

10th ANNUAL REPORT 2000-2001



**MAHALAXMI
SEAMLESS LIMITED
(ISO 9002)**

**ANNUAL REPORT
2000-2001**

BOARD OF DIRECTORS	Shri Meghraj Sakariya Shri Madhav Prasad Jalan Shri Naresh Kumar Shri Narendra Sakariya Shri Narendra Kumar Dalmia Shri Manish Dalal	Managing Director Jt. Managing Director Director Director Director Director
REGISTERED OFFICE & WORKS	Pipenagar (SUKELI) Via, Nagothane Tal. Roha, Dist. Raigad Maharashtra : 402 126	
HEAD OFFICE	185, Sanjay Building No. 5/B Mittal Ind. Estate, Andheri Kurla Road Andheri (East), Mumbai : 400 059	
BANKERS	Oriental Bank Of Commerce	
AUDITORS	M/s. Shrikant Kulkarni & Associates Chartered Accountants	
TENTH ANNUAL GENERAL MEETING		
DATE	Monday December 31st, 2001.	
TIME	3.00 p.m.	
VENUE	Pipenagar (SUKELI) Via, Nagothane Tal. Roha, Dist. Raigad Maharashtra : 402 126	



TENTH ANNUAL REPORT 2000 - 2001

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of Mahalaxmi Seamless Limited will be held on Monday 31st December 2001, at 3.00 p.m. at the Registered Office of the Company at Pipenagar(Sukeli), Via Nagothane, Taluka : Roha, Maharashtra - 402 126, to transact the following business:-

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 30-9-2001, the Profit & Loss Account for 15 months ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Narendra Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Manish Dalal, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

1. M/s. Shrikant Kulkarni & Associates, Auditors retire at the conclusion of the ensuing General Meeting. The Auditors expressed their non availability for being reappointment. A notice under section 227(2) (d) of the Companies Act, 1956 has been sent to outgoing Auditors.

To Fill the vacancy, M/s. V. B. Goel & Co., have expressed their availability to be appointed as a Auditors of the Company. Necessary certificate required as per Section 224(1B) of the Companies Act, 1956 has been obtained from them.

To consider and if thought fit, to pass the following Resolution, with or without modification as a special resolution.

"RESOLVED THAT M/s. V. B. Goel & Co., have been appointed as Auditors of the Company as per section 225(1) of the Companies Act, 1956 to hold the office till the conclusion of next Annual General Meeting and to fix their remuneration"

None of the Directors of the Company is, anyway, concerned or interested in the said resolution.

The Board recommends the same for members approval as a Special resolution.

NOTES:

1. The relevant explanatory Statement pursuant to Section 173 of the Companies act, 1956, in respect of the special business at item 1 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 December 27, 2001 to December 31, 2001, 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. All documents/correspondence in respect of share transfer work 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:
10. All the documents mentioned in the notice shall remain available for inspection to the member at the registered office of the Company from 11 a.m. to 1p.m. on any working day of the Company.

By Order of the Board of Directors

MEGHRAJ SAKARIYA
MANAGING DIRECTOR

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

ANNUAL REPORT
2000-2001

DIRECTORS' REPORT

TO,
THE MEMBERS,

Your Directors are presenting their Tenth Annual Report together with Audited Accounts for 15 months ended at 30-9-2001.

FINANCIAL RESULTS:

	15Months ended At 30-9-2001 (Rs. In Lacs)	12 Months ended 30-6-2000 (Rs. In Lacs)
Income from Sales & Job Works	1688.09	1122.46
Other Income	17.86	13.08
Profit/(Loss) before Depreciation & Interest	138.48	143.36
Less : Depreciation	86.57	68.52
Interest	104.25	128.25
Add Prior Period/extra ordinary Adjustments	35.61	40.29
Net Profit/(Loss)	(16.73)	(13.12)

OPERATIONS:

Against the installed capacity of 6520 tpa, the total production during the 15 months ended at 30-9-2001 was 5207.584 tonnes. The average capacity utilisation during this period was approximately 64% pro-rata for 12 months (76% for 12 months ended 30-6-2000). Own Sales in quantity terms is at 2152.044 tonnes (1327.224 tonnes), valuing Rs. 1305.75 lacs (Rs.796.30 lacs). The per Kg. realisation was more or less at same level at Rs. 60.68 per Kg. as compared to previous year at Rs.60/- per Kg. Job work done during the year was at 3062.461 tonnes (3574.286 tonnes), amounting to Rs. 317.69 lacs (302.99 lacs). The Exports during the year was at Rs. 109.70 lac (Rs. 163.38 lac).

The Company has started supplying its material in Automobile & Refinery sectors apart from conventional sectors such as Boilers, Heat Exchangers. However the Company has suffered losses due to increase in cost of Raw Material, Higher Cost of Debt, L.D.O. and Diesel. It is expected that the market shall improve in the current year.

FINANCIAL RESTRUCTURING

The members will be pleased to know that the company has entered one time settlement with M/s. ICICI Ltd. on 7-7-99 for extinguishing the high cost Term Loans. The Company has already honoured its all commitments to ICICI Ltd. during the period under review.

The Company has also entered one time settlement for its portion of Term Loan with IDBI vide its letter dtd. 2-8-2001. The Company confirmed the acceptance in its Board meeting held on 8-11-2001 itself. Since then, the company is regularly honouring its commitments. After repayment of the same, your company is hopeful for improving its botomline.

GRATUITY

In respect of the qualification raised by the auditors regarding accounting for gratuity on cash basis. The Board intends to take a LIC Group gratuity policy in future.

DIRECTORS

Pursuant to Article of Association of the Company, Shri Naresh Kumar and Shri Manish Dalal 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.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 of the companies Act, the Directors hereby confirm that :

- In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgement 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 profit of the company for that period ;
- the Directors have taken proper and sufficient care 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 fraud and other irregularities for the best of their knowledge and ability;
- the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE :

Pursuant to clause 49 of the Listing Agreements with the Stock Exchanges a Management Discussion and Analysis Corporate Governance Report and Auditors' Certificate thereon will be applicable to the company by not later than March, 2003, as the Company falls under the category of entities presently listed, with paid up share capital of 3 crore and above.

Your company will take the necessary steps for compliance of above within the prescribe limit.

AUDIT COMMITTEE :

The Company formed an Audit Committee as required under section 292A of the Companies act, 1956. The committee comprises of three Non executive Directors as Shri Narendra Kumar Dalmiya, Shri Narendra Sakariya & Shri Manish Dalal. Shri Manish Dalal was elected as the Chairman of the committee.

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 (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. The Auditors expressed their non availability for being reappointment. The Directors placed on record the appreciation of the services rendered by M/s. Shrikant Kulkarni & Associates during their tenure as Auditors of the Company.

A notice Under Section 224(2)(d) of the Companies Act, 1956, has been sent to outgoing Auditors.

ACKNOWLEDGEMENT:

Your Directors express their grateful thanks for the support and co-operation received from ICICI Ltd., IDBI, Oriental Bank of Commerce 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

SD/-
MEGHRAJ SAKARIYA
MANAGING DIRECTOR

MUMBAI : 15th November, 2001.



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 DIRECTORS RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH SEPTEMBER, 2001.

A) CONSERVATION OF ENERGY.

1. Electric furnace is proposed for converting to gas fired for saving Power consumption at an approximate cost of Rs. 40/45 lakhs.

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Please refer Form B of the Annexure.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earned and used.

Outgo Rs. 15171756/- (Previous year Rs. 4231611/-)

Earnings Rs. 10969694/- (Previous Year Rs. 16338474/-)

ANNEXURE:

FORM - A

A. Power & Fuel Consumption.

	Current Year (15 months)	Previous Year (12 months)
1. Electricity (M.S.E.B. Supply)		
Unit consumed	4682938	3389048
Total Amount (Rs.)	19014416	14917825
Rate per unit (Rs.)	4.06	4.40
2. Fuel (LDO)		
Consumption (Ltrs)	215955	170000
Total Amount (Rs.)	3429365	1911423
Rate per unit (Rs.)	15.88	11.24
3. Diesel		
Consumption (Ltrs)	31707	34415
Total amount (Rs.)	615433	533738
Rate per unit (Rs.)	19.41	15.41

B. Consumption per tonne of Seamless Pipes

Electricity units	899.25	684
L.D.O. (Ltr.)	41.47	34.30
Diesel (Ltr.)	6.09	6.94

FORM - B

Research & Development

- 1) Specific areas in which R & D carried out by the company:
 - a. The Company has developed special grade material SA213 T-9, SA213 T-5 for Heat exchangers for better realisation.
 - b. In process control at Surface Treatment plant, chemical consumption per ton of Phosphate is reduced from 3.5 Ltrs. per ton to 2.8 Ltrs. per ton of process load. It will have direct impact on the cost of manufacturing.
- 2) Benefits Derived:

The Company has been able to strengthen its presence in automobile sector. As the sector requires pipes of smaller dimensions, most of the excess production can be further drawn in to pipes for this sector. This has resulted in effective utilisation of pipes of smaller lengths.
- 3) Expenditure on R & D:

Not Significant.

ANNUAL REPORT
2000-2001

CASH FLOW STATEMENT

FOR THE PERIOD ENDED SEPTEMBER 30, 2001.

(Rs. in lacs)

A. CASH FLOW FROM OPERATING ACTIVITIES :

Net Profit/(Loss) after tax and extraordinary items

(16.73)

Adjustment for :

Add : Depreciation

86.57

Interest Paid

104.25

Misc Expenditure W. Off

2.58

193.40

Less : Interest Received

7.35

Prior Period Adjustment & Extraordinary Items

35.61

42.96

150.44

Operating Income Before Working Capital Changes

133.71

Less : Decrease in Trade & Other Payables

(Including Bank Borrowings

147.48

Less : Interest written back on Institutional Loan

Add : Decrease in Trade & Other

Receivables

67.64

Decrease in Inventory

31.75

99.39

Prior Period Adjustment of Extra Ordinary Items

35.61

Less : Interest written back on Institutional Loan

38.65

(3.04)

(51.13)

Cash Generated from Operation

82.58

Less : Interest Paid

112.98

Net Cash from Operating Activities

(30.40)

B. CASH FLOW FROM FINANCING ACTIVITIES

Purchase of Fixed Assets

15.33

Instalment paid to ICICI Ltd.

37.18

52.51

Less : Interest Received

7.35

Increase in Unsecured Loan

34.80

Increase in General Reserve

25.00

67.15

14.64

Net Cash used in Investing Activities**NET INCREASE/(DECREASE IN CASH AND CASH EQUIVALENT)**

(15.76)

Cash and Cash equivalents as at 30/06/2000 (Opening Balance)

18.68

Cash and Cash equivalents as at 30/09/2001 (Closing Balance)

2.92

Note : Cash and Cash equivalents represents Cash and Bank Balance only.

Mumbai

Date : 15th November, 2001.

MANISH DALAL

DIRECTOR

For and on behalf of the Board of Directors

MADHAV PRASAD JALAN

Jt. MANAGING DIRECTOR

MEGHRAJ SAKARIYA

MANAGING DIRECTOR

AUDITORS' REPORT

We have examined the attached Cash Flow Statements of M/s. Mahalaxmi Seamless Limited for 15 months ended 30-9-2001.

The Statement has been prepared by the Company in accordance with the agreement of Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and the Balance Sheet covered by our Report of even date to the members of the Company.

For Shrikant Kulkarni & Associates
Chartered Accountants

Mumbai

Dated : 15th November, 2001.

Sd/-
Shrikant Kulkarni
Proprietor