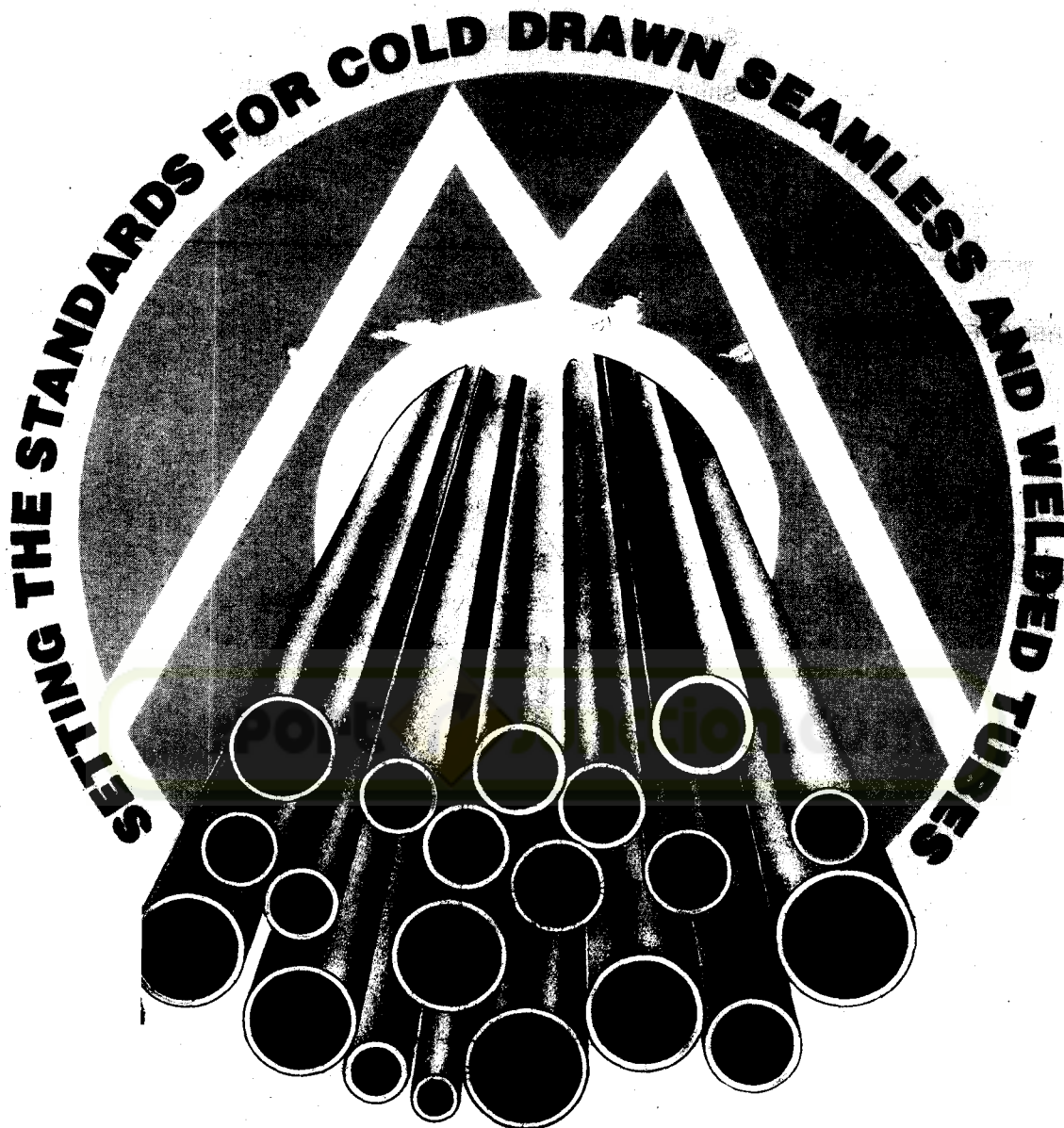


# 12th Annual Report 2002-2003



**Growth through Consolidation**



**MAHALAXMI  
SEAMLESS LIMITED  
(ISO 9002)**



# ANNUAL REPORT 2002 - 2003

<b>BOARD OF DIRECTORS</b>	<p>Shri Meghraj Sakariya Managing Director</p> <p>Shri Madhav Prasad Jalan Jt. Managing Director</p> <p>Shri Narendra Sakariya Director</p> <p>Shri Narendra Kumar Dalmia Director</p> <p>Shri Manish Dalal Director</p>
<b>REGISTERED OFFICE &amp; WORKS</b>	<p>Pipenagar (SUKELI) Via, Nagothane Tal. Roha, Dist. Raigad Maharashtra : 402 126</p>
<b>HEAD OFFICE</b>	<p>185, Sanjay Building No. 5/B, Mittal Industrial Estate, Andheri Kurla Road, Andheri (East), Mumbai - 400 059.</p>
<b>BANKERS</b>	<p>Oriental Bank of Commerce, O.A.B. Branch, Andheri (E).</p>
<b>AUDITORS</b>	<p>M/s. V. B. Goel &amp; Co. Chartered Accountants</p>
<b>TWELTH ANNUAL GENERAL MEETING</b>	
<b>DATE</b>	Saturday, September, 29th 2003
<b>TIME</b>	2.00 p.m.
<b>VENUE</b>	<p>Pipenagar (SUKELI) Via, Nagothane Tal. Roha, Dist. Raigad Maharashtra : 402 126.</p>



## ANNUAL REPORT 2002 - 2003

### TWELTH ANNUAL REPORT 2002 – 2003

#### NOTICE

NOTICE is hereby given that the Twelveth Annual General Meeting of the Members of Mahalaxmi Seamless Limited will be held on Saturday 29th September, 2003 at 2.00 p.m. at the Registered Office of the Company at Pipenagar (Sukeli), Via-Nagothane Tal-Roha Maharashtra-402126, to transact the following business :-

#### ORDINARY BUSINESS :

- 1) To consider and adopt the Balance Sheet as at 31.03.2003, the Profit & Loss Account for 09 months ended on that date and the Report of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Manish Dalal, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) 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.

#### NOTES :

- 1) 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 DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR COMMENCEMENT OF THE MEETING.
- 2) Members/proxies should bring the attendance slip duly filled in for attending the meeting.
- 3) The Register of Members and Share Transfer Book of the Company will remain closed from 25.09.2003 to 29.09.2003 both days inclusive. The company has appointed M/s ADROIT CORPORATE SERVICES PRIVATE LIMITED, Mumbai as Transfer Agent w.e.f. 01.04.2003 to act for both physical and electronic transfers.

- 4) 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-400059 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.
- 5) Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with relevant share certificates to the company.
- 6) Members Proxies are requested to bring copies of the Annual Report to the General Meeting.
- 7) 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-400059.
- 8) Members are requested to promptly notify any changes in address/status to the company at the above address:
- 9) 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 1 p.m. on any working day of the Company.

#### Registered Office :

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

By order of the Board of Directors of  
**MAHALAXMI SEAMLESS LIMITED**

Place : Mumbai  
Dated : 12.08.2003

sd/-  
M. P. Jalan  
Jt. Managing Director


**MAHALAXMI  
SEAMLESS  
LIMITED**

## DIRECTOR'S REPORT

To,

THE MEMBERS,

Your Directors are presenting their Twelfth Annual Report together with Audited Accounts.

### FINANCIAL RESULTS :

	9 Months At 31.03.2003 (Rs. In Lacs)	9 Months At 30.06.2002 (Rs. In lacs)
Income from Sales & Job Works (Net of Excise)	1060.30	0729.21
Other Income	1.78	10.11
Increase / (Decrease) in Stock	47.27	(76.96)
Total Expenditures	951.21	641.13
Profit / (Loss) before Depreciation & Interest	158.14	21.23
Less : Depreciation	141.20	53.99
Interest	27.16	11.29
Add : Prior Period/extra ordinary Adjustments	33.70	70.06
Net Profit / (Loss) before Taxation :	23.48	26.01
Provision for Taxation	2.00	—
Profit after Taxation	21.48	26.01

### OPERATIONS :

Against the installed capacity of 6520 t.p.a., the total production during the 9 months ended at 31.03.2003 was 1589.184 tonnes. The average capacity utilization during this period was approximately 24% ( 17% for ended 31.03.2002) Own Sales in quantity terms is at 1586.996 tonnes (1050.216 tonnes), valuing Rs.983.77 lac (Rs.640.93 lac). Job work done during the year was at 2487.618 tonnes (2472.242 tonnes), amounting to Rs.194.04 lacs (166.01lac). The Exports during the year was at Rs.92.78 lac (Rs.20.82 lac).

The Company has started supplying its material in Automobile & Refinery sectors apart from conventional sectors such as Boilers, Heat Exchangers, The Company has managed poor economy situation in term of increased cost of Raw Material, Higher Cost of Labor, L.D.O. and Diesel. It is expected that the market shall improve in the current year.

### FINANCIAL RESTRUCTURING :

The members will pleased be noted that the Company had with reference to one time settlement with M/s. I.D.B.I. on 02.08.2001 it keep on paying the outstanding in monthly installment and by 31.03.2003 the principal amount of Rs. 1,12,50,000/- was paid out of total outstanding as of last year dated 31.03.2002 a sum of Rs. 1,62,50,000/- and interest accumulated as on that date Rs. 58,59,017/- has come down to Rs. 23,43,605/- as at 31.03.2003, therefore the waiver by way of interest to the company during 2002-03 was Rs.35,15,409/-. As per the arrangement of the scheme, the company shall keep on paying the dues to IDBI in equal installment of Rs.12,50,000/- and the last and final installment will be made by July,2003

Since then the company is honoring all payments on time. A sum of Rs.35,15,409/- is written back in this year's profit & loss account on prorata basis to payment made to total waiver of interest.

After repayment of the same, your company is hopeful for improving its bottom line and improve workings..

### GRATUITY/LEAVE SALARY :

Gratuity and Leave Salary are treated on cash basis and the company has intended to go for LIC's Group gratuity policy in future.

### DIRECTORS :

Pursuant to Article of Association of the Company, Shri. Manish Dalal retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment.

During the period under review all five Directors from the last Annual General Meeting continue to be on the Board of Directors till conclusion of the next Annual General meeting so called on 29.09.2003

### 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.

### DIRECTOR'S RESPONSIBILITY STATEMENT :

As required under Section 217 (2AA) of the Companies Act 1956, the Directors hereby confirm that :

- In the preparation of the annual account, 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 is attached applicable by March-2003 Accounts as the Company falls under the category of entities presently listed, with paid up Share Capital of 3 crore and above.

### 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 and Independent Director 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., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment as 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 ICIC Ltd., IDBI, Oriental Bank of Commerce, M.S.E.B. and Sales Tax Department. Your Directors also wish to place on record their appreciation of the sence of involvement shown by employees and officers at all levels in the operations of the Company.

By order of the Board of Directors of  
**MAHALAXMI SEAMLESS LIMITED**

sd/-

Place : Mumbai

M. P. Jalan

Dated : 12.08.2003

Jt. Managing Director



# ANNUAL REPORT 2002 - 2003

## ANNEXURE TO DIRECTOR'S 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 DIRECTOR'S REPORT FOR THE YEAR ENDED 30TH JUNE, 2002.

### A) CONSERVATION OF ENERGY :

- 1) During last year 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 KV to 76 KV. The effect of the said modification will be tangible in the coming year.

### B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

Please refer Form B of the Annexure.

### C) FOREIGN EXCHANGE EARNING AND OUTGO

Total Foreign Exchange earned	Rs.44,12,387/-	(2082398/-)
Outgo	Nil	(4088860/-)

### ANNEXURE FORM-A

#### A. Power & Fuel Consumption. Current Period Previous Period

##### 1) Electricity (M.S.E.B. Supply)

Unit Consumed	2972710	2603340
Total Amount (Rs.)	11453147	10408960
Rate per unit (Rs.)	3.85	4.00

##### 2) Fuel (L.D.O.)

Consumption (Ltrs)	112105	76670
Total Amount (Rs.)	1586798	892842
Rate per unit (Rs.)	14.15	11.64

##### 3) Diesel

Consumption (Ltrs.)	6212	3565
Total Amount (Rs.)	144736	112950
Rate per unit (Rs.)	23.30	11.65

#### B. Consumption per ton of Seamless Pipes

Electricity (Units)	729.15	795.76
L.D.O. (Ltr.)	27.50	23.44
Diesel (Ltr.)	1.52	1.09

### 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-5 for Heat exchangers for better realization.
- 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 valuables 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 improved its bottom line in the coming years.

##### 3) Expenditure on R & D :

Not Significant.

By order of the Board of Directors of  
**MAHALAXMI SEAMLESS LIMITED**

Place : Mumbai  
Dated : 12.08.2003

sd/-  
M. P. Jalan  
Jt. Managing Director





## REPORT ON CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

MLSL's philosophy of corporate governance envisages attainment of the highest level of transparency, accountability and equity in all its dealings with shareholders, employees, Government and parties concerned. The company cares for ethical values down the line and shall not compromise on any of them. The Company's Guiding Principles are focused to achieve the highest standards of good corporate Governance and is striving hard for improve standards. To achieve these goals the Company has formed Executive Committee, Management Committee and Operation Committee consisting of Senior Managers of the company and also various committee of Board of Directors.

### II. BOARD OF DIRECTORS

As on 31st March, 2003 the strength of Board of Directors was 5, comprising of 2 Executive Directors and 3 Non Executive Directors.

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors meets with the requirements of Clause 49 (1) (A) of the Listing Agreement. None of the Directors on the Board is a member on more that ten Committees and Chairman of more than five Committees as per Clause 49 (IV) (B) across all Companies in which they are Directors. There was no change in the composition of the Board of Directors during the financial year under review.

The composition of the Board of Directors and also the number of other Board of Directors of which he is a Director are as under :

#### a. COMPOSITION AND CATEGORY

Names of Directors	Category of Directorship	Directorship in other companies	No. of Board of Directors (other than Mahalaxmi Seamless Limited)	
			Postition	Nos.
Meghraj Sakariya	Executive	1. Murugan Metal India Pvt. Ltd. 2. Madras Foils Pvt. Ltd.	Director Director	2
M.P. Jalan	Executive	1. Madras Foils Pvt. Ltd. 2. Jindal India Ltd.	Director Director	2
Narendra Sakariya	Non- Executive	1. Ajit Alloys Pvt. Ltd. 2. Madras Foils Pvt. Ltd. 3. Murugan Metal (India) Pvt. Ltd.	Director Director Director	3
Narendra Dalmia	Independent, Non-Executive	1. Soanwaria Polyster Pvt. Ltd. 2. Sunrise Commercial Pvt. Ltd. 3. Dalmia Polytex Pvt. Ltd. 4. Omnitex Industries India Ltd. 5. Biznessmart.com	Director Director Director Director Director	5
Manish Dalal	Chairman and Independent Non-Executive	1. Sarayu Issue Management Services Pvt. Ltd.  2. Ancient Leasing Finance & Inv. Co. Ltd.  3. Credence Sound & Vision Ltd.	Director  Director  Director	3

#### b. BOARD PROCEDURE :

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board's role, functions, responsibility and accountability are clearly defined. All major decisions involving policy formulations, business plans, annual operating budgets, compliance with statutory requirements, major accounting provisions and write-offs are considered by the Board.



## ANNUAL REPORT 2002 - 2003

### c. ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING:

During the year 11 (Eleven) Board Meetings were held during the financial year ended March 31, 2003, the dates of which are 29/07/2002, 19/09/2002, 20/09/2002, 05/10/2002, 30/10/2002, 15/11/2002, 15/12/2002, 15/01/2003, 30/01/2003, 28/02/2003 & 17/03/2003. The attendance of each Director at Board Meetings and the last Annual General Meeting is as under :

Name of the Director	No. of Board meetings attended	Attendance of last AGM held on 16/11/2002.
Shri Meghraj Sakariya	11 (Eleven)	Attended
Shri Madhav Prasad Jalan	11 (Eleven)	Attended
Shri Narendra Sakariya	2 (Two)	Nil
Shri Narendra Dalmia	2 (Two)	Nil
Shri Manish Dalal	8 (Eight)	Attended

### III. COMMITTEES OF THE BOARD

#### A. AUDIT COMMITTEE :

##### BROAD TERMS OF REFERENCE

The Audit Committee of the Company, inter-alia, acts as a control mechanism in the financial and other important departments of the Company. The terms of reference of the Audit Committee are in accordance with paragraphs C and D of Clause 49 (II) of the Listing Agreement and as specified by the Board of Directors of the Company.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by the Institute of Chartered Accountants of India during the year.

The role of the Audit Committee includes the following :

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other service
- Reviewing with management the financial statements before submission to the Board.
- Reviewing with the management and the external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function and procedures.
- Discussion with internal auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with External Auditors before the audit commences, the nature and the scope of Audit as well as have post audit discussion.
- Reviewing the Company's financial and risk management policies.

##### COMPOSITION

The Audit Committee comprises of three Directors, all of who are Non-Executive, Directors. All these Directors possess knowledge by corporate finance, accounts and company law.

The constitution of the Audit Committee is as follows :

Names of Members	Designation
1. Shri Manish Dalal	Chairman Independent, Non-Executive
2. Shri Narendra Sakariya	Member, Non-Executive
3. Shri Narendra Kumar Dalmia	Member Independent, Non-Executive


**MAHALAKMI  
SEAMLESS  
LIMITED**
**MEETINGS AND ATTENDANCE**

During the financial year ended March 31, 2003, two Audit Committee Meetings were held on 28/03/2003 & 05/07/2003.

The attendance at the Audit Committee Meetings is as under :

Name of Director	No. of meetings attended
Shri Manish Dalal	2 (Two)
Shri Narendra Sakariya	2 (Two)
Shri Narendra Kumar Dalmia	2 (Two)

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 16/11/2002 to attend the shareholders' queries.

**B. REMUNERATION COMMITTEE :**

No Remuneration Committee Meetings were held during the financial year ended March 31, 2003 consisting of Nine Months. No remuneration were paid to any Executive Directors.

The Committee reviews Company's policy on specific remuneration packages and perquisites for the Executive Directors, including pension rights, any compensation and approves the managerial remuneration as per the policy.

**COMPOSITION**

The Remuneration Committee comprises of three Directors as under :

1. Shri Manish Dalal	: Chairman Independent, Non-Executive
2. Shri Narendra Sakariya	: Member, Non-Executive
3. Shri Narendra Kumar Dalmia	: Member Independent, Non-Executive.

**REMUNERATION POLICY**

Remuneration practices of the Companies of size and standing, similar to the Company.

- The compensation is determined at the time of hiring.
- Personal attributes and suitability of the candidates for the post is given a preference.
- The growth of the employee depends on the individual performance.
- The performance is reviewed as per performance Manual System. According to the Performance Manual System, the goals are set for individual employee and are reviewed periodically.
- The performance of the Executive Director is reviewed on a monthly basis as per Business Plan.

**Remuneration to Managing Director and Whole time Directors**

The Executive Directors are paid perquisites as per Agreements entered between them and Company. These Agreements are placed for approval before the Board and the Shareholders and authorities as may be necessary. The non-executive directors do not draw any remuneration.

Payment of remuneration to Managing and Whole time Directors is governed by the respective Agreements executed between them and the Company and which is recommended by the Remuneration Committee and further is within the limits set by the Shareholders at the Annual General Meetings.

**DETAILS OF REMUNERATION TO ALL THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2003**

Name of Director	Salary	Benefits	Commission	Sitting fees
Shri Madhav Prasad Jalan	Nil	Rs. 54,709/-	Nil	Nil
Shri Meghraj Sakariya	Nil	Nil	Nil	Nil