



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

**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED****SIXTEENTH ANNUAL REPORT - 2007-2008**

<b>DIRECTORS</b>	Surendra Mardia	Chairman
	Ravindra Mardia	Managing Director
	Virendra Singh Deora	Director
	Omana Nayak	Director
	Bharat J. Chouhan	Director
	Gopal Soni	Director

<b>AUDITORS</b>	Shyam. C. Agrawal & Co. Chartered Accountants
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<b>BANKERS</b>	HDFC BANK THE RATNAKAR BANK LTD.
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<b>FACTORY</b>	203, Piparia Industrial Area, Piparia, Silvassa, Dadra & Nagar Haveli (U. T.)
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<b>REGISTERED OFFICE</b>	J - 55, M. I. D. C, Industrial Area, Tarapur, Boisar - 401 506. District - Thane. Maharashtra.
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<b>REGISTRAR AND TRANSFER AGENT:</b>	M/s. Purva Sharegistry India Private Limited., Shiv Shakti Indl. Estate, Unit No. 9, 7-B, J.R. Boricha Marg, Sitaram Mill Compound, Mumbai 400 011.
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**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED****NOTICE**

**NOTICE** is hereby given that the **16TH ANNUAL GENERAL MEETING** of the Members of **MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED** will be held on Thursday, the 21<sup>st</sup> August, 2008 at 5.00 P. 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, 2008** 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. Virendrasinh Deora and Shri. Bharat Chouhan 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.
4. 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:**

5. To consider and if thought fit, pass the following resolution, with or without modifications, as a **Special Resolution** :

**"RESOLVED THAT** pursuant to Sick Industrial Companies (Special Provisions) Act, 1985 and the applicable provisions under the said Act, its amendment and other Regulations, (including the rules and regulations there under and any statutory modification, amendments or re-enactment of the principal act or such rules and regulations for the time being in force) and in accordance with the provisions of the Articles of Association and the memorandum of Association of the Company, the Company do apply to the Hon'ble BIFR necessary Rehabilitation / Restructuring Scheme in the best business interest of the Company, in order to improve the shareholders value and to augment the strength and achieve the synergy among the group companies, which are all registered with BIFR viz. Mardia Tubes Ltd., Mardia Extrusions Ltd., Mardia Samyoung Capillary Tubes Company Ltd, including the merger of the said companies, Preferential Allotment of the Shares of the Company in terms of Sections 81(1A) and other applicable, provisions, if any of the Companies Act. 1956, and provide liquidity to the stakeholders at large and the Boards of Directors (and constituted committee thereof) be and is hereby authorised to do all acts, deeds and things which may be necessary, usual, proper or expedient as may be required in this connection."

Registered Office :  
J - 55, M. I. D. C., Industrial Area,  
Tarapur, Boisar - Maharashtra

For and on behalf of the Board of Directors

Place Mumbai  
Dated : 21<sup>st</sup> July, 2008

**SURENDRA MARDIA**  
Chairman

**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 dematerialized form are requested to notify the aforesaid changes to their Depository Participant(s).

**M/S PURVA SHAREGISTRY (I) PVT. LTD.**  
No. 9, Shiv Shakti Industrial Estate, Ground Floor,  
J. R. Boricha Marg, opp. Kasturba Hospital,  
Lower Parel, Mumbai 400 011  
Tel No 022 2301 8261 / 2301 6761.  
Fax No 2301 2517. Email : busicomp@vsnl.com.

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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 Thursday 14/08/2008 to Thursday 21/08/2008 (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 dematerialized Form with the (National Securities Depository Service Ltd.) NSDL and Central Depository Service (India) Ltd (CDSL).
7. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 for the business at S. No. 5 & 6 to be transacted is annexed.
8. All the documents referred to in the Notice and Explanatory Statement annexed to the Notice convening this Annual General Meeting of the Company is available for inspection at the Registered Office of the Company between 11 a.m. to 1.00 p.m on all working days, upto the date of the Annual General Meeting.

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 :

Name of Director	Virendra Sinh Deora	Bharat Chouhan
Date of Birth	12-11-1972	13.9.1975
Date of Appointment	25.11.2005	25.11.2005
Expertise in specific functional areas	Wide experience in the field of engineering.	Wide experience in accountancy.
Qualifications	Mechanical Engineer	Commerce Graduate
List of outside Directorships held Excluding Directorship in Private Companies	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
Chairman/Member of Committee of the Board of Directors of other Companies in which he/she is a Director:		
Audit Committee	Yes	Yes
Share Transfer and Investor Grievances Committee	Yes	Yes
Remuneration Committee	Yes	Yes
No. of Equity Shares of the Company held on 31-3-2008	Nil	Nil

**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED****The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 :****Item No.5**

The Company's shares are listed with Bombay Stock Exchange Limited (BSE) and Ahmedabad Stock Exchange and considering the trading of shares of the Company have taken place always at BSE and for improving the cost cutting measures, it is proposed to apply for Delisting the shares of the Company from Ahmedabad Stock Exchange. As the Company is a Sick company, registered with the Hon'ble BIFR, it is recommended to be passed as a Special Resolution.

None of the Directors may be deemed to be concerned or interested in the resolution.

**Item No.6**

In order to improve the shareholders value and to augment the strength and achieve the synergy among the group companies, which are all registered with BIFR, the Board of Directors, subject to approval of the required authorities, to the extent required, if any, have proposed to submit a rehabilitation scheme to BIFR, to enable the possible turnaround of the group companies together by way of merger and provide liquidity to the stakeholders at large. Further, the Board of Directors to be enabled to approach various investors, who could participate at this turning around, without going through the various time consuming and restrictive formalities of applicable laws. In the best business interest of the Company, this resolution has proposed as a Special Resolution, to enable the Board of Directors or its Committee to the Hon'ble BIFR to avail their authority to revive the Company and give an opportunity to the stakeholders of the three group companies, which are registered as Sick companies.

None of the Directors may be deemed to be concerned or interested in the resolution.

For and on behalf of the Board of Directors

Registered Office:

J-55, M. I. D. C, Industrial Area,  
Tarapur. Boisar - Maharashtra

SURENDRA MARDIA  
Chairman

Place: Mumbai

Dated: 21<sup>st</sup> July, 2008.

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## DIRECTOR'S REPORT

To  
The Members,

Your Directors have pleasure in presenting the 16th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2008.

**FINANCIAL RESULTS:**

	CURRENT YEAR (Rs. in Lacs)	PREVIOUS YEAR (Rs. in Lacs)
OPERATING PROFIT/LOSS (PBITD)	59.20	402.50
Interest & Financial Charges	0.18	0.31
PROFIT/LOSS BEFORE DEPRECIATION & TAXATION	59.02	402.24
Depreciation	31.99	31.99
PROFIT/LOSS BEFORE TAXATION	27.03	370.25
Provision for Taxation	119.25	43.51
NET PROFIT/LOSS AFTER TAX	146.28	326.74

**DIVIDEND:**

In view of carried forward loss in the current year, your Directors do not recommend any dividend for the year ended 31st March 2008.

**OPERATIONS AND PROSPECTUS:**

During the year under review, your Company has achieved gross turnover of Rs. 1035.01 lacs as against Rs. 3227.24 lacs during the previous year. Due to Re-locating of Plant and Machinery the sales of the company has drastically decreased by 68.62%. Decrease in sales mainly due to the reason that the Company has gone through a major rehabilitation programme and realignment of plant and machinery, due to which the production was nearly stopped for more than 6 months. However, the company has earned a net profit of Rs. 27.03 Lacs. Moreover the interest burden on the company is also now negligible. After settlement with UBI and DENA Bank 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. During the year the Company has rented out part of its premises at Silvassa, which was lying unutilized by the Company, for a period of 2 years only ending 31.03.2009

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 Bank has been appointed as the Operating Agency. Hon'ble A.A.I.F.R. has 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 creditors 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. thereafter appointed ICICI BANK as the Operating Agency for review and act upon the rehabilitation scheme. ICICI Bank has since submitted the DRS scheme to BIFR. (Hon. BIFR called meetings and the matter is under consideration).

**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED****PROPOSAL FOR MERGER OF GROUP COMPANIES :**

In order to improve the shareholders value and to augment the strength and achieve the synergy among the group companies, which are all registered with BIFR, the Board of Directors, subject to approval of the required authorities, have proposed to submit a rehabilitation scheme to BIFR, including the possible turnaround of the group companies together by way of merger and provide liquidity to the stakeholders at large.

**PROPOSAL FOR DELISTING OF SHARES FROM AHMEDABAD STOCK EXCHANGE :**

The Company's shares are listed with Bombay Stock Exchange Limited (BSE) and Ahmedabad Stock Exchange and considering the trading of shares of the Company have taken place always at BSE and for improving the cost cutting measures, it is proposed to apply for Delisting the shares of the Company from Ahmedabad Stock Exchange.

**APPOINTMENT / REAPPOINTMENT OF DIRECTORS:**

The Brief profiles of Directors being appointed at the ensuing Annual General Meeting forms part of notice convening 16<sup>th</sup> Annual General Meeting.

In accordance with the Provisions of the Companies Act, 1956, and Articles of Association of the Company, Shri. Virendrasinh Deora and Bharat Chauhan 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:**

With respect to the observations of the Auditors vide 5 (f) of the Auditors' Report, considering the proposal of the rehabilitation as above-mentioned, to reflect the present value of the assets, the assets of the Company have been revalued to reflect a true and fair view of the financial statements, taking into account the improved economic and inflationary conditions.

**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 maximizé 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.

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### 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 2007-08 that :

- a) In the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any :
- 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, and;
- d) The Annual Accounts have been prepared on a 'Going Concern Basis'

### REVALUATION OF ASSETS :

As on 31<sup>st</sup> March 2008, the Company has revalued its fixed assets as per the valuation of registered valuer. This has resulted in to increase in the Gross Block by Rs.3,70,34,625/- and corresponding increase in the Revaluation Reserve by the same amount.

### 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.

For and on behalf of the Board

Place: Mumbai.  
Date 21st July, 2008.

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)		160137	108685
Total Amount	Rs.	568276	406481
Rate per unit	Rs.	3.55	3.74

**B. Consumption per unit of production**

		CURRENT YEAR	PREVIOUS YEAR.
Products (with details)	Unit		
Copper Brass Semies	Ton	160.30	92
(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:**

The Company is presently concentrating on the domestic market. The Exports efforts are being laid down to achieve desired exports in the future.

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

For and on behalf of the Board

Place: Mumbai.  
Date. 21<sup>st</sup> July, 2008.

SURENDRA MARDIA  
Chairman

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## 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 statements which represent the management's vision for the future. The actual results may vary 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 specialize in one of the items, however Mardia Samyoung Capillary Tubes Company Limited (MSL) produces all the above items and also specializes 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

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 BANK has been appointed as the Operating Agency. Hon'ble A.A.I.F.R. has 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 creditors 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. thereafter appointed ICICI BANK as the Operating Agency for review and act upon the rehabilitation scheme. ICICI BANK has since submitted the DRS scheme to BIFR. (Hon. BIFR called meetings and the matter is under consideration).