



13TH

**ANNUAL REPORT
2003 - 2004**

BARODA EXTRUSION LIMITED

Baroda Extrusion Limited

BARODA EXTRUSION LIMITED

13th ANNUAL REPORT

(2003-2004)

BOARD OF DIRECTORS

: Mr. Parasmal B. Kanugo
Mr. Sumermal B. Kanugo
Mr. Sanjeev Jain
Mr. Dinesh Kothari
Mr. Chandrakant Khushaldas

AUDITORS

: Vijay Parikh & Co.,
Chartered Accountants,
Vadodara.

BANKERS

: Bank of Baroda
The South Indian Bank Ltd.
Dena Bank

REGISTERED OFFICE

: Survey No. 65-66,
Village Garadiya,
Jarod-Samalaya Road,
Taluka Savli,
Dist : Vadodara.

CORPORATE OFFICE

102, Pawan Flats,
7, Anandnagar Society,
Productivity Road,
Vadodara - 390 005.

Baroda Extrusion Limited**NOTICE FOR THIRTEENTH ANNUAL GENERAL MEETING**

Notice is hereby given that the Thirteenth Annual General Meeting of the members of **BARODA EXTRUSION LIMITED** will be held on Wednesday, the 29th day of September, 2004 at 10.30 a.m. at the Registered Office of the Company situated at Survey No. 65-66, Village Garadiya, Jarod-Samalaya Road, Taluka Savli, Dist. Vadodara, Gujarat to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and Profit & Loss Account of the company for the year ended on that date and the report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Dinesh Kothari who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjeev Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**.

"RESOLVED THAT Shree Chandrakant Khushaldas be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement by rotation."

NOTES :

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF TO ATTEND AND VOTE AT THE MEETING. A PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME AT WHICH THE MEETING IS, SCHEDULED TO BE HELD. THE PROXY FORM IS ATTACHED HERewith.
2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS SHALL REMAIN CLOSED FROM, 26TH DAY OF SEPTEMBER, 2004 TO THE 29TH DAY OF SEPTEMBER, 2004 (BOTH DAYS INCLUSIVE)
3. APPOINTMENT OF SHREE CHANDRAKANT KHUSHALDAS.

Baroda Extrusion Limited

4. THE COMPANYS' SHARE ARE LISTED ON

- I. MUMBAI STOCK EXCHANGE, "PHIROZE JEEJEEBHOY TOWERS", DALAL STREET, FORT, MUMBAI - 400 001.
- II. THE VADODARA STOCK EXCHANGE ASSOCIATION LTD., FORTUNE TOWER, SAYAJIGUNJ, VADODARA.

ANNUAL LISTING FEES FOR THE YEAR 2003-2004 HAS BEEN PAID IN FULL WITH ALL THE STOCK EXCHANGES.

Regd. Office :

Survey No. 65-66,
Village Garadiya,
Jarod-Samalaya Road,
Taluka, Savli, Dist. Vadodara.

By order of the Board of Directors

PARASMAL KANUGO
MANAGING DIRECTOR

Dated : 28th August 2004

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 4 :-**

Shree Chandrakant Khushaldas was appointed as an Additional Director on the Board of Directors of the Company with effect from 30-04-2004 pursuant to Article of Association read with section 260 of the Companies Act, 1956.

According to the said provisions Shree Chandrakant Khushaldas would hold office until this Annual General Meeting. The Company has received two separate notices from Members in pursuance with section 257 of the Companies Act, 1956 proposing appointment of Shree Chandrakant Khushaldas as a Directors of the Company.

Brief resume of Shree Chandrakant Khushaldas along with the names of the Companies in which he holds Directorship and Membership of Committees of the Board are disclosed under Corporate Governance forming part of Directors' Report.

Members are requested to accord their approval for the appointment of Shree Chandrakant Khushaldas Directors of the Company as regular directors retires by rotation.

Regd. Office :

Survey No. 65-66,
Village Garadiya,
Jarod-Samalaya Road,
Tal. Savli, Dist. Vadodara.

By order of the Board of Directors

PARASMAL KANUGO
MANAGING DIRECTOR

Dated : 28th August 2004

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Baroda Extrusion Limited**DIRECTORS REPORT**

To,
The Members of **BARODA EXTRUSION LTD**

Your Directors take pleasure in presenting their Thirteen Annual Report of the business and operation of the Company together with the Audited Accounts for the financial year ended 31st March 2004 :

FINANCIAL RESULTS :

(Rupees in Lacs)

Particulars	Year ended on 31-03-2004	Year ended on 31-03-2003
Total Income	1179.78	721.87
Profit/ (Loss) before Financial Charges and Depreciation	30.92	(30.07)
Less :		
Finance Charges	123.81	103.78
Depreciation and	20.57	22.27
Write Off Prior period / Extraordinary Items	1.05	226.73
Loss carried to Balance Sheet	114.51	382.85

DIVIDEND :

In view of the loss for the year under review, your Directors do not recommend any dividend for the year.

OPERATION :

During the year under review, the total income stood at Rs. 1179.78 lacs for the year as against Rs. 721.87 in the previous year. The increase in income is mainly on account of improvement in sales turnover by almost 80% over the previous year. The sales volume has increased by almost 72% over the previous year.

The profit before finance charges and depreciation has improved due to improvement in gross margin as compared to the previous year. However in spite of such improvement in sales turnover, as your directors could not achieve the desired level of net margin due to

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heavy interest burden as well as underutilization of the existing manufacturing capacity. As the banks have now implemented the revival scheme your Directors are hopeful of achieving a steady growth in sales and job work activity and resultant net margin in the years to follow.

DIRECTORS :

At the Board Meeting held on the date 30th April 2004, Shree Chandrakant Khushaldas was appointed as additional directors of the company. As per the provisions of the act, such directors can hold office only up to next annual general meeting and company has also received notices from the members proposing to appoint him as directors retiring by rotation. The brief resume of such director has been enumerated in the Corporate Governance forming part of this report.

FIXED DEPOSITS :

The Company has not accepted any deposits as defined under Companies Act read with Companies Acceptance of Deposits Rules 1975 during the year under review.

AUDITORS :

M/s. Vijay Parikh & Co. Chartered Accountants, Baroda the auditors of the Company, shall retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect that their proposed re-appointment if made, will be in accordance with sub-section (1B) 224 of the Companies Act, 1956.

AUDITORS REPORT :

Observations of the Auditors' are self-explanatory and have been appropriately dealt with in the notes on accounts.

AUDIT COMMITTEE :

During the year the audit committee meetings were conducted as per the provisions of Listing Agreement with the Stock Exchanges. The details about the functioning of the committee being enumerated in the Corporate Governance forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under Section 217 (2AA) of the Companies Act, 1956, Your Directors state :

- a) in preparing the Annual Accounts, applicable Accounting standards have been followed and there are no material departures ;

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- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the Profit of the Company for that period
- c) the Directors have taken proper and sufficient care for the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the Annual Accounts of the company on a going concern basis.

CORPORATE GOVERNANCE :

In pursuance to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Management Discussion and Analysis Report are given elsewhere and form a part of this Report.

PERSONNEL :

None of the employee is in receipt of remuneration as prescribed under Companies (Particulars of Employees) Rule, 1975 and hence information as required under section 217(2A) read with Companies (Particulars of Employees) Rule, 1975 not mentioned herewith.

MATTER REQUIRED TO BE REPORTED AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE, 1988

The Particulars of Conservation Energy, Technology Absorption and Foreign Exchange Earning and Outgo prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished in the Annexure to and forming part of this report.

INSURANCE :

All the plant, Machineries, Building and Movable goods are adequately insured.

ACKNOWLEDGMENT :

Yours Directors wish to place on record their sincere thanks for the valuable assistance and guidance given by the Bank of Baroda, Dena Bank and The South Indian Bank from time to time. Your Directors also wish to note the dedicated services of all the officers and employees of the Company.

By order of the Board of Directors

Place : Vadodara.

Dated : 28th August 2004

PARASMAL KANUGO
CHAIRMAN AND MANAGING DIRECTOR

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Baroda Extrusion Limited**MANAGEMENT DISCUSSION AND ANALYSIS REPORT :****a) Industry Structure and Development :-**

The country has witnessed a sizeable gap between domestic demand and domestic supply in the last ten years for the overall demand of copper and brass extrusion products. Presently the installed capacities of copper and brass extrusion products are approx. 70000 M.T. per annum. A study of the demand scenario for the last ten years shows that the demand has increased consistently by about 10% p.a. whereas the supply has increased at a much lesser pace. The gap has necessitated imports to the tune of more than 50% of the demand. With the Indian economy slated to grow at a much faster pace than what has been seen during last ten years, one can easily expect the demand to grow at least at a similar rate. This estimation emanates from the fact that industries like air conditioner, manufacturers, refrigeration, sugar electrical and electronics etc which are major consumers of extrusion products, are poised to grow very well in the recent liberalized environment both in India and abroad. Also with the massive growth potential in the power sector, petroleum, and petrochemical sectors and fertilizers and chemical sector, the demand for the copper extrusion product is likely to show high growth rates in the coming years.

In View of such demand scenario extruded products in copper alloys the directors of the company are hopeful of having a tremendous growth in the demand for the product which would ultimately help in the revival of the company.

b) Opportunities and Threats**1) Opportunities**

The demand for the products is growing steadily as there is a considering gap between demand and supply of extrusion products. This prevailing scenario leaves an opportunity for the company to expand and thereby to utilized the existing manufacturing capacity to a great extent. Even the export potential for the product manufactured by the company is also very bright provided certain improvement in the technology and the quality of the product is achieved.

2) Threats

The copper being a high cost raw material as compared to other industries, the requirements for the working capital is comparatively more than the other segments and thereby heavy interest burden affects the desired net margin.

The entry of new player in the industry with improved technology and lower cost.

Upward price revision in copper and brass, which is the basic raw material adversely affect the gross margin.

c) Segment wise performance or product wise performance.

The segment wise report is not furnished as the company is presently engaged in one business segment i.e. copper extrusion.

Baroda Extrusion Limited**d) Outlook**

As already mentioned that there is a considerable gap between demand and supply of extrusion products. Even the opportunities for exports is a bright which can be achieved by improving the technology and thereby quality of the product. The Company is confident that, barring unforeseen circumstances, the profitability of the company would improve in the current financial year.

e) Risk and Concerns

The operating profit is not being achieved due to fluctuation in copper prices couple with heavy interest burden.

Reduction in production cost as a economy measure and utilization of existing manufacturing capacity by undertaking job work activity would help the company in achieving desired level of profitability.

f) Internal Control Systems and adequacy.

Your Company is in the process of implementing effective internal control procedures commensurate with the size and nature of business. These procedures would ensure efficient use and protection of the resources and compliance with policies, procedures and statutes. There is procedure of periodical review of the existing internal control system.

g) Discussion on Financial Performance.

During the year under review, the total income stood at Rs. 1179.78 lacs for the year as against Rs. 721.87 in the previous year. The increase in income is mainly on account of improvement in sales turnover by almost 80% over the previous year. The Sales volume has increased by almost 72% over the previous year. The profit before depreciation and finance charges was Rs. 30.92 lacs for the year under review as compared to the loss of Rs. 30.07 lacs for the previous year ended on 31st March 2003.

The profit before finance charges and depreciation has improved due to improvement in gross margin as compared to the previous year. However in spite of such improvement in sales turnover, as your directors could not achieve the desire level of net margin due to heavy interest burden as well as underutilization of the existing manufacturing capacity. As the banks have now implemented the revival scheme your Directors are hopeful of achieving a steady growth in sales and job work activity and resultant net margin in the years to follow.

The management of the Company will put their sincere effort to improve the profitability of the company in the years to come and would take the Company out of sickness.

h) Human Resources

Recognizing that people are an important part of the organization, a major exercise in training and development of employees has been undertaken at all levels. The Company gives a lot of importance to Human Resources activities. These activities have helped to retain and motivate employees of the company to face this difficult period.

Baroda Extrusion Limited**REPORT ON CORPORATE GOVERNANCE :-****1. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :**

The Company is welcoming the concept of introducing governance and committed to achieve highest level of Corporate Governance. The Corporate Governance is nothing but transparency, high level of disclosure and fairness and unbiased to the members of the company. To achieve the highest level of Corporate Governance, the Company has well educated, experienced, qualified management team and Board of Directors of the Company effectively monitor the Management progress and corporate decisions.

2. BOARD OF DIRECTORS

As per the requirements of Corporate Governance, the Board of Directors are consisting of Executive Director as well as Non Executive Independent Directors.

Composition of Board of Directors

Presently the Company has 5 (Five) Directors. The Board comprises of Three Executive Director and Two Non-Executive Directors.

Sr. No.	Name of Directors	Category of Directorship	No. of other Directorship	Membership with other Committee		Share Holding %	Amount of Deposit (in Lacs)
				Chairman	Member		
1.	Paras Kanugo	Executive Dir.	01	NIL	NIL	8.50	NIL
2.	Sumermal Kanugo	Non Executive Director Independent Dir.	01	NIL	NIL	0.18	NIL
3.	Sanjeev Jain	Non Executive Director Independent Dir.	NIL	NIL	NIL	NIL	NIL
4.	Dinesh Kothari	Non Executive Director Independent Dir.	NIL	NIL	NIL	NIL	NIL
5.	Chandrakant Khushaldas	Executive Dir. / Independent Dir.	02	NIL	NIL	NIL	NIL

Shri Parasmal Kanugo is as a Chairman of the Company and is a Executive Director.

No. of Board Meeting held during 01-04-2003 to 31-03-2004

During the financial period, Board of Director met 4 (Four) times. The dates of Board Meeting are :-

25th April 2003, 28th July 2003, 30th October 2003,

20th January 2004