



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

**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED****FIFTEENTH ANNUAL REPORT - 2006-2007**

DIRECTORS.	<p>Surendra Mardia Chairman  Ravindra Mardia Managing Director  Rajesh V. Hodge Director  (Resigned w.e.f. 07.06.2007)  Virendra Singh Deora Director  Omana Nayak Director  Bharat J. Chouhan Director  Gopal Soni Director  (Appointed as an Additional Director w.e.f. 07.06.2007)</p>
AUDITORS	<p>Shyam. C. Agrawal &amp; Co.  Chartered Accountants  3/910 – L, Navjivan Society,  Lamington Road, Mumbai - 400 008.</p>
BANKERS	<p>HDFC BANK  THE RATNAKAR BANK LTD.</p>
FACTORY :	<p>203, Piparia Industrial Area,  Silvassa,  Dadra &amp; Nagar Haveli (U. T.)</p>
REGISTERED OFFICE:	<p>J – 55, M. I. D. C, Industrial Area,  Tarapur, Boisar - 401 506.  District - Thane.  Maharashtra.</p>
REGISTRAR AND TRANSFER AGENT:	<p>M/s. Purva Sharegistry India Private Limited.,  33, Printing House,  28 – D, Police Court Lane,  Fort, Mumbai – 400 001.</p>

Contents	Page No.
Notice	1 - 3
Directors' Report	4 - 10
Corporate Governance	11 - 18
Auditors Report	19 - 21
Balance Sheet	22
Profit & Loss Account	23
Schedules	24-32
Cash Flow Statement	33
Balance Sheet Abstract & Company's General Business Profile	34-35

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

**NOTICE** is hereby given that the **15TH ANNUAL GENERAL MEETING** of the Members of **MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED** will be held on Tuesday, the 21st August, 2007 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 to transact the following business.

**ORDINARY BUSINESS:**

1. To consider and adopt the Balance Sheet as at 31st March, 2007 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 Shri Ravindra Mardia and Omana Vijay Nayak 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. Gopal Soni, 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"

**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, 14/08/2007 to Tuesday, the 21/08/2007 (Both days inclusive)
  5. Register of members and Share Transfer Books of the Company will be closed from Tuesday, 13/06/2007 to Tuesday, the 20/06/2007 (Both days inclusive)

**15th Annual Report 2006-2007**

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.

Equity Shares of the Company are available in dematerialised Form with the Central Depository Service (India) Ltd (CDSL).

Place: Mumbai

Dated: July 2<sup>nd</sup>, 2007

Registered Office:

J 55, M. I. D. C, Industrial Area,

Tarapur . Boisar - 401 506

Dist. Thane

Maharashtra

By order of the Board of Directors

Sd/-

SURENDRA MARDIA

Chairman

## **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 7<sup>th</sup> June, 2007 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company appointed Shri Gopal Soni as an Additional Director of the Company. Shri Gopal Soni is a Master of Commerce 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 Gopal Soni 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 Gopal Soni 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.

Place: Mumbai

Dated: July 2<sup>nd</sup>, 2007

Registered Office:

J 55, M. I. D. C, Industrial Area,

Tarapur . Boisar - 401 506

Dist. Thane

Maharashtra

By order of the Board of Directors

Sd/-

SURENDRA MARDIA

Chairman

**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED**

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, 2007 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	Gopal Soni	Omana Nayak
Date of Birth	06-08-1954	26-10-1957	3-5-1964
Date of Appointment	1-12-2005	07-06-2007	25-11-2005
Expertise in specific functional areas	He has been in the trade of non-ferrous metal extrusion products for almost 3 decades.	Master of Commerce with wide professional experience.	Wide experience in the field of accountancy.
Qualifications	Science Graduate	M.Com	Commerce Graduate
List of outside Directorships held Excluding Directorship and Private Companies	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
Chairman/Member of Committee of the Board of Directors of other Companies in which he/she is a Director:			
Audit Committee	Yes	Yes	Yes
Share Transfer and Investor Grievances Committee	Yes	Yes	Yes
Remuneration Committee	Yes	Yes	Yes
No. of Equity Shares of the Company held on 31-3-2007	1,50,000 Shares	Nil	Nil

**15th Annual Report 2006-2007****DIRECTOR'S REPORT**

**To  
The Members,**

Your Directors have pleasure in presenting the 15th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2007.

**FINANCIAL RESULTS:**

	CURRENT YEAR (Rs. in Lacs)	PREVIOUS YEAR (Rs. in Lacs)
OPERATING PROFIT/LOSS (PBIDT)	402.50	132.12
Interest & Financial Charges	0.31	0.94
PROFIT/LOSS BEFORE DEPRECIATION & TAXATION	402.24	131.20
Depreciation	31.99	27.55
PROFIT/LOSS BEFORE TAXATION	370.25	103.65
Provision for Taxation	43.51	0
NET PROFIT/LOSS AFTER TAX	326.74	103.65

**DIVIDEND:**

In view of carried forward loss in the current year, your Directors do not recommend any dividend for the year ended 31st March 2007.

**OPERATIONS AND PROSPECTUS:**

During the year under review, your Company has achieved gross turnover of Rs. 3227.24 lacs as against Rs. 1992.77 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 62% 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:

*"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."*

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

**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED****APPOINTMENT / REAPPOINTMENT OF DIRECTORS:**

No additional Director was appointed during the Financial year 2006-07. 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 15<sup>th</sup> Annual General Meeting.

In accordance with the Provisions of the Companies Act, 1956, and Articles of Association of the Company, Shri. Ravindra Mardia & Omana Vijay Nayak 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.

**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 2006-07 that:

- a) In the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;



**15th Annual Report 2006-2007**

- 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 Company's 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.

**ACKNOWLEDGEMENT:**

Your Directors are pleased to place on record their appreciation of the value, contribution, devotion and sense of commitment extended by the employees of the Company, which inspires confidence to plan for greater accomplishments in the current financial year. Your Directors would also like to place on record its sincere appreciation for the whole hearted support and contributions made by the various Financial institutions, Banks, Central, State Government and Local bodies, distributors, suppliers and other business associates towards conduct of efficient operations of your company.

Place: Mumbai  
Date: July 2<sup>nd</sup>, 2007.

For and on behalf of the Board

Sd/-  
**SURENDRA MARDIA**  
Chairman



**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED****ANNEXURE 'A' TO THE DIRECTOR'S REPORT**

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

**FORM A****A. Power and Fuel consumption**

		CURRENT YEAR	PREVIOUS YEAR.
1) Electricity:			
a) Purchased			
Units (kwh)		108685	149420
Total Amount	Rs.	406481	541998
Rate per unit	Rs.	3.74	3.63
b) Own Generation:			
Through Diesel Generator			
Units		7572	9950
Total Amount	Rs.	37480	48654
Rate per unit	Rs.	4.95	4.89

**B. Consumption per unit of production**

		CURRENT YEAR	PREVIOUS YEAR.
Products (with details)	Unit		
Copper Brass Semies	Ton	92	115
(Purchased & Generated)			
Kwh / per MT of semies			

**FORM B**

Disclosure of particulars with respect to technology absorption.

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

**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.

**C. FOREIGN EXCHANGE EARNING AND OUTGOING:**

Foreign Exchange Earning	: Rs.	Nil
Foreign Exchange Outgoing	: Rs.	Nil
CIF Value of import of		
Capital Goods	: Rs.	Nil
Traveling Expenses	: Rs.	Nil

Place: Mumbai  
Date: July 2<sup>nd</sup>, 2007.

For and on behalf of the Board

Sd/-  
SURENDRA MARDIA  
Chairman

## 15th Annual Report 2006-2007



### MANAGEMENT DISCUSSIONS AND ANALYSIS

The management is pleased to present herewith the Management & Analysis Report as per the provisions of Listing agreement entered into with the Stock Exchanges and the Code of Corporate Governance approved by the Securities & Exchange Board of India broadly touching the following aspects:

1. Industry structure and developments.
2. Material Developments during the year
3. Opportunities and Threats.
4. Segment-wise or product wise performance
5. Outlook-Risks and concerns
6. Internal control systems and their adequacy
7. Discussion on financial performance with respect to operational performance.
8. Material developments in Human Resources / Industrial Relations front, including number of people employed.

This management discussion and analysis report might contain certain forward looking statement which represent the management's vision for the future. The actual results may very depending on various internal and external factors beyond the control of the management. The views mentioned herein are also subject to change as and when required to suit the future management policies and circumstances in the market or economy.

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking Statements" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors. Further the discussions following herein reflects the perceptions on major issues as on date, and the opinions expressed here are subject to change without notice.

The company undertakes no obligation to publicly update or revise any of the opinions or forward looking statements expressed in this report, consequent to new information, future events or otherwise.

The company has adopted the best and the most sophisticated technology to suit Indian needs. The company as a part of reducing manufacturing cost of products as also to strengthen the bottom line, has decided to adopt the policy of becoming 'backbone provider' to the industry through focusing on various components.

#### Industry Structure and Development

The company's products include Copper, Brass, Stainless Steel and alloys of Copper in form of Bars, Tubes, Wires, Ingots and Profiles. These products have applications in various engineering and electrical industries which manufacturing metal parts and components. Non-Ferrous Metal industries normally manufacture some of the above items and specialise in one of the items, however Mardia Samyoung Capillary Tubes Company Limited (MSL) produces all the above items and also specialises in irregular shapes and sizes of profiles and sections.

The growth in non-ferrous metal industry is directly related to the growth of industries having engineering and electrical applications like automotive, gas valves, pumps, fans and industrial machinery. High volume segments are catered by domestic manufacturers. MSL primarily caters to Various Engineering and Electrical industries in the country.

#### Material Developments during the year

During the year 2004-05 ARCIL (Asset Reconstruction Company of India Limited) on behalf of ICICI the secured creditors had taken the possession of Plant and Machinery and other miscellaneous movable Assets under the Securitisation Act, 2002, and had sold these movable assets. The company has now purchased back adequate machinery to continue and improve upon its day to day operations, as seen from the improved performance of the company. The Accounts have been drawn up based on the going concern, assumption based on the management perception of the future of the company.

#### Opportunities and Threats

As mentioned above, the growth of metal industry is linked to the growth of the major engineering and electrical applications industry, i.e. the Automobile / Engineering / Railways. Demand growth in Non-Ferrous Metal industries will largely depend on growth of the original equipment manufacturers (OEM) in the automobile industry, engineering & electrical segment and opportunities in the international markets. The demand for MSL's growth will heavily depend on the growth in served industrial Engineering and Electrical industries business both in domestic and international markets. The growth in demand for Non-Ferrous Metals will depend on the growth of Industrial and infrastructural activities.