



34<sup>th</sup>

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ANNUAL REPORT

2003-2004

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**ALCOBEX METALS LIMITED**

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34<sup>th</sup> Annual Report 2003-200434<sup>th</sup> ANNUAL REPORT**ALCOBEX METALS LIMITED, NEW DELHI**

Shri G. C. Kanunga (Managing Director)  
 Prof. A. D. Bohra  
 Shri B. L. Kanunga  
 Shri S.R. Kanunga  
 Shri Manoj Kanunga  
 Dr. Dharmendra Kumar Kankaria  
 Ms. Jyoti Sharma (Nominee IDBI)  
 Shri Thampy Mathews (Nominee IIBI – w.e.f. 24.07.03)  
 Shri K.S. Sharma (Nominee UTI – w.e.f. 15.12.03)  
 Shri D.K. Sharma (Nominee BOI – w.e.f. 27.03.04)  
 Shri L.P. Agarwal (Nominee PNB – w.e.f. 15.06.04)  
 Shri Romesh Lal (Nominee PNB – upto 15.06.04)  
 Shri P.P. Jain (Nominee BOI – from 28.07.03 to 27.03.04)  
 Shri N. Kalyansundaram (Nominee UTI – upto 15.12.03)  
 Shri R. P. Singh (Nominee BOI – upto 28.07.03)  
 Dr. Arya Kumar (Nominee IIBI – upto 24.07.03)

**BANKERS**

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

**REGISTRAR & SHARE  
TRANSFER AGENTS**

M/s Karvy Computershare Private 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 & WORKS**

24/25 Heavy Industrial Area,  
 Jodhpur – 342 003  
 Phones: (0291) 2740366, 2740626, 2740629,  
 2740671, 2740731, 2741974  
 Fax No.: (0291) 2741990  
 Telex No.: 0552-217, Gram: ALCOBEX

**ZINC UNIT: (Closed)**

16<sup>th</sup> Mile Stone, S.H.No. 9,  
 Udaipur Chittor Road.  
 Shisham Ki Ghati, Dabok,  
 Distt. Udaipur (Raj.)  
 Phones: (0294) 2655176, 2655254  
 Fax No.: (0294) 2524667



## NOTICE

Notice is hereby given that the Thirty Fourth Annual General Meeting of the Members of Alcobex Metals Limited will be held on Thursday, the 30<sup>th</sup> day of September, 2004 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 31-03-2004, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint director in place of Shri S.R. Kanunga, who retires by rotation and being eligible, offer himself for reappointment.
3. To appoint director in place of Prof. A.D. Bohra, who retires by rotation and being eligible, offer himself 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. 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**

5. 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 section 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 1,01,300 Equity Shares of Rs. 10/- each at par aggregating to Rs.10,13,000/- (Rupees Ten lac thirteen thousand Only) in lieu of conversion of liquidated damages charged by the Banks/ Financial Institutions namely Industrial Development Bank of India (IDBI) and Industrial Investment Bank of India (IIBI) 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."

6. 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 applicable provisions of the Companies Act, 1956 and Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, as may be agreed to by the Board of Directors of the Company ('the Board' which term shall be deemed to include any Committee thereof), consent of the Company be and is hereby accorded to the Board to delist the Equity Shares from The Delhi Stock Exchange Association Limited ("DSE") and The Jaipur Stock Exchange Limited ("JSE").

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of shares, as it may, in its absolute discretion deem fit without

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being required to seek any further approval of the members or otherwise and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its Committees/Directors or any of the Officers of the Company to do all such acts, deeds or things to give effect to the aforesaid resolution."

7. 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 the 33<sup>rd</sup> Annual general meeting of the company held on 30<sup>th</sup> day of September 2003 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 and Fifty 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."

By order of the Board of Directors,

Place: Jodhpur  
Dated: 24<sup>th</sup> August 2004

(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/ HERSELF 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 2004 to 30<sup>th</sup> September 2004 (Both days inclusive).
4. The unpaid or unclaimed dividend amount for the year 1996-97 will be deposited in the Investor Education and Protection Fund in November, 2004 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. 5, 6 and 7 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 2005.
  - (1) The Delhi Stock Exchange Association Limited,  
DSE HOUSE, 3/1, Asaf Ali Road,  
New Delhi - 110 002
  - (2) The Stock Exchange, Mumbai, .  
Pheroze 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

34<sup>th</sup> Annual Report 2003-2004**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NOS. 5, 6 and 7.**

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. 5**

Pursuant to financial assistance from financial institutions namely, IDBI and IIBI and terms and conditions in accordance with the CDR package an amount of Rs. 10.13 lacs being the amount of liquidated damages due to delay in payment of Installments 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 share holders 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. 3.50-3.75 per share, as set out at item No. 5 of the notice pursuant to the Provisions of Section 81 (1A) and all other applicable provisions 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 and IIBI.

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 2004) 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	933068	11.52%
Indian Public	3045900	37.61%
<b>TOTAL</b>	<b>8100000</b>	<b>100.00%</b>

Post-issue Shareholding Pattern would be as under:

Category	No. of Shares held	Percentage of Shareholding
Promoter's holding	4115832	50.19%
Mutual Funds, & UTI	5200	0.06%
Private Corporate Bodies	933068	11.38%
Indian Public	3045900	37.14%
Shares issued to the new allottees	101300	1.23%
<b>GRAND TOTAL</b>	<b>8201300</b>	<b>100.00%</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.





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#### Item No. 6

As the members are aware that the shares of the Company are presently listed on the Delhi Stock Exchange Limited, New Delhi (DSE), the Stock Exchange, Mumbai (BSE) and the Jaipur Stock Exchange Limited, Jaipur (JSE).

The bulk of the trading of the Company's Equity Shares takes place at the Stock Exchange, Mumbai. It has been observed that the trading in Equity Shares in past few years on the DSE and JSE are rare and negligible and are disproportionate to the listing fees payable by the Company to the The Delhi Stock Exchange Association Ltd and the Jaipur Stock Exchange Limited. No particular benefit is available to the shareholders by continuing the listing of the Equity Shares on the above 2 (Two) Stock Exchanges. The proposed delisting of the Company's Equity Shares on the above two Stock Exchanges will not be prejudicial to, or effect the interest of the shareholders. Hence, the company is contemplating the possibility of delisting of its shares from the above two Stock Exchanges for the present.

As per the recent Securities and Exchange Board of India (Delisting of Securities) Guidelines – 2003, a relative simplified procedure is required to be followed in case subsequent to the delisting of the shares from one or more Stock Exchange(s) the company continue to be listed at a Stock Exchange having nation wide terminals such as the Stock Exchange, Mumbai or the National Stock Exchange.

It is accordingly proposed to give the authority to the directors to delist the shares of the company from the Delhi Stock Exchange Association Limited and the Jaipur Stock Exchange Association Limited where trading volume are not large after taking into consideration the interest of the shareholders of the particular region.

The Company's Equity Shares will continue to be listed on the Stock Exchange, Mumbai.

In terms of the Delisting Guidelines, a public announcement regarding the proposed delisting will be published. The delisting will take effect only after all approvals, permissions and sanctions have been received.

The directors recommend this resolution for approval of shareholders.

None of the Directors of the company is concerned or interested in this resolution.

#### Item No. 7

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 Crores 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 Crores was enhanced to Rs. 50.00 Crores 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. This limit was further increased to Rs. 200.00 Crores at the 33<sup>rd</sup> Annual General meeting of the Company held on 30<sup>th</sup> September 2003.

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. 200.00 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 monies to the extent of Rs. 250.00 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.

By order of the Board of Directors,

Place: Jodhpur  
Dated: 24<sup>th</sup> August 2004

(G. C. KANUNGA)  
Managing Director

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## DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the 34<sup>th</sup> Annual Report and Audited Statement of Accounts of the Company for the year ended on 31<sup>st</sup> March 2004

### FINANCIAL RESULTS

Particulars	2003-04	2002-2003
	(Rs. in lacs)	
Loss before depreciation and interest	311.17	133.61
Add : Depreciation	142.40	140.92
Add : Interest	1848.36	1671.44
Loss	2301.93	1945.97
Add Prior Period Expenses	7.09	27.69
Add Tax For Earlier Years	--	2.63
Net Loss	2309.02	1976.29
Deficit as per last year	9406.29	7430.00
LOSS CARRIED TO BALANCE SHEET	11715.31	9406.29

### OPERATIONS:

In the wake of continues losses incurred by the company during last 5 years on account of recessionary market conditions, the liquidity position of the company got considerably deteriorated. The planned production could not be achieved on account of shortage of working capital. Inspite of this adverse situation, the company achieved a production of 5075 tones and turnover of Rs. 90.63 Crores during the year under report as against production of 4548 tonnes and turnover of Rs. 77.26 crores during the previous year.

### EXPORT

The Company's export during the year under report amounted to Rs. 38.14 Crores (FOB value) as against Rs.32.38 Crores during the previous year. Exports constituted 42.08 % of the total turnover during the year.

### DIVIDEND

Owing to the losses incurred by the Company, your Directors express their inability to recommend payment of dividend on the Equity Shares for the year under report.

### DELISTING OF EQUITY SHARES FROM TWO STOCK EXCHANGES

As there is minimal trading of the Company's shares in Delhi & Jaipur Stock Exchanges, the Board of Directors at its meeting held on 24<sup>th</sup> August, 2004 recommended for approval of the members, the proposal for voluntarily delisting the shares of the company from those stock exchanges, in accordance with Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003. The shares of the company will continue to remain listed at Bombay Stock Exchange. A special resolution seeking your approval to such delisting is appearing in the Notice convening the Annual General meeting of the company.

### DIRECTORS

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.

Bank of India withdrew the nomination of Shri R.D.P. Singh with effect from 28.07.2003 and appointed Shri P.P. Jain as its nominee in his place with effect from 28.07.2003. Shri P.P. Jain's nomination was also withdrawn w.e.f. 27.03.2004.

At present, Shri D.K. Sharma is on the Board of the Company w.e.f. 27.03.2004 as a nominee director of Bank of India.

Shri N. Kalyansundaram ceased to be director with effect from 15.12.2003 consequent upon his nomination having been withdrawn by the Unit Trust of India. In his place Shri K.S. Sharma was appointed as a Nominee Director of the Unit Trust of India with effect from 15.12.2003.

Shri Romesh Lal ceased to be director with effect from 15.06.2004 consequent upon his nomination having been withdrawn by the Punjab National Bank. In his place Shri L.P. Agarwal was appointed as a Nominee Director of the Punjab National Bank with effect from 15.06.2004.

Shri S.R. Kanunga and Prof. A.D. Bohra retire by rotation and being eligible, offer themselves for re-appointment.

The profile of the directors seeking appointment/ reappointment at this Annual General Meeting is given in the Report on Corporate Governance.



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#### AUDITORS REPORT

The notes to the Accounts and Accounting Policies referred to in Auditors Report are self-explanatory and the qualifications have been suitably explained.

#### AUDITORS

The auditors of the Company Messrs. Ray & Ray, Chartered Accountants, retire at the ensuing Annual General Meeting of the company and have given their consent for reappointment. The Company has also received a certificate from them under Section 224 (1-B) of the Companies Act, 1956.

#### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to section 217 (2A) of the Companies Act, 1956, your Directors, hereby, confirm the following:

1. In preparation of the annual accounts, all applicable Accounting Standards have been followed except to the extent disclosed in Significant Accounting Policies and Notes to the Accounts (Schedule 23 & 24).
2. Appropriate accounting policies have been selected and applied consistently and judgements and estimates that are reasonable and prudent have been made, 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/loss of the Company for that period.
3. Proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956, has been taken for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities, to the best of our knowledge and ability.
4. The annual accounts have been prepared on a 'going concern basis'. The Udaipur Unit of the Company is closed and is for sale.

#### SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

Your company had made a fresh reference on 23<sup>rd</sup> October 2003 to the Board of Industrial & Financial Reconstruction (BIFR) and the case of the company was registered as case no. 402/2003 vide their letter no. F.3(A-22)BC/2003 dated 12<sup>th</sup> December 2003.

#### PERSONNEL

There was no employee of the Company drawing salary in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956.

#### 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.

#### CORPORATE GOVERNANCE

The Report on Corporate Governance is annexed and forms part of this report.

#### OTHER INFORMATION

The Audit Committee of the Company reviewed the Financial statements for the year under review at its meeting held on 24<sup>th</sup> August, 2004 and recommended the same for the approval of the Board of Directors.

As per the listing agreement with the stock exchange, the Management discussion & Analysis report, Report on Corporate Governance and Auditor's Certificate regarding compliance of all conditions of Corporate Governance form a part of this report.

#### ACKNOWLEDGMENT

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 Govt. of Rajasthan, the Company's bankers and financial institutions, suppliers, customers and various other Government Departments.

*For and on behalf of the Board of Directors,*

Place: Jodhpur  
Dated :24<sup>th</sup> August 2004

(G. C. KANUNGA)  
Managing Director

(B. L. KANUNGA)  
Director



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## 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].

### **CONSERVATION OF ENERGY**

(a) Energy conservation measures taken.

Efforts are continuously being made to conserve energy.

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

- A four ton capacity electric furnace has been installed during the year with which the company is able to save energy, time, loss of material and misc. items
- The electric furnace has been changed from oil fired to LPG fired which has comparatively lower consumption and higher efficiency.
- 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) Sufficient electricity was generated on DG set by using light diesel oil which resulted in considerable savings and helped in controlling voltage fluctuation.

(d) Impact of the measures at (a) (b) and (c) 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.

(e) Total energy consumption and energy consumption per unit of production as per Prescribed Form "A"  
Not applicable

### **TECHNOLOGY ABSORPTION**

Form "B"

(f) Research & Development (R & D)

(i) Specific areas in which R & D carried out by Company

Conceptualized the minimum number of oil fire burners in all the three pre heating billet furnaces of extrusion press. The modification have resulted in considerable savings in furnace oil consumption.

(ii) Benefits derived as a result of above R & D

Expansion of marketing areas particularly in the export field.

Research was carried out for new alloys and existing fluxes, filters, SCCM, less generation of wastes

New technical route is being developed for modifying the existing techniques for various copper and copper alloys/sections.

(iii) Future plan of action

To improve productivity, quality vis a vis energy saving additional auxiliary equipments are being added and modified.

(iv) R & D Expenditure

- |                           |                  |
|---------------------------|------------------|
| a) Capital                | : Nil            |
| b) Recurring              | : Rs. 15.00 lacs |
| c) Percentage of turnover | : 0.17%          |

### **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

(i) Plantation and garden have been developed in the factory to reduce the air pollution of foundry etc. The waste water generated is neutralized and heated for being reused in gardening.

(ii) The company has incorporated SCCM upto 220 inches with maximum four ton capacity which will save considerable energy.

(iii) New alloys viz Chromium Copper, Chromium Zirconium copper, Zirconium copper and silicon bronze have been developed and also supplied to the foreign customer and development of Nickel silver for rods and tubes are in advance stage of development to meet the specific requirement of foreign buyers.

(iv) Developed pipe U-Bend for various sizes to be used in marine application purposes.

(v) Bright annealing to match International Standards & Quality of product was achieved by shifting from the Exo-gas to Nitrogen gas being generated inhouse.

(vi) Customer care and satisfaction were further improved by adopting detailed presentation of the product and its end use in number of countries during the year.

- 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



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#### FOREIGN EXCHANGE EARNINGS AND OUT GO

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

The Company is continuing to export its products.

- (b) Total Foreign Exchange earned and used

	2003-2004 (Rs. in lacs)	2002-2003 (Rs. in lacs)
Foreign Exchange Earned	3814.27	3238.43
Foreign Exchange Used	2388.62	2915.74

For and on behalf of the Board of Directors,

Place: Jodhpur  
Dated :24<sup>th</sup> August 2004

(G. C. KANUNGA)  
Managing Director

(B. L. KANUNGA)  
Director

## REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on code of governance  
Corporate Governance refers to a combination of regulations, procedures and voluntary practices that enable companies to maximize stake holders value by attracting financial & human capital and efficient performance. As a responsible corporate citizen, it is the earnest endeavor of the Company to improve its focus on Corporate Governance by increasing accountability & transparency to shareholders, bankers, customers etc. The company has complied with all the guidelines on Corporate Governance laid down by the Stock Exchange.
2. **Board of Directors**
- 2.1 As on 31.3.2004, the company has an optimum combination of Executive and Non-Executive Directors. Alcobex Metals Limited (AML) has Eleven Directors on its Board out of which Five were Nominees of Financial Institutions and Banks, Four represent Promoter Directors and Two are Independent Directors. Mr. G.C. Kanunga, one of founder Directors of the Company, is the Chairman of the Board. The Directors are expert in the field of Finance, Metallurgy and Management. They discuss and decide on all matters relating to significant business decisions encompassing strategy, financial decisions, regulatory decisions.
- 2.2 **Composition as on 31.3.2004**  
The composition of the Board of Directors and the number of other directorships and committee memberships/chairmanships (excluding this company) are as under:

Name of Director	Category of Directors	No. of other Directorship		No. of other Committees Chairmanship/ Membership held	
		Public	Private	Chairperson	Member
Shri G. C. Kanunga	Managing Director	-	-	-	-
Shri B. L. Kanunga	Director	-	1	-	-
Shri S. R. Kanunga	Director	-	1	-	-
Shri M. K. Kanunga	Director (Ceased to be Whole time Director on & from 14.6.2003)	-	2	-	-
Prof. A. D. Bohra	Independent Director	1	-	-	-
Dr. D. K. Kankaria	Independent Director	-	-	-	-
Ms. Jyoti Sharma	Non executive director (Nominee IDBI)	3	-	-	2
Dr. Arya Kumar (upto 24.07.2003)	Non executive director (Nominee IIBI)	3	-	-	-
Shri Thampy Mathews (w.e.f. 24.07.2003)	Non executive director (Nominee IIBI)	1	-	-	1