

MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED



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ANNUAL REPORT 1996-97

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MARDIA SAMYOUNG

CAPILLARY TUBES COMPANY LIMITED

INDO-KOREAN JOINT VENTURE

MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED

5th Annual Report 1996-97

DIRECTORS :

Surendra Mardia
Ravindra Mardia
Young Kun Han
Fali Pirojshaw Sarkari
Jamshed B. Marfatia
Ramchandra M. Vaidya
Jung Soon Jo
Gulab Singh Bhandari
Man Chuel Lee

Chairman
Managing Director
Vice Chairman (Up to 19/07-1997)
(ICICI Nominee -
(Up to 15/10/1996)
(Up to 01/10/1996)

(Alternate Director to Mr Y.K Han)
(Up to 11/07/1997)

AUDITORS :

M/S MITTAL & ASSOCIATES,
CHARTERED ACCOUNTANTS,
M. K. Bhavan, 1st Floor,
300, Shahid Bhagat Singh Road,
Fort, Mumbai - 400 001

BANKERS :

Dena Bank
Union Bank Of India

REGISTERED OFFICE :

Mardia House,
96, C.P. Tank Road,
Mumbai - 400 004

WORKS :

203, Piparia Industrial Area,
Silvassa, Dadra & Nagar Haveli (D.N.H.)

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MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED**NOTICE**

NOTICE is hereby given that the **FIFTH ANNUAL GENERAL MEETING** of the Members of **MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED** will be held on Tuesday, the 30th September, 1997 at 10.00 A.M. at The Maharashtra Chamber of Commerce Trust, Babasaheb Dahanukar Sabhagriha, Orican House, 12, K Dubash Marg (Rampart Row), Fort, Mumbai - 400 023 to transact the following business.

ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31st March, 1997 and the Profit and Loss Account of the Company for the year ended on that date, and the reports of the Board of Directors and Auditor's, thereon.
2. To appoint a Director in place of Mr. Surendra Mardia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Gulab Singh Bhandari who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution :-

"RESOLVED THAT M/s Shyam C. Agrawal & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting at a remuneration to be mutually agreed between the Board of Directors and Auditors plus out of pocket expenses".

By order of the Board

Place : Mumbai
Dated : 19th July, 1997

SURENDRA MARDIA
Chairman

REGISTERED OFFICE :

Mardia House,
96, C.P. Tank Road,
Mumbai - 400 004.

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/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument of proxy, in order to be effective, must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of business under item 4 set out above is annexed hereto.
3. Members are requested to notify immediately any change in their address to the Company's Share Transfer Division at 203, Piparia Industrial Area, Silvassa, Dadra & Nagar Haveli (UT) and quote their folio number in all their correspondence.

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4. Members are requested to bring their copy of Annual Report at the Meeting and produce attendance slip duly filled in for attending the meeting at the entrance where Annual General Meeting will be held.
5. Register of Members and Share Transfer Book of the Company will be closed from Monday, the 22nd September, 1997 to Tuesday, the 30th September, 1997 both days inclusive.
6. Members seeking any information as regards to Accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready.

By order of the Board

SURENDRA MARDIA
Chairman

Dated : 19th July, 1997

REGISTERED OFFICE :Mardia House,
96, C.P. Tank Road,
Mumbai - 400 004.**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM NO.4**

The present Auditors M/s Mittal & Associates, Chartered Accountants, have informed the Company that they do not wish to seek re-appointment as Auditors of the Company at this Annual General Meeting. Consequent to that the Company has received nomination for appointment of M/s Shyam C. Agrawal & Co., Chartered Accountants, Mumbai as Auditors of the Company. A declaration has been received from M/s Shyam C. Agrawal & Co., Chartered Accountants to the effect that if they are appointed as Auditors of the Company their appointment will be within the limits specified under Section 224 (B) of the Companies Act, 1956.

None of the Directors of the Company are concerned or interested in the resolution.

Dated : 19th July, 1997.

By Order of the Board

REGISTERED OFFICE :Mardia House,
96, C. P. Tank Road,
Mumbai - 400 004.SURENDRA MARDIA
Chairman

MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED**DIRECTOR'S REPORT**

To,

The Members,

Your Directors hereby present the Fifth Annual Report of the Company together with Audited Statement of Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

(RS. IN LACS)

	CURRENT YEAR	PREVIOUS YEAR
GROSSTURNOVER	887.77	2351.60
Total Expenditure	881.61	2200.61
PROFIT BEFORE INTEREST & DEPRECIATION	6.16	150.99
Interest	264.85	226.82
Depreciation	60.22	61.43
NET LOSS AFTER TAX	318.91	137.26

DIVIDEND :

In view of loss in the present year, your directors do not recommend any dividend for the year ended 31st March, 1997.

OPERATIONS AND PROSPECTS

During the period under review your Company has achieved a turnover of Rs.887.77 Lacs as against Rs.2351.60 Lacs, during the previous year. Due to severe marketing constraints the Company could only achieve very low capacity utilisation of its main products. Our Foreign Collaborators are in difficult financial crisis and due to the failure on the part of our collaborators in fulfilling their buy back promises, the Company could not achieve targeted production and sales of its main products. Your Company has initiated proceedings to appoint an Arbitrator in the matter of dispute with the Collaborators. Moreover, your Company is also burdened with very high interest charged (more than Rs.264.85 Lacs, during the year under review). However to compensate for some of the expenses, your Company produced certain items and components with lower value addition. This accounts for the increase in the loss from Rs. 137.26 Lacs in the previous year to Rs. 318.91 Lacs in the current year.

Your Company has explored the possibilities of exporting its products to countries other than South Korea on regular basis. Such orders are under execution and your Directors are confident of achieving better production and sales of its main products.

The Company's products have been highly appreciated by almost all its customers. However the actual consumption of our products is very low in India and the company is trying its best to create consumer awareness.

PROMISE VS PERFORMANCE

(In terms of clause 43 of the listing agreement)

The position of profitability projections given by the company in the prospectus dated 03.01.94 for public issue of equity shares, as compared to the actuals is as follows;

1996-97	(Rs. in Lacs)	
Particulars	Projections	Actual
Total Income	2927	926.15
Profit/(loss) after tax	258	(318.91)

EXPLANATION FOR VARIATION

- A) Failure on the part of Foreign Collaborators to fulfill their buy-back commitments, leading to low capacity utilisation of the company's main products.
- B) Heavy Interest burden.
- C) Over all poor market condition resulting in poor sales of our main products.

5th Annual Report 1996-97**DIRECTORS**

Mr. Jamshed B. Marfatia and Mr. R.M.Vaidya, Directors of the Company resigned from the directorship of the Company. The Board extends its sincere thanks for the valuable services given by them during their tenure.

Mr.Y.K.Han, Vice Chairman & Director of the Company, had to vacate the office of directorship due to his failure to attend more than three consecutive Board Meetings without obtaining leave of absence from the Board, as per Section 283 (1) (g) of the Companies Act, 1956. Simultaneously, Mr. M.C.Lee, who was appointed as an Alternate Director, also vacates his office.

In accordance with the Provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. Surendra Mardia and Mr. Gulab Singh Bhandari retire by rotation, at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

AUDITORS

M/s Mittal & Associates, Chartered Accountants, have informed the Company that they do not wish to seek re-appointment at the ensuing Annual General Meeting. It is, therefore, proposed that M/s Shyam C. Agrawal & Co., Chartered Accountants, be appointed as a Auditors of the Company from the conclusion of the ensuing Annual General Meeting. Shareholders are requested to appoint them as the Auditors of the Company and to fix their remuneration.

The Directors place on record their appreciation for the services rendered by M/s Mittal & Associates, during their long association with the Company.

FIXED DEPOSITS

The Company has not accepted deposits during the year within the meaning of Section 58A of the Companies Act, 1956 read with the Company's (Acceptance of Deposits) Rules, 1975.

PARTICULARS OF EMPLOYEES REMUNERATION

No employee of the Company is covered under the provisions of section 217 (2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Amendment Rules, 1988.

DISCLOSURE OF PARTICULARS U/S 217 (1) (e) OF THE COMPANIES ACT, 1956

The details required to be furnished under the provisions of the Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 in relation to conservation of energy and technology absorption and foreign exchange earnings and outgo is given in Form A & B respectively in Annexure 'A' attached hereto.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the assistance and continued co-operation extended by ICICI, SCICI, Dena Bank, Union Bank of India, and all other banks and Central, State Governments and local bodies. Your Directors express their appreciation for the value, contribution, devotion and sense of commitment extended by the employees of the Company.

For and on behalf of the Board

Place : Mumbai
Dated : 19th July, 1997.

SURENDRA MARDIA
Chairman

MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED**ANNEXURE 'A' TO DIRECTORS' REPORT**

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

FORM A

Disclosure of particulars with respect to conservation of energy.

Power and Fuel consumption

	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
1) Electricity:		
a) Purchased		
Units (kwh)	381901	371609
Total Amount	Rs. 786973.80	Rs. 714398.80
Rate per unit	Rs. 2.06	Rs. 1.92
b) Own Generation :		
Through Diesel Generator		
Units	15012	41719
Total Amount	Rs. 139750.54	Rs. 146434.04
Rate Per Unit	Rs. 9.31	Rs. 3.51

FORM B

Disclosure of particulars with respect to technology absorption.

Research and Development:

No Research and Development activities have been carried out separately by the Company during the year. However, product cost reduction, quality improvement and automation are ongoing process along with regular production.

Technology Absorption:

The Company has not imported any technology during the year. However the technology already imported has been fully absorbed by the Company.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO.

	(Rs.in Lacs)
Foreign Exchange Earnings :	34.72
Foreign Exchange Outgo :	
CIF value of import of	
Capital Goods	NIL
Traveling Expenses	1.47

For and on behalf of the Board

Place : Mumbai
Dated : 19th July, 1997.

SURENDRA MARDIA
Chairman

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MITTAL & ASSOCIATES
CHARTERED ACCOUNTANTS

M. K. BHAVAN, 1ST FLOOR,
300, SHAHID BHAGAT SINGH ROAD,
FORT, MUMBAI- 400 001.

AUDITORS' REPORT

THE MEMBERS,

MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED

We have audited the attached Balance Sheet of **MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED** as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we give in annexure a statement on the matters specified in the paragraph 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we state that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) 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 such books;
 - iii) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account maintained by the Company.
 - iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :-
 - a) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997.
 - b) in so far as it relates to the Profit and Loss Account, of the 'LOSS' of the company for the year ended on that date.

For **MITTAL & ASSOCIATES**
 Chartered Accountants

SANTOSH SHAH
 (Partner)

Place : Mumbai

Dated : 19th July, 97

MITTAL & ASSOCIATES
CHARTERED ACCOUNTANTS

M. K. BHAVAN, 1ST FLOOR,
300, SHAHID BHAGAT SINGH ROAD,
FORT, MUMBAI- 400 001.

ANNEXURE TO AUDITORS' REPORT

As required by the Manufacturing and Other Companies (Auditors Report) Order 1988 issued by the Company Law Board and on the basis of such checks as we considered appropriate, we further state that :

- (1) The company has maintained records to show the particulars of fixed assets. As explained to us the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (2) None of the fixed assets have been revalued during the year.
- (3) As explained to us, the stocks of raw materials including scrap, work-in-process, finished goods and stores and spares were physically verified by the management during the year. In our opinion the frequency of such verification is reasonable.
- (4) In our opinion, the procedures of physical verification of stocks followed by the management is required to be improved since the company is not maintaining sizewise, records.
- (5) The discrepancies in terms of quantities noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of accounts.