



40th
ANNUAL REPORT
2009-2010

ALCOBEX METALS LIMITED

ALCOBEX METALS LIMITED, NEW DELHI

Board of Directors:	<p>Shri G. C. Kanunga (Managing Director)</p> <p>Shri B.L. Kanunga</p> <p>Shri S.R. Kanunga</p> <p>Shri Manoj Kanunga</p> <p>Dr. Dharmendra Kumar Kankaria (Independent Director) (Expired on 17th June, 2010)</p> <p>Shri S. P. Singh (Nominee PNB Resigned on 28th April, 2010)</p> <p>Shri D.P. Gogia (Nominee BOI)</p> <p>Shri S.K. Bansal (Nominee IDBI)</p> <p>Shri Vineet Bhandari (Ceased to be Director 30/09/2009))</p>
BANKERS	<p>Punjab National Bank, Chopasni Road, Jodhpur</p> <p>Bank of India, Chopasni Road, Jodhpur</p> <p>Vijaya Bank, Station Road, Jodhpur</p> <p>Bank of Baroda, Sojati Gate, Jodhpur</p> <p>The Bank of Rajasthan Ltd., Sojati Gate, Jodhpur</p>
AUDITORS	<p>M/s RAY RAY, Chartered Accountants</p> <p>205, Ansal Bhawan, 2nd Floor,</p> <p>16, Kasturba Gandhi Marg</p> <p>New Delhi 110001</p>
REGISTRAR & SHARE TRANSFER AGENTS	<p>Karvy Computershare Pvt. Ltd.</p> <p>17 24 Vithalrao Nagar,</p> <p>Madhapur</p> <p>HYDERABAD 500081.</p> <p>Phones: (040) 23312 454, 23320 251</p> <p>23320 751, 23320 752</p> <p>Fax No.: (040) 23311 968</p>
REGISTERED OFFICE:	<p>4223/1, Ansari Road, Daryaganj,</p> <p>New Delhi 110002</p> <p>Phones: (011) 2327 3496, 2327 4641</p> <p>Fax No.: (011) 2328 6565</p>
Head Office & Works :	<p>24/25 Heavy Industrial Area, Jodhpur - 342003</p> <p>Phones : (0291) 2740366, 2740626, 2740629</p> <p>2740671, 2740731, 2741974</p> <p>Fax No. : (0291) 2741990</p> <p>Gram : ALCOBEX</p>
Website	www.alcobex.com
Mail ID	accounts @alcobex.com, investor@alcobex.com

NOTICE

Notice is hereby given that the Forty Annual General Meeting of the Members of Alcobex Metals Limited will be held on Thursday, 30th day of September, 2010 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 receive, consider and adopt Balance Sheet of the Company as at March, 31st 2010, 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 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 traveling and other out of pocket expenses."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution

"RESOLVED THAT as per the recommendation of Remuneration Committee, duly sanctioned by the Board at its meeting held at 8th day of September, 2010 and in accordance with the provisions of Section 269, 198, 309 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII of the said Act and subject to such consents /approvals as may be required, Mr. G.C. Kanunga, be and is hereby reappointed as Managing Director of the Company for the period of Five years i.e. from the period 14/06/2011 to 13/06/2016 at such salary and perquisites as per details given below:

SALARY:

- (i) Shri G.C. Kanunga's existing salary is Rs. 40,000/- per month as Managing Director. He shall be paid the existing salary or such increase in his salary may be done as may be decided by the board upon the recommendation of the Remuneration Committee but not exceeding Rs. 1,00,000/- per month.

Perquisites

The existing perquisites which will continue to enjoy is classified into following three categories as per the Company's rules and regulations, namely :-

CATEGORY A

- (i) Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months' salary over a period of three years.
- (ii) Leave Travel Concession: Travelling expenses incurred for not more than two journeys each year to any place within India and return for self and family.
- (iii) Fees of Club including Institutions : Fees subject to a maximum of two clubs/institutions.
- (iv) Personal Accident Insurance : Premium not to exceed Rs. 5,000/- (Rupees Five Thousand) per annum

Explanation : for the purposes of (i) and (ii) above "family" shall mean the spouse and the dependent children.

CATEGORY B

- (i) Company's contribution to Provident Fund of 12% of the salary as per rules of the Company or such other percentage as may be specified from time to time.
- (ii) Gratuity : Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- (iii) Earned/privilege : Leave on full pay as per rules of the Company.

CATEGORY C

Other benefits, schemes, privileges and amenities as are applicable to senior executives of the Company in accordance with the company's practices, rules and regulations in force from time to time.

RESOLVED FURTHER THAT the duties of the Managing Director shall be the overall supervision of the company, handling day to day affair of the Company appointment and termination of services of employees, operating Bank account, signing cheques, promissory notes, bills of exchange, regularly reporting to the Board on the activities of the Company and to perform all other duties that the Board may delegate to the Managing Director from time to time

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year during the tenure of the Managing Director, the remuneration shall be governed by section II of Part II of Schedule XIII of the Companies Act, 1956 or any statutory modifications thereof and the same shall be treated as minimum remuneration payable to the said Managing Director.

By Order of the Board of Directors

Place : Jaipur

Date : 8th September, 2010

(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 Wednesday, 22nd September, 2010 to Thursday 30th September, 2010 (Both days inclusive).
4. Members are requested to notify and change in their address quoting their Folio / Client ID No. to the Company's Registrar & Share Transfer Agent – Karvy Computer Share Pvt. Ltd. 17 – 24 Vithalrao Nagar ,Madhpur HYDERBAD – 500081. The members can mail at einward.ris@karvy.com.
5. BRIEF RESUME OF PERSONS PROPOSED TO BE APPOINTED/RE-APPOINTED AS DIRECTOR AT THE 40TH ANNUAL GENERAL MEETING.

PARTICULARS	SHRI S.R. KANUNGA
Age	54 Years
Date of Appointment	12/09/1992
Qualification	Graduate
Expertise in specific functional areas	More than 25 years of Experience in Material Management
Directorship of other Companies	M/s. Alcobex Investment Pvt. Ltd.
Chairman/Member of the Committees of the Board of the Companies on which he/she is a Director	None

6. BRIEF RESUME OF PERSON PROPOSED TO BE APPOINTED/REAPPOINTED AS MANAGING DIRECTOR OF THE COMPANY AT THE ANNUAL GENERAL MEETING.

PARTICULARS	MR. G. C. KANUNGA
Age	74 Years
Date of Appointment	01/09/1970
Qualification	Under –graduate
Expertise in specific functional areas	Fifty Years vast industrial experience
Directorship of other Companies	None
Chairman/Member of the Committees of the Board of the Companies on which he/she is a Director	None

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 4 IS ATTACHED HERewith:

The Board of Directors at their meeting held on 08/09/2010 has approved the re appointed Mr. G.C. Kanunga as Managing Director for a period of five years w.e.f. 14/06/2011 pursuant to the recommendation of the Remuneration Committee and in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions if, any, of the Companies Act. 1956 and Schedule XIII to the said Act. The Board has given aforesaid approval to the re appointment of Mr. G.C. Kanunga, subject to the terms and conditions including payment of remuneration to him as specified in the resolution passed at the Board Meeting held on 08/09/2010.

By Order of the Board of Directors

Place : Jaipur
Date : 8th September, 2010

(G.C. KANUNGA)
Managing Director

DIRECTORS' REPORT

To

The Members

Your Director have pleasure in presenting the 40th Annual Report and Audited Statement of Accounts of the Company for the year ended on 31st March, 2010.

FINANCIAL RESULTS

Particulars	2009-2010	2008 - 2009
	(Rs. in Lacs)	(Rs. in Lacs)
Loss before depreciation, interest, taxation and extraordinary items	592.86	616.40
Add: Depreciation	138.88	141.73
Add: Interest	1347.47	1374.29
Loss	2079.21	2132.42
Add/Less: Prior Period adjustment / exceptional / extraordinary items	7.39	1.71
Net Loss	2086.60	2134.13
Deficit as per last year	16083.01	13777.18
Less: Provisions for Deferred Tax Assets/ Liabilities (Net)	(5265.65)	278.30
Less : Debenture Redemption Reserve & Capital Reserve W/back	--	-
Adjusted against General Reserve	--	-
LOSS CARRIED TO BALANCE SHEET	23435.26	15633.01

OPERATIONS

Due to severe liquidity problems production had been falling month after month and it had to be totally stopped from mid December, 2009 following withdrawal of power & water supply to the company by the authorities concerned. The company achieved a production of 410.62 M.T and a turn over of Rs. 1396.95 Lacs during the year as against the production of 1555 M.T. and a turn over of Rs. 6010.34 Lacs during the previous year.

EXPORT

The company's export during the year under report amounted to Rs 401.84 Lacs (FOB Value) as against Rs. 3610.56 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

Industrial relations had been generally satisfactory.

DIRECTORS

Shri S.R. Kanunga retire by rotation at the 40th Annual General Meeting and being eligible offer themselves for reappointment.

Shri Vineet Bhandari ceased to be additional director with effect from 30th September, 2010 Shri S.K. Singh, Nominee Director of PNB ceased to be director consequent upon his resignation with effect from 28th April, 2010. Shri D.K. Kankaria ceased to be director with effect from 17th June, 2010 due to his sad demise.

The profile of the Director seeking reappointment at this Annual General Meeting is given in the Report on Corporate Governance

AUDITORS REPORT

The Company has provided full disclosure in the audited accounts of the company through Notes to the accounts and accounting policies forming part of the Balance sheet as at 31st March, 2010 in respect of qualifications mentioned by Auditors in their Report. Further the notes to the Accounts and Accounting Policies referred to in Auditors Report are self-explanatory and the qualifications have been suitably explained therein. In addition to the same, the Director would like to state that :

- (a) The company has prepared accounts on the going concern basis as the Company has partially continued with its operation and arrangements are being made to tide over liquidity problem. Accordingly, the company is of view that there is no impairment of assets and also accounted for deferred tax assets.
- (b) The company is in process of obtaining balance confirmation certificates from various parties and also reconciling various accounts.
- (c) Steps are been taken to avoid delays in payment of statutory dues.

AUDITORS

The auditors of the company M/s Ray & Ray, Chartered Accountants, retire at the 40th 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 25 & 26).
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

The package earlier given by the Corporate Debt Reconstruction cell of IDBI to the Company has since been withdrawn by it. The Honorable BIFR is considering various issue relating to the future of the Company. A notice has also been served to the Company under Section 13 of the SARFAESI Act by some secured lenders seeking payment of their dues from the Company.

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, 2010 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 : 8th September, 2010

(G.C.Kanunga)

Managing Director

(S.R.Kanunga)

Director