



***Eighteenth Annual Report
2005-2006***

Index**Pg. Nos.**

1.	Notice	2
2.	Director's Report	6
3.	Report on Corporate Governance	11
4.	Management Discussion and Analysis	20
5.	CEO & CFO Certification	23
6.	Auditor's Report	24
7.	Balance Sheet	28
8.	Profit & Loss Account	29
9.	Cash Flow Statement	30
10.	Schedules	31
11.	Accounting Policies and Notes on Accounts	36

annual report • century extrusions ltd.

CENTURY EXTRUSIONS LIMITED

BOARD OF DIRECTORS

M P Jhunjunwala
Chairman & Managing Director
R N Das
P K Sengupta
V Jhunjunwala
V K Mushran
M G Todi

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Kailash Baheti

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

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

annual report • century extrusions ltd.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Friday, the 21st July 2006 at 11.00 a.m. at Gyan Manch, 11, Pretoria Street, Kolkata - 700 017 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 2006 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 Vikram Jhunjunwala who retires by rotation and being eligible, offers himself for re-appointment.
3. 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

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

RESOLVED THAT Sri M G Todi, who was appointed as Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company, liable to retire by rotation.

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

RESOLVED THAT Sri V K Mushran, who was appointed as Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company, liable to retire by rotation.

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

RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, including any statutory modifications or re-enactments thereof, for the time being in force, and in part modification of the earlier agreement dated 21st August 2004, the company hereby approves an increase in remuneration payable to Sri M P Jhunjunwala with effect from April 1, 2006 until the expiry of his term of appointment i.e. until August 20, 2009, as set out in the Draft Supplemental Agreement to be entered into between the company and Sri M P Jhunjunwala, a copy whereof initialled by the Chairman is placed before the meeting with a liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement as may be agreed to between the Board of Directors and Sri M P Jhunjunwala.

By Order of the Board

Sumit Modi

Company Secretary

Kolkata

Dated : 31st May 2006

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 July 2006 to 21st July 2006 (both days inclusive) for AGM.
3. 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.
4. 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.
5. 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.
6. Re-appointment of Directors:
Brief particulars of the Directors of the Company proposed to be appointed or re-appointed at the ensuing Annual General Meeting are furnished under the Corporate Governance Report.
7. The notice itself may kindly be treated as an abstract under section 302 of the Companies Act, 1956 as far as Agenda No. 6 is concerned.

ANNEXURE TO THE NOTICE

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

ITEM NO. 4 & 5

Sri M G Todi and Sri V K Mushran were appointed by the Board of Directors as Additional Directors of the Company w.e.f. January 30, 2006, pursuant to the provisions of Section 260 of the Companies Act, 1956. Sri M G Todi and Sri V K Mushran, in terms of the said provisions, hold office only upto the date of this Annual General Meeting.

Sri M G Todi is the founder and the Chairman of Coastal Roadways Ltd. Mr Todi has taken his Masters degree in Commerce, has done LLB and is also a fellow member of the Institute of Chartered Accountants of India.

Sri V K Mushran had done his Masters Degree in Science. He had built a successful career in Senior Marketing position at Hindalco Industries Ltd. and was the Sr. Vice President in-charge of Marketing at the time of his retirement in the year 2000.

Notice u/s 257 of the Companies Act, 1956 has been received by the Company from a member signifying his intention to propose Sri M G Todi and Sri V K Mushran as directors

annual report • century extrusions ltd.

of the company. The board considers that it will be in the interest of the company to continue to have them on the Board and recommends the proposed resolution for approval of the Members.

Neither Sri M G Todi nor Sri V K Mushran hold any equity shares of the company.

None of the directors except Sri M G Todi and Sri V K Mushran is concerned or interested in the respective resolutions.

The Board recommends the resolutions set forth in items 4 and 5 for approval of the members.

ITEM NO. 6

Sri M P Jhunjunwala was appointed as Chairman and Managing Director with effect from 21st August 2004 with necessary approvals of the Board of Directors and Members of the Company. He is being paid a basic salary of Rs.50,000/- per month and perquisites restricted to annual salary or Rs 6 Lacs per annum whichever is less.

Considering the valuable services rendered by Sri M P Jhunjunwala; upon recommendation of the remuneration committee, the Board of Directors, at their meeting held on May 31, 2006, have revised the basic salary payable to Mr M P Jhunjunwala from Rs 50,000/- pm to Rs 1,00,000 per month in the scale of Rs 1,00,000 – 3,00,000 and removed the ceiling on perquisites, with the authority to the Remuneration Committee / Board to grant such increment within the said scale as it may determine from time to time, with effect from April 1, 2006 until the expiry of his term of appointment on August 20th, 2009, subject to approval of the members at the ensuing Annual General Meeting.

The principal terms and conditions set out in the aforesaid supplemental agreement are as follows :

SALARY & PERQUISITES:

Basic Salary: Rs. 1,00,000/- per month. (in the scale of Rs 1,00,000/- to 3,00,000/-)

PART – A

Perquisites:

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 M P 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 M P Jhunjunwala and his family

annual report • century extrusions ltd.

- III. **Leave Travel Concession** : For Shri M P 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, wife of Shri M P Jhunjunwala.

PART - B

Gratuity : Not exceeding half month's salary for each completed year of service.

PART - C

- I. **Car** : Car facility as may be required by Shri M P Jhunjunwala.
- II. **Telephone** : Provision of telephone(s) at residence.

OTHER BENEFITS

LEAVE

Shri M P 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.

SITTING FEES

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

Shri M P 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

Shri M P Jhunjunwala and his son Shri Vikram Jhunjunwala may be considered to be concerned or interested in the above resolution. None of the other directors is concerned or interested in the resolution.

The Board recommends the resolution set forth in item 6 for the approval of the members.

By Order of the Board

Kolkata
Dated : 31st May 2006

Sumit Modi
Company Secretary

DIRECTORS' REPORT

To the Members,

We are happy to present our report on the business and operations of the Company for the year ended 31st March 2006.

FINANCIAL RESULTS

In Rs. lacs, except per share data

Year ended March 31	2006	2005
Sales	9678	8291
Profit before Interest, Depreciation and Impairment of Assets	522	369
Interest	101	88
Profit before Depreciation	421	281
Depreciation and Impairment of Assets	83	167
Net Profit	338	114
Provision for Taxation (Net of Deferred Tax Assets)	241	—
Profit after Tax	579	114
Previous Year Adjustments	1	(1)
Profit/(Loss) brought forward	(287)	(400)
Balance of Profit / (Loss) carried to Balance Sheet	293	(287)

DIVIDEND

The profit earned during the current year has helped the Company to wipe out its past accumulated losses. The balance of profit earned from operations is inadequate to consider payment of dividend for the year under review.

OPERATIONS

Over last few years, we have consciously revised our policy to fully concentrate on direct sale to end-use customers and to gradually reduce our dependence on the trade segment. We have been reasonably successful in our efforts as our sale to end-use customers increased from 53% in 2003 – 04 to 60% in 2004 – 05 and further to 75% in the year under review.

The demand for extrusions was buoyant during the year with an improved economic environment in the country.

Sales revenue increased to Rs.9678 lacs from Rs.8291 lacs in the previous year. The Company manufactured and sold 6617MT of extrusions against 6599MT in the previous year.

The operating profit increased from Rs.369 lacs to Rs.522 lacs. We have recorded deferred tax assets of Rs.267 lacs as on March 31, 2006. As a result of higher operating profit and recording of deferred tax assets, the Profit after tax has increased from Rs.114 lacs to Rs.579 lacs.

The Company had three extrusion press lines with Extrusion Presses of 1620MT, 1250MT and 900MT respectively. The 1620MT Press is used to cater to the demand from the end-use customers. The 1250MT Press is being used to partly meet demand of end-use customers and partly of the trade segment. The 900MT was capable to manufacture the products which were mainly sold through the trade segment. Unfortunately, the market in trade segment had not been good over last few years, and as such the 900MT Press was lying inoperative since 2001. During the year, the Company disposed off the 900MT Press line.

The Company has been operating the other two press lines at full capacity and there is only a limited scope to increase the production from the present level with the existing infrastructure.

We are evaluating various options including backward integration (installing new billet manufacturing facility with latest technology), expansion (installing a third extrusion press of higher capacity to meet demand from end-use customers) and forward integration (for production of further value added items from extruded products) to achieve sustainable future growth. However, we are yet to bring any of these projects to planning stage.

FINANCE

The Company raised its equity capital by Rs.350 lacs during the current financial year through a rights equity issue. The Rights Issue of 350 lacs equity shares of Re.1/- each for cash at par in the ratio of 35 shares for each 12 shares held was oversubscribed by 1.34 times. The Company made allotment of Rights Equity Shares as on November 11, 2005.

With support of the additional equity capital raised during the year and the improved working results and there being no major repayment obligations during the year under review, the company is presently working with reasonably comfortable level of available finance.

STATUS WITH BIFR

The Company has fully implemented the rehabilitation scheme approved by the Board of Industrial and Financial Reconstruction (BIFR). The net worth of the Company has become positive and the Company has also wiped out its entire accumulated loss. Hence, the Company is no longer a sick industrial unit and has accordingly applied for de-registration from the BIFR.

DIRECTORS

During the year Sri G S Agarwala resigned from the Board for personal reasons. We place on record our deep appreciation for the services rendered by Sri G S Agarwala during his tenure on the Board. Sri G S Agarwala participated actively in the deliberations of the Board and we benefited immensely from his insights.

Shri R K Datta passed away on November 23, 2005. We place on record our deep appreciation for the services rendered by Sri R K Datta during his tenure on the Board. Sri R K Datta participated actively in the deliberations of the Board and we benefited immensely from his insights.

Sri Vikram Jhunjhunwala, retires from directorship of the Company by rotation and being eligible, offers himself for re-appointment.

Sri P K Sengupta retires from directorship of the Company but has expressed his intention not to seek re-appointment. We place on record our deep appreciation for the services rendered by Sri P K Sengupta during his tenure on the Board. Sri P K Sengupta participated actively in the deliberations of the Board and we benefited immensely from his insights.

Further, we inducted Sri M G Todi and Sri V K Mushran as additional directors of the company. Their appointments require approval of the members at the ensuing annual general meeting.

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;

annual report • century extrusions ltd.

- ii. that the selected accounting policies were applied consistently and the directors made judgments 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, 2006 and of the profit or loss of the Company for the year ended on that date;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the annual accounts have been prepared on a going concern basis.

AUDITORS / AUDITORS' REPORT

The auditors, M/s. Khetawat & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

COST AUDITORS

As per the directive of Central Government pursuant to the provisions of Section 233B of the Companies Act, 1956, your Directors have re-appointed M/s. N Radhakrishnan & Co, a firm of Cost Accountants, to conduct the audit for the year ended 31st March, 2006

PUBLIC DEPOSITS

The Company did not invite or accept any deposit from the public under Section 58A of the Companies Act, 1956.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

The company had no employee of the category indicated under Section 217(2A) of the Companies Act, 1956. The 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 is set out in a separate statement, attached to this report.

CORPORATE GOVERNANCE

Your company has complied with the Corporate Governance code prescribed by the Stock Exchanges. A detailed report on corporate Governance along with Auditors' Certificate on compliance with the mandatory recommendations on Corporate Governance is annexed to this report.

ACKNOWLEDGMENT

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels.

We thank the Government of India, the Customs and Excise Departments, the Sales Tax Department, the Income Tax Department, the State Government and other Government agencies for their support, and look forward to their continued support in the future.

For and on behalf of
the Board of Directors

Kolkata
Dated: 31st May 2006

M P Jhunjhunwala
Chairman & Managing Director