



Orissa Extrusions Limited



Annual Report 1998 - 99



DIRECTORS

Ramakanta Rath
Chairman

Unmil Ghosh
Managing Director

B. K. Sarkar
Nominee of ICICI resigned w.e.f. 17.01.00

M. K. Ghosh
Nominee of The ICICI Limited

R. P. Panda

Vagn Gronbjerg

Fritz Thurnheer

P. K. Sen

Jairaj Singh – resigned w.e.f. 23.04.99

A. Regie Paul

I. Banerjee
(Alternate to P.K. Sen) – resigned w.e.f. 15.10.99

Vijaya Sampath
(Alternate to P.K. Sen and A. Regie Paul)

Aage Frohde
(Alternate to Vagn Gronbjerg & Fritz Thurnheer)

AUDITORS

Price Waterhouse

BANKERS

State Bank of India
UCO Bank
ANZ Grindlays Bank

REGISTRARS AND SHARE TRANSFER AGENTS

Nicco Uco Alliance Credit Limited
11, Lake Avenue
Calcutta 700 026

REGISTERED OFFICE

Ganeswarpur Industrial Estate
Balasore 756 019
Orissa

ORISSA EXTRUSIONS LIMITED

Ganeswarpur Industrial Estate, Balasore-756 019, Orissa

**NOTICE**

NOTICE is hereby given that the 13th Annual General Meeting of Orissa Extrusions Limited will be held at its Registered Office at Ganeswarpur Industrial Estate, Balasore 756 019, Orissa on Thursday, March 30, 2000 at 12 noon to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at December 31, 1999 and the Profit and Loss Account of the Company for the year ended December 31, 1999 and Reports of the Directors and Auditors thereon.
2. (a) To appoint a Director in place of Mr. Vagn Gronbjerg, who retires by rotation.
(b) To appoint a Director in place of Mr. P. K. Sen, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting and to fix their remuneration. Messrs Price Waterhouse, Chartered Accountants, the retiring Auditors, have intimated their inability to continue as the Auditors.

SPECIAL BUSINESS

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

As an ordinary resolution :

RESOLVED that M/s A. K. Sabat & Co. Chartered Accountants in respect of whom the Company has received a notice in writing from a member under Section 225 of the Companies Act, 1956 signifying his intention to propose M/s A. K. Sabat & Co., Chartered Accountants for the office of the Auditors be and is hereby appointed as Auditor of the Company.

NOTES

1. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before this Annual General Meeting.
2. The Register of Members and Share Transfer Register shall remain closed from March 29, 2000 to March 30, 2000 (both days inclusive).
3. Explanatory Statements pursuant to Section 225 of the Companies Act, in respect of business under item no. 4 is annexed hereto.
4. Members are requested to bring in their copies of Annual Report to the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 225 OF THE COMPANIES ACT, 1956

Subject to the consent of the members at the Annual General Meeting, the Board of Directors appointed M/s A. K. Sabat & Co., Chartered Accountant with effect from this Annual General Meeting to forth coming Annual General Meeting as the Auditor of the Company.

Your Directors recommend the resolution for your approval.

None of the Directors is concerned or interested in the resolution except to the extent of their share holdings, if any, in the Company.

Place : Bhubaneswar
Date : February 16, 2000

By Order of the Board
U. Ghosh
Managing Director



DIRECTORS' REPORT

Your Directors presents the thirteenth Annual Report of the Company together with the Audited Accounts for the fifteen months period October 1998 to December 1999.

OVERVIEW

During the period of fifteen months under review, your Company produced 1,346 tonnes of extrusions compared to 4,716 tonnes in the previous year of eighteen months. During the period under review, your Company witnessed a total recession in extrusion business. There was a total fall in the demand of Aluminium Extrusions in domestic market. This has lead to over capacity, intense competition and extended credit. This has resulted in a fall in the price of Extrusions.

The Company was referred to BIFR on January 25, 1999. As a result financial assistance in the form of working capital, LCs etc. were not forth coming. During the period under review and subsequent two months of the current year your Company has faced a serious financial crisis. Sourcing of raw material on your own became difficult. Poor market condition in one hand and inability to source raw material on the other hand compelled the Company to have an average capacity utilisation of only 15%.

HUMAN RESOURCES

The Long Term Agreement with the Union expired on December 1999 and Charter of Demand had been received from them for new agreement. However, due to severe financial crunch, no discussion/settlement on the Charter of Demand have been done. The matter is under "Conciliation".

Industrial relations throughout the year remained cordial. Your Directors record their appreciation of the contribution made by the employees at all levels at this difficult phase of the Company.

Information in terms of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, is annexed to this report.

ACKNOWLEDGEMENTS

Your Directors wish to convey their sincere thanks to all customers, suppliers for their co-operation and support. They also place on record their gratitude to the Consortium of Bankers and Financial Institutions, for their continued support.

DIRECTORS

Mr. B. K. Sarkar who was nominee Director of ICICI has resigned and ICICI has appointed Mr. M. K. Ghosh in his place.

The Board places on record its appreciation of the valuable contributions made by Mr. B. K. Sarkar.

Mr. Jairaj Singh has resigned from the Board. The Board places on record its appreciation of the valuable contributions made by Mr. Jairaj Singh.

On Indal's nomination Mr. A. Regie Paul has been appointed Director to fill in the casual vacancy caused by the resignation of Mr. Jairaj Singh.

Mr. I Banerjee has resigned from the Board. The Board places on record its appreciation of the valuable contributions of Mr. I. Banerjee.

On Indal's nomination Mrs. Vijaya Sampath has been appointed as alternate Director to fill in the casual vacancy caused by the resignation of Mr. I. Banerjee.

Mr. V. Gronbjerg and Mr. F. Thurnheer of Hydro's nominee Directors and Mr. A. Fröhde their alternate Director have submitted their resignations from the Board. A final view will be taken after obtaining legal advice.

BIFR STATUS

Your Company has been referred to BIFR, on January 25, 1999 based on last accounts closing (April, '97 to September, '98). On its hearing on 17 June 1999 the BIFR declared your Company as sick Company and have appointed the ICICI as operating agency. Your Company had submitted a revival proposal after due consideration by a sub-committee of the Board and adopted by the Board. However, this proposal was not acceptable to the operating agency because it fell short of RBI norms.

The Operating Agency is now preparing a revival package of its own.

CLOSURE

Your Company has filed application under Section 25(O) of the Industrial Disputes Act for closure of the Company due to acute financial crisis and extreme difficulty in running the business.

AUDIT OBSERVATIONS

The Auditors' observations on Schedules 16.3(ii), 16.3(iii), 16.13 and 16.14 are explained in the notes to the respective Schedules.

AUDITORS

The auditors of the Company, Messrs Price Waterhouse, Chartered Accountants, hold office until the conclusion of this Annual General Meeting and have intimated their inability to hold office till forth coming Annual General Meeting.

Notice from a member has been received to appoint M/s A. K. Sabat & Co., Chartered Accountants, Bhubaneswar as Auditor of the Company.

Bhubaneswar
February 16, 2000

For and on behalf of the Board
Ramakanta Rath
Chairman


ANNEXURE TO DIRECTORS' REPORT

Statement regarding conservation of energy, technology absorption, foreign exchange earnings and outgo under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year December 31, 1999.

A. Conservation of Energy :

- (a) Energy conservation measures taken : No special energy conservation measures were taken during the period under review other than control on wastage.
- (b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy : None.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production : Nil.
- (d) Total energy consumption per unit of production : Form 'A' enclosed.

B. Technology Absorption :

- (e) Efforts made in technology absorption : None.

C. Foreign Exchange Earnings and Outgo :

- (f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and service.
- (g) Foreign Exchange Used and Earned :
- | | | |
|--------|---|-------------|
| | | Rs. Million |
| Used | : | 1.121 |
| Earned | : | 4.858 |

FORM - A
DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER & FUEL CONSUMPTION		1998-99 (15 months)	1997-98 (18 months)
1. Electricity			
(a) Purchased			
Units	kWh	3348114	9848145
Total amount	Rs.	16942035	35528331
Rate/kWh	Rs./kWh	5.06	3.61
(b) Own Generation			
i) Through diesel generator			
Units	kWh	3880	9662
kWh/Ltr of diesel oil		1.86	1.59
Cost/kWh	Rs.	21.30	15.80
ii) Through steam/turbine		nil	nil
2. Coal		nil	nil
3. Furnace Oil			
Quantity	kl	268.810	914.846
Total amount	Rs.	1646321	5319004
Average rate/kl	Rs.	6124	5814
B. CONSUMPTION PER UNIT OF PRODUCTION	Standard (if any)		
Electricity — kWh/tonne	—	2487	2088
Furnace Oil — ltr/tonne	—	200	194