**
1. Gross remuneration comprises of salary, allowances, bonus, value of perquisites, Company's Contribution to Provident and Pension Fund and Commission.
  2. All the appointments are non-contractual.
  3. Other terms and conditions are as per the Company's rules and regulations.
  4. None of the employees at S.Nos. 2 to 4, above is a relative of any director of the Company. Shri G.C. Kanunga at S.No. 1 above is a relative of Shri Manoj Kanunga, a Wholetime Director of the Company.