

CEL
CENTURY
EXTRUSIONS
LIMITED

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Sixteenth Annual Report
2003-2004

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CENTURY EXTRUSIONS LIMITED

BOARD OF DIRECTORS

M P Jhunjhunwala
Chairman & Managing Director
R K Datta
R N Das
P K Sengupta
G S Agarwala
V Jhunjhunwala

COMPANY SECRETARY

Sumit Modi

AUDITORS

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

COST AUDITORS

N Radhakrishnan & Co.
Cost Accountant
11A, Dover Lane, (Flat B1/B4)
Kolkata - 700 029

REGISTRAR

&

SHARE TRANSFER AGENTS

MCS Limited
77/2A, Hazra Road
Kolkata - 700 029

BANKERS

State Bank of India
Allahabad Bank

REGISTERED OFFICE

113, Park Street
'N' Block, 2nd Floor, Kolkata - 700 016

WORKS

WBIIIDC Industrial Growth Centre
Nimpura, Kharagpur
Dist. Midnapur (W.B.)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Friday, the 20th August 2004 at 11.00 a.m. at Bharatiya Bhasha Parishad, (Sitaram Seksaria Auditorium), 36A Shakespeare Sarani, Kolkata - 700017 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 2004 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 Sri V Jhunjunwala who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri 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(s), the following resolution as **Special Resolution**:

"RESOLVED that the company hereby accords its approval to the re-appointment of Shri M P Jhunjunwala, as Managing Director of the Company for a period of five years with effect from 21st August 2004 on the terms and conditions, including remuneration as embodied in the Draft Agreement to be entered into between the Company and Shri M P Jhunjunwala, 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(s), the following resolution as **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956 and clause 6.1 and other applicable provisions of the Securities and Exchange Board India (Delisting of Securities) Guidelines 2003 and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the board of directors of the company (which shall deem to include any committee thereof) consent of the company be and is hereby accorded to the board to delist equity shares of the company from Calcutta Stock Exchange.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of shares as it may in its absolute discretion deem fit without being required to seek any further approval of members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority by this resolution.

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RESOLVED FURTHER THAT the board be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorize any of its committees or any of its directors or any of the officers of the company to do all such acts, deeds or things to give effect to the aforesaid resolution.

By Order of the Board

Kolkata

Dated : 30th June 2004

Sumit Modi*Company Secretary***NOTES :**

1. 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 18th August 2004.to 20th August 2004 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act,1956 in respect of Special Business is annexed hereto.
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, who hold the shares in dematerialised form are requested to bring their client ID and DP ID Nos. for easier identification of attendance at the meeting.
6. Members who hold shares in physical form 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.
7. Re-appointment of Directors:
The brief particulars of the Directors of the Company, retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting are furnished under the Corporate Governance Report.
9. This notice itself may kindly be treated as an abstract under section 302 of the Companies Act, 1956, as far as the agenda No. 5 is concerned.
10. The Company has transferred the unclaimed dividend for the financial year ended March 31, 1996 to the Investor Education and Protection Fund. All unclaimed dividends for the financial year ended March 31, 1997 will be due to transfer to Investor Education and Protection Fund of the Central Government on 14th November 2004, pursuant to the provisions of Section 205A of The Companies Act, 1956.

Members who have not encashed the dividend warrants for the financial year ended March 31, 1997 are requested to lodge their claims with the Company / Registrar and Share Transfer Agents, M/s MCS Limited without delay. It may be noted that once the unclaimed dividend is transferred to the above fund, no claim from the shareholder shall lie in respect thereof.

ANNEXURE TO THE NOTICE

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

ITEM NO. 5

Shri M P Jhunjunwala was appointed as Managing Director of the Company for a period of 5 years commencing from 1st March 2004 vide a resolution passed by the members of the company at the previous AGM held on 26th September 2003. The appointment was subject to approval of the Central Government. The Central Govt has since approved appointment of Shri Jhunjunwala only up to the date of ensuing AGM and has advised the company to seek approval of members for reappointment at the AGM.

Considering the valuable services rendered to the company by Shri M P Jhunjunwala, the Board of Directors at its meeting held on 30th June 2004, approved subject to the approval of the members of the company, the re-appointment of Shri M P Jhunjunwala as Managing Director of the Company for a period of 5 years commencing from 21st August, 2004 subject to the following terms and conditions:

- a) Salary: Rs. 50,000/- per month.
- b) Perquisites: Perquisites shall be restricted to an amount equivalent to annual salary or Rs. 6,00,000/- 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 M P Jhunjunwala will be deducted by the Company. The expenditure incurred by the Company for hiring furnished accommodation in Kolkata shall be subject to ceiling of 60% of the salary of Shri Jhunjunwala
- (b) The Company shall bear the cost of Gas, electricity, water and furnishings in respect of the accommodation of Shri Jhunjunwala.

II. Medical Reimbursement: Expenses incurred for Shri Jhunjunwala and his family.**III. Leave Travel Concession:** For Shri Jhunjunwala 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.**V. Personal Accident Insurance :** Personal accident insurance for an amount, annual premium of which does not exceed Rs. 10000/-

For the purposes of the aforesaid PART-A, "family" shall mean his wife and dependent children of Shri Jhunjunwala.

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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.6,00,000/- 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. 3,50,000/-.

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

These facilities will not be considered as perquisites.

OTHER BENEFITS

LEAVE

Shri Jhunjunwala 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 month's of service. Encashment of leave at the end of the tenure will not be considered as perquisite.

SITTING FEES

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

Shri Jhunjunwala will be reimbursed the entertainment and other expenses actually incurred for the business of the company subject to such limits as may be fixed by the Board from time to time.

The Board recommends the resolution as a special resolution for the approval of the members.

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

ITEM NO. 6

The Company is presently listed on the National Stock Exchange (NSE), Calcutta Stock Exchange and Mumbai Stock Exchange (BSE). The Company's shares are hardly traded on Calcutta Stock Exchange. The directors feel that the fees payable to Calcutta Stock Exchange outweigh the benefit of trading facility provided by them. Besides, NSE and BSE having nation-wide terminals provide adequate opportunity to shareholders to trade in Company's shares.

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In this backdrop it is considered desirable to voluntarily de-list the shares of the company from Calcutta Stock exchange subject to the Company complying the various provisions of SEBI (Delisting of Securities) Guidelines, 2003 and obtaining requisite approvals, permissions and sanctions in this regard.

In terms of the SEBI (Delisting of Securities) Guidelines, 2003, a public announcement regarding the proposed delisting will be published. The delisting will take effect only after all approvals, sanctions and permission have been received. The exact date on which delisting will take place will be suitably notified at that time.

Due to the availability of trading facilities of NSE and BSE in most of the cities across the country, the proposed delisting of the Company's Equity Shares on the said Stock Exchanges will not be *prejudicial to or affect the interest of, the investors.*

The Directors recommend the resolution as a special resolution for approval of the shareholders.

No director of the Company is concerned or interested in the said resolution

By Order of the Board

Kolkata

Dated : 30th June 2004

Sumit Modi

Company Secretary

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DIRECTORS' REPORT

To the Members,

Your Directors present their Sixteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS

	2003-04 (Rs. Lacs)	2002-03 (Rs. Lacs)
Sales	<u>7536.13</u>	<u>6668.41</u>
Profit/ (Loss) before Interest & Depreciation	<u>9.05</u>	<u>10.20</u>
Interest	<u>138.96</u>	<u>365.31</u>
Profit/ (Loss) before Depreciation	<u>(129.91)</u>	<u>(355.11)</u>
Depreciation	<u>96.41</u>	<u>148.45</u>
Net Profit /(Loss)	<u>(226.32)</u>	<u>(503.56)</u>
Income Tax Adjustment for Earlier Year	–	<u>(0.20)</u>
Previous Year Adjustments	<u>(3.25)</u>	<u>(1.69)</u>
Waiver on Settlement of Dues with Banks	<u>1284.87</u>	–
Adjustment on Capital Reduction	<u>1261.96</u>	–
Profit/(Loss) Brought Forward	<u>(2717.39)</u>	<u>(2211.94)</u>
Balance of Profit / (Loss) carried to Balance Sheet	<u>(400.13)</u>	<u>(2717.39)</u>

DIVIDEND

Due to accumulated losses, your Directors regret their inability to recommend any dividend for the year.

OPERATIONS

During the year under review, your Company produced and sold 6363MT of Aluminium Extrusions as against 5503MT in 2002-03. The sales turnover was Rs.7536.13.lacs as against Rs. 6634.70 lacs in the previous year. The Company earned an operating profit (profit before interest and depreciation) of Rs.9.05 lacs against Rs.10.20 lacs in the previous year.

There was an increase of approx. 9% in the price of Company's main raw material i.e. aluminium ingots / billets during the year. The primary producers of aluminium metal increased the prices 4 times during the year. Your Company could pass on the raw-material price increase to its customers, but only after some delay resulting in lower value addition in the interim period which affected company's profitability.

Your Company has been working with inadequate working capital finance. The liquidity problems increased significantly as the Company made payment of settlement amount to the banks during second half of the year, which affected Company's profitability.

There has been some improvement in the market for your Company's products since May, 2004. Upon full implementation of the Rehabilitation Scheme, the Company's liquidity situation would significantly improve paving the way for better performance in the financial year 2004 – 05 and thereafter.

FINANCE

Due to the cash losses suffered over last 6 years, the Company has been facing severe constraints in managing its working capital requirement. However, your Company expects that on disbursement of the soft loan of Rs 5.00 crores by the Government of West Bengal, the situation will ease considerably.

The Board for Industrial and Financial Reconstruction approved Company's rehabilitation scheme under Section 17(2) of Sick Industrial Companies (Special Provisions) Act, 1985 on 27th August, 2003.

As per provisions of the Scheme, the Company had to raise additional funds of Rs.3.50 crores by way of Rights Equity Issue, Rs.0.92 crore by way of additional suppliers' credit and Rs.5.00 crores by way of soft loan from Govt. of West Bengal.

The Rights Issue could not be made during the year due to delay in re-listing of shares at Stock Exchanges, subsequent to capital reduction. The rights issue is expected to be made in the current year. Pending subscription to rights issue, the promoters have arranged to bring in the sum of Rs.3.50 crores by way of unsecured loan which shall be replenished with funds to be raised by way of Rights Issue of Equity Shares in due course. The Company could also arrange additional suppliers' credit of Rs.0.92 crore as envisaged in the Scheme.

As per the sanctioned Scheme, the Company had to make net payment of Rs.8.84 crores to the Banks. This was completed during the year. As on 31st March, 2004, the Company had a balance payable of Rs.6.00 crores to the Banks towards OTS. On Company making balance payment to the Banks, the Banks would release fresh L/C facility of Rs.6.00 crores. This could not be completed as the Banks had put a pre-condition that the soft loan of Rs.5.00 crores from the Govt. of West Bengal should be released prior to their release of fresh L/C facility. The Company is continuously following up with the Govt. of West Bengal for release of soft loan which is expected in the current year.

On completion of the restructuring exercise, the Company shall have adequate liquidity to achieve optimum capacity utilization, which shall help the Company to improve its performance. In the present market situation, barring unforeseen circumstances, the Company is expected to return to profitability during the current financial year.

STATUS AT BIFR

The Board for Industrial and Financial Reconstruction (BIFR) had at its meeting held on 30th December 2002 declared the Company to be a 'sick industrial company' in terms of section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The Company had submitted a rehabilitation scheme under Section 17 (2) of SICA and the same was approved by BIFR vide its Order dated 27th August, 2003. The Scheme is currently under implementation.

DIRECTORS

Shri V Jhunjunwala and Shri P K Sengupta, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the selected accounting policies were applied consistently and the directors 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 March 31, 2004 and of the profit or loss of the Company for the year ended on that date;