



## CENTURY EXTRUSIONS LIMITED

### BOARD OF DIRECTORS

M G TODI  
R N DAS  
V K MUSHRAN  
V JHUNJHUNWALA  
M P JHUNJHUNWALA - *Chairman & Managing Director*

### CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

KAILASH BAHETI

### COMPANY SECRETARY

SUHITA MUKHOPADHYAY

### AUDITORS

A L P S & CO.  
CHARTERED ACCOUNTANTS  
310, TODI CHAMBERS  
2, LALBAZAR STREET  
KOLKATA-700001

### COST AUDITORS

N RADHAKRISHNAN & CO.  
COST ACCOUNTANTS  
11A, DOVER LANE  
KOLKATA-700029

### REGISTRAR & SHARE TRANSFER AGENTS

MCS LIMITED  
77/2A, HAZRA ROAD  
KOLKATA-700029

### BANKERS

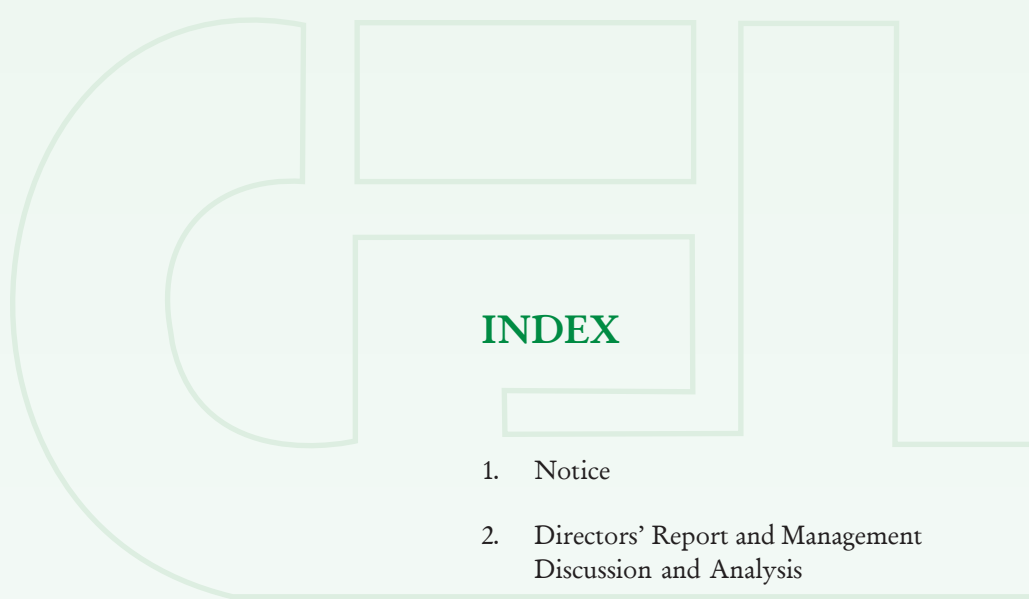
STATE BANK OF INDIA  
AXIS BANK LIMITED  
ICICI BANK LIMITED

### REGISTERED OFFICE

113, PARK STREET, 'N' Block, 2<sup>ND</sup> FLOOR,  
KOLKATA-700016

### WORKS

WBIIDC INDUSTRIAL GROWTH CENTRE  
PLOT NO. 7A, SECTOR-B  
P.O. RAKHAJUNGLE, PIN - 721 301  
NIMPURA, KHARAGPUR  
DIST. WEST MIDNAPORE (WB)



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NOTICE is hereby given that the 21<sup>st</sup> Annual General Meeting of the Members of Century Extrusions Limited will be held on 31<sup>st</sup> July, 2009 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 receive, consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March 2009, the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares for the year ended 31<sup>st</sup> March, 2009.
3. To appoint a Director in place of Mr. M.G.Todi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. R.N.Das who retires by rotation and being eligible offers himself for re-appointment.
5. 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 authorize the Board of Directors to fix their remuneration.

#### SPECIAL BUSINESS

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

“RESOLVED that in supersession of the Resolution passed at the Extraordinary General Meeting of the company held on 21.01.2008 and pursuant to sub-section (1) (d) of Section 293 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby granted to the Board of Directors for borrowing from time to time all such sum of money as they deem requisite notwithstanding that moneys to be borrowed, together with moneys already borrowed by the company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed shall not exceed Rs. 200 crores (Rupees Two hundred crores only).”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
 

“RESOLVED that in supersession of the resolution passed in the Annual General Meeting held on 20.09.1991 and pursuant to the provisions of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or charge all immovable and/or movable properties of the Company wheresoever situate, present and future, in favor of the company’s bankers, viz., State Bank of India Ltd., Axis Bank Ltd., ICICI Bank Ltd., as also in favour of the Govt. of West Bengal and any other Bank, Financial Institution etc. which may provide loan facilities to the Company in future, to secure fund base and non-fund base facilities and any other kind of loan facilities already granted or which may be granted by them from time to time to the company, on such terms and conditions and in such form and in such manner as the Board of Directors of the Company may decide in the interest of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize with the company’s bankers the documents for creating the aforesaid mortgage and/or the charge and to do all such acts and things that may be necessary for giving effect to the above resolution.”
8. To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:
 

“RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended and subject to such permissions, consents and approvals from various authorities as may be required and subject to such conditions, if any, that may



be imposed by any authority while granting their permissions, consents and approvals and which the Board of Directors is hereby authorized to accept, the Company hereby accords its consent and approval to the re-appointment of Mr. Madhab Prasad Jhunjhunwala who would attain the age of seventy years on 10.10.2009, as Chairman cum Managing Director of the Company for a period of three years with effect from 21<sup>st</sup> August 2009 on the terms and conditions set out below:

**1. Remuneration**

- a) Salary  
Rs. 350,000 per month

**PART-A**

b) **Perquisites**

(i) **Housing**

Rent free furnished Accomodation or House rent allowance @ 40% of salary

(ii) **Medical Reimbursement**

Reimbursement of medical expenses to the extent of Rs.15,000 p.a.

(iii) **Leave Travel Concession**

Reimbursement of all travel expenses incurred for self and family in accordance with the Rules of the Company upto a maximum of Rs.100,000 p.a.

(iv) **Club Membership**

Annual subscription fees subject to a maximum of two clubs.

(v) **Personal Accident Insurance:** Personal accident Insurance for an amount, annual premium of which does not exceed Rs.10,000/-.

**PART-B**

(vi) **Gratuity:** Gratuity at the rate of half-month's salary for each completed year of service

(vii) **Contribution to Provident Fund**

The Company's contribution to Provident Fund not exceeding 12% of salary

(viii) **Leave:** Entitled for leave with full pay or encashment thereof as per the Rules of the Company

**Explanation:**

Perquisites shall be evaluated as per Income tax Rules, whenever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

c) **Amenities**

(i) **Conveyance Facilities**

The Company shall provide suitable vehicle. All the repairs, maintenance and running expenses including driver's salary shall be reimbursed by the Company.

(ii) **Telephone, telefax and other communication facilities**

The Company shall provide telephone, telefax and other communication facilities at the Managing Director's residence. The Company shall reimburse all the expenses incurred.

### Sitting Fees

Mr. Jhunjhunwala will not be paid any sitting fees for attending the meetings of the Board of Directors or any Committee thereof. He 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.

### II. Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service agreement of the Managing Director, the Company may continue to pay him remuneration by way of salary, perquisites and other allowances as above, as minimum remuneration.

“RESOLVED FURTHER that Mr. Jhunjhunwala shall be entitled to be paid /reimbursed by the Company all costs, charges and expenses as may be incurred by him for the purposes of or on behalf of the Company.”

“RESOLVED FURTHER that the Company do execute a suitable agreement with Mr. Jhunjhunwala, incorporating the terms and conditions of his reappointment for the aforesaid period.”

### 9. Place of keeping and inspection of the Registers and Annual Returns of the Company

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

“RESOLVED THAT in supersession of the Special Resolution passed at the Annual General Meeting held in September 17,1990 and pursuant to section 163 of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) (“Act”), the Company hereby approves that the Register of Members and Index of members, the Registers and indexes of Debentureholders, if any, and copies of all annual returns prepared under section 159 of the Act, together with the copies of certificates and documents required to be annexed thereto under section 161 of the Act or any one or more of them, be kept at the office of the Company’s proposed new Registrars and Share Transfer Agents, viz. CB Management Services (P) Ltd., Regd. Office at P-22, Bondel Road, Kolkata-700019 instead of the office of the earlier Registrar, MCS Limited with effect from 1<sup>st</sup> October, 2009.”

*By order of the Board*

Kolkata  
Dated: 11.05.2009

**Suhita Mukhopadhyay**  
*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 shall remain closed from 25<sup>th</sup> July 2009 to 31<sup>st</sup> July, 2009 (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 de-materialized 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 given in the annexure.
7. Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
8. The Dividend in respect of equity shares will be payable to the shareholders, whose names shall appear on the Register of Members as on 25<sup>th</sup> July, 2009 (Record Date) and shall be paid on and after 10<sup>th</sup> August, 2009.
9. Members may please note that the Dividend Warrants would be payable at par at all the Branches of the Bank printed on the reverse of the Dividend warrants for an initial period of 6 months only and thereafter the Dividend Warrant would need revalidation. The members are therefore advised to encash Dividend Warrants within the initial validity period.
10. In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the Company, under the signature of the Sole/first Joint holder, the following information to be incorporated on the Dividend Warrants:
  - (i) Name of the Sole/ First Joint Holder and the Folio Number
  - (ii) Particulars of Bank Account, viz.
    - (a) Name of the Bank
    - (b) Name of Branch
    - (c) Complete address of the Bank with Pin Code Number
    - (d) Account type, whether Savings (SB) or Current Account (CA)
    - (e) Bank Account number allotted by the Bank
11. Members holding the shares in electronic mode may please note that their dividend would be paid through Electronic Clearing Services (ECS) at the available RBI locations. The dividend would be credited to their Bank Account as per the mandate given by the members to their DPs. In the absence of availability of ECS facility, the dividend would be paid through warrants and the Bank details as furnished by the respective Depositories to the company will be printed on their dividend warrants as per the applicable regulations. Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.
12. Corporate Members intending to send their authorized representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

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

### Item No.6

At the Extraordinary General Meeting of the Company held on 21.01.2008, the Company had accorded its consent under section 293(i)(d) of the Companies Act, 1956, to the Directors borrowing moneys upto a limit of Rs.100 crores (Excluding temporary loans obtained from the Company's bankers in the ordinary course of business). Taking into account the requirements of additional finance for the expansion programme under implementation and which may be further undertaken by the company, a fresh resolution is proposed providing that, the Directors may, for and on behalf of and for the purposes of the Company, borrow upto a maximum amount of Rs.200 crores, thereby raising the total borrowing limit from the present level of Rs. 100 crores to Rs.200 crores.

None of the directors is concerned or interested in the resolution.

#### Item No.7

The borrowings of the Company are, in general, required to be secured by suitable mortgage or charge on all or any of the moveable and/or immoveable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in consultation with the lender(s).

The Company had earlier obtained term loan by mortgaging the immoveable and moveable properties of the Company in favour of Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI) and The Industrial Credit & Investment Corporation of India (ICICI). These loans have since been paid and presently no charge exists in their favour.

The Company has presently taken Term Loan/Working capital facilities from its present Bankers, namely, State Bank of India Ltd., Axis Bank Limited, ICICI Bank Ltd. and from Govt. of West Bengal.

As security for the above loans, the Company has created charge in favour of the above Banks and the Govt. of West Bengal as per terms of their respective sanctions. The above Banks and the Govt. of West Bengal have from time to time desired that a resolution be passed by members of the Company with their specific names included in the resolution.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of directors shall not without the consent of the Company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the company, or where the company owns more than one undertaking, of the whole, or substantially the whole of any such undertaking.

Since the mortgaging by the company, of its moveable and immoveable properties in terms of the earlier resolution dated 20.09.1991 passed by the members or for future borrowings as aforesaid in favour of the Banks/ Financial Institutions, may be considered to be disposal of the company's undertaking within the meaning of section 293(1)(a) of the Companies Act, 1956, it is necessary to obtain the consent of the members.

Your Directors commend the resolution for your approval. None of the Directors of the Company is in any way, concerned or interested in the said resolution.

#### Item No.8

The present term of Mr. Madhab Prasad Jhunjhunwala as Chairman cum Managing Director (CMD) expires on 20<sup>th</sup> August, 2009. The Board of Directors have now re-appointed Mr. Jhunjhunwala as the Chairman and Managing Director for a further period of 3 years effective 21.08.2009 to 20.08.2012, subject to the approval of the members at the General Meeting.

The Board has (based on recommendation of the Compensation Committee) also approved the remuneration and perquisites payable to Mr. Jhunjhunwala as the CMD. The remuneration and perquisites payable to Mr. Jhunjhunwala has been enumerated in the resolution at item no.8 of this notice. The said remuneration and provisions are in consonance with the provisions of Part II of Schedule XIII of Companies Act, 1956.

The Explanatory Statement together with the accompanying notice should be treated as an abstract of terms and conditions of the Agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

Since Mr. Jhunjhunwala would attain the age of 70 years as on 10.10.2009 the approval of the shareholders is sought by way of a special resolution as required under Schedule XIII of the Companies Act, 1956.



The details required in a Statement as per Clause 1(C) of Section II of Part II of Schedule XIII are as hereunder :

#### GENERAL INFORMATION:

1. Nature of Industry	The Company is engaged in manufacture of Aluminium Extruded products and Power Transmission and Distribution Line Hardware at its factory located at Kharagpur in West Bengal.
2. Date of commencement of commercial production	The Company had commenced commercial operation in 1991 with two extrusion press lines of 900 MT and 1620MT press capacities. The Company had installed another extrusion press line with 1250 MT Press in 1997. The operation of 900 MT press was discontinued from 1999-2000. The Company is presently in the process of putting up a new, state of the Art, 2700 MT Aluminium Extrusions Press Line which would increase the extrusions manufacturing capacity by 7500MT per annum from present level of 7500MT to 15000MT per annum. The expansion project is at an advanced stage of implementation and the commercial production is expected in July 2009. The Company had commenced commercial production of Power Transmission and Distribution Line Hardware (T&D Hardware) in July 2008.
3. In case of new Companies, expected date of commencement of activities as per project approval by financial institutions appearing in the prospectus	Not applicable, being an existing Company
4. Financial Performance	The Company achieved a sales revenue of Rs. 11056.76 Lacs against Rs.11703.06 Lacs in the previous year mainly on account of a small decrease in sales quantity due to order shortage in November and December 2008 and further due to lower metal prices during the year as compared to the last year. The Company has reported encouraging financial and operating performance during the year under review despite the global financial meltdown.
5. Export Performance and net foreign exchange collaboration	The Company has not achieved much success in its efforts to enter the export market. The Company has no foreign collaborations at present.

#### INFORMATION ABOUT THE APPOINTEE

1. Background details	Mr. Jhunjhunwala aged about 70 years is an arts graduate and has been working as Managing Director of the Company since March 1989.
2. Past Remuneration	Mr. Jhunjhunwala was paid a total remuneration (salary + perquisites) of Rs.22,64,378 in the year 2008-09 with a Basic Salary of Rs.100,000/- per month plus perquisites.
3. Recognition or awards	Mr. Jhunjhunwala has not received any recognition or awards.
4. Job Profile & his suitability	As Chairman & Managing Director of the Company, Mr. Jhunjhunwala will be overall in-charge of the entire state of affairs of the Company. Mr. Jhunjhunwala has been Managing Director of the Company for over 20 years. With his vast experience in the field of Aluminium industry and specially in running of the Company, he is well-suited to be re-appointed as a Managing Director of the Company for a period of additional 3 years.



5. Remuneration Proposed	The remuneration proposed to be paid to Mr. Jhunjhunwala is Rs.350,000/- per month plus perquisites as set out in detail in the resolution.																		
6. Company remuneration profile with respect to others Industries	The proposed remuneration is in line with the remuneration presently paid for industries of the size of our Company. Most of the units in the aluminium extrusions industry are closely held and therefore, the information regarding remuneration paid in such companies is not publicly available.																		
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	<p>Mr. Vikram Jhunjhunwala, son of Mr. M P Jhunjhunwala is non-executive Director of the Company. Transactions with parties related to Mr. M P Jhunjhunwala during the year 2008-09 were as follows:</p> <table border="1" data-bbox="690 718 1495 1072"> <thead> <tr> <th data-bbox="690 718 1285 752">Nature of transaction</th> <th data-bbox="1285 718 1495 752">Amount (Rs.'000)</th> </tr> </thead> <tbody> <tr> <td data-bbox="690 752 1285 785">Purchase of Goods</td> <td data-bbox="1285 752 1495 785">- 30,937</td> </tr> <tr> <td data-bbox="690 785 1285 818">Sale of Goods</td> <td data-bbox="1285 785 1495 818">- 25,650</td> </tr> <tr> <td data-bbox="690 818 1285 851">Rent paid</td> <td data-bbox="1285 818 1495 851">- 754</td> </tr> <tr> <td data-bbox="690 851 1285 884">Rent received</td> <td data-bbox="1285 851 1495 884">- 36</td> </tr> <tr> <td data-bbox="690 884 1285 917">Interest paid</td> <td data-bbox="1285 884 1495 917">- 20</td> </tr> <tr> <td data-bbox="690 917 1285 951">Sale of Fixed Assets</td> <td data-bbox="1285 917 1495 951">- 70</td> </tr> <tr> <td data-bbox="690 951 1285 984">Loan taken</td> <td data-bbox="1285 951 1495 984">- 6,700</td> </tr> <tr> <td data-bbox="690 984 1285 1017">Loan repaid</td> <td data-bbox="1285 984 1495 1017">- 6,700</td> </tr> </tbody> </table> <p data-bbox="690 1017 1495 1148">None of the managerial personnel in the Company is related to Mr. M P Jhunjhunwala</p>	Nature of transaction	Amount (Rs.'000)	Purchase of Goods	- 30,937	Sale of Goods	- 25,650	Rent paid	- 754	Rent received	- 36	Interest paid	- 20	Sale of Fixed Assets	- 70	Loan taken	- 6,700	Loan repaid	- 6,700
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Loan repaid	- 6,700																		

#### OTHER INFORMATION :

**Reason of loss or inadequate profits. Steps taken or proposed to be taken for improvement. Expected increase in productivity and profits in measurable terms.**

Due to losses incurred by the Company in past and consequent financial constraints, the Company could not make any significant capital investment for almost eleven years. In the meantime, the overheads have significantly increased resulting in lower and inadequate profits.

The Company is presently in the process of expanding its extrusions manufacturing capacity from present level of 7500MT to 15000MT per annum. The expansion project is at an advanced stage of implementation and the commercial production is expected in July 2009. With commencement of new press line, apart from getting better economies of scale, the Company would be able to produce profiles of larger dimensions and more stringent tolerances. The new press line would provide opportunities to provide larger product range to its existing customers and also to cater to the consumer segments where the company had been unable to supply due to its capacity limitations. The doubling of capacity, and in due course, consequently the enhanced production should help in proportionate improvement in profitability of the Company.

#### DISCLOSURES

Remuneration package offered to Shri M P Jhunjhunwala, is as per the proposed resolution.

Other disclosure in terms of Clause (iv) IV (2) of paragraph 1-C of Section II of Part-II of Schedule XIII to the Companies Act, 1956 have been given in the Corporate Governance Report attached to the Board of Director's Report.

The Board recommends the resolution as set out in Item no. 8 above for your approval as a Special Resolution.

None of the directors is concerned or interested in the resolution except for Mr. Vikram Jhunjhunwala, son of M P Jhunjhunwala.



### Item No. 9

As per the provisions of section 163 of the Act, approval of the Members by way of special resolution is required, for the Company to have its Register of Members, Index of Members, the Register and Index of Debenture holders, copies of all Annual Returns prepared under section 159 and section 160 of the Act, together with the copies of certificates and documents required to be annexed thereto, to be kept at a place other than the Company's Registered Office, but within the same city, town or village where the Registered Office of the Company is situated.

The Members had at the Second Annual General Meeting of the Company held on September 17, 1990, passed a special resolution approving the keeping of the above mentioned documents at the office of the Company's Registrars & Share Transfer Agents, M/s MCS Limited. The Company has proposed to change its Registrar & Share Transfer Agents and appoint CB Management Services (P) Ltd. as the New Registrars & Share Transfer Agents with effect from 1st October 2009. Approval of the Members is sought for the above change and to keep the aforesaid documents at the office of the new Registrar & Share Transfer Agents, M/s CB Management Services (P) Ltd., Regd. Office at P-22, Bondel Road, Kolkata-700019. A Special Resolution under item No. 9 of the Notice is, therefore, proposed for approval of the Members.

The Board commends the Resolution for approval of the Members.

None of the Directors is concerned or interested in the Resolution at item No. 9 of the Notice.

### ANNEXURE

#### BRIEF PARTICULARS OF DIRECTORS PROPOSED FOR REAPPOINTMENT

	I	II	III
<b>Name of Director</b>	<b>MR M.G.TODI</b>	<b>MR.R.N.DAS</b>	<b>MR. M. P. JHUNJHUNWALA</b>
<b>Date of Birth</b>	21.01.1941	25.03.1936	10.10.1939
<b>Date of Appointment</b>	21.07.2006	12.03.1997	01.01.1989
<b>Expertise</b>	42 years experience in Industry	46 years experience. Retired as the Chief Secretary to the Govt. of Orissa	47 years of industrial experience
<b>Qualification</b>	M.Com, L.L.B., FCA	Masters in Political Science	Bachelor of Arts
<b>List of Companies in which Outside directorships held as on 31.03.2009</b>	Coastal Industrial Finance Ltd. Todi Sons. Ltd. CRL logistics Ltd. Todi Services Ltd. Khaitan Electricals Ltd. Todi Projects (P) Ltd. Coastal Properties (P) Ltd. Coastal Agro-Tech India (P) ltd. Alfa Aluminium (P) Ltd. Volex Estates (P) Ltd. Snuk Housing & Holdings (P) Ltd. Yazur Nirman (P) Ltd. Shri Salasar Finance (P) Ltd.	None	Century Aluminium Mfg. Co. Ltd. CAMCO Multi Metal Ltd.
<b>Chairman/Member of the Committees of the Board of the other Companies on which he is a Director as on 31<sup>st</sup> March, 2009</b>			Century Aluminium Mg Co. Ltd.- (i) Share Transfer Committee Member (ii) Remuneration Committee Member

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS



Dear Members,

There has been a dramatic change in the economic scenario over last one year with irrational exuberance giving way to extreme pessimism, which fortunately has now turned to a sense of renewed hope. From a situation of record levels of growth world-wide, most of the economies are presently showing only nominal growth and some others have even slumped into recession and de-growth.

The Indian economy could not remain completely insulated from this severe economic meltdown world-wide, initially triggered by sub-prime crisis in USA. The rapid outflow of institutional funds caused a sudden liquidity crisis, which almost brought the entire economy to a halt in the quarter October to December 2008.

In order to overcome this situation, first, the Reserve Bank of India came out with various monetary measures to boost liquidity. Subsequently, the Govt. of India announced various fiscal stimulus measures including an across the board cut in cenvat rates, increased investment in infrastructure projects and targeted support for key sectors like automobile, construction, etc.

These measures did have desired positive impact on the Indian economy. Further, the Indian economy is driven more by domestic consumption and therefore, the impact of global economic meltdown has been relatively muted.

The Aluminium Extrusions industry in India is mainly dependent on the domestic demand. The commodity prices world-wide were extremely buoyant till July, 2008, and fell sharply thereafter. The aluminium metal prices also rose and fell with the rise and fall in commodity prices. During the 3<sup>rd</sup> quarter of the year, there was almost a panic like situation. Your company also faced some shortage of orders in November and December'08. However, the situation reversed completely in the last quarter as the fiscal stimulus measures, specially the cut in Cenvat rates, coupled with low aluminium metal prices restored the confidence and there was sudden surge in demand. The demand surge fortunately has continued in the first two months of current year as evidenced till writing of this report.

The demand-supply situation for aluminium extruded products in India is evenly balanced. Some new projects for manufacture of aluminium extrusions are already in the pipeline and will commence production during the year 2009-10. At the same time, the economic meltdown has meant that quite a few projects on drawing board stage have been put off and no new projects would have been conceived over last year or so. This would mean that the demand-supply scenario will continue to remain evenly matched even if the Indian economy grows at somewhat lower growth rate in the year 2009-10. If and when the growth rate picks up, the Aluminium Extrusions industry should see significantly more favourable days.

### Financial Performance

Due to the uncertain economic scenario and the inventory loss incurred by the Company due to significant decrease in aluminium metal price over the year-end, the Company's financial results for the year 2008-09 were adversely impacted.

*Rs'000, except per share data*

<b>Year ended March 31</b>	<b>2009</b>	<b>2008</b>
Sales	1105676	1170306
Profit before Depreciation, Interest, Tax and Impairment of Assets	66684	75152
Interest	14482	9865
Profit before Depreciation, Tax and Impairment of Assets	52202	65287
Depreciation and Impairment of Assets	6370	8647
Profit before Tax	45832	56640
Provision for Taxation	17804	26639
Profit after Tax	28028	30001
Profit brought forward	74699	50197
<b>Surplus available for Appropriation</b>	<b>102727</b>	<b>80198</b>
<b>Appropriations:</b>		
Proposed Dividend	8000	4700
Corporate Tax on Dividend	1360	799
Balance carried to Balance Sheet	93367	74699



### Dividend

Considering the financial performance of the Company for the year and to appropriately reward the members while conserving resources to meet the future financial requirements, we are pleased to recommend a dividend of Re.0.10 per equity Share of Re 1/- each for the year ended 31st March, 2009. This dividend is subject to approval of the members at the forthcoming Annual General meeting.

### Production

The Aluminium Extrusions production for the year was 6338MT in comparison to 6597MT in previous financial year. The Company continued to operate at full capacity during the year except for a small shortage of orders in November and December 2008.

The Company had commenced commercial production of Power Transmission and Distribution Line Hardware (T&D Hardware) in July 2008. In the first year of operation, the production of T&D Hardware was 28MT only. The T&D Hardware industry has a longer gestation period of roughly 2 to 3 years. This is because the prospective customers, mainly the State Power Distribution Companies, require prior supply experience, before they allow new vendors to participate in their Tenders.

### Market

#### Extrusions

The current economic slow down has adversely impacted the demand for extrusions from large IT and other commercial building projects, which is a major customer segment. However, this has been largely compensated by excellent growth in Power Segment. Further, even in building segment, there is continued growth in middle and upper-middle group housing as also in the demand from smaller cities and towns.

We have a large base of customers, evenly spread all over India and in almost all segments where extrusions find their application, such as –

- Architectural Applications such as Profiles for Building systems, Structural Glazing, Curtain Walls, Aluminium Rolling Shutters, Windows, Doors, Partitions, False Ceiling, Tower Bolts, Hand Rails, Door Handles, Hinges, Drapery Rods, Modular Furniture, etc.
- Profiles for Road Transport Sections
- Profiles for Rail Coach Windows & Doors
- Profiles for manufacture of Automobile Components
- Profiles for Heat Transfer in Electronics & Electrical Gadgets
- Profiles for Electrical applications such as Tubes and Flats for Bus Bars, Transmission Line Hardware such as P.G. Clamps, H-Connectors, Repair Sleeves, Lugs, Solar Panels etc.
- Profiles for Engineering Applications such as Motor Housings, Gear Pump Casings, Ferrules, A.C.Louvers, Machinery Parts, Elevators, Pneumatic Actuators, Pneumatic Cylinders, Valve Bodies, etc.
- Profiles for various Defence Applications
- And many more

The real strength of the Company lies in its large number of customers, numbering over 450, in different customer segments spread in different geographical segments in a growing economy like India.

### **Power T&D Hardware**

Power Transmission and Distribution Hardware Fittings are required for use on Overhead Transmission and Distribution Lines for connecting Insulators with Tower/Pole Cross Arms and Insulators with conductors. The Company has manufacturing facilities for casting of Aluminium Alloys, manufacturing of Extruded products in Aluminium & its Alloys, Wire Drawing, Helical Products, Fabrication of Ferrous & Non-Ferrous Components, Argon Welding, Electric Arc Welding, Machining, Bundle Spacer Assembly, Vibration Damper Assembly, Conductor Accessories, Clamp Connectors for Hardware Assembly, and manufacturing of Tools, Dies & Moulds .

During the financial year under review, the Company has received orders from Electricity Boards, Transmission & Distribution Line State-based Utilities, Erection Contractors, Transmission & Distribution line hardware manufacturers, etc.

We are still in the initial phase of marketing T & D Hardware and expect sizeable growth in this business during the current financial year and the years to come.

### **Expansion Project**

The Company is presently in the process of putting up a new, state of the Art, 2700MT Aluminium Extrusions Press Line which would increase the extrusions manufacturing capacity by 7500MT per annum from present level of 7500MT to 15000MT per annum. The expansion project is at an advanced stage of implementation and the commercial production is expected in July 2009.

### **Business Outlook and Opportunities**

#### **Extrusions**

With commencement of 2700MT new press line, the Company would be able to produce profiles of larger dimensions and more stringent tolerances. The new press line would provide opportunities to provide larger product range to our existing customers and also to cater to the consumer segments where we had been unable to supply due to our capacity limitations.

The Company has, over the years, built a strong administrative, marketing and management set up. Since the Company could not add any new capacity during the long 12 years period since 1997, the present overheads are very high. The additional manpower requirement on expansion of extrusions manufacturing capacity from 7500MT to 15000MT would be limited and the Company expects to achieve significant economies of scale going forward.

There are a number of attractive opportunities for developing further value-added products of extrusions. Some of the identified areas where we propose to venture in future are putting up an anodizing and powder coating facility, venturing into door and windows systems segment and putting up a facility for making engineering components. These would require some capital investment and would be considered in due course.

#### **Power T & D Hardware**

Our long experience and the robust credibility in the field of manufacturing Aluminium extrusions, where we have significant presence in making supplies to customers in Power Segment, encouraged us to enter into the field of manufacturing Power Transmission and Distribution Hardware.

The continued focus of the Government in the power reforms coupled with the growth in the industrial sector augurs well for the overall growth in power sector. The resulting growth of Power Transmission and Distribution should bring exciting opportunities for the Company's newly formed division of manufacturing Transmission and Distribution Line Hardware.

#### **Implementation of SAP**

The Company is presently implementing SAP ERP system, which is likely to go fully on-line by July 2009. With the real-time ERP system, the Company would be able to explore the bigger potential of IT and continuously improve customer services with real-time data.



### Risks and Areas of Concern

#### Cost overrun in the Expansion Project

The expansion project was initially estimated to be put up at a project cost of Rs.34.50crores. The project cost was subsequently revised to Rs.36.10 crores on certain modifications in the scope of project.

Two principal machines in the project namely, 2700MT Extrusion Press and the Extrusion Handling System have been purchased in foreign currency (both in USD) from Japan and USA respectively. The cost of these two equipment constituted over 50% of cost of the project.

The global financial crisis during the year resulted in precipitous fall in the value of the rupee. This has resulted in overrun in project cost as the cost of imported equipment has increased by approx. 2.66 crores on rupee depreciation. The cost overrun is being financed from internal accruals of the Company.

The Company has committed and made large investment in expansion project. In case the present growth of Indian economy, which is already lower than the growth in the last few years, is not sustained, the company may face difficulties in utilization of the additional capacity.

The Company considers marketing as its area of strength and is cautiously confident of meeting any challenge emanating from any significant change in the economic scenario.

### Managing Risk

The Company has formulated a comprehensive risk management policy with the objective of providing a framework for the organization that enables future activity to take place in a consistent and controlled manner, contributing to effective use / allocation of capital and resources within the organization.

The Company has formulated systems for regular identification and measurement of risks and measures to be taken from time to time for avoidance, mitigation or reduction of risks.

### Segment-wise / Product-wise performance

The Company has two business segments i.e. manufacturing of Aluminium Extruded Products and manufacturing of Power Transmission and Distribution Line Hardware. However, the Company does not fall under any of the criteria laid down under AS-17 and hence Segment Reporting is not applicable

### Internal Control System and their adequacy

The Company has an adequate internal control system to ensure proper and efficient use of the Company's resources, their protection against any unauthorized use, accuracy in financial reporting and due compliance of the Company's policies and procedures as well as the Statutes. The internal audit is carried out by an independent firm of Chartered Accountants on regular basis, and corrective actions are taken where any shortcomings are identified.

The audit committee reviews the adequacy of the internal control system and provides its guidance for constant improvement in the system.

### Human Resources and Industrial Relations

The Company continues its focus on attracting and retaining the best talent in the industry. The Company makes continuous effort to upgrade the standard of present employees by conducting various training programs.

As new business challenges emerge, there is a need to continue to be a learning organization that supports operational excellence, continuous improvement and rising standards of performance at all levels. Towards this the Company reviews the HR Policies to accentuate performance-linked rewards and professional growth.

A congenial work environment with proper infrastructure, continuous training opportunities for its employees, future growth and development opportunities and various welfare measures keep our employees continuously motivated.

Your company has a long term wage agreement with its workmen which is valid till 31<sup>st</sup> October 2009. Your company had employed 343 numbers of persons as on 31<sup>st</sup> March 2009.

Our focus is on ensuring that all new members joining the company are quickly assimilated into the organization by imbibing core organizational values. The Induction Manual of the company has been framed keeping the above in mind.

Developing a learning culture has always been and will continue to be our uppermost priority. Our efforts in the coming years will be to enable our employees to continually grow and build a competitive edge by translating the learnings into positive actions.

We believe that together we can and together we will make our company achieve its corporate mission.

### Corporate Social Responsibility

The Company is conscious of the fact that while striving for profitable growth, it must assume the larger responsibility of being responsive to the Society.

#### Contribution for Relief Assistance for the flood victims of North Bihar

Flood in North Bihar during the year was the worst in the living memory. Due to the devastating floods, the villages of North Bihar had turned into ruins with destruction of innumerable houses and loss of human lives. Your Company has shown genuine concern for victims of the devastating flood.

The Company and its employees had taken part in the relief work by making a contribution to the Ramakrishna Mission Flood Relief Work 2008 for the welfare of the Flood Victims in North Bihar.

### Rights Issue of Equity Shares

The Company, during the year, made a Rights issue of 3,30,00,000 Equity Shares of Re 1 each for cash at a price of Rs.4 per Equity Share (including premium of Rs.3 per Equity Share) aggregating to Rs.1320 lacs (Rupees Thirteen crores and Twenty lacs) on Rights basis to the existing Equity Shareholders in the ratio of 33 (Thirty Three) Equity Share for every 47 (Forty Seven) Equity Shares held mainly to part finance the cost of expansion project.

The paid-up share capital stands increased to Rs.8.00 crores consisting of 8,00,00,000 Equity shares @ Re1/- each as on 31<sup>st</sup> March, 2009.

#### Utilization of Rights Issue Proceeds

The summary of utilization of Rights Issue Proceeds is as follows:

PARTICULARS	AMOUNT (Rs. lacs)
<i>Inflows</i>	
Equity Rights Issue	1320.00
<b>Total</b>	<b><u>1320.00</u></b>
<i>Outflows</i>	
Civil Construction	149.47
Plant & Machinery	1170.53
<b>Total Utilization</b>	<b><u>1320.00</u></b>



### Credit Rating

During the year, the Company has obtained Bank Loan Ratings for its Bank Facilities from CRISIL, a Credit Rating Agency. The Company was assigned a BB+ rating for its Term Loan Facility and a P4 rating for non-fund based working capital facilities. The CRISIL Ratings reflect that the Company is exposed to risks related to volatility in aluminum prices and also there is a substantial project risk due to the capacity expansion coinciding with slowdown in the Aluminum Industry. However the above weaknesses are partially mitigated by the Company's diversified customer profile with around 450 customers spread across construction, transport, engineering, power, and electronics and defence sectors. This diversified customer profile would provide stability to the Company's revenues over the medium term.

### Directors

There was no change in the Board of directors during the year under review except that with return of the original director, Mr V K Mushran, to the State, Mr P K Sengupta who was appointed as the Alternate Director, in his place, pursuant to the provisions of section 313 of the Companies Act, 1956 vacated his office.

Mr R N Das and Mr M G Todi retire from directorship of the Company by rotation, and being eligible, offer themselves for re-appointment.

The Board of Directors of the Company has, at its meeting held on 11<sup>th</sup> May, 2009 appointed Mr. M P Jhunjhunwala as the Chairman and Managing Director for a further period of three years with effect from 21<sup>st</sup> August 2009. The terms and conditions of his appointment, including his remuneration, are subject to approval of the members.

Brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional area and the names of the Companies in which they hold directorship and membership/Chairmanship of Board Committees, as stipulated under clause 49 of the listing agreement with the Stock Exchanges, are provided as an annexure to the Notice convening the 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;
- 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, 2009 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. A L P S & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. There are no qualifications or adverse remarks in the Auditors' Report, which require any clarification/explanation.

### 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, 2009.



## 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 information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 217(1) (e) of the Companies Act, 1956, is set out in a separate statement attached to this report and forms part of it.

Information in accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, regarding employees is given hereunder.

Name	Age	Designation	Gross Remu- Neration	Qualification	Total Experience	Date of Commencement of employment	Last Employ- ment Held
Kailash Baheti	45yrs.	CEO & CFO	Rs.35.88 lacs	B. Com. (Hons), FCA, ACS & AICWA	24 yrs.	01.12.96	Shubham Industries Ltd.

Note: 1. Gross remuneration comprises of salary, allowances, Company's contribution to Provident Fund and value of perquisites.

2. The employee mentioned above is not a relative of any of the Directors of the Company.

## Corporate Governance

The Company has been proactive in following the principles and practices of good Corporate Governance as an important step towards building investor confidence, improve investors' protection and maximize long-term shareholder value.

The 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.

## Cautionary Statement

*Statements forming part of the Management Discussion and Analysis covered in this report may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. The Company takes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.*

Kolkata

Dated: 11<sup>th</sup> May, 2009

For and on behalf of  
the Board of Directors

**M P Jhunjunwala**

Chairman & Managing Director



## ANNEXURE TO DIRECTOR'S 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:  
Installed new Recuperator with advanced technology on 8MT bath capacity melting furnace in the month of April 2008 encouraged by the savings in furnace oil consumption on installation of similar recuperators on 6MT and 3MT bath capacity melting furnaces.
- b) Other Principal Energy Conservation measures taken:
- 4 Nos. Variable Frequency Drives (VFD) were installed at Wire Draw Unit # 1 in the month of October 2007. Energy saving of approx. 10% realized.
  - Electrical interlocks between Overhead Quench Fans & Water Quench Pumps were introduced on 1250MT and 1620MT press lines. Approx. Saving of 15 units of electrical energy per hour realized.
  - To increase the number of Homogenizing cycles per day in Homogenizing Furnace No. 2, size of Log Charging basket was increased and 5MT capacity EOT Crane was upgraded to 7MT capacity with higher speed to save time during log quenching. Imbalance in heater power was rectified to save about 30 to 40 units of electrical energy per MT of homogenized logs.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:  
There has been saving of approx. 10 ltrs. of furnace oil per MT of logs cast from the 8MT furnace. This has resulted in a saving of approx. Rs.200/- per MT of log i.e. approx. Rs.90,000/- per month.  
There has been saving of approx. 10,000 units of electrical energy per month from the various measures. This has resulted in a saving of approx. Rs.35,000/- per month.
- d) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:  
We propose to install Thyristorised Furnace Control in place of conventional contactor heater control on Homogenising Furnace No. 1. This will not only help us in saving electrical energy but also improve the reliability of the furnace. Approximate investment would be Rs.4.00Lakhs.
- e) Total energy consumption and energy consumption per unit of production:-  
Information is given in prescribed Form-A annexed. The summary is given hereunder:

	Furnace Oil	Electrical Energy (KWH/MT)	
	(LTR/MT)	Extrusions	Power T&D
	of logs produced	Hardware	
2008-2009	103	1334	44
2007-2008	119	1362	—

### B. TECHNOLOGY ABSORPTION

Information is given in 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.  
The company had participated and put up a stall exhibiting products at an important industry Exhibition at Essen, Germany during the month of September 2008. Senior management executives also visited USA and Middle East to explore export markets. The company also participated in a reverse buyer-seller meet organized under the aegis of EEPC.

Total foreign exchange used and earned:

	Current Year	Previous year
	08-09	07-08
	Rs. in '000)	(Rs. in '000)
Used	254569	36781
Earned	Nil	Nil



**FORM - A**  
See Rule 2

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

**A. Power and Fuel Consumption**

	<b>Current Year</b>	<b>Previous Year</b>
	<b>08 - 09</b>	<b>07 - 08</b>
1. Electricity		
(a) Purchased		
Units - KWH in thousands	8547	9242
Total amount - Rs. in thousands	33560	35094
Average Rate (Rs./KWH)	3.93	3.80
(b) Own generation through Diesel Generator		
Units - KWH in thousands	15	15
Units/Ltr. of Diesel	2.43	2.35
Diesel cost/Unit generated (Rs.)	13.77	14.58
2. Coal (consumed in metal recovery unit)		
Quantity in M.T.	16.32	22.45
Total cost (Rs. in thousands)	91	94
Average Rate (Rs/MT)	5565	4199
3. Furnace Oil		
Qty. in Kilo Litres.	601	836
Total cost (Rs. in thousands)	15221	16076
Average Rate (Rs/Ltr)	25.33	19.23
4. Others	Nil	Nil

**B. Consumption per unit of production**

Electricity (KWH/MT)		
- Extrusions	1334	1362
- Power T&D Hardware	44	—
Coal (Kg/MT of extrusions produced)	6	5
Furnace Oil (Ltr./MT of logs produced)	103	119

**FORM - B**  
(See Rule 2)

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION**

**A. RESEARCH AND DEVELOPMENT (R&D)**

1. Specific areas in which R&D carried out by the Company:	None
2. Benefits derived as a result of the above R&D:	None
3. Future plan of action:	None
4. Expenditure on R&D: Not significant (Previous Year - Not significant)	

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

None

For and on behalf of  
the Board of Directors

**M P Jhunjunwala**

Chairman & Managing Director

Kolkata

Dated: 11<sup>th</sup> May, 2009



## REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and on the practices as followed by the Company:

### 1. Company's Governance Philosophy

The Company firmly believes in and continues to practice good Corporate Governance. Over the years, the Company has complied with the broad principles of Corporate Governance through a strong emphasis on transparency, empowerment, accountability and integrity.

The Corporate Governance in the Company lead to a series of exercises in the following areas:

- (i) Code of Ethics and Business Conduct for Directors and Senior Management
- (ii) Improving Quality and frequency of Information Flow to the Board and to the Audit Committee to enable them to discharge their functions effectively
- (iii) A system of risk management and internal control
- (iv) Transparency and accountability
- (v) Compliance with all rules and Insider Trading regulations
- (vi) Policy on Prevention of Insider Trading

### 2. Board of Directors

The Company has a balanced Board, comprising Executive and Non-Executive Directors which includes independent professionals. The Board of Directors comprises of a Chairman and Managing Director and 4 non-executive Directors. The Non-Executive Directors (NEDs) with their diverse knowledge, experience and expertise bring in independent judgment in the deliberations and decisions of the Board.

The Company's Board of Directors play primary role in ensuring good governance and functioning of the Company. All relevant information (as mandated by the regulations) is placed before the Board. The Board reviews compliance reports of all laws as applicable to the Company, as well as steps taken by the company to rectify instances of non-compliance, if any.

The Board generally meets 4-5 times during the year. Additional meetings are held when necessary. All the Agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions. During the year, 6 Board Meetings were held on 28.04.2008, 08.05.2008, 29.07.2008, 30.07.2008, 24.10.2008, 23.01.2009 .

The composition of the Board of Directors and their attendance at the Meetings during the year and at the last Annual General Meeting as also number of other directorships / memberships of committees are as follows :

Name of Director & Designation	Category	No. of Board Meetings attended	Attendance at last AGM	No. of outside directorships	No. of outside Members	No. of Committees Chairman
M. P. Jhunjhunwala Chairman & MD	Executive & promoter	6	Yes	2	2	—
V. Jhunjhunwala Director	Non-executive & promoter	5	No	3	1	—
R. N. Das Director	Non-executive & Independent	3	Yes	—	—	—
M. G. Todi Director	Non-executive & Independent	6	Yes	5	—	—
V. K. Mushran Director	Non-executive & Independent	4	Yes	—	—	—
P. K. Sengupta (Alternate to Mr. V. K. Mushran)	Non-executive & Independent	2	—	—	—	—

Note: Mr. P. K. Sengupta, alternate director to Mr. V K Mushran vacated the office of the Director of the Company on 29.07.2008, on return of Mr. V.K. Mushran to the state.

### 3. Directors' Interest in the Company & Remuneration:

The Chairman and Managing Director is paid remuneration as per the Agreement entered into with the Company. Mr. M P Jhunjhunwala is not paid any performance-linked incentive. The service of Mr. Jhunjhunwala is contractual for a period of five years. The Service contract had commenced with effect from 21.08.2004 and will conclude on 20.08.2009. Mr. Jhunjhunwala has not been granted any stock options.

The Non-Executive Directors are paid sitting fees for attending the Board and committee meetings.

The details of remuneration and sitting fees paid to the directors of the Company for the financial year 2008-09 is given below :

Name of the Director	Relationship with other Directors	Salaries & Perquisites (Rs.)	Sitting Fees for Board and Committee Meetings (Rs.)
Mr M P Jhunjhunwala	Father of Mr. V Jhunjhunwala	22,64,378	—
Mr V Jhunjhunwala	Son of Mr M P Jhunjhunwala	—	70,000
Mr V K Mushran	—	—	42,500
Mr R N Das	—	—	32,500
Mr M G Todi	—	—	82,500
Mr.P.K.Sengupta(Alternate to Mr. V.K.Mushran)	—	—	15,000
<b>TOTAL</b>		<b>22,64,378</b>	<b>242,500</b>

### 4. Code of Ethics and Business Conduct

The Company has adopted a Code of Ethics and Business Conduct applicable to all Board Members and Senior Management of the company, a copy of which is available on the Company's website [www.centuryextrusions.com](http://www.centuryextrusions.com). The Managing Director has submitted the following declaration to the Company:

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and ethics for Directors and Senior Management in respect of the financial year 2008-2009.

(M P Jhunjhunwala)

Dated: 11<sup>th</sup> May, 2009

Chairman and Managing Director

### 5. Prevention of Insider Trading Code

The Code for prevention of Insider Trading of the Company has been modified by the Board of Directors at its meeting held on 24.10.2008 to align the same with the changing conditions in the capital market. All the directors, employees at senior management level and other employees who could have access to the unpublished price sensitive information of the Company are governed by this code. The Company has appointed the Company Secretary as Compliance Officer who is responsible for setting the procedures and implementation of the code of conduct for trading in Company's securities. During the year under review, there has been due compliance with the said code.

### 6. Risk Management

The Company formulated an Enterprise Risk Management Policy which has been approved and adopted at the Board Meeting held on 11.05.2009. The Policy sets out procedures of assessment of potential risks and the procedure to plan, arrange and control activities and resources of the Organization to minimize impact of uncertain events (potential risks) which would assist the management to exercise better control

A note on risks and areas of concern affecting the business of the Company is provided in the Directors' Report and Management discussion and Analysis.

7. **Re-appointment of Directors :**

Additional information on directors seeking re-appointment at the Annual General Meeting.

**MR M P JHUNJHUNWALA**

Mr M P Jhunjhunwala aged about 70 years is an arts graduate and has been associated with Aluminium industry for over 35 years. He is also the promoter of the Company and has been working as the Managing Director of the Company since March 1,1989.

Shareholdings in the Company: 5633934 shares (7.0424 %).

**MR R N DAS**

Mr R N Das is an independent non-executive director of the Company with around 46 years of experience. He has taken his Masters Degree in Political Science and has held various positions in the Orissa Government. At the time of his retirement from Orissa Government Service, he was serving as the Chief Secretary to the Government of Orissa.

Shareholdings in the Company: Nil

**Mr M G TODI**

Mr M G Todi with 42 years of Industrial Experience is the founder and Chairman of Coastal Roadways Ltd. Mr.Todi has taken his Masters Degree in Commerce, has done L.L.B. and is also a Fellow member of the Institute of Chartered Accounts of India

Shareholdings in the Company: Nil

**COMMITTEES OF THE BOARD**

8. **Audit Committee:**

Major changes in financial policies are reviewed or approved by this Committee. The Audit Committee, constituted in line with the composition as prescribed by the Code of Corporate Governance, presently comprises of 4 Directors and the Chairman is an independent non-executive director:

- Sri M G Todi, Non – Executive Independent director
- Sri R N Das, Non – Executive Independent director
- Sri V K Mushran, Non – Executive Independent director
- Sri V Jhunjhunwala, Non – Executive Director

The Audit Committee meetings are attended by the Chief Financial Officer, and representatives of Statutory Auditors and Internal Auditors who are invited to the meetings as and when required. The Company Secretary acts as the Secretary of the Audit Committee. The broad functions of the Audit Committee are in conformity with the requirements of the Companies Act, 1956 and the Listing Agreement.

The committee held four meetings during the year 2008-09 on 28.04.08, 30.07.08, 24.10.08, & 23.01.2009.

Name of Director	Category	No. of meetings attended
Mr M G Todi	Present Chairman, Non-Executive, Independent	4
Mr R N Das	Non-Executive, Independent	2
Mr V K Mushran	Non-Executive, Independent	3
Mr V Jhunjhunwala	Non-Executive	2

9. **Compensation Committee**

The Compensation Committee of the Company, inter alia, recommends to the Board the remuneration packages for Executive Director and Managing Director. The committee presently comprises of 4 Directors and the Chairman is an independent non-executive director:

**Name of Director**

Mr M G Todi, Chairman

Mr R N Das

Mr V K Mushran

Mr V Jhunjhunwala

The committee had no meetings during the year 2008-09.

### Details of Remuneration of Chairman & Managing Director for the year 2008-2009

	Rs. in lacs
Salary	12.00
Perquisites	9.20
Contribution to Provident Fund	1.44
<b>Total</b>	<b>22.64</b>

The Company does not pay any remuneration except sitting fee to the non-executive directors.

#### 10. Share Transfer and Shareholders' / Investors' Grievances Committee :

The Board has constituted Shareholders'/Investors' Grievance Committee comprising of 5 Directors and the Chairman is a non-executive independent Director.

Name of Director	No. of Meetings
(i) Mr M G Todi- Chairman	11
(ii) Mr V Jhunjhunwala	11
(iii) Mr R.N. Das	2
(iv) Mr V.K.Mushran	2
(v) M. M.P.Jhunjhunwala	11

The Committee inter alia approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities and redressal of shareholders' complaints.

The Committee also monitors the implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading Regulations), 1992. The Board has delegated the power of approving transfer of securities to the Company Secretary & Compliance Officer.

#### Shareholders' Complaints

The Company received 14 complaints during the year all of which were duly resolved. There was no share transfer pending as on March 31, 2009. All complaints received from the shareholders during the year 2008 - 09 were redressed and resolved within 30 days from the respective date of receipt.

#### 11. General Body Meetings :

Location, date and time of the General Meetings held during the preceding 3 financial years are as follows:

AGM/EGM	LOCATION	DATE & TIME	SPECIAL RESOLUTION
AGM	Gyan Manch 11, Pretoria Street, Kolkata-700017	21.07.2006 11.00 A.M	YES
AGM	Bharatiya Bhasha Parishad 36A, Shakespeare, Sarani, Kolkata-700017	27.07.2007 10.30 A.M.	YES
EGM	Bharatiya Bhasha Parishad 36A, Shakespeare, Sarani, Kolkata-700017	21.01.2008 10.30 A.M.	YES
AGM	Bharatiya Bhasha Parishad 36A, Shakespeare, Sarani, Kolkata-700017	30.07.2008 10.30 A.M.	YES

#### Postal Ballot

Section 192A of the Companies Act, 1956 has made the Postal Ballot mandatory in respect of certain resolutions. No such resolutions requiring Postal ballot was passed during the year.

#### 12. Disclosures :

- There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with the Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report.
- There are no pecuniary relationships or transactions of Non-executive Directors vis-à-vis the Company, which has potential conflict with the interests of the Company at large.



3. The Company follows Accounting Standards issued by the Central Government and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in Accounting Standards.
4. The Company complied with the requirements of the Stock Exchanges/SEBI/Statutory Authorities on all matters related to the capital market during the last three years. There were no penalties or strictures imposed by the Stock Exchanges, the SEBI or any Statutory authority relating to the above period.
5. The Company has in place a mechanism to inform the Board members about the Risk Assessment and minimization procedures and periodical reviews to ensure that the critical risks are controlled by Executive Management.
6. The Company had come out with a Rights Issue of 3,30,00,000 Equity Shares of Re 1 each for cash at a price of Rs.4 per Equity Share (including premium of Rs.3 per Equity Share) aggregating to Rs.1320 lacs (Rupees Thirteen crores and Twenty lacs) on Rights basis to the existing Equity Shareholders in the ratio of 33 (Thirty Three) Equity Share for every 47 (Forty Seven) Equity Shares held on 26.05.2008 (Record date). The details of the utilization of the proceeds were disclosed to the Audit Committee, the Board and in the unaudited results of the Company. The details of utilization of proceeds of the Rights issue are given in the Directors' Report.

13. **Means of Communication :**

- Quarterly Disclosures: Quarterly, half Yearly and annual financial results are published in Business Standard (English Daily) and Kalantar (Bengali Daily) newspapers.
- News Release: Official News releases are displayed in the Company's website, [www.centuryextrusions.com](http://www.centuryextrusions.com)
- Website: The Company's website [www.centuryextrusions.com](http://www.centuryextrusions.com) contains a separate dedicated section where shareholders information is available. Full Annual Report is also available on the web-site in a user-friendly and downloadable form.
- SEBI EDIFAR : The required disclosures to the extent applicable are also posted on the SEBI EDIFAR website [www.sebidifar.nic.in](http://www.sebidifar.nic.in)

14. **Shareholder Information :**

*Annual General Meeting:*

Date : 31.07.2009

Time : 11.00 A.M.

Venue : Bharatiya Bhasha Parishad  
Sitaram Seksaria Auditorium,  
36A, Shakespeare Sarani,  
Kolkata -700017

**Financial Calendar**

**: April to March**

Publication of results for the Financial Year 2009-10

- First Quarter results : Before 31<sup>st</sup> July, 2009
- Second Quarter and half- yearly results : Before 31<sup>st</sup> October 2009
- Third Quarter results : Before 31<sup>st</sup> January 2010
- Fourth Quarter results and results for the year ending on 31.03.2010 : During May / June 2010

**Book Closure:** From: 25<sup>th</sup> July, 2009 to 31<sup>st</sup> July, 2009 (both days inclusive)

**Dividend Payment Date:** Within ten working days from the date of the Annual General Meeting



**15. Listing on Stock Exchanges and Stock code:**

The Equity shares of the Company are listed on the following Stock Exchanges:

<i>Name of the Stock Exchange</i>	<i>Address</i>	<i>Code No</i>
The Bombay Stock Exchange Ltd.	P.J.Towers Dalal Street, Mumbai-400001	500083
National Stock Exchange of India Ltd	Exchange Plaza Bandra Kurla Complex Bandra (E), Mumbai-400 051	CENTEXT EQ

ISIN Number for shares in Electronic form is INE281A01026 .

The Company's application for voluntary delisting of Equity Shares from Calcutta Stock Exchange (CSE) was accepted and the shares were delisted from CSE on 30<sup>th</sup> August, 2008.

3,30,00,000 Equity Shares issued under the Right Issue were listed at the Bombay Stock Exchange Limited (BSE) on 01.08.2008 and the National Stock Exchange of India Limited (NSE) on 08.08.2008.

Annual Listing fees have been paid to the BSE and NSE for the financial year 2008-2009.

**16. Market Price Data:**

Monthly high and low quotation of shares traded on The Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd. (NSE) for the year 2008-2009 :

MONTH	BSE		NSE	
	HIGH (Rs.)	LOW (Rs.)	HIGH (Rs.)	LOW (Rs.)
April - 08	5.75	4.73	5.80	4.70
May - 08	7.21	5.00	7.20	4.95
June - 08	5.42	4.45	5.50	4.55
July - 08	4.99	3.40	4.95	3.50
August - 08	4.68	3.87	4.80	3.90
September - 08	4.14	2.96	4.15	2.90
October - 08	3.36	2.04	3.40	2.15
November - 08	3.42	2.00	3.60	2.00
December - 08	3.32	2.10	3.15	2.00
January - 09	3.10	2.10	3.15	2.15
February - 09	2.95	2.15	2.90	2.15
March - 09	3.92	2.10	4.00	2.05

**17. Registrar and Share Transfer Agents**

MCS Limited, 77/2A, Hazra Road, Kolkata-700029

Telephone : +91 33 2454 1892 /3, Fax : +91 33 2454-1961 /2474-7674, E-mail : mcscal@cal2.vsnl.net.in,

**18. The Distribution of Shareholding as on 31-03-2009 :**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares	% of Shareholding
Upto 500	11989	62.18	2587572	3.23
501 to 1000	3424	17.76	3014847	3.77
1001 to 2000	1766	9.16	2876578	3.60
2001 to 3000	653	3.39	1702162	2.13
3001 to 4000	331	1.72	1215520	1.52
4001 to 5000	311	1.61	1498685	1.87
5001 to 10000	464	2.41	3544587	4.43
10001 to 50000	282	1.46	5934938	7.42
50001 to 100000	24	0.12	1771801	2.21
100001 and above	36	0.19	55853310	69.82
<b>Total</b>	<b>19280</b>	<b>100.00</b>	<b>80000000</b>	<b>100.00</b>



#### 19. Categories of Shareholders as on 31<sup>st</sup> March 2009

Category	No. of Shares held	% to paid-up Capital
a. Promoters, Relatives and Associates	41628649	52.04
b. Financial & Investment Institutions	2600	0.00
c. Mutual Funds	2800	0.00
d. Non-Resident Individuals	158860	0.20
e. Bodies Corporate [other than covered in (a) & (b) above]	13675421	17.09
f. Indian Public	24528770	30.67
g. Others	2900	0.00
<b>Total</b>	<b>80000000</b>	<b>100.00</b>

#### Dematerialization of Shares and Liquidity:

Trading in the Company's shares is permitted only in dematerialized form for all investors. The Company has established connectivity with National Securities Depository Limited and Central Depository Services (India) Limited through the Registrars, MCS Limited, whereby the investors have the option to dematerialize.

#### Status of Dematerialization as on March 31, 2009:

Particulars	No. of Shares	Percentage of total Capital	Number of Accounts
National Securities Depository Limited	69906120	87.38	9245
Central Depository Services (India) Limited	8721990	10.90	4645
<b>Total Dematerialized</b>	<b>78628110</b>	<b>98.28</b>	<b>13890</b>
Physical	1371890	1.72	5390
<b>Grand Total</b>	<b>80000000</b>	<b>100.00</b>	<b>19280</b>

#### Secretarial Audit for Reconciliation of Capital:

As stipulated by SEBI, a qualified practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

#### Share Transfer System:

Shares are transferred at the meeting of the "Share Transfer and Shareholders' / Investors' Grievance Committee" of the Directors which meets at frequent intervals.

#### Status of Unpaid Dividend

Dividend for the year	Amt. of Dividend (Rs. In Lakhs)	Amt. of Unpaid Dividend as on 31.03.09 (Rs. In Lakhs)	% of Dividend Unpaid	Due Date of transfer to IEPF
2007-08	47	1.35	2.87	08.08.2015

#### Plant Location:

Century Extrusions Limited  
WBIIDC Industrial Growth Centre, Plot No.7A,  
Sector -B, Nimpura, P.O. Rakhajungle, Pin: 721301,  
Kharagpur Dist. West Midnapore (West Bengal)

#### Address for Correspondence : Investors' correspondence may be addressed to

Century Extrusions Ltd.,  
113, Park Street, 'N' Block,  
2<sup>nd</sup> Floor, Kolkata-700 016.

Phone Nos. : + 91 33 2229-1291/1012  
Fax No. : + 91 33-22261110 / +91 33-22495656  
e-mail: century@centuryextrusions.com

Email ID for Investor Complaint: investors@centuryextrusions.com

OR

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

Phone Nos. : + 91 33 2454 1892/3  
Fax No. : + 91 33 2454-1961/2474-7674  
Email: mcscal@cal2.vsnl.net.in

## CORPORATE GOVERNANCE CERTIFICATE



### CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To  
The Members of  
Century Extrusions Limited

We have reviewed the compliance of conditions of Corporate Governance by the Century Extrusions Limited for the year ended 31<sup>st</sup> March, 2009, as stipulated in clause 49 of the listing agreement of the Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

No investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

We certify that the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with Stock Exchanges have been complied with in all respects by the Company.

Kolkata  
Dated: 11<sup>th</sup> Day of May, 2009

**For A L P S & CO.**  
Chartered Accountants  
**A.K.Khetawat**  
Partner  
Membership No. 052751



## CEO AND CFO CERTIFICATION

### CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, M P Jhunjhunwala, Chairman and Managing Director and Kailash Baheti, Chief Executive Officer and Chief Financial Officer of Century Extrusions Ltd. to the best of our knowledge and belief, certify that:

We have reviewed financial statements and cash flow statement for the year;

1. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
3. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct;
4. We are responsible for establishing and maintaining internal controls, and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors:
  - a) significant changes in internal controls during the year;
  - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal controls system.

Place: Kolkata  
Date : May 11, 2009

**M P Jhunjhunwala**  
Chairman & Managing Director

**Kailash Baheti**  
Chief Executive Officer &  
Chief Financial Officer

To The Members,

We have audited the attached Balance Sheet of **CENTURY EXTRUSIONS LIMITED** as at 31st March, 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standard generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are prepared free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order 2003, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order, to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - 2.1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - 2.2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
  - 2.3. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of the account.
  - 2.4. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standard referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
  - 2.5. On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2009 from being appointed as Director in terms of section 274(1)(g) of the Companies Act, 1956.
  - 2.6. In our opinion and to the best of our information and according to explanations given to us the said account, give the information required by the Companies Act, 1956 in the manner so required and read together with other notes given thereon, gives a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet of the state of the Company's affairs as at 31<sup>st</sup> March, 2009;
    - ii) in the case of Profit & Loss Account of the Profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Kolkata

Dated : 11th day of May, 2009

**For A L P S & CO**  
Chartered Accountants  
**(A K Khetawat)**  
Partner  
Membership No. 052751



## ANNEXURE TO THE AUDITORS REPORT

(Referred to in paragraph 1 of our report of even date)

- 1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The management has physically verified its fixed assets at reasonable intervals, which in our opinion is reasonable having regard to the size of the Company and nature of its fixed assets. No material discrepancies were noticed on such verification.  
(c) In our opinion, the Company has not disposed off the substantial part of fixed assets during the year, which would affect the going concern status of the Company.
- 2) (a) The inventories have been physically verified by the management during the year at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) The Company has maintained proper records of inventories and discrepancies noticed on physical verification were not material.
- 3) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the company has not granted any loans secured or unsecured, to parties listed in the Register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii) (b), (c) and (d) of the Order, are not applicable.  
(b) The company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured, from parties listed in the Register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(f), and (g) of the Order, are not applicable.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal controls.
- 5) (a) According to the information and explanations given to us and audit in accordance with generally accepted auditing practices, in our opinion, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) During the year, the Company has not accepted any deposits from the public as defined under sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- 7) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- 8) The Company has maintained the cost records as prescribed by the Central Government under section 209(1)(d) of the Act.
- 9) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it except for few cases where there was delay in depositing of Employees State Insurance Contribution with the appropriate authorities. According to information and explanations given to us, there are no undisputed amounts payable in respect of aforesaid dues which were outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.

- (b) The disputed statutory dues aggregating Rs.53.00 lakhs, that have not been deposited on account of matters pending before appropriate authorities are as under:

Nature of Statute	Nature of Dues	Amount (in INR)	Period to which the amount relates	Forum where dispute is pending
West Bengal Sales Tax Act, 1994	State Sales Tax	9.92 Lakhs	1995-1996, 1997-1998 & 2003-2004	West Bengal Commercial Appellate & Revisional Board, Kolkata
		6.91 Lakhs	2004-2005	Deputy Commissioner of Commercial Tax
Central Sales Tax Act, 1956	Central Sales Tax	18.60 Lakhs	1996-1997, 1997-1998 & 2003-2004	West Bengal Commercial Appellate & Revisional Board, Kolkata
		14.50 Lakhs	2004-2005	Deputy Commissioner of Commercial Tax
Central Excise Act, 1944	Excise Duty	3.07 Lakhs	2004-2005	Commissioner Excise & Service Tax Appellate Tribunal Kolkata

- 10) The company has no accumulated losses at the end of financial year nor it has incurred cash losses during the financial year under review and in immediately preceding financial year.
- 11) According to the information and explanations given to us and audit in accordance with generally accepted auditing practices, in our opinion, the company has not defaulted in repayments of dues to financial institutions or banks or debenture holders.
- 12) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to information and explanations given to us, the Company is not a chit fund or nidhi/ mutual benefit fund or society. Therefore clause 4(xiii) of the order is not applicable to the Company.
- 14) In our opinion and according to information and explanations given to us, the Company has maintained proper records of the transactions and contracts and made timely entries therein for dealing in securities and the investments are held by the company in its own name.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16) During the year, the Company has taken term loans, which have been applied for the purposes for which they were raised.
- 17) According to the information and explanations given to us and on an overall examination of Balance Sheet of the Company, we are of the opinion that the Company has not utilized Short Term Funds towards Long Term Investments.
- 18) During the year, the Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Act.
- 19) During the year, the Company has neither issued any debentures nor it has any outstanding debentures.
- 20) The management has disclosed the end use of money raised during the year by Public Issue and the same has been verified by us.
- 21) In our opinion and according to information and explanations given to us, during the year, no fraud on or by the Company has been noticed or reported.

Kolkata  
Dated : 11th day of May, 2009

**For A L P S & CO**  
Chartered Accountants  
**(A.K.Khetawat)**  
Partner  
Membership No. 052751



## BALANCE SHEET

(Rs. '000)  
As at 31st March

	Schedule	2009	2008
<b>SOURCES OF FUNDS</b>			
<i>Shareholders' Fund</i>			
Share Capital	1	80000	47000
Reserve & Surplus	2	192367	74699
<i>Loan Funds</i>			
Secured Loans	3	189769	114599
Unsecured Loans	4	29376	32761
Deferred Tax Liabilities	5	7482	—
<b>Total</b>		<b>498994</b>	<b>269059</b>
<b>APPLICATION OF FUNDS</b>			
<i>Fixed Assets</i>			
Gross Block	6	230338	220070
Less : Depreciation		160595	153817
Net Block		69743	66253
Capital Work-in-Progress		71734	6229
		141477	72482
<i>Deferred Tax Assets</i>	7	—	4679
<i>Current Assets, Loans &amp; Advances</i>			
Inventories	8	156196	80506
Sundry Debtors	9	106585	125378
Cash & Bank Balances	10	23597	22090
Loans & Advances	11	200841	55719
		487219	283693
<i>Less : Current Liabilities &amp; Provisions</i>			
Current Liabilities	12	103525	73682
Provisions	13	26177	18113
		129702	91795
<i>Net Current Assets</i>		357517	191898
<b>Total</b>		<b>498994</b>	<b>269059</b>

### Accounting Policies and Notes on Accounts 18

The Schedules referred to above form part of the Accounts

As per our report of even date attached

**For A L P S & CO**

Chartered Accountants

**A K Khetawat**

Partner

Membership No. 052751

Kolkata

Dated : 11th day of May, 2009

**MP Jhunjunwala**

Chairman & Managing Director

**Kailash Baheti**

Chief Executive Officer  
and Chief Financial Officer

**Suhita Mukhopadhyay**

Company Secretary

**V Jhunjunwala**

**M G Todi**

**R N Das**

**V K Mushran**

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## PROFIT & LOSS ACCOUNT

		(Rs. '000)	
		For the year ended 31st March	
	Schedule	2009	2008
<b>INCOME</b>			
Sales	14	1105676	1170306
Less : Excise Duty		<u>120060</u>	<u>155636</u>
Net Sales		985616	1014670
Increase / (Decrease) in Stock	15	(17135)	2751
Other Income	16	9451	2228
Impairment of Assets Written Back		<u>930</u>	<u>1474</u>
		<u>978862</u>	<u>1021123</u>
<b>EXPENDITURE</b>			
Cost of Materials Consumed		728406	778647
Manufacturing, Selling & Administrative Expenses	17	180344	165850
Interest		14482	9865
Depreciation		7300	10121
Right Issue Expenses Written Off		<u>2498</u>	<u>—</u>
		<u>933030</u>	<u>964483</u>
		45832	56640
<b>PROFIT BEFORE TAX</b>			
Provision for Taxation :			
Fringe Benefit Tax		(526)	(356)
Current Tax		(5117)	(6365)
Deferred Taxes		(12161)	(19918)
<b>PROFIT AFTER TAX</b>		28028	30001
<b>Balance Brought Forward</b>		74699	51051
Less : Adjustment for Employee Benefits as per AS15 (Revised)			<u>854</u>
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<u>102727</u>	<u>80198</u>
<b>APPROPRIATIONS :</b>			
Proposed Dividend		8000	4700
Provision for Tax on Dividend		<u>1360</u>	<u>799</u>
<b>Surplus carried to Balance Sheet</b>		<u>93367</u>	<u>74699</u>
Basic and Diluted Earning Per Share - Rs.		0.39	0.64
Restated Basic and Diluted Earning Per Share - Rs.		—	0.56
Face Value of Equity Shares - Rs.		1.00	1.00
<b>Accounting Policies and Notes on Accounts</b>	18		
The Schedules referred to above form part of the Accounts			

As per our report of even date attached

**For A L P S & CO**

Chartered Accountants

**A K Khetawat**

Partner

Membership No. 052751

Kolkata

Dated : 11th day of May, 2009

**M P Jhunjunwala**

Chairman & Managing Director

**Kailash Baheti**

Chief Executive Officer  
and Chief Financial Officer

**Suhita Mukhopadhyay**

Company Secretary

**V Jhunjunwala**

**M G Todi**

**R N Das**

**V K Mushran**

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## CASH FLOW STATEMENT

	(Rs.'000)		
	For the year ended 31st March		
	2009		2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax and extraordinary items:	45832		56640
Adjustment for :			
Depreciation	7300		10121
Provision for Impairment of Assets	(930)		(1474)
Deferred Tax	(12161)		(19918)
Dividend Received/Profit on sale of Current Investment	(150)		—
Employee Benefits	—		(1288)
Provision for Doubtful Debts / Advance	603		—
Provision for Taxation	(5643)	(10981)	(6721)
(Profit)/Loss on sale of fixed assets		315	416
Interest Paid	14482		9865
Less : Interest Received	(8109)	6373	(758)
Operating Profit before working capital changes		41539	46883
Adjustment for :			
Trade and other receivables		(126932)	(30936)
Inventories		(75690)	6363
Trade payables		29843	(34452)
Cash generated from operations		(131240)	(12142)
Taxation		5133	6721
Adjustment of Deferred Tax		12161	19918
Right Issue Expenses		2498	—
<b>Net cash from operating activities</b>		(111448)	14497
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(76681)	(12829)
Sale/Adjustment of fixed assets		71	455
Dividend received		150	—
Interest received		8109	758
<b>Net cash from investing activities</b>		(68351)	(11616)
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
Increase in Share Capital		33000	—
Securities Premium		99000	—
Proceeds from long term borrowings		93202	(2523)
Proceeds from short term borrowings		(21417)	17653
Interest paid		(14482)	(9865)
Dividend Paid including dividend tax		(5499)	—
Right Issue Expense		(2498)	—
<b>Net cash from financing activities</b>		181306	5265
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>		1507	8146
Cash and cash equivalents opening balance:			
Cash and Bank balance		22090	13944
Cash and cash equivalents closing balance:			
Cash and Bank balance		23597	22090

As per our report of even date attached

**For A L P S & CO**

Chartered Accountants

**A K Khetawat**

Partner

Membership No. 052751

Kolkata

Dated : 11th day of May, 2009

**M P Jhunjunwala**

Chairman & Managing Director

**Kailash Baheti**

Chief Executive Officer  
and Chief Financial Officer

**Suhita Mukhopadhyay**

Company Secretary

**V Jhunjunwala**

**M G Todi**

**R N Das**

**V K Mushran**

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## SCHEDULES



(Rs. '000)  
As At 31st March

	2009	2008
1. <i>Share Capital</i>		
Authorised		
120,000,000 Equity Shares of Re.1/- each	120000	120000
	<u>120000</u>	<u>120000</u>
Issued Subscribed & Paid-up		
80,000,000 (Previous Year 47,000,000) Equity Shares of Re. 1/- each	80000	47000
	<u>80000</u>	<u>47000</u>
2. <i>Reserve &amp; Surplus</i>		
Securities Premium Account	99000	—
Surplus as per Profit & Loss Account	93367	74699
	<u>192367</u>	<u>74699</u>
3. <i>Secured Loans</i>		
Loans from Banks :		
Vehicles Loan from :		
ICICI Bank	503	1076
HDFC Bank	645	593
State Bank of India	1579	—
Buyers Credit from :		
State Bank of India	11223	31530
Term Loan From :		
State Bank of India	96419	—
Other Loans :		
Term Loans from Govt. of West Bengal :		
Soft Loan	48000	50000
Sales Tax Loan	31400	31400
	<u>189769</u>	<u>114599</u>
4. <i>Unsecured Loans</i>		
Short Term Loans :		
West Bengal Industrial Development Corporation Ltd	—	1110
Other Loan :		
Deferred Sales Tax	29376	31651
	<u>29376</u>	<u>32761</u>
<p>Note : Deferred Sales Tax is interest free and has been received by the Company under the West Bengal Incentive Schemes,1993.</p>		
5. <i>Deferred Tax Liabilities</i>		
Deferred Tax Liabilities		
On Other Timing Differences on Depreciation	10928	—
Deferred Tax Assets		
On Unabsorbed Losses	21	—
On Other Timing Differences	3425	—
	<u>3446</u>	<u>—</u>
	<u>7482</u>	<u>—</u>

## 6. Fixed Assets

(Rs.'000)

DESCRIPTION	COST				DEPRECIATION				NET BLOCK	
	As on 01.04.08	Addi- tion	Sale/ Adjust- ment	As at 31.03.09	Up to 31.03.08	For the Year	Sale/ Adjust- ment	Up to 31.03.09	As at 31.03.09	As at 31.03.08
Leasehold Land (Inclusive of site Development)	1219	—	—	1219	—	—	—	—	1219	1219
Buildings	48787	1499	267	50019	20667	1540	60	22147	27872	28120
Plant & Machinery	135561	5975	257	141279	110677	3614	181	114110	27169	24884
Electric Installation	11502	528	—	12030	8491	565	—	9056	2974	3011
Vehicles	5652	2488	120	8020	1558	551	113	1996	6024	4094
Furniture & Fittings	6397	214	—	6611	4394	381	—	4775	1836	2003
Office Equipments	10952	472	264	11160	8030	649	168	8511	2649	2922
<b>Total</b>	<b>220070</b>	<b>11176</b>	<b>908</b>	<b>230338</b>	<b>153817</b>	<b>7300</b>	<b>522</b>	<b>160595</b>	<b>69743</b>	<b>66253</b>
Previous Year	215050	6624	1604	220070	144429	10121	733	153817		
Capital Work-In-Progress									71,734	6,229

		(Rs. '000)	
		2009	2008
		As At 31st March	
7.	<i>Deferred Tax</i>		
	Deferred Tax Assets		
	On Unabsorbed Losses & Unabsorbed Depreciation	—	14405
	On other timing differences	—	1422
		<u>—</u>	<u>15827</u>
	Deferred Tax Liabilities		
	On other timing differences on Depreciation	—	11148
		<u>—</u>	<u>4679</u>
8.	<i>Inventories</i>		
	(as taken, valued and certified by the management)		
	Stock-in-trade		
	Raw Materials	4531	13254
	Work-in-Progress	26951	38895
	Finished Goods	5683	10874
	Stores & Spare Parts	119031	17483
		<u>156196</u>	<u>80506</u>
9.	<i>Sundry Debtors</i>		
	(Unsecured)		
	Debts outstanding for a period exceeding six months		
	- considered good	2681	2048
	- considered doubtful	557	310
	Other debts		
	- considered good	103904	123330
		<u>107142</u>	<u>125688</u>
	Less : Provision for doubtful debts	557	310
		<u>106585</u>	<u>125378</u>

## SCHEDULES



		(Rs. '000)	
		As At 31st March	
	2009	2008	
10. <i>Cash &amp; Bank Balances</i>			
Cash in Hand	579	422	
Balances with Scheduled Banks in			
Current Accounts	13812	9257	
Fixed Deposit Accounts	9206	12411	
	<u>23597</u>	<u>22090</u>	
11. <i>Loans &amp; Advances</i>			
(Unsecured)			
Considered Good			
Deposits	5927	5819	
Advance Payment of Income Tax	15835	10917	
Advances recoverable in cash or in kind or for value to be received	179079	38983	
	<u>200841</u>	<u>55719</u>	
Considered Doubtful :			
Advances recoverable in cash or in kind or for value to be received	356	—	
Less : Provision for Doubtful Advances	<u>356</u>	<u>—</u>	
	—	—	
	<u>200841</u>	<u>55719</u>	
12. <i>Current Liabilities</i>			
Sundry Creditors	61354	39014	
Deposits from Dealers	2281	2463	
Advances against Sales	6169	4969	
Other Liabilities	30754	24402	
Interest accrued but not due	2797	2790	
Investor Education & Protection Fund :			
Unpaid Right Issue Account	35	44	
Unclaimed Dividend Account	135	—	
	<u>103525</u>	<u>73682</u>	
13. <i>Provisions</i>			
Provision for Impairment of Assets	262	1192	
Provision for Income Tax	16539	11422	
Provision for Dividend	8000	4700	
Provision for Dividend Distribution Tax	1360	799	
Provision for Fringe Benefit Tax (Net of advance)	16	—	
	<u>26177</u>	<u>18113</u>	



## SCHEDULES

	For the period ended 31st March 2009	For the year ended 31st March 2008
14. <i>Sales</i>		
Sale of Manufactured Goods (Tax Deducted Rs.87132, previous year Rs. 66602)	1105676	1170306
	<u>1105676</u>	<u>1170306</u>
15. <i>Increase / (Decrease) in Stock</i>		
Opening Stock		
Work in Progress	38895	39858
Finished Goods	10874	7160
	<u>49769</u>	<u>47018</u>
Closing Stock		
Work in Progress	26951	38895
Finished Goods	5683	10874
	<u>32634</u>	<u>49769</u>
Increase / (Decrease) in Stock	<u>(17135)</u>	<u>2751</u>
16. <i>Other Income</i>		
Interest (Gross) (Tax Deducted Rs. 1789964, previous year Rs. 63105)	8109	758
Miscellaneous Income	902	1116
Liabilities no longer payable written back	125	25
Rent Received	107	45
Dividend Received on Current Investments	149	105
Profit on Sale of Current Investments	1	23
Bad Debt Recovered	22	77
Insurance Claim Received	36	79
	<u>9451</u>	<u>2228</u>
17. <i>Manufacturing, Selling &amp; Administrative Expenses</i>		
Stores & Spares Consumed	9698	10089
Power & Fuel	49478	51875
Packing Expenses	10402	8921
Freight & Forwarding Charges	13592	10924
Salaries & Wages	54923	43828
Employees Welfare Expenses	1464	1080
Contribution to Provident Fund & Other Fund	5531	4920
Rent, Rates & Taxes	1057	3810
Insurance	1014	719
Bank Charges	11166	5812
Advertisement	229	609
Repairs & Maintenance		
Building	247	458
Machinery	7515	7920
Others	1303	1045
Managing Director's Remuneration	2120	2155
Directors Sitting Fees	243	217
Provision for Doubtful Debts	247	1038
Provision for Doubtful Advances	356	—
Exchange Fluctuation	4119	648
Miscellaneous Expenses	16105	11609
Loss on sale/discard of Fixed Assets (Net)	315	416
Sales Tax Paid	239	—
	<u>191363</u>	<u>168093</u>
Less : Pre Operative Expenses transferred to Capital Work-in-Progress	11019	2243
	<u>180344</u>	<u>165850</u>

18. **Accounting Policies and Notes On Accounts**

1. **Accounting Policies**

a. **Fixed Assets & Depreciation:**

- Fixed Assets are valued at cost less accumulated depreciation. Depreciation is provided on Straight Line Method at rates prescribed under schedule XIV to the Companies Act, 1956.
- Free hold land, Leasehold Land and Site Development Expenses are not depreciated.
- Leasehold land wherever lease period expires, is fully depreciated in the year in which the lease expires.

b. **Pre-operative Expenses:**

The expenses incurred for acquiring, erecting, commissioning and trial runs of fixed assets are transferred to pre-operative expenses and form a part of Capital Work-in-Progress. Pre-operative expenses directly identifiable with a particular fixed asset is charged to such asset and the balance distributed over the related fixed assets in proportion to their respective values.

c. **Capital work-in-Progress:**

These are stated at cost relating to items or projects in progress, incurred during construction/installation /pre-operative period.

d. **Investments:**

Investments are classified into Current and Long Term Investment. Current Investments are stated at lower of cost and market / fair value. Long Term investments are stated at cost and permanent diminution in value, if any, is provided in the books of accounts.

e. **Inventories:**

- Inventories are valued at the lower of the cost and estimated net realizable value. Cost of inventories is computed on FIFO basis.
- Work-in-progress and Finished goods include related manufacturing overheads and costs. Finished goods also include the applicable excise duty.

f. **Dies and Tools:**

Expenditure incurred on different heads for manufacture of dies and tools are charged to profit and loss account. The expenditure on dies manufactured for expansion is shown as Dies - in - process under inventory for stores and spare parts to be charged to profit and loss account as and when the dies would be first used for production.

g. **Sales:**

Sales include excise duty wherever applicable.

h. **Purchases:**

Pending receipt of final invoices, materials purchased are accounted for on the basis of pro-forma invoice / purchase order / previous purchase rates. Subsequent adjustment is done on receipt of final invoice, wherever necessary.

i. **Foreign Currency Expenditure:**

i) **Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

ii) **Conversion**

The monetary assets and liabilities in foreign currency existing at Balance Sheet date are accounted for at prevailing exchange rate at the year end.

Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii) **Exchange Differences**

Exchange Differences, arising on settlement / conversion of monetary items, are recognized as income or expenses in the year in which they arise except those relating to acquisition of imported fixed assets, in which case such exchange differences are capitalized.

- iv) **Forward Exchange Contracts**  
The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.
- iv) **Derivatives**  
The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these as cash flow hedges. The Company does not use derivative financial instruments for speculative purposes.  
In respect of derivative contract, premium paid, gains / losses on settlement and provision for losses for cash flow hedges are recognized in the Profit & Loss Account, except in case where they relate to borrowing costs that are attributable to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.  
At every period end, all outstanding derivative contracts are fair valued on a marked-to-market basis and any loss on valuation is recognized in the profit and loss account. Any gain on marked-to-market valuation of respective contracts is only recognized to the extent of the loss on foreign currency, keeping in view the principle of prudence as enunciated in AS-1, Disclosure of Accounting Policies.
- j. **Employee Benefit:**
  - i) Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
  - ii) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.
- k. **Taxation:**  
Provision for Taxes comprises of Current Tax and Deferred Tax. Deferred Tax Assets are recognized and carried forward to be adjusted against liability on taxable income arising in future, only if there is reasonable certainty that the company would have significant taxable income to realize the benefit of such deferred tax assets. Provision for wealth tax liability, if any, is estimated in accordance with the Wealth Tax Act, 1957 and provided for.
- l. **Borrowing Costs:**  
Interest and other borrowing costs directly attributable to the acquisition, construction or installation of qualifying capital assets till the date of commercial use of the assets are capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.
- m. **Impairment of Assets:**  
The carrying amount of assets is reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.  
Provision for impairment is written back in case of sale / discard of impaired assets.
- n. **Proposed Dividend:**  
Dividend (including Dividend Distribution Tax) recommended by the Board of Directors is provided for in the accounts pending Shareholders' approval.
- o. **Capital Issue Expenses:**  
The entire Capital Issue expenses are written off during the year of issue.



p **Hedging against metal inventory:**

The Company takes hedging position against its inventory of aluminium metal and for pending import contracts of aluminium metal, which is our principal raw material. The loss/gain from such hedged contracts is charged to consumption of raw material. All open contracts as on the year end are marked to market for all losses. However, any unrealized gain on open contracts is not accounted until actually realized.

2. **Contingent Liabilities not provided in respect of:**

- a. Estimated amount of contracts (net of advance) remaining to be executed on Capital Account and not provided for as on 31<sup>st</sup> March 2009 - Rs 817.38 lacs (Previous year Rs 899.31 lacs).
- b. The Company had imported machinery on subsidized rate of duty under export Promotion Capital Goods Scheme (EPCG), Accordingly the Company is under an obligation to export to the extent of Rs. 3486.49 lacs, i.e. eight times of the duty saved, in eight years from the date of issue of authorization. If the Company is unable to fulfill the export obligation within the stipulated period, it would be liable to pay the duty saved along with interest at the rate of 15% p.a.
- c. Bank Guarantees outstanding Rs.111.68 lacs (previous year Rs.116.62 lacs) and Letters of Credit issued by Banks on behalf of the Company Rs 683.04 lacs (Previous year 699.00 lacs) against which Rs. 92.06 lacs (previous year Rs. 124.11 lacs) have been deposited with the Banks as Margin Money.
- d. Bills discounted with banks Rs 129.39 lacs (previous year Rs. 228.69 lacs).
- e. Pending decision on appeal against the demand of Rs. 0.36 lacs, Rs. 0.17 lacs, Rs. 5.91 lacs, respectively for the years 1995-1996, 1996-1997, 1997-1998, the Company has filed an application for Settlement of Disputes and deposited 0.10 lacs, Rs. 0.23 lacs and Rs. 1.71 lacs respectively as accepted tax liability.  
The Company has received Sales Tax demand of Rs. 22.08 lacs and Rs. 21.42 lacs respectively for the years 2003-2004 and 2004-2005 against which the Company has preferred appeals before the higher authorities.
- f. The Employees State Insurance Corporation (ESI) has raised a demand of Rs.2.76 lacs plus interest of Rs.108.81 per day w.e.f. 1.1.2004 for the period 1999-2000 to 2000-2001. The company has preferred an appeal against the demand at the Employees Insurance Court, West Bengal. The honorable court has stayed the demand till final disposal of Company's appeal.
- g. The Commercial Tax Officer has not allowed input tax credit under West Bengal Value Added Tax Act of Rs.0.51 lacs on account of sales tax paid on opening stock of stores and spares. The Company has preferred a revision application before the Deputy Commissioner, Commercial Taxes.
- h. The Central Excise Department has raised a demand of Rs. 3.07 lacs for the year 2004-05, against which the Company has preferred an appeal, before the Customs Excise & Service Tax Appellate Tribunal. Pending disposal of Appeal, a pre-deposit of 50% of the demand amounting to Rs. 1.52 lacs has been made, which has been shown under the head-Loans & Advances.

3. **The Term Loan and Working Capital Facilities are secured as follows:**

- a. Soft Term Loan of Rs. 480.00 lacs (Previous year Rs. 500.00 lacs) from Govt. of West Bengal is secured by first mortgage on all the immovable properties and a first charge by way of hypothecation of plant & machinery of the Company, both present and future (except the fixed assets to be created out of the term loan of Rs. 1500.00 lacs from State Bank of India on which the bank would have exclusive first charge and the consortium banks along with Govt. of West Bengal would have pari passu second charge), situated at Company's factory at Kharagpur in West Bengal, ranking pari passu with non-fund based facility of Rs. 1120.70 lacs which the Company has availed from State Bank of India, Axis Bank Ltd. and ICICI Bank Ltd.
- b. Sales Tax Term Loan of Rs. 314 lacs from Govt. of West Bengal is secured by way of residuary charge on all fixed assets of the Company, both present and future, situated at Company's factory at Kharagpur in West Bengal.
- c. Non-fund based working capital facilities of Rs.1120.70 lacs availed from State Bank of India, Axis Bank Ltd. and ICICI Bank Ltd. are secured -
  - i) By first mortgage on all the immovable properties and a first charge by way of hypothecation of plant & machinery of the Company, both present and future (except the fixed assets to be created out of the term loan of Rs. 1500.00 lacs from State Bank of India on which the bank would have exclusive first charge and the consortium banks along with Govt. of West Bengal would have pari passu second charge) situated at Company's factory at Kharagpur in West Bengal, ranking pari passu with Govt. of West Bengal for Soft Term Loan of Rs. 480 lacs (Previous year Rs. 500.00 Lacs).



- ii) By first charge by hypothecation of stocks, book debts and other current assets.
- iii) By personal guarantees of the Chairman & Managing Director and one other Director of the Company.
- d. Vehicle Loans from ICICI Bank are secured by hypothecation of vehicles purchased out of the said loan. A sum of Rs 2.77 lacs (previous year 5.73 lacs) is repayable within next 12 months towards loan amount.
- e. Vehicle Loans from HDFC Bank are secured by hypothecation of vehicles purchased out of the said loan. A sum of Rs 3.00 lacs (Previous year 2.29 lacs) is repayable within next 12 months towards loan amount.
- f. Vehicle Loans from State Bank of India are secured by hypothecation of vehicles purchase out of the said loan. A sum of Rs. 3.49 lacs (Previous year Nil) is repayable within next 12 months towards loan amount.
- g. Buyer's Credit of Rs.112.23 lacs (Previous year 315.31 lacs) from State Bank of India which is funded by the Bank's overseas branches is secured by local branch of State Bank of India issuing letter of comfort by blocking Letter of Credit facility to that extent.
- h. Term Loan of Rs. 964.19 lacs from State Bank of India which is funded by the Bank for the expansion project (2700 MT new extrusions press line) is secured as follows :-
  - i) Exclusive First Charge over Fixed assets to be created out of this Term Loan.
  - ii) Second charge on the current assets of the company.
  - iii) By personal guarantee of the Chairman & Managing Director and one other director of the Company.
- 4. The lease period of a part comprising 3.08 acres of the company's factory land out of the total land area of 7.3171 acres at Kharagpur has expired and is pending renewal from West Bengal Industrial Infrastructure Development Corporation Ltd. (WBIIDC). The lease renewal is in process.
- 5. A. **Loans and Advances include:**
  - a. Rs 35.00 lacs (previous year Rs.35.00 lacs) being security deposit for office premises made to a private limited company in which a relative of two of the directors is interested as a director.
  - b. Rs Nil (previous year Rs. 48.51 lacs) due from a firm in which Chairman & Managing Director and one other Director of the Company are interested as partners.
  - c. Rs. Nil due from an officer of the Company. Maximum balance outstanding at any time during the year is Rs. 2.00 lacs.
- B. **Sundry Debtors include:**

Rs.15.68 lacs (previous year Rs.39.61 lacs) due from a private company in which one Director of the Company is interested as a director.
- 6. In view of the brought forward losses under Income Tax, the Company is liable to pay only the Minimum Alternate Tax (MAT). The Company has provided for / paid MAT (net of normal tax liabilities, if any) of Rs. 18.99 lacs, Rs. 30.63 lacs, Rs. 63.54 lacs and Rs. 37.29 lacs for the years 2005-2006, 2006-2007, 2007-2008 and 2008-2009. As per applicable provisions of the Income Tax Act, the Company is eligible to adjust the MAT against its regular Income Tax liability arising in any of the subsequent 7 financial years.
- 7. Some of the suppliers have informed their enterprises of being registered under the Micro, Small and Medium Enterprises Development Act 2006. Payments to these parties are made in time as prescribed in the Act. Outstanding to these parties as at the year end is Rs. 1.62 (Previous year Rs. Nil).
- 8. **Employees Benefit:**

Employee Benefits have been provided as per provisions of Revised Accounting Standard 15 (AS15).

**Defined Contribution Plan**

(Rs. in lacs)

Contribution to Defined Contribution Plan, recognized as

expense for the year are as under:

Employer's Contribution to Provident Fund	2009 18.77	2008 15.46
Employer's Contribution to Pension Fund	18.55	17.45

The Company contributes 12% of salary of all eligible employees towards Provident Fund managed by the Central Government.

### Defined Benefit Plan

The employees' fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

#### I. Reconciliation of opening and closing balances of Defined Benefit obligation

	Leave Encashment (Unfunded) (Rs. in lacs)	
	2009	2008
Defined Benefit obligation at beginning of the year	24.88	22.13
Current Service Cost	0.92	0.73
Interest Cost	2.64	0.00
Actuarial - gain (-) / loss (+)	4.64	2.02
Benefits paid	-1.61	0.00
Defined Benefit obligation at year end	31.47	24.88

#### Reconciliation of opening and closing balances of Defined Benefit obligation

	Gratuity (Funded) (Rs. in lacs)	
	2009	2008
Defined Benefit obligation at beginning of the year	92.50	85.66
Current Service Cost	11.93	8.02
Interest Cost	10.79	7.93
Actuarial - gain (-) / loss (+)	25.01	-1.38
Benefits paid	-2.50	-7.73
Defined Benefit obligation at year end	137.73	92.50

#### II. Reconciliation of opening and closing balances of fair value of plan assets

	Gratuity (Funded) (Rs. in lacs)	
	2009	2008
Fair value of plan assets at beginning of the year	73.10	63.83
Employer contribution	20.63	11.32
Benefits paid	-1.37	-7.73
Actual return on plan assets	7.10	5.68
Fair value of plan assets at year end	99.46	73.10

#### III. Reconciliation of fair value of assets and obligations

	Leave Encashment (Unfunded) (Rs. in lacs)	
	2009	2008
Fair value of plan assets	Nil	Nil
Present value of obligation	31.47	24.88
Amount recognized in Balance Sheet	31.47	24.88

#### Reconciliation of fair value of assets and obligations

	Gratuity (Funded) (Rs. in lacs)	
	2009	2008
Fair value of plan assets	99.46	73.10
Present value of obligation	137.73	92.50
Amount recognized in Balance Sheet	38.27	19.40

#### IV. Expenses recognized during the year

	Gratuity (Funded) (Rs. in lacs)	
	2009	2008
Current Service Cost	11.93	8.02
Interest Cost	10.79	7.93
Expected Return on Plan Assets	-8.52	-5.67
Net Actuarial — gain (-) / loss (+)	25.01	0.60
Recognized during the year	39.21	9.68
<b>Actual Return on Plan Assets</b>	<b>8.52</b>	<b>5.67</b>

#### Expenses recognized during the year

	Leave encashment (Unfunded) (Rs. in lacs)	
	2009	2008
Current Service Cost	0.92	0.73
Interest Cost	2.64	—
Expected Return on Plan Assets	—	—
Net Actuarial — gain (-) / loss (+)	4.64	5.22
Recognized during the year	8.20	5.95
<b>Actual Return on Plan Assets</b>	<b>—</b>	<b>—</b>

#### V. Investment details

Entire funded amount is invested in Group Gratuity Scheme of Life Insurance Corporation of India

#### VI. Actuarial assumptions (year 2008-09)

	Gratuity (Funded)	Leave encashment (Unfunded)
	1994-96(Ultimate)	1994-96(Ultimate)
Mortality Table (LIC)	7.50%	7.50%
Discount rate (per annum)	8.90%	N. A.
Expected rate of return on plan assets (p.a.)	5.00%	5.00%
Rate of escalation in salary (p.a.)		

#### Actuarial assumptions (year 2007-08)

	Gratuity (Funded)	Leave encashment (Unfunded)
	1994-96(Ultimate)	1994-96(Ultimate)
Mortality Table (LIC)	7.50%	7.50%
Discount rate (per annum)	8.90%	N. A.
Expected rate of return on plan assets (p.a.)	5.00%	5.00%
Rate of escalation in salary (p.a.)		

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors mainly, the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

#### 9. Segment Reporting :

The Company has two business segments i.e. manufacturing of Aluminium Extruded products and manufacturing of Transmission and Distribution Line Hardware. However, the Company does not fall under any of the criteria laid down under AS-17 and hence segment reporting is not applicable.

10. The Company raised a sum of Rs. 1320.00 lacs by way of 'Right Issue' of shares during the year. The Allotment of Equity shares was completed on 29th July 2008.

The money was raised to part finance the Cost of Expansion of the Company and was accordingly utilized.

11. The interest paid as shown in Profit and Loss account is net of capitalization of Rs. 14.96 lacs

12. Cash in Foreign Currency : Cash in hand included foreign currency in hand equivalent to 0.46 lacs (Previous year Nil).

	MT	2008-09 Rs. '000	MT	2007-08 Rs. '000
<b>13. Licensed &amp; Installed Capacity, Production, Stocks and Turnover:</b>				
a) Licensed Capacity			since delicensed	
b) Installed Capacity				
Aluminium Extrusion	7500		7500	
Power T & D Hardware (As certified by Management)	6000		—	
c) Production				
Aluminium Extrusions (1)	6320		6620	
Power T & D Hardware	28		—	
d) Stocks				
Opening				
Aluminium Extrusions	64	10874	42	7160
Closing				
Aluminium Extrusions	47	5683	64	10874
e) Turnover				
Aluminium Extrusions (1)	6338	1089934	6597	1158081
Power T & D Hardware	28	5754	—	—
Others	—	9988	—	12225
(1) Includes 101.15 MT valued at Rs 2978000 (previous year 102.85 MT valued at Rs. 2877000) on account of conversion				
<b>14. Raw Material Consumed</b>				
a) Aluminium Ingots, Billets etc	6190	691388	6495	741267
b) Others	257	37018	286	37380
	%	Value Rs. '000	%	Value Rs. '000
<b>15. Value of Imported and Indigenous Goods consumed and percentage thereof:</b>				
Raw Material				
Imported	2	18056	5	36012
Indigenous	98	710350	95	742635
Stores & Spares (Including value of items consumed for manufacture of dies)				
Imported	44	4219	35	3549
Indigenous	56	5479	65	6540
<b>16. CIF value of Imports</b>				
Raw material		20160		33546
Stores & Spare parts		9874		3020
Capital Goods		222421		—
		<u>252455</u>		<u>36566</u>
<b>17. Expenditure in Foreign Currency</b>				
Travel		1487		215
Bank Charges		141		—
Interest Paid		486		—
		<u>2114</u>		<u>215</u>
<b>18. a) Auditors' Remuneration</b>				
Audit Fees		120		105
Tax Audit Fees		30		20
Other Services		35		48
		<u>185</u>		<u>173</u>
b) Cost Audit Fees		<u>8</u>		<u>5</u>

19 **Remuneration to Managing Director**

Salary	1200	1200
Perquisites	920	955
Contribution to Provident Fund	144	144
	<b>2264</b>	<b>2299</b>

20 **Disclosure of related parties / related party transactions:**

a) **Names of related parties :**

Sl.No.	Name of Related Party	Relationship
1	Century Aluminium Mfg. Co. Ltd.	Associated Concern
2	Vintage Capital Markets Ltd.	Associated Concern
3	Paramsukh Properties Pvt. Ltd.	Associated Concern
4	Jeco Exports and Finance Ltd	Associated Concern
5	CAMCO Multi Metal Udyog Ltd	Associated Concern
6	Multi Metal Udyog	Associated Concern
7	Nandadevi Sales Agency	Associated Concern
8	Alfa Aluminium (P) Ltd	Associated Concern
9	Vintage Securities Ltd.	Associated Concern
10	Kutir Udyog Kendra (India) Ltd.	Associated Concern

b) **Key Management Personnel & their relatives**

(i)	<b>Shri M P Jhunjhunwala</b>	:	<b>Chairman &amp; Managing Director</b>
	<i>Relatives of Shri M P Jhunjhunwala :</i>		
	Smt Sita Devi Jhunjhunwala	:	Wife
	Shri Vikram Jhunjhunwala	:	Son
	Smt Saroj Saraf	:	Daughter
	Smt Shashi Khaitan	:	Daughter
	Smt Sarita Modi	:	Daughter
(ii)	<b>Shri Kailash Baheti</b>	:	<b>Chief Executive Officer &amp; Chief Financial Officer</b>
	<i>Relatives of Shri Kailash Baheti</i>		
	Shri Shankar Lal Baheti	:	Father
	Smt Bimla Devi Baheti	:	Mother
	Smt Shashi Baheti	:	Wife
	Ms Ankita Baheti	:	Daughter
	Ms Apoorva Baheti	:	Daughter
(ii)	<b>Shri J. K. Malpani</b>	:	<b>President</b>
	<i>Relatives of Shri J.K. Malpani</i>		
	Smt Deepa Malpani	:	Wife
	Ms Shikha Malpani	:	Daughter

c) **Disclosure of related party transactions:**

Sr. No.	Nature of relationship transaction	Associated Concerns	Key Management Personnel	(Rs. '000) Relatives of Key Management Personnel
1	Purchase of Goods	30937	—	—
2	Sale of Goods	25650	—	—
3	Rent Paid	754	—	—
4	Rent Received	36	—	—
5	Interest Paid	20	—	—
6	Sale of Fixed Assets	70	—	—
7	MD Remuneration	—	2264	—
8	Remuneration to CEO & CFO	—	3588	—
9	Remuneration to President	—	1851	—
10	Directors Sitting Fees	—	—	243
11	Loan Taken	6700	—	—
12	Loan Repaid	6700	—	—

Previous Year (2007-08)		Associated Concerns	Key Management Personnel	Relatives of Key Management Personnel
Sr. No.	Nature of relationship transaction			
1	Purchase of Goods	216869	—	—
2	Sale of Goods	56748	—	—
3	Rent Paid	718	—	—
4	Rent Received	36	—	—
5	Interest Paid	—	—	—
6	Sale of Fixed Assets	—	—	—
7	MD Remuneration	—	2299	—
8	Remuneration to CEO & CFO	—	2972	—
9	Remuneration to President	—	1463	—
10	Directors Sitting Fees	—	—	50
11	Loan Taken	—	—	—
12	Loan Repaid	—	—	—

d) **Outstanding balances as on :**

	(Rs. '000) 2008-09	(Rs. '000) 2007-08
<b>Loans &amp; Advances</b>		
Associated Concerns	3503	8351
Key Management Personnel & Relatives	—	—
<b>Sundry Creditors</b>		
Associated Concerns	16	—
Key Management Personnel & Relatives	—	—
<b>Unsecured Loans</b>		
Associated Concerns	—	—
Key Management Personnel & Relatives	—	—
<b>Sundry Debtors</b>		
Associated Concerns	2261	4578
Key Management Personnel & Relatives	—	—

21 **Earnings per share (EPS) computed in accordance with Accounting Standard 20 :**

Profit for the year	45832	56640
Income Tax	(5117)	(6365)
Fringe Benefit Tax	(526)	(356.26)
Deferred Tax Assets	(12161)	(19918)
Net Profit	28028	30001
No. of shares outstanding prior to Right Issue	47000	47000
No. of shares issued as Rights	33000	—
No. of shares after Rights	80000	47000
Fair Value before exercise of Right	<b>Rs. 5.53 per share</b>	

Adjustment Factor	=	$\frac{\text{Fair value per share prior to exercise of rights}}{\text{Theoretical ex-right price}}$	= 1.13
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Weighted average no. of Equity Share outstanding	Rs '000	71,159	53,110
EPS for the year 2007-08 originally	Rs. per share	—	0.64
EPS for the year 2007-08 restated for Rights issue	Rs. per share	—	0.56
EPS for the year 2008-09 with effect of Rights issue	Rs. per share	0.39	—



22. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956

**Balance Sheet Abstract and Company's General Business Profile:**

**I Registration Details**

Registration No. 4 3 7 0 5 State Code 2 1  
 Balance Sheet 3 1 0 3 2 0 0 9  
 Date Month Year

**II Capital Raised during the year (Rs. '000)**

Public Issue NIL Rights Issue 1 3 2 0 0 0  
 Bonus Issue NIL Private Placement NIL

**III Position of Mobilisation and Deployment of Funds (Rs. '000)**

Total Liabilities 4 9 8 9 9 4 Total Assets 4 9 8 9 9 4

**Sources of Funds**

Paid-up Capital 8 0 0 0 0 Reserves & Surplus 1 9 2 3 6 7  
 Secured Loans 1 8 9 7 6 9 Unsecured Loans 2 9 3 7 6  
 Deferred Tax Liability 7 4 8 2

**Application of Funds**

Net Fixed Assets 1 4 1 4 7 7 Investments NIL  
 Net Current Assets 3 5 7 5 1 7 Misc. Expenditure NIL

**IV Performance of Company (Rs. '000)**

Turnover 9 8 5 6 1 6 Total Expenditure 9 3 9 7 8 4  
 Profit/Loss Before Tax (+)(-) 4 5 8 3 2 Profit/Loss After Tax (+)(-) 2 8 0 2 8  
 " (Please tick Appropriate box + for Profit, - for Loss) "  
 Earning per share in Rs. 0 . 3 9 Dividend @% 0 1 0

**V Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code) 7 6 . 0 4  
 Product Description A L U M I N I U M B A R S R O D S  
 A N D P R O F I L E S  
 Item Code No. (ITC Code) 7 6 . 0 5  
 Product Description A L U M I N I U M W I R E S  
 Item Code No. (ITC Code) 7 6 . 0 8  
 Product Description A L U M I N I U M T U B E S A N D  
 P I P E S

23. The figures of the previous year have been regrouped/rearranged wherever considered necessary.

Signatures to the Schedules 1 to 18 which form an integral part of the Accounts.

As per our report of even date attached

**For ALPS & CO**

Chartered Accountants

**A K Khetawat**

Partner

Membership No. 052751

Kolkata

Dated : 11th day of May, 2009

**MP Jhunjunwala**

Chairman & Managing Director

**Kailash Baheti**

Chief Executive Officer  
and Chief Financial Officer

**Suhita Mukhopadhyay**

Company Secretary

**V Jhunjunwala**

**M G Todi**

**R N Das**

**V K Mushran**

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