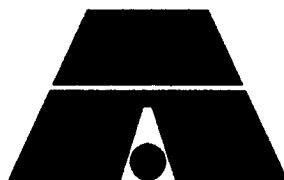


36<sup>TH</sup>

ANNUAL REPORT  
2005-2006



**ALCOBEX**

---

---

**ALCOBEX METALS LIMITED**

---

---

**ALCOBEX METALS LIMITED, NEW DELHI**

**Board of Directors:** Shri G. C. Kanunga (Managing Director)  
 Shri B. L. Kanunga  
 Shri S.R. Kanunga  
 Shri Manoj Kanunga  
 Prof. A. D. Bohra  
 Dr. Dharmendra Kumar Kankaria  
 Shri Thampy Mathews (Nominee IIBI – w.e.f. 24/07/2003)  
 Shri K.S. Sharma (Nominee UTI – w.e.f. 15/12/2003)  
 Shri L.P. Agarwal (Nominee PNB – w.e.f. 15/06/04)  
 Shri H.D. Maheswhari (Nominee – IDBI w.e.f. 04/5/2005)  
 Shri S.C. Arora (Nominee – BOI w.e.f. 26/7/2005)  
 Shri B.G. Daga (Independent Director – w.e.f. 30/11/2005)

**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	ZINC UNIT: (Closed)
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	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 Sixth Annual General Meeting of the Members of Alcobex Metals Limited will be held on Saturday, 30th day of September, 2006 at 10.00 A.M. at Shri Parshva Padmavati Temple and Resorts, Mahabalipuram, Village : Bhatti, Opposite Sawan Public School, New Delhi - 110074 to transact the following business:

1. To consider and adopt Balance Sheet of the Company as at 31-03-2006, 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 Shri A.D. Bohra, who retires by rotation and being eligible, offer himself for reappointment.
4. To appoint director in place of Shri D. K. Kankaria, who retires by rotation and being eligible, offer himself for reappointment.
5. To appoint Shri B.G. Daga as Director, who was appointed as an Additional Director in the Board Meeting held on 27th October, 2005, till the conclusion of the next Annual General Meeting, and being eligible and offers himself for re appointment.
6. 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/-** per annum exclusive of traveling and other out of pocket expenses."

**By the order of the Board of Directors**

(G. C KANUNGA)  
Managing Director

Place: Jodhpur

Date: 8th September, 2006

**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 Shares Transfer Books of the Company will remain closed from Thursday, 21st September, 2006 to Saturday, 30th September, 2006 (Both days inclusive).
4. The Company's Equity Shares are listed at the following Stock Exchanges and listing fees to them have been paid upto 31st March, 2006

**The Stock Exchange, Mumbai,  
Pheroze Jeejeebhoy Towers,  
25th Floor, Dalal Street, Mumbai 400 001**

5. BRIEF RESUME OF PERSON PROPOSED TO BE APPOINTED/ RE APPOINTED AS DIRECTOR OF THE COMPANY AT THE ANNUAL GENERAL MEETING.

PARTICULARS	SHRI S. R. KANUNGA	SHRI A. D. BOHRA
Age	50 Years	87 Years
Date of Appointment	12/09/1992	01/04/1992
Qualification	Graduate	B.E. (Electric & Mechanical)
Expertise in Specific functional areas	More than 25 years of Experience in Material Management and Purchase	More than 50 years of Experience in Management Quality Control and Human Resource Development
Directorship of other Companies	M/s. Alcobex Investment Pvt. Ltd.	Rajasthan Udyog & Tools Ltd.
Chairman/ Member of the Committees of the Board of the Companies on which he / she is a Director	None	None
PARTICULARS	SHRI D. K. KANKARIA	SHRI B. G. DAGA
Age	77 Years	63 Years
Date of Appointment	30/04/2001	30/11/2005
Qualification	Ph.D. (Metallurgical Engineering)	Certified Corporate Secretary (London), Associate of International Accountant Association (London), CIIB.
Expertise in Specific functional areas	More than 50 years of Experience in the same.	More than 25 years of Experience in Capital Market and Banking.
Directorship of other Companies	None	Renaissance Securities Ltd.
Chairman/ Member of the Committees of the Board of the Companies on which he / she is a Director	None	None

Place: Jodhpur

Date: 8th September, 2006

(G. C. KANUNGA)  
Managing Director



## DIRECTORS' REPORT

To

The Members

Your Director have pleasure in presenting the 36th Annual Report and Audited Statement of Accounts of the Company for the year ended on 31st March, 2006.

### FINANCIAL RESULTS

Particulars	2005 – 2006 (Rs. in Lacs)	2004 – 2005 (Rs. in Lacs)
Profit before depreciation, interest, taxation and extraordinary items	121.83	63.79
Less : Depreciation	148.77	147.57
Less : Interest	1425.63	1945.02
Loss	1452.57	2028.20
Add Prior Period adjustment / exceptional / extraordinary items.	117.11	45.17
Net Loss	1569.68	2073.97
Deficit as per last year	10122.70	11715.31
Add / Less : Provisions for Deferred Tax Assets/ Liabilities (Net)	164.98	( 3666.58)
LOSS CARRIED TO BALANCE SHEET	11857.36	10122.70

### OPERATIONS

The company continued to face liquidity problem through out the year. The CDR Empowered Group approved a reworked out revival package for the company but its implementation was delayed for some unpredictable and unforeseen reasons as a result of which production as envisaged in the proposal put before the CDR Group could not be achieved. The company achieved a production of 5508 M.T and a turn over of Rs. 14482.78 during the year as against the production of 5397 M.T. and a turn over of Rs. 12005.80 lacs during the previous year.

### EXPORT

The company's export during the year under report amounted to Rs. 7297.43 Lacs (FOB Value) as against Rs. 5938.49 Lacs during the previous 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.

### FUTURE OUTLOOK

The acute shortage of Working Capital continued to haunt the operation of the company. The company is making serious efforts to secure additional Working Capital through the good offices of the Institutions, Banks and BIFR. Once this arrangement is made, your Directors are hopeful of achieving a break-through in the company's financial results.

### DIRECTORS

Shri S. R. Kanunga and Shri A.D. Bohra and Shri D.K. Kankaria retire by rotation and being eligible offer themselves for reappointment. Shri B.G. Daga, appointed as an Additional Director by the Board till the conclusion of the Annual General Meeting , being eligible offer himself for reappointment.

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



## 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 M/s 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 Director, 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 24 & 25).
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 prevailing 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

On 23-10-2003 the company had made an application to the BIFR Under Section 15 of SICA. The Board for Industrial Finance and Reconstruction, having been satisfied that the company has become a sick industrial unit under the relevant provisions of SICA, declared it to be so at its meeting held on 16-1-2006 and appointed the Industrial Development Bank of India as the Operating Agency.

## 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 8th September, 2006 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 relation 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

Date: 8th September, 2006

**(G. C. Kanunga)**

Managing Director

**(B.L.Kanunga)**

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.

### **CONSERVATION OF ENERGY**

- (a) Energy conservation measures taken.  
Efforts are continuously being made to conserve energy.
- (b) Additional investments and proposals, under consideration for power factor improvement and Energy conservation. Installation of additional capacitor and panel for improvement of power factor for energy conservation as well tariff benefits/reduction in power bill.
- (c) Sufficient electricity was generated on DG set by using H.S.D. 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 had 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. 5.76 lacs
    - c) Percentage of turnover : 0.035 %





### 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 treated for being reused in gardening.
  - (ii) New alloys viz Chromium Copper, Chromium Zirconium copper, Zirconium copper and silicon bronze and Aluminium 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.
  - (iii) Developed pipe U-Bend for various sizes to be used in marine application purposes.
  - (iv) Bright annealing to match International Standards & Quality of product was achieved by shifting from the Exo-gas to Nitrogen gas being generated inhouse.
  - (v) 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

### 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,

	2005-2006 (Rs. in lacs)	2004-2005 (Rs. in lacs)
Foreign Exchange Earned	7297.43	5038.49
Foreign Exchange Used	4002.06	2019.68

For and on behalf of the Board of Directors

Place: Jodhpur

Date: 8th September, 2006

(G. C. Kanunga)  
Managing Director

(B.L.Kanunga)  
Director



## **REPORT ON CORPORATE GOVERNANCE**

### **\*1. Company's philosophy on Corporate Governance:**

Alcobex Metals Limited (AML) believes that good Corporate Governance is a basic tool to achieve long term corporate goals and to create shareholders' value on a sustainable basis. The Company's philosophy on Corporate Governance envisages attainment of high level of transparency, accountability and integrity in all its facts including the conduct of its business, its relationship with its stakeholders viz. shareholders, employees, customers, government and the lenders.

### **2. Board of Directors :**

- 2.1** The Company recognizes that a strong and effective Board is the pre-requisite for good corporate governance. The Board of Directors comprises of Twelve Directors, consisting of five Nominee Directors of Financial Institutions and Banks, four Promoter Directors and three Independent Directors. Mr. G.C. Kanunga, one of founder Directors of the Company, is the Managing Director. The Directors are eminent individuals, drawn from amongst persons with experience in the field of Finance, Metallurgy and Management. The Board oversees the Company's strategic direction, reviews the performance, authorizes and monitors the utilization of resources, ensures regulatory compliance and safeguards the interest of shareholders on consistent and transparent basis.

### **2.2 Composition of the Board :**

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 Directorships		No. of other Board Committees of which he/she is a Chairperson / Member	
		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	-	1	-	-
Prof. A. D. Bohra	Independent Director	1	-	-	-
Dr. D. K. Kankaria	Independent Director	-	-	-	-
Shri Thampy Mathews	Non Executive Director (Nominee IIBI)	2	-	-	-
Shri K.S.Sharma	Non Executive Director (Nominee UTI)	-	-	-	-
Shri L.P.Agarwal	Non Executive Director (Nominee PNB)	-	-	-	-
Shri H.D.Maheshwari	Non Executive Director (Nominee IDBI)	1	-	-	1
Shri S.C.Arora	Non Executive Director (Nominee BOI)	-	-	-	-
Shri B.G. Daga	Independent Director	1	-	-	-

\* Mr. B.G. Daga was appointed as an Additional (Independent) Director w.e.f. 30th Nov. 2005