



39th
ANNUAL REPORT
2008-2009

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 Dr. Dharmendra Kumar Kankaria (Independent Director) Shri S.P. Singh (Nominee of PNB) Shri D.P. Gogia (Nominee of BOI-w.e.f. 18.07.2008) Shri S.K. Bansal (Nominee of IDBI- w.e.f. 02.03.2009) Shri Vineet Bhandari (Additional director- w.e.f. 16.03.2009)
Chief Finance Officer	Shri Piyush Doshi
Company Secretary	Ms. Pooja Bafna
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 nd 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) 2327 3496, 23274641 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 Gram: ALCOBEX
Website	: www.alcobex.com
Mail ID	: accounts@alcobex.com, investor@alcobex.com

NOTICE

Notice is hereby given that the Thirty Ninth Annual General Meeting of the Members of Alcobex Metals Limited will be held on 30th day of September 2009, Wednesday 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 receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 2009, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri B.L.Kanunga, Director who retires by rotation and being eligible, offer him self for reappointment.
3. To appoint a director in place of Shri Manoj Kumar Kanunga, Director who retires by rotation and being eligible, offer him self 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.”

By Order of the Board of Directors

Place: Jaipur
Date: 5th September, 2009

(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. Members are requested to bring their copies of the Annual Report to the Meeting. They are also requested to avoid being accompanied by non-members and children.
3. The Register of Members and Shares Transfer Books of the Company will remain closed from 22nd September to 30th September 2009 (Both days inclusive).
4. Members are requested to notify and change in their addresses quoting their Folio/Client ID No. to the Company's Registrar & Share Transfer Agent - Karvy Computer Share Pvt. Ltd. 17 – 24 Vithalrao Nagar, Madhapur HYDERABAD – 500081. The members can mail at einward.ris@karvy.com.
5. **BRIEF RESUME OF PERSON PROPOSED TO BE APPOINTED/ RE – APPOINTED AS DIRECTOR AT THE 39th ANNUAL GENERAL MEETING.**

PARTICULARS	RE- APPOINTMENT OF DIRECTOR	
Name	SHRI B. L. KANUNGA	SHRI M.K.KANUNGA
Age	60 Years	42 Years
Date of Appointment	12/09/1992	01/12/1985
Qualification	B.E.	Graduate
Expertise in Specific functional areas	Thirty four years vast industrial experience in Marketing, Finance & General Administration.	Twenty two years industrial experience, liaison with Central & State Government & personnel & labor department, general administration.
Directorship of other Companies	M/s. Alcobex Investment Pvt. Ltd.	M/s. Sai Sum Hydro Power Pvt. Ltd. M/s. Marudhar Prime Resorts Tourist Pvt. Ltd.
Chairman/ Member of the Committees of the Board of the Companies in which he / she is a Director	None	None

Place: Jaipur
Dated: 5th September, 2009

(G. C. KANUNGA)
Managing Director

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the 39th Annual Report and Audited Statement of Accounts of the Company for the year ended on 31st March, 2009.

FINANCIAL RESULTS

Particulars	2008-2009 (Rs. in Lacs)	2007 - 2008 (Rs. in Lacs)
Loss before depreciation, interest, taxation and extraordinary items	616.40	874.08
Add: Depreciation	141.73	147.92
Add: Interest	1374.29	1367.13
Loss	2132.42	2389.13
Add/Less: Prior Period adjustment / exceptional /extraordinary items	1.71	4.84
Net Loss	2134.13	2393.97
Deficit as per last year	13777.18	12507.57
Less: Provisions for Deferred Tax Assets/Liabilities (Net)	278.30	674.36
Less : Debenture Redemption Reserve &Capital Reserve W/back	-	-
Adjusted against General Reserve	-	(450.00)
LOSS CARRIED TO BALANCE SHEET	15633.01	13777.18

OPERATIONS

The company continued to face liquidity problem through out the year, as a result of which production was severely affected. The company achieved a production of 1555 M.T. and a turn over of Rs.6010.34 lacs during the year as against the production of 2641 M.T. and a turn over of Rs. 10840.94 lacs during the previous year.

EXPORT

The company's export during the year under report amounted to Rs 3610.56 Lacs (FOB Value) as against Rs. 5502.98 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 locate a strategic investor to finance the working capital and also make one time settlement with its secured lenders. Future outlook of the company will depend upon the success of company's efforts to locate a strategic investor.

INDUSTRIAL RELATIONS

Some of the workers went on an illegal strike with effect from 04.04.2007 and the strike is still continuing, otherwise industrial relations had been generally satisfactory.

DIRECTORS

Shri B.L.Kanunga and Shri M.K.Kanunga retire by rotation at the 39th Annual General Meeting and being eligible offer themselves for reappointment.

Shri C.L. Logani ceased to be additional director with effect from 24.10.2008 consequent upon his resignations dated 13.09.2008. Shri S.K. Bansal was appointed as nominee director of IDBI Bank with effect from 02.03.2009 in place of Shri H.D. Maheshwari. Shri D.P. Gogia was appointed as nominee director of 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

AUDITOR'S REPORT

The Company has provided full disclosure in its audited accounts through Notes to the Account and Accounting Policies forming part of the Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date in respect of the qualifications/observations/comments made by the Auditors in their Report. Relevant Notes in the Notes to the Accounts and Accounting Policies as referred to in the Auditors' Report are self-explanatory and the qualifications have been suitably explained therein. In addition to the same, the Directors would like to state that :

- a) The Company has filed application under Section 297 of Companies Act, 1956 to Central Government seeking a post facto approval in respect of the transactions entered into with related parties.
- b) The Company has prepared accounts on the going concern basis as the Company has continued with its operations and arrangements are being made to tide over liquidity problem. The management is hopeful to achieve better performance in the ensuring years. Accordingly, the Company is of the view that there is no impairment of assets and had also accounted for deferred tax assets.
- c) The Company is in process of obtaining balance confirmation certificates from various parties and also reconciling various accounts.
- d) Steps have been initiated to avoid delays in payment of statutory dues.

AUDITORS

The auditors of the company M/s Ray & Ray, Chartered Accountants, retire at the 39th 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 (2AA) of the Companies Act, 1956 the Directors, confirm that:

1. In the preparation of the Annual Accounts, the 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 earlier informed the BIFR of their inability to prepare a Draft Rehabilitation Scheme. The BIFR during the hearing on 10.08.2009 has directed the company to negotiate with its secured creditors and the strategic investor and submit a fully tied up DRS, including the details and background of strategic investor to IDBI (OA) and the Board by 31.10.2009.

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 5th September, 2009 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: Jaipur
Date : 5th September, 2009

(G.C.Kanunga)
Managing Director

(S.R.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.3.58 lacs
c) Percentage of turnover	: .059 %

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- (i) Plantation and garden have been developed in the factory to reduce the air pollution of foundry etc. The wastewater 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 Aluminum 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 in house.
- (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