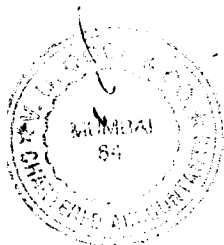


AUDITORS' REPORT

TO THE MEMBERS OF
MAHALAXMI SEAMLESS LIMITED.

1. We have audited the attached Balance Sheet of MAHALAXMI SEAMLESS LIMITED, as at March 31, 2012 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, of India (the Act) and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) i) *We were not provided with the expenses invoices of Rs. 36,89,852. Fixed Deposits with Bank to the extent of Rs 30,13,094/- have not been reconciled.*



ii) *The company has not maintained proper stock records showing quantitative details of each class of inventory.*

iii) *The balances with excise authorities have not been reconciled.*

Except for the above, In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

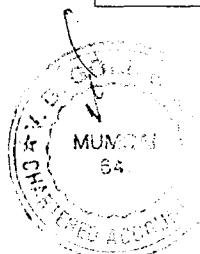
d) *The Accounting Standard 15 requires the Company to make provision of retirement benefits viz earned leave on accrual basis and accounted for in accordance with the prescribed method. The Company has not determined and accounted the liability in accordance with that and accordingly adequate disclosure has not been made. The amount in respect of the same has also not been quantified and hence the effect thereof on profit and liability is unascertained.*

Except for the above, in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act;

e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

f) i) *The Company has not taken prior sanction of Board and/or approval of the Central Government for entering into contracts as required under Section 297 (1) of the Companies Act, 1956 in respect of following transactions:*

<i>Name of the Persons</i>	<i>Nature of Transaction</i>	<i>Transaction Amount (Rs.)</i>	<i>Closing Balance (Rs.)</i>	<i>Maximum Amount (Rs.)</i>
Vinayak Tubes	Purchases Sales	48,58,725 1,27,30,793	50,51,990	60,51,990
				₹
Vinayak Steels	Purchases	1,45,21,334	15,77,515	1,60,98,849
Excel tubes Corporation	Sales	42,48,579	9,11,856	13,31,820



- ii) *The service tax credit of Rs. 18,00,692 is outstanding in books of accounts but the amount is not reflected in service tax register. The company is not having proper records for the utilization of service tax credit and in our opinion the amount may not be available for credit. The current assets are overstated by Rs. 18,00,692.*
- iv) *The Company has not ascertained and disclosed information as required by the Micro, Small and Medium Enterprises Development Act, 2006. (refer note II (j) in Schedule 20 –Notes to Accounts).*
- g) Subject to our remarks in clause (b), (d) and (f) above, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement together with the Notes thereon and attached thereto, give in the prescribed manner, the information required by the Act and also give, a true and fair view in conformity with the accounting principles generally accepted in India:**
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.



Place: Mumbai
Date: 03.09.2012

For V. B. GOEL & CO.
Chartered Accountants
FRN - 115906W

(Vikas Goel)
Partner
Membership No. 39287

Annexure referred to in paragraph 3 of Auditors' Report of even date to the members of Mahalaxmi Seamless Limited on the Accounts for the year ended March 31, 2012

1.
 - a) *In our opinion Company is not maintaining proper records to show full particulars, including quantitative details and situation of its fixed assets.*
 - b) *As explained to us, the fixed assets of the Company have been physically verified during the year by the Management, but in view of inadequate fixed asset records we are unable to comment on discrepancies.*
 - c) The Company has not disposed off substantial parts of fixed assets during the year.
2.
 - a) As explained to us, the inventory of the Company has been physically verified by the Management during the year and at the year end. Inventory lying with third parties and in transit have been verified by the management with reference to the confirmation received from them and/or subsequent receipt of goods.
 - b) Based on the explanations provided, in our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) *In our opinion, the company has not maintained proper stock records showing quantitative details of each class of inventory. Hence, we are unable to comment whether the discrepancies between the physical inventory and the book records noticed on physical verification as mentioned in 2(a) above are material or not.*
3.
 - a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - b) The Company has not taken any loans from Companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion, there are adequate internal control procedures to commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.



5. i) To the best of our knowledge and according to the information and explanations given to us, the Company has entered into the transaction exceeding Rs. 5,00,000 that need to be entered in the register pursuant to Section 301 of the Act.
- ii) In our opinion, and according to the information and explanation given to us, the transaction made in pursuance of such contract or arrangement and aggregating during the year to rupees five lacs or more in respect of each party have been made at prices which are reasonable having regards to the prevailing market prices at the relevant time, where such prices are available.
6. The Company has not accepted any deposits under the provisions of Section 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company's present internal audit system is not commensurate with its size and the nature of its business.
8. In our opinion the Company has not maintained adequate cost records in terms of Section 209 (1)(d) of the Act for its products.
9. a) According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, in our opinion the Company is generally regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities in India except as given below :

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Maharashtra Profession Tax, 1975	Profession Tax	3,700	March 2012	20 th April 2012	Not Paid till date
BST Act	Sales Tax	11,25,692	1996-2001 (deferment)	30 th April 2011	Not Paid till date
CST Act	Central Sales Tax	9,81,325	1996-2001 (deferment)	30 th April 2011	Not Paid till date



- b) According to the information and explanations given to us, there are no disputed dues of Income Tax, Wealth Tax, Custom Duty, Service Tax, Excise Duty and cess which have not been deposited with the appropriate authority, except as stated below:

- i) *Disputed sales tax liability of Rs. 65,57,957/-for F.Y. 2004-05 under appeal*
ii) *Disputed excise liability raised by the Central Excise Dept and under appeal*

is as follows :

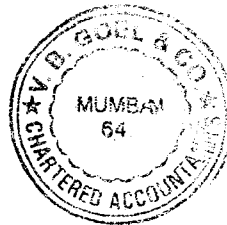
- *Disputed excise liability for the period Jan 2011 to Dec 2011 for Rs.13,11,717/-*
- *Disputed excise liability for the period Aug 2009 to Dec 2009 for Rs.2,47,911/-*
- *Disputed excise liability for the period Jan 2010 to May 2010 for Rs.3,67,760/-*
- *Disputed excise liability for the period Jun 2010 to Dec 2010 for Rs.11,83,336/-*

The information as regards the forum before which the disputes are pending is not furnished since the relevant data is not provided to us.

10. **The Company has no accumulated losses as at the end of the financial year and it has incurred cash losses in the current financial year and in the immediately proceeding financial years.**
11. **According to the records of the Company, the Company has not defaulted in repayment of dues to financial institution or banks during the year.**
12. **The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.**
13. **In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to it.**
14. **The Company has not dealt or traded in shares, securities, debentures or other investments during the year.**



15. As informed to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
16. On the basis of review of utilisation of funds on overall basis and related information available to us, the term loans taken by the Company have been applied for the purposes for which they are obtained.
17. *On the basis of review of utilisation of funds on an overall basis, related information as made available to us and as represented to us by the Management, funds raised on short term basis have been used for long term investment.*
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued debentures.
20. The Company has not raised any money by public issue during the year.
21. Based on our examination of the books of accounts carried out in accordance with the generally accepted Auditing Standards in India and according to the information and explanations given to us we report that no fraud on or by the company has been noticed or reported during the year.



Place: Mumbai

Date: 03.09.2012

For V. B. GOEL & CO.
Chartered Accountants
FRN : 115906W

(Vikas Goel)
Partner
Membership No. 39287

MAHALAXMI SEAMLESS LIMITED
BALANCE SHEET AS AT 31st MARCH, 2012

		Amount in Rs.	
Particulars	Note No	As at 31 March 2012	As at 31 March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	52,907,000	52,907,000
(b) Reserves and Surplus	3	58,664,457	74,626,600
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	21,191,016	27,062,038
(b) Deferred tax liabilities (Net)	5	2,808,606	3,702,559
(c) Other Long term liabilities	6	623,995	623,995
(3) Current Liabilities			
(a) Short-term borrowings	7	61,963,071	54,166,039
(b) Trade payables	8	74,598,672	24,337,527
(c) Other current liabilities	9	21,003,823	14,725,643
TOTAL		293,760,639	252,151,402
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	92,291,224	100,847,677
(ii) Capital work-in-progress		-	845,599
(b) Long Term Loans and Advances	11	20,643,980	21,279,547
(c) Other non - current assets	12	1,731,929	2,387,907
(2) Current assets			
(a) Inventories	13	97,508,501	76,234,764
(b) Trade receivables	14	59,338,786	43,162,332
(c) Cash and bank balances	15	17,841,265	4,968,049
(d) Short-term loans and advances	16	2,142,837	1,479,981
(e) Other current assets	17	2,262,117	945,545
TOTAL		293,760,639	252,151,402

Notes to Accounts forming integral part of financial statements

01-39

As per our attached report of even date

For V. B. GOEL & CO.

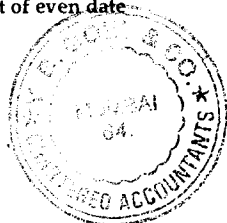
Chartered Accountants

FRN : 115906W

(Vikas Goel)

Partner

Membership No. 39287



For and on behalf of the Board

(M. P. Jalan)

Chairman &

Managing Director

(Vivek Jalan)

Executive

Director

Place : Mumbai

Date : 03.09.2012

Place : Mumbai,

Date : 03.09.2012

MAHALAXMI SEAMLESS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

Amount in Rs.

Particulars	Note No	For the year ended 31.03.2012	For the year ended 31.03.2011
I. Revenue from operations	18	320,205,542	315,129,667
II. Other Income	19	11,345,769	3,112,353
TOTAL REVENUE (A)		331,551,311	318,242,020
III. EXPENSES :			
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	(11,802,524)	121,284
Cost of material consumed	21	243,481,047	224,226,613
Operating Expenses	22	49,355,021	52,039,663
Employee Benefit Expenses	23	25,556,517	26,175,293
Other expenses	24	15,105,535	12,904,294
Financial costs	25	13,176,775	11,573,782
Depreciation expense	10	11,936,233	11,262,470
Prior Period	27	1,598,803	71,351
TOTAL EXPENSES (B)		348,407,407	338,374,751
IV. PROFIT BEFORE TAX (A - B)		(16,856,096)	(20,132,731)
V. TAX EXPENSE :			
1) Current tax		-	-
2) Deferred tax		(893,953)	(664,975)
3) Short/(Excess) Provision for Earlier years		-	489,800
		(893,953)	(175,175)
VI. PROFIT FOR THE PERIOD (IV - V)		(15,962,143)	(19,957,557)
VII. Earning per equity share of Rs. 10 :			
1) Basic		(3.02)	(3.78)
2) Diluted		(3.02)	(3.78)

Notes to Accounts forming integral part of financial statements 01 - 39

As per our attached report of even date

For V. B. GOEL & CO.

Chartered Accountants

FRN : 115906W

(Vikas Goel)

Partner

Membership No. 39287

Place : Mumbai

Date : 03.09.2012

For and on behalf of the Board

(M. P. Jalan)

Chairman &
Managing Director

(Vivek Jalan)

Executive Director

Place : Mumbai

Date : 03.09.2012

MAHALAXMI SEAMLESS LIMITED

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis for preparation of financial statement

The financial statement have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 and the relevant provision of the Companies Act, 1956, under historical cost convention on an accrual basis unless stated otherwise.

b) Method of Accounting

The Company follows the mercantile system of accounting.

c) Revenue recognition of Income & Expenditure

- i) Revenue from sales of products is recognized on transfer of all significant risk and rewards of ownership of the product on to customer, which is generally on dispatch of goods. Sales are stated exclusive of Value Added Tax/Sales Tax, returns and discounts for the year but inclusive of Excise duty.
- ii) Purchases are recognized when ownership of goods is transferred and inclusive of all statutory levies but excluding excise duty & value added tax
- iii) Job work charges are accounted for on completion of job basis.
- iv) Interest income is recognized on time proportion basis.
- v) All items of Income & Expenses are accounted for on accrual basis.

d) Services Tax & Cenvat Credit

- i) Services Tax on GTA is accounted on accrual basis.
- ii) Cenvat Credit on input services is recognized on the date of the payment of the same.

