

13th Annual Report 2003-2004

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Growth through Consolidation



**MAHALAXMI
SEAMLESS LIMITED
(ISO 9002)**


**MAHALAXMI
SEAMLESS
LIMITED**
**ANNUAL REPORT
2003 - 2004**

BOARD OF DIRECTORS	Shri Madhav Prasad Jalan	Chairman & Managing Director
	Shri Narendra Sakariya	Jt Managing Director
	Shri Vivek Jalan	Executive Director
	Shri Narendra Kumar Dalmia	Director
	Shri Manish Dalal	Director
	Shri Chetan Jain	Director

REGISTERED OFFICE & WORKS	Pipenagar (SUKELI) Via, Nagothane Tal. Roha, Dist. Raigad Maharashtra : 402 126
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HEAD OFFICE	185, Sanjay Building No. 5/B, Mittal Industrial Estate, Andheri Kurla Road, Andheri (East), Mumbai - 400 059.
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BANKERS	Oriental Bank of Commerce, Overseas Branch, Andheri (E).
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AUDITORS	M/s. V. B. Goel & Co. Chartered Accountants
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	THIRTEENTH ANNUAL GENERAL MEETING
DATE	Wednesday, September, 29, 2004
TIME	2.00 p.m.
VENUE	Pipenagar (SUKELI) Via, Nagothane Tal. Roha, Dist. Raigad Maharashtra : 402 126.



THIRTEENTH ANNUAL REPORT 2003 – 2004

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of MAHALAXMI SEAMLESS LIMITED will be held at its Registered Office at Pipenagar (Sukelli), Via-Nagothane, Tal-Roha, Maharashtra- 402 126, on Wednesday, September 29th, 2004 at 2.00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Balance Sheet as at March 31, 2004 and Profit & Loss Account for the year ended as on that date and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. Narendra Kumar Dalmia who retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Manish Dalal who retire 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 with or without modifications, the following resolution as an Ordinary Resolution: "RESOLVED THAT pursuant to Sections 198, 269, 309, 310 & 311 read with Schedule XIII of the Companies Act, 1956 and approval of the Remuneration Committee of the Company, the Members of the Company do and hereby approve the appointment of Mr. Madhav Prasad Jalan as a Whole-time Director designated as the Chairman & Managing Director of the Company for a period of five years with effect from December 26, 2003 on such terms and conditions and with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or the aforesaid Abstract, in such manner as may be agreed to between the Board of Directors and Mr. Madhav Prasad Jalan within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956, or any amendment there to or any re-enactment thereof if necessary, as may be agreed between the Board of Directors and Mr. Madhav Prasad Jalan and further that in the event of any amendment or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, or as provided in any re-enactment, repeal or modification thereof, the Board of Directors be and is hereby authorized to vary or increase the remuneration including perquisites within such prescribed limits or ceiling and the aforesaid terms and conditions between the Company and Mr. Madhav Prasad Jalan be suitably amended to give effect to such modifications, relaxation or re-enactment without requiring any further resolutions or consent of the shareholders of the Company and lastly that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution: "RESOLVED FURTHER THAT pursuant to Sections 198, 269, 309, 310 & 311 read with Schedule XIII of the Companies Act, 1956 and approval of the Remuneration Committee of the Company, the Members of the Company do and hereby approve the appointment of Mr. Narendra Sakariya as a Whole-time Director designated as the Joint Managing Director of the Company for a period of five years with effect from December 26, 2003 on such terms and conditions and with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or the aforesaid Abstract, in such manner as may be agreed to between the Board of Directors and Mr. Narendra Sakariya within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956, or any amendment there to or any re-enactment thereof if necessary, as may be agreed between the Board of Directors and Mr. Narendra Sakariya and further that in the event of any amendment or relaxation by the

Central Government to Schedule XIII to the Companies Act, 1956, or as provided in any re-enactment, repeal or modification thereof, the Board of Directors be and is hereby authorized to vary or increase the remuneration including perquisites within such prescribed limits or ceiling and the aforesaid terms and conditions between the Company and Mr. Narendra Sakariya be suitably amended to give effect to such modifications, relaxation or re-enactment without requiring any further resolutions or consent of the shareholders of the Company and lastly that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution: "RESOLVED THAT pursuant to Sections 198, 269, 309, 310 & 311 read with Schedule XIII of the Companies Act, 1956 and approval of the Remuneration Committee of the Company, the Members of the Company do and hereby approve the appointment of Mr. Vivek Jalan as a Whole-time Director designated as the Executive Director of the Company for a period of five years with effect from December 26, 2003 on such terms and conditions and with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or the aforesaid Abstract, in such manner as may be agreed to between the Board of Directors and Mr. Vivek Jalan within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956, or any amendment there to or any re-enactment thereof if necessary, as may be agreed between the Board of Directors and Mr. Vivek Jalan and further that in the event of any amendment or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, or as provided in any re-enactment, repeal or modification thereof, the Board of Directors be and is hereby authorized to vary or increase the remuneration including perquisites within such prescribed limits or ceiling and the aforesaid terms and conditions between the Company and Mr. Vivek Jalan be suitably amended to give effect to such modifications, relaxation or re-enactment without requiring any further resolutions or consent of the shareholders of the Company and lastly that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."
8. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution: "RESOLVED THAT Shri Chetan Jain be and is hereby appointed as a Director of the Company with immediate effect and whose period of office shall be liable to determination by retirement of Directors by rotation."
9. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Special Resolution: "RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), The Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and the Rules framed thereunder, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from The Stock Exchange, Ahmedabad and Madras Stock Exchange



**MAHALAXMI
SEAMLESS
LIMITED**

Limited, being the non Regional Stock Exchanges of the Company."

For and On behalf of the Board of Directors

Place: Mumbai
Date : 02/07/2004

sd/-
MADHAV PRASAD JALAN
Chairman & MG. Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 24, 2004 to Wednesday 29th September, 2004 (both days inclusive).
4. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
5. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Public Holidays between 11.00 A.M. and 1.00 P.M. up to the date of Annual General Meeting.
6. Explanatory statement pursuant to Sections 173 (2) read with 302 of the Companies Act, 1956, in respect of items of Special Business of the Notice set out, is annexed hereto.
7. Members are requested to bring their copies of the reports to Annual General Meeting.
8. Members holding shares in the same set of names under different folios are requested to apply for consolidation of such folios alongwith Share Certificates to the Company.
9. In order to exercise strict control over the transfer documents, Members are requested to send the transfer documents/ correspondence, if any, directly to:

ADROIT CORPORATE SERVICES PRIVATE LIMITED

Unit: MAHALAXMI SEAMLESS LIMITED

Add : 19, Jaferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka, Andheri (E), Mumbai - 400059.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No.5:

The Board of Directors of the Company at their meeting held on 26/12/2003 have appointed Shri Madhav Prasad Jalan as Chairman & Managing Director [CMD] for a period of five years w.e.f. 26/12/2003. Shri Madhav Prasad Jalan is the main promoter of your Company and is actively associated with your Company since its inception and has played a key role in bringing your Company to its present heights. Shri Madhav Prasad Jalan is having a wide and exhaustive experience in Industry. The Board of Directors of your Company is confident that under the leadership and able guidance of Shri Madhav Prasad Jalan the Company will scale new heights in expansion of its present business activities in the years to come.

As the Members are aware, Abstract under Section 302 of the Companies Act, 1956 has already been circulated amongst the Members of the Company.

Your Directors recommend the resolution for your approval.

None of the Directors of your Company except Shri Madhav Prasad Jalan, (directly interested) and Shri Vivek Jalan (indirectly interested), are interested in the resolution.

Item No. 6:

The Board of Directors of the Company at their meeting held on 26/12/2003 has also appointed Shri Narendra Sakariya as Jt. Managing Director of the Company for a period of five years w.e.f. 26/12/2003. Shri Narendra Sakariya also hails from the Industry in which your Company carries out business and was associated with the Company for ma long time and also has wide range of exposure in Financial Activities.

Your Directors recommend the resolution for your approval.

Except Shri Narendra Sakariya (himself), none of the Directors are interested in the resolution.

Item No. 7:

The Board of Directors of the Company at their meeting held on 26/12/2003 has also appointed Shri Vivek Jalan as the Executive Director of the Company for a period of five years w.e.f. 26/12/2003. Shri Vivek Jalan is an IIT and MBA with work experience in the USA. The Company will definitely benefit from such highly intelligent and dynamic personality. Your Directors recommend the resolution for your approval.

None of the Directors of your Company except Shri Vivek Jalan, (directly interested) and Shri Madhav Prasad Jalan (indirectly interested), are interested in the resolution.

Item No. 8:

Mr. Chetan Jain was appointed as an additional director of the Company by the Board of Directors w.e.f. 26/12/2003 and his tenure of office comes to an end at the ensuing Annual General Meeting.

Mr. Chetan Jain was appointed in order to comply with the provisions of Clause 49 of the Listing Agreement, which inter alia provides for minimum number of non- executive and independent Directors on Board of the Company.

Hence your Board of Directors recommends the passing of the said resolution in the interest of the Company.

Except shri Chetan Jain (directly interested), Shri Narendra Sakariya (indirectly interested), none of the Directors are interested in the resolution. Your Company has already received a notice under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Chetan Jain to be appointed as the Director of the Company alongwith necessary security deposit.

Item No. 9:

Presently the Company's securities are listed on the following three Stock exchanges in India:

- i. The Stock exchange, Mumbai [Regional Stock Exchange]
- ii. The Stock Exchange, Ahmedabad
- iii. Madras Stock Exchange Limited

With the extensive networking of The Stock exchange, Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's securities across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the depth and liquidity of trading in the Company's securities on The Stock Exchange, Ahmedabad and Madras Stock Exchange Limited (hereinafter referred to as the said Stock Exchanges) is lower.

In view of the extremely low trading volumes, the benefits accruing to the investors by keeping the shares of the company listed on the said Stock Exchanges are not commensurate with the costs incurred by the Company for continued listing on these Stock Exchanges.

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. Under these Guidelines, a Company may delist from stock exchange where its securities are listed provided that:

- i. the securities of the Company have been listed for a minimum period of 3 years on any stock exchange; and
- ii. an exit opportunity has been given to the investors at an exit price to be determined in accordance with "book building process". However, in case where the securities of the Company continue to be listed in a stock exchange having nation wide trading terminals, i.e. BSE or NSE, exit opportunity need not be given.

Thus, members' approval is being sought by passing a Special Resolution for delisting of the Company's equity shares from the said Stock Exchanges.

Your Directors recommend the passing of the Special Resolution for approval of the Members of the Company.

None of the Directors of the Company is in any way concerned or interested in passing of the said Special Resolution.

For and On behalf of the Board of Directors

Place: Mumbai
Date : 2/07/2004

sd/-
MADHAV PRASAD JALAN
Chairman & MG. Director



ANNUAL REPORT 2003 - 2004

DIRECTORS' REPORT

To,
THE MEMBERS,
Your Directors are presenting their Thirteenth Annual Report together with Audited Accounts for the 12 months ended at 31-03-2004.

FINANCIAL RESULTS:

	12 Months Ended at 31-3-2004 (Rs. in lacs)	9 Months Ended at 31-3-2003 (Rs. in lacs)
Income from Sales & Job Work (Net of Excise)	1840.49	1,060.30
Other Income	22.87	1.78
Increase/(Decrease) in Stock	286.50	47.27
Total Expenditure	1946.29	951.21
Profit /(Loss) before Depreciation & Interest	206.40	158.14
Less: Depreciation	101.51	141.20
Less: Interest	29.32	27.16
Add: Prior Period/Extra Ordinary Adjustments	21.42	33.70
Net Profit /(Loss) before Taxation	94.16	23.48
Provision for Taxation	7.75	2.00
Profit after Taxation	86.68	21.48

DIVIDEND:

As the current year's profit is been wiped out by the brought forward loss, hence the board of directors of the company are unable to recommend any dividend for the year under review.

FOND REMEMBRANCE:

During the financial year, the company lost its great leader - Managing Director Shri Meghrajji Sakariya on 29-11-2003. This was the most critical period for the company as a whole. He was the cofounder of the company. The company and all its employees pay a heartfelt tribute to their departed leader and extend their consolation to his family.

OPERATIONS:

However the company slowly came out of great tragedy under the leadership of our present Managing Director Shri Madhav Prasad Jalan. Also during the period the younger directors - Shri Narendra Sakariya and Shri Vivek Jalan - took reins of the company in their hands efficiently. Under their guidance the company is continuing its efforts to improve the operations of the company.

After the sad demise of our managing director, the company held the board meeting on 26-12-2003 and Shri Madhav Prasad Jalan was promoted to Chairman & Managing Director. Shri Narendra Sakariya was promoted to Jt. Managing Director and Shri Vivek Jalan was appointed as Executive Director. Shri Chetan Jain was inducted into the board as Additional Director.

The highlights of our performance for the year 2003-04 are:

Against installed capacity of 6520 tons per annum the total production during the year ended at 31-03-2004 was at 6257 tons, valued at Rs. 1840.49 lacs including Job Work of Rs. 240.80 lacs on 3475 tons. This against Rs. 1060.30 lac for the 9 months from July 2002 to March 2003. On converting Sales on annualised basis, there is an increase of 30%.

Your company has for the first time shown an operating profit of Rs. 72.74 lac after Depreciation and Interest.

Your company has for the first time has shown a Net Profit of Rs. 86.68 lac against Rs. 21.48 lac in the corresponding previous financial year, an increase of 200%.

Your company's Earnings Per Share have increased to Rs. 1.64 against Rs. 0.41 in the corresponding previous year an increase of 200%.

During the year we implemented a series of measures to enhance focus on our core activities with the objective of creating superior value for all stakeholders and to increase the production capacity.

FINANCIAL RESTRUCTURING:

The members will be pleased to note that during the financial year the company has repaid all its outstanding dues to Financial Institutions including I.D.B.I. Since then your company has got released first charge on all its present and future immovable properties.

GRATUITY/LEAVE SALARY:

Gratuity and Leave salary are treated on cash basis.

DIRECTORS:

In pursuance to the Articles of Association of the company, Shri

Narendra Kumar Dalmia & Shri. Manish Dalal retires by rotation at this A.G.M. and being eligible offers themselves for reappointment.

EMPLOYEES:

The company has no employee during the year of the category specified under Section 217 (2A) of the Companies Act, 1956, read with the Companies (particular of employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. The Directors' have selected such accounting policies and applied them consistently and made judgment 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.
3. 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.
4. 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 as the company falls under the category of entities presently listed with paid up Share Capital of 3 crores 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 and Shri Chetan Jain & Shri. Manish Dalal. Shri. Manish Dalal was elected as the Chairman and independent Director of the company. 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 Director) 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 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.

EXPLANATION U/S. 217(3) OF THE COMPANIES ACT, 1956:

1. Note No. 4(d) to Auditors' Report:
The Company is in the process of ascertaining the exact amount of liability in respect of retirement benefits such as payment of gratuity and leave salary in respect of Mumbai staff on actuarial basis and the proposal is under active consideration of the Board of Directors.
2. Note No. 4(f) to Auditors' Report:
Presently the Company is in the process of identifying and reconciling the amount due to the SSI Units for the year ended March 31, 2004.
3. Note 8 to Annexure to Auditors' Report:
The Company has already taken effective steps to maintain cost records as prescribed under the Companies Act, 1956 for the year ended March 31, 2004.

ACKNOWLEDGEMENT:

Your Directors express their grateful thanks for the support and cooperation received from I.C.I.C.I. Ltd, I.D.B.I., 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/
MADHAV PRASAD JALAN
CHAIRMAN & MANAGING DIRECTOR

Place: Mumbai.
Date: 02/07/2004



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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 DIRECTORS RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED AT 31-03-2004

A) CONSERVATION OF ENERGY:

- 1) As has been stated earlier, your company took the high voltage connection from M.I.D.C.'s Kansai feeder of 22 KV. Since then the company has been receiving uninterrupted power supply. Consequently, the company worked at full capacity and has improved its bottomline.
- 2) Your company modified the Electrical Furnace system. By doing the above, the consumption of electricity per ton has been reduced from 286 units per ton to 251 units per ton.

B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

Please refer the enclosed of Management Discussion & Analysis Report.

C) FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign exchange Earned	Rs. 94,52,928/-	(92,78,276/-)
Foreign exchange Outgo	Rs. 3,26,67,907/-	(Nil)

**ANNEXURE:
FORM-A**

	Current Year (12 Months)	Previous year (9 Months)
A. Power and fuel Consumption.		
1 Electricity (M.S.E.B. Supply)		
Unit consumed	4,394,755	2,972,710
Total Amount (Rs.)	15,713,984	11,453,147
Rate per Unit (Rs.)	3.57	3.85
2. Fuel-(L.D.O.)		
Consumption (Liters)	150,875	112,105
Total Amount (Rs.)	2,233,908	1,586,798
Rate per unit (Rs.)	14.80	14.15
3. Diesel		
Consumption (Liters)	7,679	6,212
Total Amount (Rs.)	237,596	144,736
Rate per unit (Rs.)	30.94	23.30
B. Consumption per ton of sales based on sales of 6257 tons		
Electricity Units	702.37	729.15
L.D.O. (Liters)	24.11	27.50
Diesel (Liters)	1.23	1.52

FORM-B

Research and Development

- 1). Specific areas in which R & D was carried out by the company:
 - a. During the period your company modified the system of Electrical Heating Furnace that led to an increase in production per month from 650 tons (in the corresponding previous year) to 850 tons. Also, due to the modification the consumption of electricity per ton has fallen from 286 units to 251 units.
 - b. Your company is doing both Jobwork and own Sales of Cold Drawn Seamless Pipes & Tubes. Last year the volume of own sales was to the extent of 60% of the Sales. This helped us to achieve better margin realisation directly impacting the bottom line.
 - c. Heat Exchanger Tubes constituted about 40% of our product mix last year. 10% of these were manufactured in lengths of 26 meters and above - these tubes provided better yield level of around 5%. Also, we have increased the production of 'U' tubes to the extent of 12,000 nos. per month with the addition of some special equipments designed by us.
 - d. Last year, your company took successful trials of square and rectangular tubes.
 - e. The company has established new phosphate coating exclusively for Alloy Steel, which in turn reduces the number of draws required to achieve the required Outer Diameter (OD) & Wall Thickness (WT). This has resulted in increasing the bottom line of the company.
 - f. The company has concentrated on developing new import substitute sizes and grades that no other company produces in India. For instance, 12.70 OD x 1.65 WT - Grade SA-213-T22, 31.80 OD x 2.77 WT - Grade SA 334 Grade 6, 19.05 x 1.65 -Grade SA 179 having length of 20 meter to 25 meters. This has established your company as a pioneer in its industry.
- 2) Expenditure on R & D
Not significant as such.

By Order of the Board of Directors of
MAHALAXMI SEAMLESS LTD.,

Place: Mumbai
Date: 02/07/2004.

Sd/
Madhav Prasad Jalan
Chairman & Managing Director

**ANNUAL REPORT
2003 - 2004****MANAGEMENT DISCUSSION AND ANALYSIS**

Statements in this management discussion and analysis of financial condition describing the Company's objectives, expectations etc. are predictions and may be forward-looking within the meaning of applicable securities, laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the company's operations include cost of fuel, determination of tariff and such other changes and levies by regulatory authority, changes in Government Regulations, Tax Laws, Economic Developments within the country and such other factors.

The Financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and generally Accepted Accounting Principles in India. The management of Mahalaxmi Seamless Ltd. accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. These estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis in order that the financial statements reflect in a true and fair manner the state of affairs and profits for the year.

HR AND INDUSTRIAL RELATIONS:

The company firmly believes that "people" are the pivotal force behind the success of its growth. Coping with the tremendous challenges facing your company, it can remain operational and profitable only by unleashing the latent capabilities of its people. Your company tries very hard to ensure that its HR philosophy is translated in to action.

COMMUNITY DEVELOPMENT

The company exhibits a high level of concern for Society in order to be a good corporate citizen. The company places high importance on the development of the community around its area of business.

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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, 2004 the strength of Board of Directors was 6, comprising of 3 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 than ten Committees and Chairman of more than five Committees as per Clause 49 (IV) (B) across all Companies in they are Directors. The composition of the Board of Directors has been changed during the financial year under review. The details of changes in the composition of the Board is as under :

Name of the Director	Particulars
1. Meghraj Sakaria	Cease to be director due to demise.
2. Vivek Jalan	Appointed as executive director w.e.f. 26.12.03
3. Chetan Jain	Appointed as on non executive director w.e.f. 26.12.03
4. Narendra Sakaria	Previously non-executive director appointed as Jt. M.D.
5. M. P. Jalan	Previously Jt. M.D. has appointed as Chairman cum M.D.

The present composition of the Board of Directors and also the number of other Board of Directors of which he is a Member/ Chairman are as under:

Names of Directors	Category of Directorship	Directorship in other companies	No. of Board Committees (other than Mahalaxmi Seamless Ltd.) in which Chairman/Member	
			Director	Member
Shri M.P. Jalan	Executive	2	JVN Fuel Limited Jaguar overseas limited	2
Shri Narendra Sakariya	Executive	1	Sakariya Finance Pvt. Ltd.	1
Shri Vivek Jalan	Executive	Nil	Nil	Nil
Shri Narendra Kumar Dalmia	Independent, Non-Executive	4	1) Soanwaria Polysters Pvt. Ltd 2) Sunrise Commercial Pvt. Ltd. 3) Biznessmart.com. (India) ltd 4) Omnitex Industries Ltd	4
Shri Manish Dalal	Independent Non-Executive	3	1) Sarayu Issue Management Services Pvt. Ltd. 2) Ancient Leasing Finance & Inv. Co. Ltd. 3) Credence Sound & Vision Ltd	3
Shri Chetan Jain	Independent Non-Executive	Nil	Nil	Nil



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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.

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

During the year 16 (sixteen) Board Meetings were held during the financial year ended March 31, 2004, the dates of which are 24/04/2003, 31/05/2003, 30/06/2003, 29/07/2003, 12/08/2003, 08/09/2003, 28/09/2003, 30/10/2003, 15/11/2003, 13/12/2003, 26/12/2003, 31/01/2004, 28/02/2004, 12/3/2004, 22/3/2004, 31/3/2004. 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 29/09/2003.
Shri Meghraj Sakariya	05 (Five)	Attended
Shri Madhav Prasad Jalan	16 (Sixteen)	Attended
Shri Narendra Sakariya	9 (Nine)	Nil
Shri Narendra Kumar Dalmia	3 (Three)	Nil
Shri Manish Dalal	16 (Sixteen)	Attended
Shri Vivek Jalan	05 (Five)	Attended
Shri Chetan Jain	01 (One)	Attended

2. 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. During the year under review there has been changed in composition of member. The details of which is as under :

Name of the Director	Particulars
1. Narendra Sakaria	Cease to be a member w.e.f. 26.12.03.
2. Chetan Jain	Appointed as member w.e.f. 26.12.03.

The constitution of the Audit Committee as on 31.03.04 is as follows:

Names of Members

- Shri Manish Dalal
- Shri Narendra Kumar Dalmia
- Shri Chetan Jain

Designation

- Chairman Independent, Non-Executive
Member Independent, Non-Executive
Member Independent, Non-Executive