



**ANNUAL  
REPORT  
2005-2006**

**MARDIA SAMYOUNG**  
**CAPILLARY TUBES COMPANY LIMITED**  
**INDO-KOREAN JOINT VENTURE**

**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED****14th Annual Report - 2005-2006**

<b>DIRECTORS</b>	<p>Surendra Mardia  Ravindra Mardia  Rajesh V. Hodge  Virendrasinh Devda  Omana Nayak  Bharat J. Chouhan</p>	<p>Chairman  Managing Director  Director  Director  Director  Director</p>
<b>AUDITORS</b>	<p>Shyam. C. Agrawal &amp; Co.  Chartered Accountants  3/910 - L Navjivan Society,  Lamington Road, Mumbai - 400 008.</p>	
<b>BANKERS</b>	<p>HDFC BANK    THE RATNAKAR BANK LTD.</p>	
<b>Factory</b>	<p>203, Piparia Industrial Area,  Silvassa,  Dadra &amp; Nagar Haveli (U. T.)</p>	
<b>Registered Office</b>	<p>J - 55, M. I. D. C, Industrial Area,  Tarapur, Boisar - 401 506.  District - Thane.  Maharashtra.</p>	
<b>REGISTRAR AND TRANSFER AGENT</b>	<p>M/s. Purva Sharegistry (India) Private Limited.,  33, Printing House,  28 - D, Police Court Lane,  Fort, Mumbai - 400 001.</p>	

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**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED****NOTICE**

**NOTICE** is hereby given that the **14TH ANNUAL GENERAL MEETING** of the Members of **MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED** will be held on Tuesday, 20th June 2006 at 10.30 a.m. the Registered Office of the Company at **J - 55, M. I. D. C, Industrial Area, Tarapur, Boisar - 401 506** to transact the following business.

**ORDINARY BUSINESS:**

1. To consider and adopt the Balance Sheet as at 31st March, 2006 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 Auditors 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 Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS :**

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

**"RESOLVED THAT** pursuant to the provisions of section 257 and all other applicable provisions, if any of the Companies Act, 1956, Mr. Rajesh V Hodge, who was appointed as an Additional Director by the Board, be and is hereby appointed as a Director of the Company liable to retire by rotation"

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

**"RESOLVED THAT** pursuant to the provisions of section 257 and all other applicable provisions, if any of the Companies Act, 1956, Mr. Virendrasinh Devda who was appointed as an Additional Director by the Board, be and is hereby appointed as a Director of the Company liable to retire by rotation"

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

**"RESOLVED THAT** pursuant to the provisions of section 257 and all other applicable provisions, if any of the Companies Act, 1956, Mrs. Omana V. Nayak who was appointed as an Additional Director by the Board, be and is hereby appointed as a Director of the Company liable to retire by rotation"

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

**"RESOLVED THAT** pursuant to the provisions of section 257 and all other applicable provisions, if any of the Companies Act, 1956, Mr. Bharat J. Chouhan who was appointed as an Additional Director by the Board, be and is hereby appointed as a Director of the Company liable to retire by rotation"

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

**"RESOLVED THAT** in accordance with the provisions of section 198,269,309,310,311, schedule XIII and all other applicable provisions if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the Company hereby approves the appointment of Shri Ravindra Mardia as Managing Director of the Company, subject to retirement by rotation, for a period of 5 years from 1<sup>st</sup> December, 2005 to 30<sup>th</sup> November, 2010 on the term and conditions as follows:

- a) Salary in the range of Rs 15,000/- to Rs 30,000/- per month.
- b) The Managing Director will be allowed reimbursement of travelling and all other expenses incurred by him for the purpose of business of the Company, as may be approved by the Remuneration Committee and determined by the Board of Directors from time to time, with authority to the Board of Directors to alter, vary or grant increments, within the limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendments thereto.



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

**RESOLVED THAT** pursuant to the provisions of Clause 49 of Listing Agreement with Stock Exchange and Article 123 (3) of Articles of Association of the Company's approval of the Company be is hereby accorded to pay the sitting fees to all Non-Executive & independent Directors for attending each meeting of the Board of Directors and/or any Committee thereof such amount as the Board of Directors of the Company may determine from time to time but not exceeding Rs. 1000/- (Rs. One Thousand Only) for each such meeting attended by the aforesaid Directors.

### 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. Members are requested to notify immediately any change in their address to the Company's Investor Service Department at Mardia House, 96, C. P. Tank Road, Mumbai 400 004 or to its Registrar and Transfer Agents at following address. Shareholders should quote their folio number in all their correspondence. Members holding Shares in the dematerialised form are requested to notify the aforesaid changes to their Depository Participant(s).

#### **M/S PURVA SHAREGISTRY (I) PVT. LTD.**

33, Printing House,  
28-D, Police Court Lane,  
Behind Old Handloom House,  
Fort , Mumbai – 400 001.

3. Members are requested to bring their copy of Annual Report at the Meeting and produce attendance slip at the entrance where Annual General Meeting will be held. Members, who hold shares in the dematerialised form, are requested to bring their depository account number for identification.
4. Register of members and Share Transfer Books of the Company will be closed from Tuesday, 13/06/2006 to Tuesday, the 20/06/2006 (Both days inclusive)
5. 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.
6. Equity Shares of the Company are available in dematerialised Form with the Central Depository Service (India) Ltd (CDSL).

Place : Mumbai  
Date: May 2<sup>nd</sup>, 2006

By the order of the Board of Directors

**REGISTERED OFFICE :**  
J – 55, M. I. D. C, Industrial Area,  
Tarapur . Borsar - 401 506  
Dist. Thane  
Maharashtra

**SURENDRA MARDIA**  
Chairman

**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED****ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****Item No. 4**

The Board of Directors of the Company ("the Board"), at its meeting held on 25<sup>th</sup> November, 2005 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company appointed Shri Rajesh V. Hodge as an Additional Director of the Company. Shri Rajesh V. Hodge is a practicing Chartered accountant with wide professional experience. The Board, therefore, recommends his appointment as an additional and independent Director of the Company as the same will be beneficial to the Company.

In terms of the provisions of Section 260 of the Act, Shri Rajesh V. Hodge holds office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from member along with a deposit of Rs. 500/- proposing the candidature of Shri Rajesh V. Hodge for the office of Director of the Company under the provisions of Section 257 of the Act.

None of the other Directors of the Company is, in any way. Concerned or interested in the Resolution set out at item No. 4 of the Notice. The Board recommends the Resolution set out at item No. 4 of the Notice for your approval.

**Item No. 5**

The Board of Directors of the Company ("the Board"), at its meeting held on 25<sup>th</sup> November, 2005 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company appointed Shri Virendrasinh Devda as an Additional Director of the Company. Shri Virendrasinh Devda is qualified as Mechanical Engineer and possesses wide experience in the field of Engineering. The Board, therefore, recommends his appointment as an additional and independent Director of the Company as the same will be beneficial to the Company.

In terms of the provisions of Section 260 of the Act, Shri Virendrasinh Devda holds office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from member alongwith a deposit of Rs. 500/- proposing the candidature of Shri Virendrasinh Devda for the office of Director of the Company under the provisions of Section 257 of the Act.

None of the other Directors of the Company is, in any way. Concerned or interested in the Resolution set out at item No. 5 of the Notice. The Board recommends the Resolution set out at item No. 5 of the Notice for your approval.

**Item No. 6**

The Board of Directors of the Company ("the Board"), at its meeting held on 25<sup>th</sup> November, 2005 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company appointed Mrs. Omana V Nayak as an Additional Director of the Company. Mrs. Omana V Nayak has wide experience in the field of accountancy. The Board, therefore, recommends her appointment as an additional and independent Director of the Company as the same will be beneficial to the Company.

In terms of the provisions of Section 260 of the Act, Mrs. Omana V Nayak holds office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from member alongwith a deposit of Rs. 500/- proposing the candidature of Mrs. Omana V Nayak for the office of Director of the Company under the provisions of Section 257 of the Act.

None of the other Directors of the Company is, in any way. Concerned or interested in the Resolution set out at item No. 6 of the Notice. The Board recommends the Resolution set out at item No. 6 of the Notice for your approval.

**Item No. 7**

The Board of Directors of the Company ("the Board"), at its meeting held on 25<sup>th</sup> November, 2005 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company appointed Shri Bharat J Chouhan as an Additional Director of the Company. Shri Bharat J Chouhan has wide experience in the field of accountancy. The Board, therefore, recommends his appointment as an additional and independent Director of the Company as the same will be beneficial to the Company.



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In terms of the provisions of Section 260 of the Act, Shri Bharat J Chouhan holds office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from member alongwith a deposit of Rs. 500/- proposing the candidature of Shri Bharat J Chouhan for the office of Director of the Company under the provisions of Section 257 of the Act.

None of the other Directors of the Company is, in any way. Concerned or interested in the Resolution set out at item No. 7 of the Notice. The Board recommends the Resolution set out at item No. 7 of the Notice for your approval.

**Item No. 8**

In terms of the provisions of section 198, 269, 309, 310, 311 and read with (Schedule XIII) of the Companies Act, 1956, the Board of Directors at their meeting held on 30<sup>th</sup> November, 2005 appointed Shri Ravindra Mardia as Managing Director of the Company for a period of Five years from 1st December, 2005 to 30<sup>th</sup> November, 2010 on the terms and conditions as set out in the Resolution of item No. 8 of the Notice. Shri Ravindra Mardia is a science graduate and has been in the trade of non-ferrous metal extrusion products for almost three decades. The Board, therefore, recommends his appointment as Managing Director of the Company.

None of the other Directors except Shri Ravindra Mardia and Shri Surendra Mardia being brother of Shri Ravindra Mardia is in any way concerned or interested in this resolution.

**Item No. 9**

So far the Company is not paying any sitting fees to any of the Directors of the Company for attending meeting of the Board of Directors and/or Committee thereof. Article 123 (3) of Article of Association of the Company provides for payment of Such sitting fees However clause 49 of the listing Agreement with the Stock Exchange provides that any fees to be paid to Directors of the Company, shall have prior approval of the Shareholders of the Company The Board of Directors is of the opinion that henceforth all Non-Executive & Independent Directors should be paid sitting fees for attending each meeting of the Board of Directors and/or any Committee thereof within the ceiling limit of Rs. 1000/- (Rs. One Thousand Only) as the Board may decide from time to time. The Board, therefore, recommends the resolution as set out in item No. 9 of the Notice for your approval.

All the Directors of the Company entitled to receive sitting fees may be deemed to be concerned or interested in this resolution to the extent of sitting fees to be received by them,

**By order of the Board of Directors**

**Place: Mumbai**  
**Date: May 2<sup>nd</sup>, 2006**

**SURENDRA MARDIA**  
**Chairman**

**REGISTERED OFFICE:**  
**J - 55, M. I. D. C, Industrial Area,**  
**Tarapur, Bolar - 401 506**  
**Dist. Thane**  
**Maharashtra**



Brief resume of Directors being appointed/Re-appointed, nature of their expertise in specific functional areas and names of Companies in which they hold directorship and membership / Chairmanship of Board Committee, as stipulated under Clause 49 of Listing Agreement with Stock Exchange in India, is as under :

Details of the Directors seeking re-appointment at the Annual General Meeting fixed for Tuesday, the 20th June, 2006 at 10.30 A. M. at the Registered Office of the Company at J - 55, M. I. D. C, Industrial Area, Tarapur , Boisar - 401 506.

Name of Director	Ravindra Mardia	Rajesh V. Hodge	Virendrasinh Devda	Omana V. Nayak	Bharat J. Chouhan
Date of Birth	06-08-1954	26-07-1973	12-11-1972	30-5-1964	13-9-1975
Date of Appointment	1-12-2005	25-11-2005	25-11-2005	25-11-2005	25-11-2005
Expertise in specific functional areas	He has been in the trade of non-ferrous metal extrusion products for almost 3 decades.	Practicing Chartered Accountant with wide professional experience.	Wide experience in the field of engineering.	Wide experience in the field of the field of accountancy.	Wide experience in accountancy.
Qualifications	Science Graduate	Chartered Accountant	Mechanical Engineer	Commerce Graduate	Commerce Graduate
List of outside Directorships held Excluding Directorship in Private Companies	Mardia Extrusions Limited Mardia Tubes Ltd.,	Mardia Extrusions Limited Mardia Tubes Ltd.,	Mardia Extrusions Limited Mardia Tubes Ltd.,	Mardia Extrusions Limited Mardia Tubes Ltd.,	Mardia Extrusions Limited Mardia Tubes Ltd.,
Chairman/Member of Committee of the Board of Directors of the Companies	Audit Committee Remuneration committee Share Transfer and Investor Grievance Committee	Audit Committee Remuneration committee Share Transfer and Investor Grievance committee	Audit Committee Remuneration committee Share Transfer and Investor Grievance committee	Audit Committee Remuneration committee Share Transfer and Investor Grievance Committee	Audit Committee Remuneration committee Share Transfer and Investor Grievance Committee
Chairman/Member of Committee of the Board of Directors of other Companies in which he/she is a Director:					
Audit Committee	Yes	Yes	Yes	Yes	Yes
Share Transfer and Investor Grievances Committee	Yes	Yes	Yes	Yes	Yes
Remuneration Committee	Yes	Yes	Yes	Yes	Yes
No. of Equity Shares of the Company held on 31-3-2006	1,50,000 Shares	Nil	Nil	Nil	Nil

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**DIRECTOR'S REPORT**

To  
The Members,

Your Directors have pleasure in presenting the 14th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2006.

**FINANCIAL RESULTS :****( Rs. in lacs.)**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
OPERATING PROFIT/LOSS (PBITD)	132.12	(69.83)
Interest & Financial Charges	0.92	0.24
PROFIT/LOSS BEFORE DEPRECIATION & TAXATION	131.20	(70.07)
Depreciation	27.55	31.90
PROFIT/LOSS BEFORE TAXATION	103.65	(101.97)
Provision for Taxation	Nil	Nil
NET PROFIT/LOSS AFTER TAX	103.65	(101.97)

**DIVIDEND**

In view of carried forward loss in the current year, your Directors do not recommend any dividend for the year ended 31st March 2006.

**OPERATIONS AND PROSPECTUS**

During the year under review, your Company has achieved gross turnover of Rs. 1992.77 lacs as against Rs. 996.69 lacs during the previous year. Due to the improvement in metal prices and increase in demand, the company could improve upon its working and achieve nearly 100% increase in Sales and the company has become profitable after several years. Moreover the interest burden on the company is also now negligible. During the previous year the company had settled the dues of Dena Bank and Union Bank of India under One Time Settlement Scheme. The company has since purchased the assets necessary for continuing day to day operations, as during the previous year ARCIL (Asset Reconstruction Company of India Limited) had sold the company's movable assets under the Securitisation Act. Now the company is in a better position to improve upon its sales and profits. The company has also improved its product mix with higher margin of profits. Your Company has explored the possibilities of manufacturing other related products and your Directors are confident of achieving better production and sales of its new 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.

**REFERENCE TO BIFR**

As per the Audited Accounts as on 31/03/1999, the Company's net worth has been fully eroded and the Company has filed the reference to B.I.F.R. under section 15 of Sick Industrial Companies (Special Provision) Act, 1985. The Company has been registered with B.I.F.R. ICICI has been appointed as the Operating Agency. During the year B.I.F.R. had ordered liquidation of the company against which your company filed writ-petition in the Mumbai High Court and also approached the Hon'ble A.A.I.F.R. for relief against the B.I.F.R. order. Hon'ble A.A.I.F.R. was kind enough to grant necessary relief and opined that:



**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED**

"Several positive developments have taken place since the impugned order was passed. The appellant company has arrived at a settlement with all its secured credits and the amounts due as per the settlement agreement have been paid.

**In view of the significant positive development that has taken place, there is now a distinct possibility of revival.** We, therefore allow the appeal and set aside the impugned order dated 17<sup>th</sup> September 2004. The matter is remanded to B.I.F.R. with a direction to formulate a rehabilitation scheme for the revival of the appellant company and pass appropriate orders in accordance with law."

B.I.F.R. after taking note of the order from it's appellant Authority has further appointed ICICI BANK as the Operating Agency for further submitting the rehabilitation scheme.

**APPOINTMENT / REAPPOINTMENT OF DIRECTORS:**

On 25<sup>th</sup> November 2005 Shri Rajesh V. Hedge, Shri Virendrasinh Devda, Shri Bharat J Chouhan, Mrs. Omana V. Nayak were appointed as Additional Directors on the Board of the Company. On the same date, Shri Jung Soon Jo, resigned from the Board. The Board places on record its sincere appreciation for the guidance received from Shri. Jung Soon Jo during his tenure as member of the Board. The Board also recommends confirmation of appointment of Shri Ravindra Mardia as Managing Director of the Company.

The Brief profiles of Directors being appointed at the ensuing Annual General Meeting forms part of notice convening 14<sup>th</sup> Annual General Meeting.

In accordance with the Provisions of the Companies Act, 1956, and Articles of Association of the Company, Shri. Surendra Mardia who retires by rotation, at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The Board recommends their appointment.

**AUDITORS:**

M/s SHYAM C. AGRAWAL & COMPANY, Chartered Accountants, auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956. Accordingly, the said Auditors may be appointed as Auditors of the Company at the ensuing Annual General Meeting.

**AUDITOR'S REPORT:**

Notes on Accounts referred to by the Auditors in their Report are self-explanatory and therefore, do not require any further clarification.

**FIXED DEPOSITS:**

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

**PARTICULARS OF EMPLOYEES:**

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.

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**CONSERVATION OF ENERGY**

The Company has taken adequate steps to conserve energy at all levels. An in-house team comprising of experts, regularly keep a check on all the energy conservation systems applied by the Company at the work place. At regular intervals the reports and findings of this team are discussed by the senior management. The Energy Conservation system of the Company gives emphasis on :

- I Personnel specially trained for this task.
- II Research on use of such component in the equipments and final product which will maximize energy conservation.
- III Proper maintenance of all machinery & other equipment and timely replacement of worn-out components.
- IV Maximum utilization of available resources.

In accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 the required information relating to conservation of energy, technology absorption and Foreign Exchange earning and outgoing is annexed to the report.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

In terms of Section 217(2AA) of the Companies Act, 1956, we, the Directors of MARDIA SAMYOUNG CAPILLARY TUBES CO. LIMITED, state in respect of Financial Year 2005-06 that :

- a) in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) the directors have selected such accounting policies and applied them consistently and made judgments 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 financial year and of the profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

**AUDIT COMMITTEE**

- a) Pursuant to the provisions of Section 292A of the Companies Act, 1956, the Board has constituted an Audit Committee comprising of four independent Directors, and one executive Director, inter alia for holding discussions with the Auditors periodically, review of quarterly, half yearly and annual financial statements before submission to the Board, review of observations of Auditors and to ensure compliance of internal control systems;
- b) the Audit Committee has also been delegated with authority for investigation and access for full information and external professional advice for discharge of the function delegated to it by the Board;
- c) the Board agrees that the recommendations of the Audit Committee on any matter relating to financial and management including the audit report would be binding on the Board; and
- d) based on the above and the Internal Audit System, the Audit Committee, the Board opines that the Company has internal control system to commensurate with the size of the Company and the nature of its business.

**CORPORATE GOVERNANCE**

As required under clause 49 of the Listing Agreements with the Stock Exchanges, Corporate Governance and Management discussion and Analysis Report form part of this Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' certificate confirming compliance of the Corporate Governance is attached to the Report on Corporate Governance.