

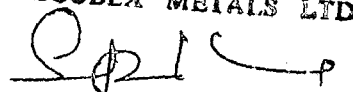


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38th
ANNUAL REPORT
2007-2008

ALCOBEX METALS LIMITED

Certified to be True Copy
For ALCOBEX METALS LTD.


DIRECTOR

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
 Dr. Dharmendra Kumar Kankaria
 Shri C.L. Logani (Additional Director w.e.f. 30.10.2007)
 Shri H.D. Maheshwari (Nominee IDBI- w.e.f. 04.05.2005)
 Shri S.P. Singh (Nominee PNB- w.e.f. 14.08.2007)
 Shri D.P. Gogia (Nominee BOI-w.e. f. 18.07.2008)

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, 2nd Floor,
 16, Kasturba Gandhi Marg
 New Delhi – 110 001
 Tel No. – 011 23705415/23705416

**REGISTRAR & SHARE
TRANSFER AGENTS**

Karvy Computershare Pvt. Ltd.
 17 – 24 Vithalrao Nagar,
 Madhapur
 HYDERABAD-500081.
 Phones: (040) 23312454, 23320251
 23320751, 23320752
 Fax No.: (040) 23311968

REGISTERED OFFICE:

4223/1, Ansari Road, Daryaganj,
 New Delhi – 110 002
 Phones: (011) 23273496, 23274641
 Fax No.: (011) 23286565

HEAD OFFICE & WORKS: 24/25 Heavy Industrial Area,
 Jodhpur – 342 003
 Phones: (0291) 2740366, 2740626, 2740629
 2740671, 2740731, 2741974
 Fax No.: (0291) 2741990
 Gram: ALCOBEX

NOTICE

Notice is hereby given that the Thirty Eighth Annual General Meeting of the Members of Alcobex Metals Limited will be held on 30th day of September 2008 at 10.00 A.M. at Shri Parshva Padmavati Temple and Resorts, Mahabalipuram, Village : Bhatti, Opposite Sawan Public School, New Delhi – 110 074 to transact the following business:

1. To consider and adopt Balance Sheet of the Company as at 31-03-2008, 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 D. K. Kankaria, 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. 1,46,000/- per annum exclusive of travelling and other out of pocket expenses.”

Special Business:

5. To consider and if thought fit, to pass the following resolution proposed as an Ordinary Resolution.

“RESOLVED THAT Mr. C.L. Logani who was appointed as an Additional Director of the Company by the Board of Directors pursuant to section 260 of Companies Act 1956 and Article 90 of the Articles of Association of the Company and who hold the office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

By Order of the Board of Directors

Place: New Delhi
Dated: 6th September, 2008

(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 Shares Transfer Books of the Company will remain closed from 22nd September to 30th September 2008 (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 2008**

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

ANNEXURE TO THE NOTICE

Explanatory Statement as required by section 173 of companies Act, 1956:

Item No. 5

The Board of Directors at their meeting held on 30th October 2007 appointed Mr. C.L. Logani as an additional Director of the Company. The said appointment was in pursuant to section 260 of Companies Act, 1956 and Article 90 of Articles of Association of the Company and accordingly the said Director holds office only upto the date of this Annual General Meeting. A notice Under section 257 of Companies Act 1956, proposing the candidature of Mr. C.L. Logani as Director has been received from a Member.

Mr. C.L. Logani is aged around 73 years and is highly qualified professional with master degree in economics, diploma in industrial management, Business management and company law. He has working experience of more than 50 years in government of India, Ministry of industry and finance, financial institution engaged in the rehabilitation of sick industrial companies as well as chief executive and advisor to industrial companies. He is also a director of Pioneer Industrial Revival (P) Ltd.

Mr. C.L. Logani does not holds any shares in the Company.

6. 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 D.K. KANKARIA
Age	52 Years	79 Years
Date of Appointment	12/09/1992	30/04/2001
Qualification	Graduate	Ph.D. (Metallurgical Engineering)
Expertise in Specific functional areas	More than 25 years of Experience in Material Management and Purchase.	More than 50 years of Experience in the Metallurgical field.
Directorship of other Companies	M/s. Alcobex Investment Pvt. Ltd.	None
Chairman/ Member of the Committees of the Board of the Companies on which he / she is a Director	None	None

PLACE : NEW DELHI
DATED : 6th September, 2008

(G. C. KANUNGA)
Managing Director

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the 38th Annual Report and Audited Statement of Accounts of the Company for the year ended on 31st March, 2008.

FINANCIAL RESULTS

Particulars	2007-2008 (Rs. in Lacs)	2006 – 2007 (Rs. in Lacs)
Loss before depreciation, interest, taxation and extraordinary items	874.08	88.10
Add: Depreciation	147.92	148.28
Add: Interest	1367.13	1418.64
Loss	2389.13	1655.02
Add/Less: Prior Period adjustment / exceptional /extraordinary items	4.84	490.69
Net Loss	2393.97	1164.33
Deficit as per last year	12507.57	11857.36
Less: Provisions for Deferred Tax Assets/ Liabilities (Net)	674.36	412.93
Less : Debenture Redemption Reserve & Capital Reserve W/back	-	101.19
LOSS CARRIED TO BALANCE SHEET	14227.18	12507.57

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 2641 M.T. and a turn over of Rs.10840.94 lacs during the year as against the production of 3969 M.T. and a turn over of Rs. 15154.68 lacs during the previous year.

EXPORT

The company's export during the year under report amounted to Rs 5502.98 Lacs (FOB Value) as against Rs. 8313.13 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 continues to haunt the operation of the company. The company is making serious efforts to secure additional Working Capital through the good offices of Financial and Banking Institutions with the approval of BIFR. Once this arrangement is made, your Directors are hopeful of achieving a break-through in the company's financial results.

INDUSTRIAL RELATIONS

The workers went on an illegal strike with effect from 04.04.2007 and the strike is still continuing. The efforts made by the Management of the Company to resolve the dispute with the workers have so far not yielded any results. The factory is however partially operating with the help and assistance of loyal workers and contractor labour. The production during the strike period has considerably gone down.

DIRECTORS

Shri S. R. Kanunga and Shri D.K. Kankaria retire by rotation and being eligible offer themselves for reappointment. Shri C. L. Logani appointed as Additional Director of the company with effect from 30.10.2007. Shri D.P. Gogia was appointed as Nominee Director of the Bank of India with effect from 18.07.2008 in place of Shri S.C. Arora.

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.

- a) The company is in the process of making application U/s 297 seeking a post facto approval to the transaction entered from Central Government.
- b) The Company has prepared accounts on the going concern basis as the company is at present in production and arrangements are being made to tide over liquidity problem. Thereafter the management is hopeful to show better results in the ensuing years. According it is of the view that there is no impairment of assets and has also accounted for deferred tax assets.
- c) The company is in process of obtaining balance confirmation certificate from various parties and also reconciling the various accounts.
- d) Steps have been initiated to avoid delays in payment of statutory dues, repayment of principal and interest to Bank and Financial Institutions.

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 (1B) 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 24 & 25).
2. Appropriate accounting policies have been selected and applied consistently and judgments 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'.

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 who have since informed the BIFR of their inability to prepare a Draft Rehabilitation Scheme. There has been no further development.

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 6th September, 2008 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

Your Directors 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: New Delhi
Date: 6th September, 2008

(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