

11th ANNUAL REPORT 2001-2002



Growth through Consolidation



**MAHALAXMI
SEAMLESS LIMITED
(ISO 9002)**


**MAHALAXMI
SEAMLESS
LIMITED**
**ANNUAL REPORT
2001 - 2002**

BOARD OF DIRECTORS	Shri Meghraj Sakariya Shri Madhav Prasad Jalan Shri Narendra Sakariya Shri Narendra Kumar Dalmia Shri Manish Dalal	Managing Director Jt. Managing 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, O.A.B. Branch, Andheri (E).	
AUDITORS	M/s. V. B. Goel & Co. Chartered Accountants	
ELEVENTH ANNUAL GENERAL MEETING		
DATE	Saturday, November, 16th 2002.	
TIME	2.00 p.m.	
VENUE	Pipenagar (SUKELI) Via, Nagothane Tal. Roha, Dist. Raigad Maharashtra : 402 126.	



ANNUAL REPORT 2001 - 2002

ELEVENTH ANNUAL REPORT 2001 - 2002

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of Mahalaxmi Seamless Limited will be held on Saturday 16th November 2002, at 2.00 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 30-6-2002, the Profit & Loss Account for 09 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 Sakariya, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Narendra Kumar Dalmiya, 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. The members will be pleased to know that the company has entered into one time settlement with M/s. I.D.B.I. on 02-08-2001. The company shall pay the entire outstanding of the principle amount of Rs. 2,62,76,681/-. However, the company shall pay total interest of Rs. 84,83,000/-, totalling both of principle and interest of Rs. 3,74,59,681 /-. The total interest as on 31-3-2001 was at Rs. 2,47,76,063/-, therefore the waiver by way of interest to the company will be of Rs.1,62,92,744/-.

As per the arrangement of the scheme, the company has to pay a sum of Rs. 36.30 lac by 17-8-2001 & another Rs. 36.30 lac on 16-9-2001. The balance amount of Rs. 275.00 lac will be paid by the company in 22 monthly instalments commencing from 16-10-2001 and ending on 16-7-2003. Further the interest @ 12.5% p.a. shall be paid after the date of the settlement i.e. from 1-8-2002 on reducing balance on amount outstanding after 12 months onwards.

Since then the company is honouring all payments on time. A sum of Rs.7030812/- is written back in this years profit & Loss Account on prorata basis in relation to payment made to total waiver of interest.

After repayment of the same, your company is hopeful for improving its bottomline. The company confirmed the acceptance of the said proposal in its Board meeting held on 8-11-2001.

To consider & if deem fit, the decision taken by the Board of Directors in its meeting on 8-11-2001 be ratified.

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 November, 13th 2002 and November 16th 2002, both days inclusive.
5. If the 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, No.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, No.-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

Place : Mumbai

Dated : 19th September, 2002

MEGHRAJ SAKARIYA
MANAGING DIRECTOR

Registered Office :

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



DIRECTORS' REPORT

TO,

THE MEMBERS,

Your Directors are presenting their Eleventh Annual Report together with Audited Accounts for 09 months ended at 30-9-200

FINANCIAL RESULTS :

	09 Months ended At 30-06-2001 (Rs. In Lacs)	15 Months ended At 30-09-2001 (Rs. In Lacs)
Income from Sales & Job Works	806.94	1688.09
Other Income	10.11	17.86
Profit / (Loss) before Depreciation & Interest	21.22	138.48
Less : Depreciation	53.99	86.57
Interest	11.29	104.25
Add : Prior Period/extra ordinary Adjustments	70.05	35.61
Net Profit / (Loss)	26.01	(16.73)

OPERATIONS :

Against the installed capacity of 6520 t.p.a., the total production during the 09 months ended at 30-6-2002 was 3271.507 tonnes. The average capacity utilisation during this period was approximately 67% pro-rata for 09 months (64% for 15 months ended 30-9-2001). Own Sales in quantity terms is at 1050.216 tonnes (2152.044 tonnes), valuing Rs.640.93 lac (Rs.1305.75 lac). The per Kg. realisation was more or less at same level at Rs. 61.04 per Kg. Job work done during the year was at 2172.242 tonnes (3062.461 tonnes), amounting to Rs.166.01 lacs (318.51 lacs). The Exports during the year was at Rs. 20.82 lac (Rs. 109.70 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 operating losses due to increase in cost of Raw Material, Higher Cost of Labour / Staff, 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. I.D.B.I. on 02-08-2001. The company shall pay the entire outstanding of the principle amount of Rs.26276681/-, However, the company shall pay total interest of Rs. 84830000/-, totalling both of principle and

interest of Rs. 24776063/-, therefore the waiver by way of interest to the company will be of Rs. 16292744/-

As per the arrangement of the scheme, the company has to pay a sum of Rs. 36.30 lac by 17-6-2001 & another Rs. 36.30 lac on 16-9-2001. The balance amount of Rs.275.00 lac will be held be paid by the company in 22 monthly installments commencing from 16-10-2001 and ending on 16-07-2003. Further the interest @ 12.5% p.a. shall be paid after the date of the settlement i.e. from 01-08-2002 on reducing balance on amount outstanding after 12 months onwards.

Since then the company is honoring all payments on time. A sum of Rs.7030812/- is written back in this years' profit & loss account on prorata basis in relation to payment made to total waiver of interest.

After repayment of the same, your company is hopeful for improving its bottomline. The company confirmed the acceptance of the said proposal in its Board meeting held on 08-11-2001.

GRATUITY / LEAVE SALARY :

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.

Earlier the staff working at its Administrative office at Mumbai were not eligible for Leave etc. The company made the payment of Leave salary for the F. Y. 2001-02 on cash basis. From F.Y. 2002-03, the Leave benefits will be given to them as per the practice in factory.

DIRECTORS :

Pursuant to Article of Association of the Company, Shri Narendra Kumar Dalmiya and Shri Nareandra Sakariya retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment.

During the period under review, Shri Naresh Kumar has desired to retire from the Director of the company, due to his preoccupation with some important matters and hence the Board has accepted his resignation and the necessary formalities has been fulfilled in R.O.C. The Board took his appreciation for the services on record rendered by him during his tenure to the company as a Director.

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 (2AA) of the Companies Act 1956, the Directors hereby confirm that :



ANNUAL REPORT 2001 - 2002

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures ;
- ii) 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 ;
- iii) 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;
- iv) 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. The terms of reference of the Audit Committee as stipulated by the Board are in accordance with the clause 49 (II) (D) of the listing agreement.

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. V. B. Goel & Co., Auditors retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. You are requested to reappointment the auditors and fix their remuneration. Necessary certificate of eligibility required under Section 224 (IB) 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 Ltd., IDBI, Oriental Bank of Commerce, M.S.E.B., M.P.C.B. 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/-

Place : Mumbai
Dated : 19th September, 2002

MEGHRAJ SAKARIYA
MANAGING DIRECTOR



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 JUNE, 2002.

A) CONSERVATION OF ENERGY :

1. During the period under review, the company has taken direct line at a cost of Rs. 5.25 lac from M.I.D.C. Feeder of 22 KV. As a result the frequent power failures reduced substantially, which reflects in the current period Diesel consumption. It has also increased the production capacity as the existing D.G. set was not enough to run all the machines simultaneously in case of power break down.
2. With respect to energy saving on its Electric Furnace Power consumption, we have modified the heating arrangement of the electrical system. By which the unit consumption per ton will be reduced from existing 302 KW to 76 KW. The effect of the said modification will be tangible in the coming year as the work has been recently completed at a cost of approx. Rs. 20 lac.

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.4088860/- (Previous year Rs.15171756/-)

Earnings Rs. 2082398/- (Previous Year Rs. 10969694/-)

ANNEXURE : FORM - A

A. Power & Fuel Consumption.

	Current Year (09 months)	Previous Year (15 months)
1. Electricity (M.S.E.B. Supply)		
Unit consumed	2603340	4682938
Total Amount (Rs.)	10408960	19014416
Rate per unit (Rs.)	4.00	4.06
2. Fuel (L.D.O.)		
Consumption (Ltrs.)	76670	215955
Total Amount (Rs.)	892842	3429365
Rate per unit (Rs.)	11.64	15.88
3. Diesel		
Consumption (Ltrs.)	3565	31707
Total Amount (Rs.)	112950	615433
Rate per unit (Rs.)	11.65	19.41

B. Consumption per ton of Seamless Pipes

Electricity Units	795.76	899.25
L.D.O. (Ltr.)	23.44	41.47
Diesel (Ltr.)	1.09	6.09

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.
- c. Exploring the I.D. control of Tubes : We have taken trial and established the I.D. control of Tubes manufacturing and we have received 29 tons of I.D. control Tubes from one of our valuable customer.

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.

The Company also expect to get substantial cost reduction by implementing the conservation of energy and R & D measures as stated above, which will improve its bottomline in the coming years.

3) Expenditure on R & D :

Not Significant.