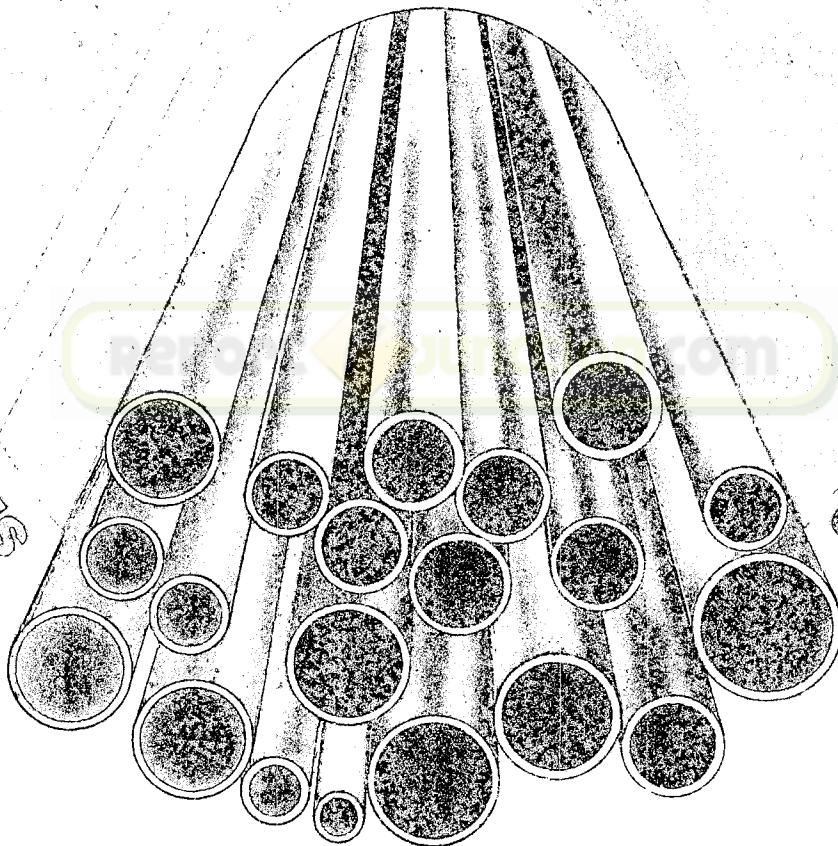
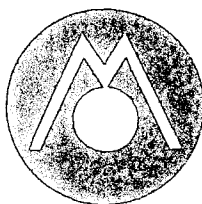


SETTING THE STANDARDS FOR COLD DRAWN SEAMLESS AND WELDED TUBES

|     |    |     |    |
|-----|----|-----|----|
| MD  | ✓  | BKC | ✓  |
| CS  | MA | DPY | MA |
| RO  | ✓  | DIV | M  |
| TRA | MA | AC  | ✓  |
| AGM | ✓  | SHE | ✓  |
| YE  | ✓  |     |    |



7th Annual Report  
1997-98



**MAHALAXMI  
SEAMLESS LIMITED**



Annual Report  
1997-98

|                                      |                                                                                                                                                                         |                                                                                                        |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| <b>BOARD OF DIRECTORS</b>            | Shri Meghraj Sakariya<br>Shri Madhav Prasad Jalan<br>Shri Naresh Kumar<br>Shri Narendra Sakariya<br>Shri Narendra Kumar Dalmia<br>Shri Vivek Jalan<br>Shri Manish Dalal | Managing Director<br>Jt. Managing Director<br>Director<br>Director<br>Director<br>Director<br>Director |
| <b>REGISTERED OFFICE &amp; WORKS</b> | Pipenagar (SUKELI)<br>Via, Nagothane<br>Tal. Roha, Dist. Raigad<br>Maharashtra : 402 126                                                                                |                                                                                                        |
| <b>HEAD OFFICE</b>                   | 185, Sanjay Building No. 5/B<br>Mittal Ind. Estate, Andheri Kurla Road<br>Andheri (East), Mumbai : 400 059                                                              |                                                                                                        |
| <b>BANKERS</b>                       | Oriental Bank Of Commerce                                                                                                                                               |                                                                                                        |
| <b>AUDITORS</b>                      | M/s. Shrikant Kulkarni & Associates<br>Chartered Accountants                                                                                                            |                                                                                                        |
| <b>DATE</b>                          | <b>SEVENTH ANNUAL GENERAL MEETING</b>                                                                                                                                   |                                                                                                        |
| <b>TIME</b>                          | Thursday August 6th, 1998.                                                                                                                                              |                                                                                                        |
| <b>VENUE</b>                         | 4.00 p.m.<br>Pipenagar (SUKELI)<br>Via, Nagothane<br>Tal. Roha, Dist. Raigad<br>Maharashtra : 402 126                                                                   |                                                                                                        |



## SEVENTH ANNUAL REPORT 1997 - 98.

### NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of Mahalaxmi Seamless Limited will be held on Thursday 6th August 1998, at 4-00 p.m. at the Registered Office of the Company at Pipenagar(Sukeli), Via Nagothane, Taluka Roha, D st. Raigad, Maharashtra - 402 126, to transact the following business:-

1. To consider and adopt the Balance Sheet as at 31st March 1998, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Narendrakumar Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Narendra Sakariya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

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

"RESOLVED that in accordance, with the provisions of Section 198, 269 and 309, read with Schedule XIII as amended and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to the limits specified in the amended Schedule XIII to the said Act, the Company hereby approves the appointment of and remuneration payable to Shri Meghraj Sakariya as Managing Director of the Company for a period of five years effective from 16th November 1998 on the terms and conditions' including remuneration as set out in the draft agreement to be entered between the company and Shri Meghraj Sakariya placed before this Meeting, which agreement is hereby specifically approved.

RESOLVED FURTHER that where in any financial year the Company has no profits or its profits are inadequate, the company may pay Shri Meghraj Sakariya the above remuneration and perquisites within the limits specified in section II of Part II of Schedule XIII to the Companies Act, 1956."

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

"RESOLVED that in accordance with the provisions of Section 198, 269 and 309, read with Schedule XIII as amended and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force) and subject to the limits specified in the amended Schedule XIII to the said Act, the Company hereby approves the appointment of and remuneration payable to Shri Madhav Prasad Jalan as Joint Managing Director of the Company for a period of five years' effective from 16th November 1998 on the terms and conditions' including remuneration as set out in the draft agreement to be entered between the Company and Shri Madhav Prasad Jalan placed before this Meeting, which agreement is hereby specifically approved.

RESOLVED FURTHER that where in any financial year the Company has no profits or its profits are inadequate, the Company may pay Shri Madhav Prasad Jalan the above remuneration and perquisites within the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956."

### NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business at items 5 and 6 above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR COMMENCEMENT OF THE MEETING.
3. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 4th August 1998 to 6th August 1998, both days inclusive.
5. If members have any queries on the audited accounts or Directors' Report the same should be forwarded to the Company in writing at its office at 185, Sanjay building, 5-B Mittal Industrial Estate, Andheri Kurla road, Andheri (East), Mumbai - 400 059 at least 10 days before the Meeting so that the same can be replied at the time of the Annual General meeting to the Members' satisfaction.
6. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith relevant share certificates to the Company.
7. Members Proxies are requested to bring copies of the Annual Report to the Annual General Meeting.
8. With immediate effect the work of share transfers and related matters is taken over by the Company departmentally and all documents/correspondence in this respect should be addressed to the Company at the following address:  
185, Sanjay Building, 5-B Mittal Industrial Estate,  
Andheri-Kurla Road, Andheri (East), Mumbai - 400 059.
9. Members are requested to promptly notify any changes in address/status to the Company at the above address:

By Order of the Board of Directors  
**MEGHRAJ SAKARIYA**  
MANAGING DIRECTOR

Mumbai : 20th June 1998.

**Registered Office:**  
Pipenagar (Sukeli)  
Via Nagothane, Taluka Roha  
Dist. Raigad,  
Maharashtra - 402 126.

## Annual Report 1997-98

### EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the special business mentioned in items 5 and 6 of the accompanying Notice dated 20th June 1998.

#### Items 5 and 6

1. Shri Meghraj Sakariya and Shri Madhav Prasad Jalan were appointed as Managing Director and Joint Managing Director of the Company respectively for a period of three years on 16th November 1995. Their term would be expiring on 15th November 1998. In view of the financial position of the company they have not drawn any salary or enjoyed the perquisites so far during their present term of office. As their continuance as whole time directors is essential for the Company's operations it is proposed to reappoint them for a further period of five years on the expiry of their present term i.e. from 16th November 1998 to 15th November 2003 on the existing terms and conditions and remuneration which are detailed in the draft agreements to be entered into between them respectively and the Company.
2. Under the provisions of Section 269 of the Companies Act, 1956, and Schedule XIII to the said Act, approval of Members is required for appointment of these. Wholetime Directors. The terms and conditions and remuneration/perquisites given in the draft agreements placed before this Meeting for approval are within the limits given in the amended Schedule XIII to the Companies Act, 1956, which is now in force. The Ordinary Resolutions at items 5 and 6 of the Notice are accordingly proposed for approval of Members respectively for appointment of Shri. Meghraj Sakariya as Managing Director and Shri. Madhav Prasad Jalan as Joint Managing Director of the Company.
3. The following is an abstract of the terms of contract/appointment between the Company and the above Wholetime Directors pursuant to Section 302 of the Companies Act, 1956, when the agreements are executed.

#### Salary

|                           |                         |
|---------------------------|-------------------------|
| Mr. Meghraj Sakariya -    | Rs. 11,000/- per month. |
| Mr. Madhav Prasad Jalan - | Rs. 9,000/- per month.  |

#### Commission

At 1% of the net profits of the Company subject to a ceiling of 50% of the salary.

#### Perquisites :

Perquisites shall be restricted to an amount equal to the annual salary. Unless the context otherwise requires perquisites are classified into 3 categories viz. A.B. & C. as follows:

#### Category A

##### (i) Housing:

- (a) Expenditure by the Company on hiring unfurnished accommodation for the Directors will be subject to a ceiling of 60% of Salary, over and above 10% payable by them.
- (b) In case the accommodation is owned by the Company, 10% of their Salary shall be deducted by the company.
- (c) In case no accommodation is provided by the Company, they shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.

#### Explanation

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to the ceiling of 10% of the salary of the Directors.

##### (ii) Medical reimbursement

Expenses incurred for the Directors and their families subject to a ceiling of one months' salary in a year or three months' salary over a period of three years.

##### (iii) Leave Travel Concession

Leave travel concession for the Directors and their families once in a year incurred in accordance with the rules of the Company.

##### (iv) Club Fees

Fees of clubs subject to a maximum of 2 clubs. This will not include admission and life membership fees.

##### (v) Personal Accident Insurance

Premium shall not exceed Rs.1,000/- per annum.

#### EXPLANATION.

For the purpose of this category, "Family" means the spouse, the dependent children and dependent parents of the Directors.

#### Category B:

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceilings on perquisites to the extent these are either singly or put together not taxable under the Income tax act. Gratuity payable shall not exceed half month's salary for each completed year of service subject to a ceiling of Rs.1 lakh.

#### Category C :

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Directors.

#### Earned/Privilege Leave :

On full pay and allowance, one month's leave for every 11 months of service. In addition, they can avail of 12 days' casual leave in a year.

#### Others :

Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and or allowances as per the Company's Rules.

It is hereby agreed that in the event of loss or inadequacy of profit during the term of their office, the salary mentioned above shall be payable to the Directors within the limits specified in section II of Part II of Schedule XIII to the Companies Act, 1956."

The Directors shall not be entitled to sitting fees.

The Directors shall not be liable to retirement by rotation.

4. The draft Agreements will be available for inspection of Members at the Registered Office of the Company from 11.00 a.m. to 1-00 p.m. on any working day of the Company.
5. Apart from Shri Meghraj Sakariya and Shri Madhav Prasad Jalan who are interested in the above resolutions for their reappointment, Shri. Narendra Sakariya being the son of Shri. Meghraj Sakariya may be deemed to be interested in his appointment as Managing Director and Shri. Vivek Jalan being the son of Shri Madhav Prasad Jalan may be deemed to be interested in his appointment as Joint Managing Director. No other Director of the Company is concerned or interested in these items.

By Order of the Board of Directors  
**MEGHRAJ SAKARIYA**  
MANAGING DIRECTOR

MUMBAI : 20th June 1998

Registered Office:  
Pipenagar (Sukeli)  
Via Nagothane, Taluka - Roha.  
Dist - Raigad  
Maharashtra - 402 126.

**DIRECTORS' REPORT**

TO,  
THE MEMBERS,

Your Directors are presenting their Seventh Annual Report together with Audited Accounts for the financial year ended 31st March 1998.

**FINANCIAL RESULTS:**

|                                              | As at<br>31st March 98<br>(Rs. In Lacs) | As at<br>31st March 97<br>(Rs. In Lacs) |
|----------------------------------------------|-----------------------------------------|-----------------------------------------|
| Income from Sales & Job Works                | 909.49                                  | 780.83                                  |
| Other Income                                 | 14.63                                   | 16.23                                   |
| Profit/(Loss) before Depreciation & Interest | 173.10                                  | 197.08                                  |
| Less: Depreciation                           | 68.29                                   | 65.50                                   |
| Interest                                     | 148.78                                  | 147.12                                  |
| Net Profit/(Loss)                            | (43.97)                                 | (15.54)                                 |

**OPERATIONS:**

Against the installed capacity of 6250 tpa, the total production during the year was 5874 tpa. The average capacity utilisation during the year was approximately 90%, which is the marked improvement over the previous years' capacity utilisation of 72%. During the year, a new 25 Tons Capacity Draw Bench was added to draw thickend pipes and another 15 Tons Capacity Draw Bench has been added in April 1998. The Company's products have been regularly supplied to reputed manufactures like L & T, BHEL, Walchandnagar Industries and also for oil sector like IOCL, MRL, NRL, HPCL, BPCL. The company has developed sufficient expertise in U-Bending of Pipe and is getting regular orders from various new customers also, apart from the regular ones. Encouraged by this, the company has also doubled its U-Bending capacity. A second crane of 5 Tons was also commissioned during the year for faster material movement. However in spite of increase in production, the company has suffered losses due to increase in manufacturing expenses and higher raw material consumption, besides increase in power costs. It is expected that the raw material consumption will reduce substantially during the year 1998-99 by close monitoring of the same.

Members would be pleased to know that the Company has also increased its exports from Rs.73.81 Lacs in the current year from Rs.15.02 Lacs in the previous year.

**DIVIDEND**

As the Company's operations for the year resulted in a loss of Rs.43.97 lacs, the company is not in a position to declare dividend for the year.

**DIRECTORS :**

Pursuant to Article 125 (4) of the Articles of Association of the Company Shri Narendrakumar Dalmia and Shri Narendra Sakariya retire by rotation at this Annual General Meeting and, being eligible, offer themselves for reappointment.

**EMPLOYEES:**

The Company had no employees during the year of the category specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of Employees) Rules, 1975.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

The information required as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in the Annexure forming part of this Report.

**AUDITORS**

M/S. Shrikant Kulkarni & Associates, Auditors retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. You are requested to reappoint the Auditors and fix their remuneration. Necessary certificate of eligibility required under Section 224(1B) of the Companies Act, 1956 has been obtained from them.

**ACKNOWLEDGEMENT:**

Your Directors express their grateful thanks for the support and co-operation received from ICICI, IDBI, Oriental Bank of Commerce, MSEB, SICOM and Sales Tax Department. Your Directors also wish to place on record their appreciation of the sense of involvement shown by employees and Officers at all levels in the operations of the Company.

For and on behalf of the Board of Directors

**MEGHRAJ SAKARIYA**  
MANAGING DIRECTOR

MUMBAI: 20th June 1998

Annual Report  
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## ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 1998.

## A) CONSERVATION OF ENERGY.

1. The nozzle size of the L. D. O. Burner in the Thermic Fluid Heater in the Surface Treatment Plant was changed to a smaller size. This has resulted in reduction in L.D.O. consumption to 19 Ltrs. / M. T.
2. Accurate Scheduling and Loading of Heat Treatment Furnace & other equipment resulted in maintaining the power consumption to the same level as previous year i.e. 599 KWH / MT.

## B) TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION.

1. Extra Long cold drawn seamless tubes were drawn on of Length 21.8 Mtrs. on the new 15 Ton Draw Bench 745 Nos. of such pipes were successfully manufactured involving all operations like drawing, heat treatment, straightening etc.
2. Second 'U' Binding Machine and the Second Stress Relieving Furnace were built in house and successfully commissioned during the year.

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign Exchange earned and used.

Outgo Rs. NIL/- (Previous year Rs. 19,71,984/-)

Earnings Rs. 73,81,276/- (Previous Year Rs. 15,01,981/-)

## ANNEXURE:

## FORM - A

## A. Power &amp; Fuel Consumption.

|                                  | Current<br>Year | Previous<br>Year |
|----------------------------------|-----------------|------------------|
| 1. Electricity (M.S.E.B. Supply) |                 |                  |
| Unit consumed                    | 3725488         | 2825000          |
| Total Amount (Rs.)               | 15026034        | 10880174         |
| Rate per unit (Rs.)              | 4.03            | 3.85             |
| 2. Fuel (LDO)                    |                 |                  |
| Consumption (Ltrs)               | 101575          | 100000           |
| Total Amount (Rs.)               | 1351796         | 837635           |
| Rate per unit (Rs.)              | 13.31           | 8.38             |
| 3. Diesel                        |                 |                  |
| Consumption (Ltrs)               | 23500           | 44480            |
| Total amount (Rs.)               | 227401          | 432430           |
| Rate per unit (Rs.)              | 9.67            | 9.72             |
| 4. Furnace Oil                   | -               | -                |

## B. Consumption per tonne of Seamless Pipes

|                    |      |        |
|--------------------|------|--------|
| Electricity units  | 599  | 603.00 |
| L.D.O. (Ltr.)      | 19   | 21.35  |
| Diesel (Ltr.)      | 2.53 | 4.85   |
| Furnace Oil (Ltr.) | -    | -      |