

**33<sup>rd</sup>**

**ANNUAL REPORT  
2002-2003**

Report  Junction.com



**ALCOBEX METALS LIMITED**

## ALCOBEX METALS LIMITED, NEW DELHI

### BOARD OF DIRECTORS :

Shri G. C. Kanunga (Managing Director)  
 Prof. A. D. Bohra  
 Shri B. L. Kanunga  
 Shri S.R. Kanunga  
 Shri Manoj Kanunga  
 Dr. Arya Kumar (Nominee IIBI - upto 24.07.03)  
 Shri Thampy Mathews (Nominee IIBI - w.e.f. 24.07.03)  
 Ms. Amita Narain (Nominee IDBI - upto 03.09.02)  
 Ms. Jyoti Sharma ( Nominee IDBI - w.e.f. 03.09.02)  
 Shri Romesh Lal ( Nominee PNB)  
 Shri R. P. Singh ( Nominee BOI - upto 28.07.03)  
 Shri P.P. Jain (Nominee BOI - w.e.f. 28.07.03)  
 Shri N. Kalyansundaram( Nominee UTI )  
 Dr. Dharmendra Kankaria

### BANKERS :

Punjab National Bank, Chopasni Road, Jodhpur  
 Bank of India, Chopasni Road, Jodhpur  
 Vijaya Bank, Station Road, Jodhpur  
 Bank of Baroda, Sojti Gate, Jodhpur  
 The Bank of Rajasthan Ltd., Sojti Gate, Jodhpur

### AUDITORS :

M/s RAY & RAY, Chartered Accountants  
 205, Ansal Bhawan, 2<sup>nd</sup> Floor,  
 16, Kasturba Gandhi Marg  
 New Delhi - 110 001

### SHARE TRANSFER AGENTS:

M/s Karvy Consultants Limited,  
 "Karvy House", 46, Road No. 4,  
 Street No.1, Banjara Hills,  
 Hyderabad - 500 034  
 Phones: (040) 23312 454, 23320 251  
 23320 751, 23320 752  
 Fax No. : (040) 23311 968

### REGISTERED OFFICE :

4223/1, Ansari Road, Daryaganj,  
 New Delhi - 110 002  
 Phones: (011) 2327 3496, 2327 4641  
 Fax No. : (011) 2328 6565

### HEAD OFFICE AND WORKS :

24/25 Heavy Industrial Area,  
 Jodhpur - 342 003  
 Phones: (0291) 2740366, 2740626, 2740629,  
 2740671, 2740731, 2741974, 2741975  
 Fax No. : (0291) 2741990

### ZINC UNIT : (Closed)

Telex No. : 0562-217, Gram: ALCOBEX  
 16<sup>th</sup> Mile Stone, S.H.No. 9,  
 Udaipur Chittor Road,  
 Shisham Ki Ghatt, Dabok,  
 Distt. Udaipur (Raj.)  
 Phones: (0294) 2655176, 2655254  
 Fax No. : (0294) 2524867

## NOTICE

Notice is hereby given that the thirty third Annual General Meeting of the Members of Alcobex Metals Limited will be held on Tuesday, the 30<sup>th</sup> day of September, 2003 at 10.00 A.M. at Surekha Farms, West End Greens, Behind Shiv Murthi, Rangpuri, Rajokri, New Delhi - 110 037 to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider and adopt Balance Sheet of the Company as at 31-03-2003, Profit & 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 B.L. Kanunga and Shri Manoj Kanunga, 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. Ray & Ray, Chartered Accountants, Delhi be and are hereby appointed Auditors of the Company for holding office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs. 1,21,000/- exclusive of travelling and other out of pocket expenses."

### **SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:-

"RESOLVED THAT subject to the provisions of section 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 Shri Sandeep Kanunga, relative of a director, be and is hereby appointed as Executive in the pay scale of Rs. 7000-500-12000 with usual benefits such as provident fund, gratuity, bonus, leave etc. as per the rules of the company with effect from 1.10.2003."

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:-

"RESOLVED THAT subject to the provisions of section 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 Shri Arvind Kanunga, relative of a director, be and is hereby appointed as Executive in the pay scale of Rs. 7000-500-12000 with usual benefits such as provident fund, gratuity, bonus, leave etc. as per the rules of the company with effect from 1.10.2003."

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:-

"RESOLVED THAT subject to the provisions of section 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 Shri Rahul Kanunga, relative of a director, be and is hereby appointed as Executive in the pay scale of Rs. 7000-500-12000 with usual benefits such as provident fund, gratuity, bonus, leave etc. as per the rules of the company with effect from 1.10.2003."

7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:-

"RESOLVED THAT subject to the provisions of section 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 Shri Ritesh Kanunga, relative of a director, be and is hereby appointed as Computer Data Processor in the pay scale of Rs. 7000-500-12000 with usual benefits such as provident fund, gratuity, bonus, leave etc. as per the rules of the company with effect from 1.10.2003."

8. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:-

"RESOLVED THAT subject to the provisions of section 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 Smt. Sucheta Kanunga, relative of a director, be and is hereby appointed as Manager- House Keeping in the pay scale of Rs. 7000-500-12000 with usual benefits such as provident fund, gratuity, bonus, leave etc. as per the rules of the company with effect from 1.10.2003."

9. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:-

"RESOLVED THAT subject to the provisions of Section 314 (1) and other applicable provisions of the Companies Act, 1956 the remuneration paid to the employees namely, Shri Sandeep Kanunga and Shri Rahul Kanunga, being relatives of directors during the year 2002-2003 aggregating to Rs. 2,46,377/- be and is hereby approved."



10. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:-

**"RESOLVED THAT** pursuant to the provisions of 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof), the Memorandum and Articles of Association of the Company and the Listing Agreement(s) entered into by the Company with the Stock Exchange(s) where the securities of the Company are listed and subject to the approvals, sanctions, permissions and consents of the Stock Exchange(s), Securities and Exchange Board of India (SEBI), Reserve Bank of India, Government of India and all other authorities and/or agencies including Bank(s), Financial Institution(s), concerned, if any (hereinafter collectively referred to as "Appropriate Authorities") and such other consents, approvals, permissions and sanctions as may be required under applicable laws, rules and regulations, and subject to such terms, conditions, alterations, modifications, changes and variations, if any, that may be specified under any such consent, approvals, permissions and sanctions, and as may be accepted/agreed to by the Board of Directors of the Company (hereinafter referred to as "The Board" which term shall include any committee(s) which the Board may constitute to exercise various powers including the powers conferred by these Resolutions), the consent, authority and approval of the Company be and is hereby accorded to the Board to issue and allot 1,10,000 Equity Shares of Rs. 10/- each at par aggregating to Rs.11,00,000/- (Rupees Eleven Lacs Only) in lieu of conversion of liquidated damages charged by the Banks/ Financial Institutions namely Industrial Development Bank of India (IDBI), Industrial Investment Bank of India (IIBI), Rajasthan State Industrial Development and Investment Corporation Ltd.(RIICO) and/ or such other banks/ financial institutions under the Corporate Debt Restructuring Scheme (CDRS) as approved by Corporate Debt Restructuring Cell situated at Mumbai on preferential basis."

**"RESOLVED FURTHER THAT** the new Equity Shares referred to hereinabove shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing Equity Shares of the Company."

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by the Directors in the best interest of the Company."

11. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:-

**"RESOLVED THAT** in supersession of the resolution passed by the members at an Extra ordinary general meeting of the company held on 23<sup>rd</sup> day of February 2000, the Board of Directors of the company be and is hereby authorised and shall be deemed to have always been so authorised under section 293 (1)(d) of the Companies Act, 1956 to raise or borrow, from time to time at its discretion, either from the Company's Bankers, Financial Institutions or from the Directors or from elsewhere on such terms and conditions as to repayment, or interest or otherwise as it thinks fit, such sums, as may be necessary, for the purpose of the company upto a limit of Rupees Two Hundred Crores outstanding at any one time and that such borrowing shall be exclusive of temporary loans obtained or to be obtained by the company from the company's bankers in the ordinary course of business, exceeding the aggregate of the paid up capital of the company and its free reserves i.e. to say reserves not set apart for any specific purpose."

12. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:-

**"RESOLVED THAT** pursuant to the provision of Section 31 and other applicable provisions, if any of the Companies Act, 1956, the Articles of Association of the company be and are hereby amended in the following manner:

- a) In Article 3- For the words 'Save as permitted by Section 77 of the Act' the words 'Save as permitted by Section 77, 77A, 77AA and 77B of the Act, be substituted.

- b) The following Article be inserted after Article 49 as Article 49A:

**Article 49A: Dematerialisation of Securities**

- (i) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996, as amended from time to time or any statutory modification thereto or re-enactment thereof.
- (ii) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depository and/or offer its fresh securities in the dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.
- (iii) Every person subscribing to or holding securities of the Company shall have the option to receive security certificate or to hold the security with a Depository. The Company shall intimate such Depository about the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee and the Beneficial Owner of the security.
- (iv) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 157C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.



- (v) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
  - (b) Save as otherwise provided in (1) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
  - (c) Every person holding securities of the Company and whose name is entered as Beneficial Owner in the records of the Depository shall be deemed to be the member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits subject to all the liabilities in respect of his securities which are held by a Depository.
  - (vi) Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the register of members as holders of any share or where the name appears as Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except otherwise expressly provided by these Articles) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
  - (vii) Every Depository shall furnish to the Company details about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
  - (viii) Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
  - (ix) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
  - (x) Notwithstanding anything in the Act or these Articles to the contrary, the records of the beneficial ownership may be served by such Depository to the Company by means of electronic mode or by delivery of floppies or discs.
  - (xi) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.
  - (xii) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
  - (xiii) The shares in the capital be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
  - (xiv) The Company shall cause to be kept a Register and index of Members and a Register and index of Debenture holders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronics media. The Register and index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and index of Members and Register and index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.
  - (xv) The Company shall keep a Register of Transfer and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form."
- c) The following Article be inserted after Article 49 and Article 49A as Article 49B:  
 "Article 49B: Notwithstanding anything contained in Article 47, 48, 49 or any other Article, the holder or the joint holder of shares or debentures in the company may at any time nominate a person to whom the shares or debentures shall vest in the



event of his or their death in accordance with Section 109A. When a nomination has been made in respect of any shares or debentures of the company in the prescribed manner, the nominee shall, on the death of the holder or all the joint holders of the shares or debentures of the company, become entitled to all the rights in accordance with Section 109A of the Act. A Nominee becoming so entitled to the shares or debentures of the company as above may either elect to be registered as holder of the shares or debentures or make such transfer of shares or debentures in accordance with Section 109B of the Act.

d) The following Article be inserted after Article 75 as Article 75A:

'Article 75A: Notwithstanding anything contained in these Articles, the company may and in the case of resolutions relating to such business as may be notified by Central Government, shall get any resolution passed by means of a postal ballot in accordance with Section 192A of the Act.'

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take all such actions and to do all such matters, deeds and things as may be required from time to time for giving effect to the above resolutions."

By order of the Board of Directors,

Place: Jaipur

Dated: 29.08.2003

(G. C. KANUNGA)  
Managing Director

**NOTES:**

1. 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 23<sup>rd</sup> September 2003 to 30<sup>th</sup> September 2003 (Both days inclusive).
4. The unpaid or unclaimed dividend amount for the years 1995-96 and 1996-97 will be deposited in the Investor Education and Protection Fund in November, 2003 and November, 2004 respectively pursuant to the provisions of section 205C of the Companies Act, 1956.
5. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business Item Nos. 4,5,6,7,8, 9, 10, 11 and 12 is enclosed.
6. The Company's Equity Shares are listed at the following Stock Exchanges and listing fees to them have been paid upto 31<sup>st</sup> March 2003.
  - (1) The Delhi Stock Exchange Association Limited,  
West Plaza, I. G. Stadium, Indraprastha Estate,  
New Delhi - 110 002
  - (2) The Stock Exchange, Mumbai,  
Pheroz Jeejeebhoy Towers,  
25<sup>th</sup> Floor, Dalal Street,  
Mumbai-400 001
  - (3) The Jaipur Stock Exchange Limited,  
Stock Exchange Building,  
Jawahar Lal Nehru Marg, Malviya Nagar,  
Jaipur - 302 017


**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NOS. 4,5,6,7,8,9,10,11 and 12**

As required by Section 173 (2) of the Companies Act, 1956, an explanatory statement in respect of Special Business mentioned above is given below:-

**Item No. 4**
**Appointment of Shri Sandeep Kanunga**

Shri Sandeep Kanunga (age 28 years), is presently working as Assistant executive (Stores) in Alcobex Metals Limited, Jodhpur since 1-7-1993. He is graduate in commerce. His present salary is Rs. 7000 p.m.. It is proposed to appoint him as executive in the pay scale of 7000-500-12000 with usual benefits such as provident fund, gratuity, bonus, leave etc. as per rules of the company. Shri Sandeep Kanunga is son of Shri S.R. Kanunga, who is director of the company. As per section 314 (1) of the Companies Act, 1956, consent of the company in general meeting is required if any person who is relative of a director, appointed for a place of profit exceeding Rs. 10,000 but not more than Rs. 20,000.

The Members are therefore requested to approve the appointment of Shri Sandeep Kanunga.

Shri S.R. Kanunga being related to Shri Sandeep Kanunga is interested in the aforesaid proposal.

**Item No. 5**
**Appointment of Shri Arvind Kanunga**

Shri Arvind Kanunga (age 26 years) is presently working as Assistant executive (Marketing) in Alcobex Metals Limited, Jodhpur since 1-4-1995. He is graduate in commerce and MBA. His present salary is Rs. 7000 p.m.. It is proposed to appoint him as executive in the pay scale of 7000-500-12000 with usual benefits such as provident fund, gratuity, bonus, leave etc. as per rules of the company. Shri Arvind Kanunga is son of Shri B.L. Kanunga, who is director of the company. As per section 314 (1) of the Companies Act, 1956, consent of the company in general meeting is required if any person who is relative of a director, appointed for a place of profit exceeding Rs. 10,000 but not more than Rs. 20,000.

The Members are therefore requested to approve the appointment of Shri Arvind Kanunga.

Shri B.L. Kanunga being related to Shri Arvind Kanunga is interested in the aforesaid proposal.

**Item No. 6**
**Appointment of Shri Rahul Kanunga**

Shri Rahul Kanunga (age 24 years), is presently working as Assistant executive (Data Processing) in Alcobex Metals Limited, Jodhpur since 1-7-1996. He is graduate in commerce. His present salary is Rs. 7000/- p.m.. It is proposed to appoint him as executive in the pay scale of 7000-500-12000 with usual benefits such as provident fund, gratuity, bonus, leave etc. as per rules of the company. Shri Rahul Kanunga is son of Shri S.R. Kanunga, who is director of the company. As per section 314 (1) of the Companies Act, 1956, consent of the company in general meeting is required if any person who is relative of a director, appointed for a place of profit exceeding Rs. 10,000 but not more than Rs. 20,000.

The Members are therefore requested to approve the appointment of Shri Rahul Kanunga.

Shri S.R. Kanunga being related to Shri Rahul Kanunga is interested in the aforesaid proposal.

**Item No. 7**
**Appointment of Shri Ritesh Kanunga**

Shri Ritesh Kanunga (age 21 years) is graduate in commerce and having computer education from NIIT. It is proposed to appoint him as Computer Data Processor in the pay scale of 7000-500-12000 with usual benefits such as provident fund, gratuity, bonus, leave etc. as per rules of the company. Shri Ritesh Kanunga is son of Shri S.R. Kanunga, who is director of the company. As per section 314 (1) of the Companies Act, 1956, consent of the company in general meeting is required if any person who is relative of a director, appointed for a place of profit exceeding Rs. 10,000 but not more than Rs. 20,000.

The Members are therefore requested to approve the appointment of Shri Ritesh Kanunga.

Shri S.R. Kanunga being related to Shri Ritesh Kanunga is interested in the aforesaid proposal.

**Item No. 8****Appointment of Smt. Sucheta Kanunga**

Smt. Sucheta Kanunga (age 32 years) is Post Graduate in commerce.. It is proposed to appoint her as Manager-Housekeeping in the pay scale of 7000-500-12000 with usual benefits such as provident fund, gratuity, bonus, leave etc. as per rules of the company. Smt. Sucheta Kanunga is wife of Shri Manoj Kanunga, who is director of the company and daughter in law of Shri G.C. Kanunga, Managing Director of the company. As per section 314 (1) of the Companies Act, 1956, consent of the company in general meeting is required if any person who is relative of a director, appointed for a place of profit exceeding Rs. 10,000 but not more than Rs. 20,000.

The Members are therefore requested to approve the appointment of Smt. Sucheta Kanunga.

Shri G.C. Kanunga and Shri Manoj Kanunga being related to Smt. Sucheta Kanunga are interested in the aforesaid proposal.

**Item No. 9**

A remuneration amounting to Rs. 2,46,377/- has been paid to two employees, namely Shri Sandeep Kanunga and Shri Rahul Kanunga, being relatives of directors during the year 2002-2003. This amount is subject to provision of Section 314 (1) of the Companies Act, 1956. Hence approval of shareholders is sought by the aforesaid special resolution.

The Members are therefore requested to approve the remuneration paid to Shri Sandeep Kanunga and Shri Rahul Kanunga. Shri S.R. Kanunga being related to Shri Sandeep Kanunga and Shri Rahul Kanunga is interested in the aforesaid proposal.

**Item No. 10**

Pursuant to financial assistance from financial institutions namely, IDBI, IIBI and RIICO and terms and conditions in accordance with the CDR package an amount of Rs. 11.00 lacs being the amount of liquidated damages due to delay in payment of Instalments of loan (Principal amount) is to be converted into equity.

Section 81 of the Companies Act 1956, provides that when a Company proposes to increase its subscribed capital by allotment of further shares, such further shares shall be offered to existing shareholders of the Company in the manner laid down in Section 81. The Section further provides under sub section 1A that further shares may be offered to any person in any manner whatsoever if a special resolution to that effect is passed by the Company in general meeting.

The Listing Agreement with Stock Exchanges provide inter alia, that a listed company in the first instance should offer all shares and securities to be issued for subscription pro-rata to the equity share holders unless the shareholders in general meeting decide otherwise.

The consent of the share holders is being sought to enable the company for issuing further equity share capital @ Rs. 10/- per share at par against the prevailing market price of Rs. 1.00-1.50 per share, as set out at item No. 10 of the notice pursuant to the Provisions of Section 81 (1A) and all other applicable provision of the Companies Act 1956 and in terms of the provisions of the listing agreement with the various stock exchanges where the company's equity shares are listed, as preferential offer to Financial Institutions namely, IDBI, IIBI and RIICO.

The said resolution is an enabling resolution conferring authority on the Board to cover all contingencies and corporate requirements.

Your Directors recommend the resolution for approval of the members.

The Shareholding Pattern of the Company before the said issue and after the said issue would be as following:

Pre-Issue Shareholding Pattern (as on 30<sup>th</sup> June 2003) is as under:

Category	No. of Shares held	Percentage of Shareholding
Promoter's holding	4115832	50.81%
Mutual Funds, & UTI	5200	0.06%
Private Corporate Bodies	928368	11.46%
Indian Public	3050800	37.67%
<b>TOTAL</b>	<b>8100800</b>	<b>100%</b>





Post-issue Shareholding Pattern would be as under:

Category	No. of Shares held	Percentage of Shareholding
Promoter's holding	4115832	50.13%
Mutual Funds, & UTI	5200	0.06%
Private Corporate Bodies	928368	11.31%
Indian Public	3050600	37.16%
Shares issued to the new allottees	110000	1.34%
<b>GRAND TOTAL</b>	<b>8210000</b>	<b>100%</b>

The proposed preferential allotment of the said preferential issue shall be completed within three months from the date of passing of the aforesaid resolution.

None of the Directors shall be deemed to be interested or concerned in the resolution.

#### Item No. 11

At an Extra Ordinary General Meeting of the company held on 27<sup>th</sup> March 1990, an ordinary resolution was passed authorising the Board of Directors of the company to borrow moneys upto a limit of Rs. 25.00 Crore notwithstanding the fact that the borrowings could exceed the aggregate of the paid up share capital of the company and its free reserves. Subsequently, the limit of Rs. 25.00 Crore was enhanced to Rs. 50.00 Crore by means of an Ordinary resolution passed at Extraordinary General Meeting of the company held on 12.09.1992. This limit of Rs. 50.00 Crores was enhanced to Rs. 150.00 Crores by means of an Ordinary resolution passed at Extraordinary General meeting of the company held on 23<sup>rd</sup> February 2000.

In the background of the Corporate Debt Restructuring package approved by CDR cell and implemented by Financial Institutions and Banks and consequent requirement of additional funds to meet the needs of the Company's Capital Expenditure programmes and also the additional working capital requirements, it is envisaged that the existing limit of Rs. 150.00 Crores, sanctioned by the members, is likely to fall short. The consent of the members of the company, is therefore, solicited in pursuance of provisions of section 293(1)(d) of the Companies Act, 1956 to enable the directors of the Company to borrow moneys to the extent of Rs. 200.00 crores. The proposed resolution is for obtaining the consent of the members for this purpose.

The Board, therefore, commends this resolution for your approval.

None of the directors of the company are concerned or interested in this resolution.

#### Item No. 12

The Companies Act, 1956 has undergone a sea change since the time your company was formed and new provisions like dematerialisation of shares, nomination facility, postal ballot, buy back of securities etc. have been introduced in the Act. Therefore, in order to cater to the new provisions and to get the Articles aligned with the Act and the current corporate practices being followed, the Articles are being amended/revised as and wherever found necessary.

None of the directors are interested in the above proposal.

The Explanatory Statement read with the proposed Resolutions at S.Nos. 4 to 8 above may be treated as an abstractor 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: Jaipur

Dated: 29.08.2003

(G. C. KANUNGA)  
Managing Director



## DIRECTORS' REPORT

To

**The Members**

Your Directors have pleasure in presenting the 33<sup>rd</sup> Annual Report and Audited Statement of Accounts of the Company for the year ended on 31<sup>st</sup> March 2003

### FINANCIAL RESULTS

Particulars	2002-2003	2001-2002
	(Rs. in lacs)	
Loss before depreciation and interest	133.61	570.61
Add : Depreciation	140.92	142.74
Add : Interest	1671.44	1674.37
Loss	1945.97	2387.72
Add Prior Period Expenses	27.69	128.53
Add Tax For Earlier Years	2.63	43.98
Net Loss	1976.29	2560.23
Deficit as per last year	7430.00	4869.77
LOSS CARRIED TO BALANCE SHEET	9406.29	7430.00

### OPERATIONS:

The Company continued to face extra-ordinary depressed and recessionary market conditions, which had highly adverse impact on your Company's working. The indigenous demand of the Company's products remained subdued and therefore Company had to considerably depend upon export which constituted 38.85% of the total turnover during the year under report. The Company achieved a production of 4548 M. Tones and turnover of Rs. 76.16 Crores during the year under report as against the production of 5008 M. Tones and turnover of Rs. 84.86 Crores during the previous year.

### EXPORT

The Company's export during the year under report amounted to Rs. 32.38 Crores (FOB value) as against Rs.39.29 Crores during the previous year.

### DIVIDEND

Owing to the losses incurred by the Company, your Directors have not recommended payment of dividend on the Equity Shares for the year under report.

### DIRECTORS

Ms. Amita Narain ceased to be director with effect from 03.09.2002 consequent upon her nomination having been withdrawn by the Industrial Development Bank of India. In her place Ms. Jyoti Sharma was appointed as a Nominee Director of the Industrial Development Bank of India with effect from 03.09.2002.

Dr. Arya Kumar ceased to be director with effect from 24.07.2003 consequent upon his nomination having been withdrawn by the Industrial Investment Bank of India. In his place Shri Thampy Mathews was appointed as a Nominee Director of the Industrial Investment Bank of India with effect from 24.07.2003.

Shri R.D.P. Singh ceased to be director with effect from 28.07.2003 consequent upon his nomination having been withdrawn by the Bank of India. In his place Shri P.P. Jain was appointed as a Nominee Director of the Bank of India with effect from 28.07.2003.

Shri B.L. Kanunga and Shri M.K. Kanunga retire by rotation and being eligible, offer themselves for re-appointment.

### AUDITORS REPORT

Management comments on qualifications made in para 4 of the Auditors report are given below:

- i) The accounts have been prepared on the assumption that the company is a going concern inspite of substantial erosion of net worth. Appropriate remedial measures are being taken to remove the bottleneck areas.
- ii) As regards the transactions covered under sections 295 and 297 of the Companies Act, 1956 the company is making application to the company law Board for obtaining approvals and condonation of delays.
- iii) As regards remuneration to employees covered under section 314 of the Companies Act, 1956, approval of the shareholders is being sought in the Annual General Meeting.
- iv) The company is taking steps to export goods and compensate the duty benefit amounting to Rs. 67.79 lacs availed under the DEEC scheme and the company has sought extension of time for the same.
- v) Regarding fixed assets of Udaipur unit valuing Rs. 542.98 lacs retired from active use and held for disposal and non provision of depreciation thereon amounting to Rs. 158.57 lacs adjustment could not be made as the unit is held for disposal.
- vi) The sales commission on export and differential interest to banks and financial institutions is being accounted for on payment basis as stated in significant accounting policy at number 2 of Schedule 23.