

CEL CENTURY EXTRUSIONS LIMITED

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**ANNUAL REPORT
1998-99**



'98-99

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CENTURY EXTRUSIONS LIMITED

BOARD OF DIRECTORS

M P Jhunjhunwala
Chairman & Managing Director

R K Datta
N Ganga Ram
R N Das
P K Sengupta
G S Agarwala
V Jhunjhunwala

VICE PRESIDENT (FINANCE), COMPANY SECRETARY & COMPLIANCE OFFICER

R K Saraogi

AUDITORS

Khetawat & Associates
Chartered Accountants
310, Todi Chambers
2, Lal Bazar Street
Calcutta - 700 001

COST AUDITORS

N. Radhakrishnan & Co
Cost Accountants
11A, Dover Lane, (Flat B1/34)
Calcutta - 700 029

REGISTRARS

&

SHARE TRANSFER AGENTS

ABC Computers Pvt. Ltd.
National Council of Education, Bengal
Jadavpur University Campus, Jadavpur
Calcutta - 700 032

BANKERS

State Bank of India
Allahabad Bank

REGISTERED OFFICE

113, Park Street,
'N' Block, 2nd Floor
Calcutta - 700 016
Phone : 229-1012/1291

WORKS

WBIIDC Industrial Growth Centre
Nimpura, Kharagpur
Dist. Midnapore (W.B.)

ALUMINIUM THE MOST ENVIRONMENT FRIENDLY METAL

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notice of the annual general meeting

NOTICE is hereby given that the ELEVENTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Thursday, the 16th September, 1999 at 11:00 A.M. at Gyan Manch Education Society, 11 Pretoria Street, Calcutta 700 071, to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri N Ganga Ram who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri P K Sengupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors 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 the Company hereby accords its approval to the re-appointment of Shri M.P.Jhunjhunwala, as Managing Director of the Company for a period of five years with effect from 1st March, 1999 on the terms and conditions, including remuneration as embodied in the Agreement entered into between the Company and Shri M P Jhunjhunwala, a copy whereof initialed by the Chairman is placed before this meeting."

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT the Equity Shares of the Company be de-listed from The Delhi Stock Exchange Association Limited and the Listing Agreement with them be terminated.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such further steps as may be necessary to give effect to the resolution."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT the Equity Shares of the Company be de-listed from The Stock Exchange, Ahmedabad and the Listing Agreement with them be terminated.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such further steps as may be necessary to give effect to the resolution."

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the report as to erosion of more than 50% in the peak networth of the Company during the immediately preceding four financial years and the causes for such erosion forwarded to the Members of the Company be and is hereby considered.

RESOLVED FURTHER that the fact of such erosion be reported to the Board for Industrial and Financial Reconstruction (BIFR) as required by the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and the Board of Directors be and is hereby authorised to take such further steps as may be necessary from time to time in this regard."

By Order of the Board

R.K. Sarangi

Vice President (Finance) &
Company Secretary

Calcutta

Dated : 28th day of May 1999.

notes

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 1999 to 16th September, 1999 (both days inclusive).
4. Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
5. Members are requested to notify any change in their address to the Registrar and Share Transfer Agents of the Company and always quote their Folio Number in all correspondence with the Company.
6. With a view to serving the Members better and for administrative convenience, attempts have been made to consolidate the multiple folios. The Members who are still holding shares in identical names in more than one folio are requested to write to the Company to enable the Company to consolidate their holdings in one folio.
7. The Equity Shares of the Company are listed at the following Stock Exchanges :

Name	Address	Code No.
The Calcutta Stock Exchange Association Ltd.	7 Lyons Range Calcutta - 700 001	13034
The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001	—
The Delhi Stock Exchange Association Ltd.	West Plaza, IG Radium Indraprastha Estate New Delhi - 110 002	5992
The Stock Exchange, Ahmedabad	Manekchowk Ahmedabad - 380 001	—
National Stock Exchange of India Ltd.	Trade World Senapati Bapat Marg Lower Parel Mumbai - 400 013	C034

Annual listing fees have been paid to the above Stock Exchanges for the Financial Year 1999-2000.

8. Shareholders are advised that the company has registered with National Securities Depository Ltd. (NSDL) at Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 for dematerialisation of its Equity Shares and the Registration No. granted is ISIN - INE281A01018.

The shares of the Company are available for trading on the dematerialised segment of the National Stock Exchange of India Limited and The Stock Exchange, Mumbai. The Company recommends that it is in its shareholders' best interest to open an account with a Depository Participant. If any clarification is needed regarding opening a Depository Account and on the process of dematerialisation, the shareholders may write to the Company or to the Registrar & Share Transfer Agent, M/s. ABC Computers Pvt. Ltd. for further information.

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notice (contd.)

annexure to the notice

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Considering the valuable services rendered to the Company by Shri M.P.Jhunjhunwala, the Board of Directors at the meeting held on 27th January, 1999 approved, subject to the approval of the members of the Company, the re-appointment of Shri M.P.Jhunjhunwala as Managing Director of the Company for a period of 5 years commencing from 1st March, 1999 subject to the following terms and conditions:

a) Salary :

Rs.5,000/- per month.

b) Perquisites :

Perquisites shall be restricted to an amount equivalent to annual salary or Rs.60,000/- per annum, whichever is less.

PART - A

I. Housing :

(a) House Rent Allowance at the rate of 60% of the salary. If, however, the accommodation is owned or hired by the Company, no such allowance will be payable and 10% of the salary of Shri Jhunjhunwala will be deducted by the Company. The expenditure incurred by the Company for hiring furnished accommodation in Calcutta shall be subject to a ceiling of 60% of the salary of Shri Jhunjhunwala.

(b) Gas, electricity, water and furnishings in respect of the accommodation of Shri Jhunjhunwala will be subject to a ceiling of 10% of his salary.

II. Medical Reimbursement : Expenses incurred for Shri Jhunjhunwala and his family subject to a ceiling of one month's salary in a year or 3 month's salary over a period of 3 years.

III. Leave Travel Concession : For Shri Jhunjhunwala and his family, once in a year incurred in accordance with the Rules of the Company.

IV. Club Fees : Fees for Clubs subject to a maximum of 2 Clubs. This will not include admission and life membership fees.

V. Personal Accident Insurance : Personal accident insurance for an amount, annual premium of which does not exceed Rs.1000/-.
For the aforesaid PART-A, "family" shall mean, wife, dependent children and dependent parents of Shri Jhunjhunwala.

PART - B

I. Provident Fund, Superannuation Fund or Annuity Fund : Company's contribution to Provident Fund, Superannuation or Annuity Fund will not be included in computation of ceiling on perquisites viz. Rs.60,000/- per annum, to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

II. Gratuity : Not exceeding half month's salary for each completed year of service, subject to a ceiling of Rs.2,50,000/-.

These facilities will not be considered as perquisites.

PART - C

I. Car : Provision of car for use on the Company's business. Use of car for private purposes shall be billed by the Company to Shri Jhunjhunwala.

II. Telephone : Provision of telephone(s) at residence. Personal long distance calls on telephone(s) shall be billed by the Company to Shri Jhunjhunwala.

These facilities will not be considered as perquisites.

c) Minimum remuneration

In the event of loss or inadequacy of profits of the Company in any financial year, the remuneration and perquisites payable to Shri Jhunjhunwala by way of minimum remuneration shall be reduced and refixed in accordance with the ceiling prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956.

OTHER BENEFITS

LEAVE

Shri M.P. Jhunjhunwala will be entitled to leave on full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of service. Encashment of leave at the end of the tenure will not be considered as perquisite.

SITTING FEES

Shri Jhunjhunwala will not be paid any sitting fees for attending the meetings of the Board of Directors or any committee thereof.

The Board recommends the Resolution for the approval of the Members.

None of the Directors except Shri M P Jhunjhunwala and Shri V. Jhunjhunwala is concerned or interested in the proposed resolution.

This should be considered also as an abstract of the terms of re-appointment of Shri M P Jhunjhunwala as Chairman and Managing Director of the Company and a memorandum as to the nature or interest of the Directors in the said re-appointment, as required under Section 302 of the Companies Act, 1956.

Item Nos. 6 & 7

The Equity Shares of the Company are presently listed on The Calcutta Stock Exchange Association Limited, The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad, The Delhi Stock Exchange Association Limited and also The National Stock Exchange of India Limited. Trading of the Company's Shares have been negligible on The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Limited during the past five years. However, the Shares of the Company are traded actively on other Stock Exchanges and the shareholders can easily trade their shares on them. Accordingly, it is considered desirable to delist the Shares of the Company from these two Exchanges.

The Board recommends the Resolution for the approval of the Members.

None of the Directors is interested in the proposed resolution.

Item No. 8

The accumulated losses of the Company as on 31st March 1999 stood at Rs. 450.97 lacs, thereby eroding the peak net worth of the Company as on 31st March, 1997 by more than 50%.

The main causes of such erosion are continuous losses due to poor price realisations and lack of sufficient demand for the Company's products on account of the prolonged industrial slowdown.

The Company has to report this fact to the Board for Industrial and Financial Reconstruction as per the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.

The Board recommends the Resolution for the approval of the Members.

None of the Directors is interested in the proposed resolution.

By Order of the Board

Calcutta
Dated : 28th day of May 1999.

R.K. Saraogi
Vice President (Finance) &
Company Secretary

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directors' report

To the Members,

Your Directors present their Eleventh Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	1998-99 (Rs Lacs)	1997-98 (Rs Lacs)
Sales	5606.12	4868.88
Gross Profit (Loss) before Interest & Depreciation	(211.20)	183.83
Less : Interest	260.11	226.08
Gross Profit/(Loss)	(471.31)	(42.25)
Less : Depreciation	137.50	119.30
Operating Profit/(Loss)	(608.81)	(161.55)
Less : Provision for Taxation	0.16	0.03
Net Profit/(Loss)	(608.97)	(161.58)
Excise Duty under Kar Vivad Samadhan Scheme	(75.70)	—
Previous Year Adjustments	(3.21)	1.85
Balance brought forward	236.91	396.64
Balance carried to Balance Sheet	(450.97)	236.91

DIVIDEND

In view of the loss incurred, your Directors regret their inability to recommend any dividend for the year.

OPERATIONS

During the year under review, your Company produced 5,384 MT of Aluminium Extrusions as against 4,548 MT in 1997-98. Sales turnover was also higher at Rs. 56.06 crores as against Rs.48.69 crores recorded in the previous year. Yet, the Company incurred loss of Rs. 211.20 lacs before interest and depreciation.

The aluminium extrusion industry as a whole passed through difficult times in the year under review. The units in the extrusion industry were hit hard by rise in input costs and uneconomic levels of realisation for their products. The position was further compounded by a severe economic recession, resulting in cut-throat competition in the market. The Company had to contend with these unfavourable factors, over which the Management had no control. Nonetheless, the Company took several initiatives to offset the adverse impact of the factors, by improving internal efficiencies.

FUTURE PROSPECTS

Although the aluminium extrusion industry is currently passing through a severe recession, your Directors are hopeful that the situation will improve for the better in coming days. With increase in investments in infrastructure and housing sectors as envisaged by the Government, the user segments for aluminium extrusion industry will get the much needed boost. This, in turn, will give a major impetus to the demand for your company's products.

Y2K COMPLIANCE

Necessary steps are being taken to secure Y2K compliance of the equipment deployed in the Company's operations. The accounting software and most of the other application software have been made Y2K compliant. As most of the process control systems are not operating on date functions, the Company does not foresee any risk on the Y2K issue. However, the Company is taking all precautions and expects completion of Y2K compliance in time, at an estimated expenditure of Rs. 7.50 lacs.

REPORT to BIFR

In view of the accumulated losses of the Company as at 31.03.1999 resulting in erosion of more than 50% of the Company's peak net worth during the immediately preceding four financial years, the Company has become a potentially Sick Industrial Company within

the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. The main reasons for such erosion in the net worth are continuous losses due to a very depressed market, over capacity in the Aluminium Extrusion Industry, heavy interest burden etc. As per the provisions of Sick Industrial Companies (Special Provisions) Act 1985, the Company proposes to make a report to the Board for Industrial and Financial Reconstruction (BIFR).

DIRECTORS

Shri M.P.Jhunjunwala, was appointed on 01.03.1994 as Managing Director of the Company for a period of 5 years upto 28.02.1999. In view of the valuable services rendered by him, your Directors, at the Board meeting held on 27th January, 1999 re-appointed Shri M P Jhunjunwala, subject to the approval of the members of the Company in a General meeting, for a further period of 5 years. The approval of the Members is accordingly sought at the ensuing Annual General Meeting for the re-appointment of Shri M.P. Jhunjunwala as above.

Shri N Ganga Ram and Shri P K Sengupta, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. Khetawat & Associates, Auditors of the Company, will retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Members are requested to appoint Auditors and authorise the Board to fix their remuneration.

COST AUDITORS

The Central Government has directed the Company, pursuant to the provisions of Section 233 B of the Companies Act, 1956 to carry out audit of the Company's Cost Accounts in respect of aluminium products. Accordingly, your Directors have appointed M/s. N Radhakrishnan & Co. a firm of Cost Accountants, to conduct the audit for the year ended 31st March, 1999.

DEPOSITS

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

AUDITORS' REPORT

As regards the observations made by the Auditors in Para 2.5 and 2.6 of their Report, the Directors consider the relevant Notes as self-explanatory and there is, therefore, no need for any further comments under Section 217(3) of the Companies Act, 1956.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms 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 is annexed hereto and forms part of this Report.

PARTICULARS OF EMPLOYEES

The company had no employee of the category indicated under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

ACKNOWLEDGMENT

Your Directors are grateful to State Bank of India, Allahabad Bank and West Bengal Industrial Development Corporation Limited for their support and continued assistance. We are thankful to the Government of India, Government of West Bengal and Central and State Government Departments and Local Authorities for their valuable guidance and co-operation. The Directors also wish to place on record their appreciation of the dedicated efforts put in by the employees of the Company at all levels.

For and on behalf of the
Board of Directors

Calcutta

Dated : 28th day of May, 1999

M.P. Jhunjunwala

Chairman & Managing Director

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directors' report (contd.)

annexure to directors' report

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE BOARD OF DIRECTORS' REPORT) RULES, 1988.
A. CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken :-
- Additional power capacitors utilised at 900T Press feeder for over-all power factor improvement.
 - 1250T Press side Die Pre-heater load reduced to save energy. Also, S.S. Barriers provided on trolley to reduce heat loss.
 - At IBH Transformer low power taps utilised for the dies of low input rates.
 - Switching off of the motors during the run of low productive dies on the presses.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:-
- Upgradation of burners in melting furnaces for improving fuel consumption.
 - Using dross boggie at melting furnace for better recovery of molten metal.
 - Automatic light switches in lighting feeder and energy saving device for air-conditioners.
 - Installation of long tunnel IBH Coil in 175 KW IBH for the purpose of energy saving and improved productivity.
- (c) Impact of the measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:-
- Rebate of 2.5% maximum from WBSEB for the improvement in the power factor.
 - Reduction in the energy consumption with the use of low power taps of the transformers of induction billet heaters.
- (d) Total energy consumption and energy consumption per unit of production:-
Information is given in prescribed Form-A annexed while summary is given hereunder :

	Furnace Oil LTR/T	Electrical Energy KWH/T
97-98	159	1557
98-99	152	1509

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are given in prescribed Form - B annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports: initiatives taken to increase exports, development of new export markets for products and services, and export plans.

- b) Total foreign exchange used and earned:

	Current Year (Rs. in lacs)	Previous year (Rs. in lacs)
Used	239.16	32.66
Earned	Nil	Nil

FORM - A

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY
A. Power and Fuel Consumption

	Current year	Previous year
1. Electricity		
a) Purchased		
Units(KWH) in thousands	8107	7161
Total amount Rs.in thousands	27920	24328
Rate/Unit Rupees	3.44	3.40

	Current year	Previous year
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b) Own generation through Diesel Generator		
Net Units (KWH) - thousands	17	24
Units/Ltr of Diesel	2.56	2.58
Diesel cost/Unit generated	4.11	3.55
2. Coal (consumed in metal recovery unit)		
Qty. in M.T.	168	224
Total cost (Rs.in thousands)	290	376
Average Rate (Rs./MT)	1727	1675
3. Furnace Oil		
Qty.in K.Ltrs.	818	729
Total cost (Rs.in thousands)	4366	4043
Average Rate (Rs./Ltr)	5.34	5.55
4. Others/Internal Generation	Nil	Nil
B. Consumption per unit of production		
Electricity (KWH/T)	1509	1557
Coal (Kg/T)	31	49
Furnace Oil (Ltr/T)	152	159

FORM - B
 (See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION
A. RESEARCH AND DEVELOPMENT (R&D)

- Specific areas in which R&D carried out by the Company :
 - Development and production of high strength alloys for forging, aircraft and high pressure applications.
 - Development and commercialization of application specific alloys and heat treatment procedures for electrical applications.
 - Optimization of grain size and distribution in continuously cast logs through controlled addition of in-line grain refining coils.
 - Control of peripheral grain growth through proper monitoring and correlation of billet and exit temperatures.
- Benefits derived as a result of the above R&D:
 - New capabilities added in the casting, extrusion and heat treatment of high strength alloys.
 - Reduction in the internal rejection and significant gain in the process yield.
 - Consistency in the mechanical properties of hard alloys and considerable improvement in the rejection owing to orange peel defect.
- Future plan of action :
 - Standardization of extrusion parameters of commonly produced sections.
 - Optimization of alloy compositions with respect to extrusion speed, tensile strength and anodizing response.
 - Development of specific alloy compositions to achieve desired physical and mechanical properties.
 - Continuation of quality assurance activities through development and implementation of statistical techniques.
- Expenditure on R&D :

	1998-99 Rs.Lacs	1997-98 Rs.Lacs
a) Capital	—	—
b) Recurring	—	—
c) Total	—	—
d) Total R&D expenditure as a percentage of total turnover		

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts, in brief, made towards technology absorption, adaptation and innovation:
No new technologies were absorbed, adapted or implemented in the year under review.
- Benefits derived as a result of the above efforts : Not applicable
- Information regarding technology imported during last 5 years : None

For and on behalf of the
Board of Directors

Calcutta
Dated : 28th day of May, 1999

M.P. Jhunjhunwala
Chairman & Managing Director

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