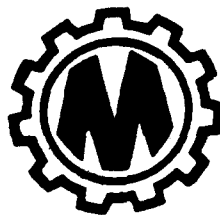


39th
ANNUAL
REPORT

MARCH
2003

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MULTIMETALS LIMITED

MULTIMETALS LIMITED



BOARD OF DIRECTORS

MR P R DAMANI
(CHAIRMAN)

MR NANDAN S DAMANI

MR H K VAKHARIA

MR J P SINGHAL

MR O D PUROHIT

MR N R DAMANI
(MANAGING DIRECTOR)

MANAGEMENT COMMITTEE

MR RAJESH DAMANI
(PRESIDENT)

MR D B BHATNAGAR
(VICE PRESIDENT)

SECRETARY
MR R V JOSHI

BANKERS
BANK OF INDIA
STATE BANK OF BIKANER & JAIPUR

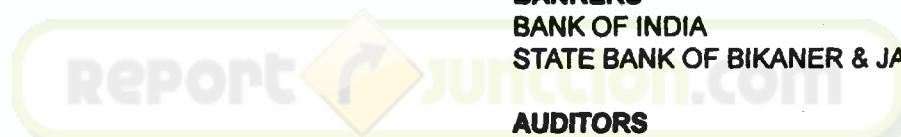
AUDITORS
MITTAL & ASSOCIATES, MUMBAI

**STOCK EXCHANGES AT WHICH THE
SHARES OF THE COMPANY ARE
LISTED**

- JAIPUR STOCK EXCHANGE LTD.,
JAIPUR
- CALCUTTA STOCK EXCHANGE
ASSOCIATION LTD., KOLKATA.

REGISTERED OFFICE & WORKS
HEAVY INDUSTRIES AREA,
KANSUA ROAD,
KOTA - 324 003 (RAJASTHAN)

HEAD OFFICE
'VIKAS'
11, BANK STREET,
G N VAIDYA MARG,
MUMBAI - 400 023



**MULTIMETALS LIMITED****NOTICE**

IS HEREBY GIVEN that the thirty-ninth Annual General Meeting of the members of the Company will be held on 20th day of Sept 2003 at 13.00 Hrs. at the Registered Office of the Company at Heavy Industries Area, Kansua Road, Kota-324 003 (Rajasthan) to transact the following business:

1. To receive and adopt the Directors' and Auditors' Report and the Audited Accounts of the Company for the period ended on 31st March, 2003.
2. To elect a director in place of Mr. P R Damani who retires by rotation and being eligible offers himself for re-election.
3. To elect a director in place of Mr. Nandan S Damani who retires by rotation and being eligible offers himself for re-election,
4. To appoint auditors and fix their remuneration.

By order of the Board
For MULTIMETALS LIMITED

R.V.JOSHI
Secretary

Registered Office :
Heavy Industries Area,
Kansua Road,
KOTA - 324 003 (RAJASTHAN)

Date : 30th JUNE, 2003

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND ANY VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.

2. No amount of any dividend declared before three years from the date hereto remains unclaimed with the Company. The Company has duly complied with provisions of section 205A (5) of the Companies Act. 1956.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 06.09.2003 to 20.09.2003 (both days inclusive).

**DIRECTORS' REPORT****TO THE SHAREHOLDERS,**

Your directors submit hereunder the thirty-ninth Annual Report and audited statement of accounts of your Company for fifteen months period ended 31st March, 2003

1. FINANCIAL RESULTS

	Period ended 31st March 2003 (15 months) Rs.	Year ended 31st Dec. 2001 (12 months) Rs.
Gross Loss for the period	13388319	29857040
Add : Depreciation	4677856	5967924
Net loss for the period	18066175	35824964
Less : Earlier year expenses written back	4920671	13404
	13145504	35811560
Add : Carried forward loss of the previous period	139527581	103716021
Balance carried to Balance Sheet	152673085	139527581

2. WORKING

During the period under review the Company could not improve capacity utilization due to financial constraint and irregular supply of the raw material. The production was therefore, adversely affected. The working results of the Company improved to some extent over the previous year through higher price realisation and implementation of strict measures for cost control, but working could not become profitable due to lower utilisation of capacity for want of working capital.

3. FUTURE OUTLOOK

Your Directors are happy to report that restructuring package was approved during last quarter of the period under review jointly by Financial institution and Bank. The package is under implementation. The long-term outlook of the company appears to be encouraging after implementing restructuring package and due to our focus on developing value added products. We hope to see revival of company's financial position in future.

4. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

A statement given details of conservation of energy, technology absorption, foreign exchange earning and outgo, in accordance with the companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 in annexed hereto and forms part of the report.

5. DIRECTORS

Mr. P.R. Damani and Mr. Nandan S. Damani the Directors of the Company are retiring by rotation at the forthcoming Annual General Meeting. However, being eligible they have offered themselves for re-election.

6. DIVIDEND

In view of cash loss incurred by the company no dividend is recommended on the equity share capital of the company.

7. CORPORATE GOVERNANCE

We have taken all necessary steps to comply with the requirements of corporate governance as per listing agreement with the Stock Exchanges. A separate report on Corporate Governance is enclosed as a part of Annual Report. A compliance certificate from the Company's Auditors in this behalf is annexed with this report.



MULTIMETALS LIMITED

8. AUDITORS AND THEIR REPORT

M/s Mittal & Associates, the auditors of the company, retire and are eligible and have consented for reappointment.

In respect of observations made by the Auditors in their report, your Directors wish to state that the respective notes to the accounts are self-explanatory, and do not call for any further comments.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and make judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

10. REHABILITATION AND RESTRUCTURING PACKAGE

Joint Hearing before the BIFR was held on 26th Feb. 2003 and the Rehabilitation and Restructuring Packages as per submitted by IDBI, Operating Agency has been approved and sanctioned.

11. PERSONNEL

During the period under review, the Company did not have in its employment any employee who in receipt of remuneration aggregating Rs.6,00,000 or more per year or Rs. 50,000 or more per month, when employed for part of the year. This information is given in compliance of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

12. LISTING FEES

Company's shares are listed/quoted at the following stock exchanges :

- Jaipur Stock Exchange Ltd., Jaipur
- Calcutta Stock Exchange Association Ltd., Kolkata

Listing fees is already paid to above stock exchanges for the period upto 31st March, 2004.

13. ACKNOWLEDGEMENT

Your Directors express their appreciation for the continued support and guidance extended by the financial institutions namely IDBI and Bank of India.

Your directors also place on record their appreciation of the contribution made by the employees at all levels to the operations of the company during the period under review.

By Order of the Board
P R DAMANI
CHAIRMAN

Registered Office :
Heavy Industries Area,
Kansua Road,
KOTA - 324 003 (RAJASTHAN)

PLACE : MUMBAI
DATE : 30th JUNE, 2003

**MULTIMETALS LIMITED****ANNEXURE TO THE DIRECTORS' REPORT****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

In accordance with the companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988

A CONSERVATION OF ENERGY

- (a) Energy conservation measures taken :
- Modifications in Air & Water system have been done to reduce electricity consumption.
 - Proper maintenance of hydraulic systems & electric motors resulted in power saving.
- (b) Additional investment and proposals, if any, being implemented for reduction in consumption of energy :
- A proposal for using Solar Energy for heating water in place of boiler heating is being explored. However, the implementation of the proposal has been kept in abeyance for the time being due to cash losses incurred the company.
- (c) Impact of the measures at (a) and (b) above :
- We continue to have satisfactory Power & Fuel consumption and saving in energy charges.

FORM 'A'**A POWER AND FUEL CONSUMPTION**

	2002-03 (15 months)	2001 (12 months)
1 Electricity :		
(a) Purchased Units (KWH)	7708927	6569585
Total amount (Rs. in lacs)	350.56	304.91
Rate per Unit (Rs.)	4.54	4.64
(b) Own generation :		
i) Through diesel generator :		
Unit (KWH)	28120	42800
Units per litre of Diesel Oil	0.49	0.47
Cost per unit (Rs.)	7.50	7.11
ii) Through steam/turbine generator :		
Unit(KWH)	N.A.	N.A.
Unit per litre of fuel oil/gas	N.A.	N.A.
Cost per unit (Rs.)	N.A.	N.A.
2. Coal (Charcoal) :		
Quantity (Tones)	54.84	40.02
Total Cost (Rs. in lacs)	3.16	2.23
Averages rate (Rs. per kg.)	5.75	5.57
3. Furnace Oil :		
Quantity (K.Ltrs.)	56.35	39.35
Total Cost (Rs. in lacs)	7.17	4.30
Average rate (Rs. per ltr.)	12.73	10.92
4. Others/Internal generation (LPG and other gases)		
Quantity (Kgs.)	2961	2079
Total cost (Rs. in lacs)	0.81	0.51
Rate per unit (Rs.)	27.21	24.68



B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards (if any)	2002-03 (15 months)	2001 (12 months)
i) Electricity (KWH/Ton)	-	4492	4430
ii) Furnace Oil (Ltrs/Ton)	-	33	27
iii) Coal (Kgs/Ton),	-	32	27
iv) Others	-	-	-

C. TECHNOLOGY ABSORPTION

FORM 'B'

e) Research & Development (R&D)

1. Specific areas in which R&D carried out by the Company :
 - Established manufacturing technology for capillary tube.
2. Benefits derived as a result of the above R&D :
 - Expect high realization due to improvement in above technology.
3. Future plan of action :
 - Stabilising commercial implementation of capillary tube production.
4. Expenditure on R&D

	(Rs. in lacs)	
	2002-03 (15 months)	2001 (12 months)
a) Capital	Nil	Nil
b) Recurring	14.32	8.04
c) Total	14.32	8.04
d) Total R&D expenditure as percentage of Total turnover	0.42	0.30

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation :
 - Technology for maintenance of Pilger Mill and increase in production taken.
2. Benefits derived as a result of the above efforts eg. product improvement, cost reduction product development, import substitution etc.
 - Production & quality of product increased substantially.
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial years) following information may be furnished :

a) Technology imported	None
b) Year of import	N.A.
c) Has technology been fully absorbed	N.A.
d) If not fully absorbed area where this has not taken place reasons thereof and future plan of action	NA

D. FOREIGN EXCHANGE EARNING AND OUTGO

- Activity relating to export, initiatives taken to increase exports, development of new export market for products and services and export plans :

	(Rs. in lacs)	
	2002-03 (15 months)	2001 (12 months)
Foreign Exchange earned	431.17	595.79
Foreign Exchange used		
On recurring account	112.08	194.42
On capital account	-	-

Registered Office :
 Heavy Industries Area,
 Kansua Road,
 KOTA - 324 003 (RAJASTHAN)

By Order of the Board
P R DAMANI
CHAIRMAN

**CORPORATE GOVERNANCE REPORT**

In Compliance with clause 49 of the Listing Agreement with the Stock Exchanges the Company hereby provides to the shareholders the Corporate Governance details as a separate section in the Annual Report. Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable are given hereunder divided into following area :-

1. Company's philosophy on Corporate Governance.

Multimetals philosophy on Corporate Governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations, and in all its inter-actions with its stakeholders, including shareholders, employees, the Government and the lenders.

Multimetals believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

ii. Board of Directors**a) Composition of the Board,**

The Board of Directors comprises of six members, consisting of five Non-executive Directors who account for more than eighty-five percent of the Board's strength as against minimum requirement of fifty percent as per the listing agreement. The Non-executive Directors are eminent professionals, drawn from amongst persons with experience in the business and industry, finance, law & public enterprises. The composition is as under :

Name of the Directors	Category of Directors	No. of other Director ships held	No. of other Board Committee(s) of which he/she is a member	No. of other Board Committee(s) of which he/she is a chairperson
Shri P R Damani	Promoter - Non Executive	5	-	1
Shri N S Damani	Independent - Non Executive	9	-	1
Shri H K Vakharia	Independent - Non Executive	1	-	-
Shri J P Singhal	Independent - Non Executive	1	-	-
Shri O D Purohit	Independent - Non Executive	5	-	-
Shri N R Damani	Executive - Managing Director	8	-	-

b) Details of sitting fees, remuneration etc. paid to Directors

Name of the Directors	Remuneration paid during the period from 01.01.2002 to 31.03.2003 Sitting fees for attending Meetings of the Board and or Committee thereof (All figures in Rupees)
	Sitting fees
(i) Shri P R Damani	3000
Shri N S Damani	2500
Shri H K Vakharia	2500
Shri J P Singhal	-
Shri O D Purohit	2500
(i) Shri N R Damani (Managing Director)	Remuneration*
Salary & Allowances	3,00,000
Contributions of P.F./ Superannuation Fund	81000
Prerequisites	
Total	3,81,000

* The above remunerations does not include contribution to Gratuity Fund.

Notes : No Commission is paid to any Director

(a) Board Meetings and attendance record of each Director

(i) Six Meetings of the Board of Directors were held during the period ended 31st March, 2003.

These were held on:

- | | |
|------------------------------------|------------------------------------|
| (1) 28 th January, 2002 | (2) 30 th April 2002, |
| (3) 30 th July 2002 | (4) 25 th October. 2002 |
| (5) 31 st January, 2003 | (6) 17 th March 2003 |



- (ii) The attendance record of each of the Directors at the Board Meetings during the period ended on 31st March, 2003 and of the last Annual General Meeting is as under :

Directors	No of Board Meeting attended	Attendance at the last AGM
Shri P R Damani	6	No
Shri N S Damani	5	No
Shri H K Vakharia	5	No
Shri J P Singhal	Nil	Yes
Shri O D Purohit	5	No
Shri N R Damani (Managing Director)	6	Yes

III Audit Committee

- (i) The Audit Committee was constituted by the Board of their meeting held on 31st January, 2003. The Audit Committee comprised of three independent member Directors viz :-

1. Shri H K Vakharia
2. Shri N S Damani
3. Shri O D Purohit

All the members of the Audit Committee are Non-executive Directors. The Committee has elected Shri H K Vakharia as its Chairman.

The Audit Committee meeting was held on 28th June, 2003. All the members of the Audit Committee attended the meeting.

At the invitation of the company representative from various divisions of the Company. Internal Auditors, Statutory Auditor and Company Secretary who is acting Secretary to the Audit Committee also attended the Audit Committee meeting to answer and clarify queries raised at the Committee meeting.

The role of the Audit Committee is as specified in clause of the listing agreement and the provisions of the Companies Act. 1956.

IV Remuneration Committee

The Company has constituted a Remuneration Committee of Non-executive directors of which Shri N.S. Damani is the Chairman. The Company Secretary has been designated as the compliance officer. During the period ended on 31st March, 2003 no meeting was held as the company has only one Managing Director on the Board and whose appointment and remuneration has been fixed by the Board in terms of resolution passed by the members.

V Board Procedure

The members of the Board have been provided with the requisite information mentioned in the listing agreement well before the Board meetings and the same were dealt with appropriately

All the directors who are on various committees are within the permissible limits of the listing agreement. The directors have intimated from time to time about their membership in the various committees in other companies.

VI Shareholders

The company has constituted a Share Transfer and Shareholders/Investors Grievance Committee consisting of Non-executive Directors of which Shri O D Purohit is the Chairman. The Company Secretary has been designated as the Compliance Officer. During the period ended 31st March, 2003 no complaint was received. There was no share transfer pending for registration for more than 30 days as on the said date.

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting fixed on 20th Sept. 2003 are given hereunder.