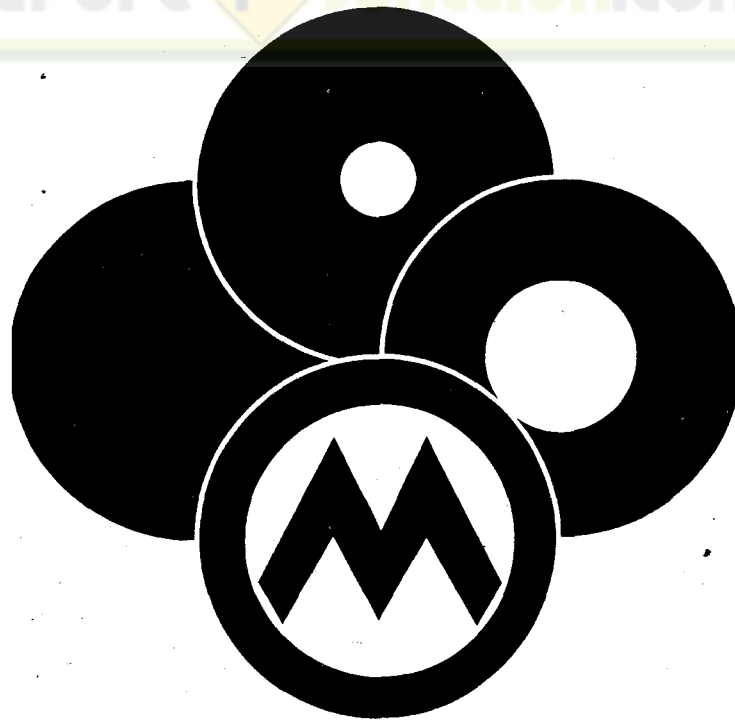


# **24th Annual Report 2003 - 2004**

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## **Mipco Seamless Rings (Gujarat) Limited**





# **MIPCO SEAMLESS RINGS (GUJARAT) LIMITED**

<b>BOARD OF DIRECTORS</b>	P. M. Patel	Chairman
	S. M. Patel	Managing Director
	T. M. Patel	
	S. V. Subramania Iyer	
	Jal R. Patel	(from 26.05.2004)
	S. N. Bhandari (Nominee of ICICI)	(upto 20.02.2004)
	S. S. Sarpotdar (Nominee of ICICI)	(from 20.02.2004 to 26.05.2004)

**AUDITORS** **Parikh & Shah**  
Chartered Accountants

**BANKERS** **Bank of Baroda**

**REGISTERED  
OFFICE AND  
WORKS** Plot No. 109,  
G.I.D.C. Industrial Estate,  
Narmadanagar,  
Bharuch - 392 015,  
(Gujarat).

Twenty-Fourth Annual General Meeting on Wednesday, the 11th August, 2004 in the Conference Room of the Registered Office of the Company, at Plot No.109, G.I.D.C. Industrial Estate, Narmadanagar, Bharuch - 392 015 (Gujarat), at 12.00 noon.

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**Mipco Seamless Rings (Gujarat) Limited****NOTICE**

NOTICE is hereby given that the Twenty-Fourth Annual General Meeting of the Members of **MIPCO SEAMLESS RINGS (GUJARAT) LIMITED** will be held in the Conference Room of the Registered Office of the Company at Plot No. 109, GIDC Industrial Estate, Narmadanagar, Bharuch-392 015 on Wednesday, the 11<sup>th</sup> August, 2004, at 12.00 noon to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2004 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. P. M. Patel, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors 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 Mr. Jal R. Patel, who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 26<sup>th</sup> May, 2004 and pursuant to the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member of the Company pursuant to Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company, be and is hereby appointed 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 a SPECIAL RESOLUTION:

"RESOLVED THAT subject to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and other applicable Acts, Rules and Regulations, if any, (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, permissions and sanctions from such authorities as may be required and subject to such conditions and modifications as may be prescribed or imposed, while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the voluntary delisting of Securities of the Company from the Vadodara Stock Exchange Limited."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of Directors that may be appointed by the Board of Directors) be and is hereby authorised to agree to such terms and conditions which they may consider appropriate and to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary, proper or desirable and to execute all such applications, documents and writings as are considered necessary or proper for giving effect to this resolution."

**NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxies, in order to be effective, must be received by 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, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 4<sup>th</sup> August, 2004 to Wednesday, the 11<sup>th</sup> August, 2004 (both days inclusive).
4. Members are requested to notify their change of address, if any.
5. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company to enable the Company to consolidate their holdings in one folio.
6. Members are requested to write to the Company for any queries regarding Accounts, so as to reach the Company at least ten days before the meeting, to enable the management to keep the information ready at the Meeting.

Registered Office:  
Plot No.109, GIDC Industrial Estate,  
Narmadanagar, Bharuch – 392 015.

By Order of the Board of Directors  
For **MIPCO SEAMLESS RINGS (GUJARAT) LIMITED**

Date: 26<sup>th</sup> May, 2004

**S.M.PATEL**  
Managing Director



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF  
THE COMPANIES ACT, 1956.**

Item No.4:

Mr. Jal R. Patel was appointed as an Additional Director of the Company in the Meeting of the Board of Directors held on 26<sup>th</sup> May, 2004. He will hold office of Director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing along with deposit of Rs.500/- from a member, proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956.

Mr. Jal R. Patel, is a Financial and Management Consultant. He is an Associate Member of Institute of Company Secretaries of India and Institute of Chartered Accountants of India. He has 32 years of experience in Bearing Industry.

Your Directors recommend the resolution as set out in item No.4 of the Notice, for your approval.

None of the Directors of the Company except Mr. Jal R. Patel is in any way concerned or interested in the resolution.

Item No.5:

Presently, the Company's Securities are listed on The Stock Exchange, Mumbai and Vadodara Stock Exchange Ltd. The Vadodara Stock Exchange Limited is the Regional Stock Exchange for the Company.

The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, permit a Company to get its Securities delisted even from the Regional Stock Exchange provided the Securities continue to be listed on a Stock Exchange having nationwide trading terminals. The Securities of your Company are listed on The Stock Exchange, Mumbai, having nationwide trading terminals and investors can easily access to online dealings in the Company's Securities across the country.

In the last few years, there has been negligible trading in the Company's Securities at the Vadodara Stock Exchange Limited. The listing fees paid to the Vadodara Stock Exchange Limited do not have any cost benefit for the listing facilities.\* Also, no particular benefit is available to the Security holders of the Company as a result of listing being continued on this Stock Exchange.

It is, therefore, proposed to delist voluntarily, the Securities of the Company from the Vadodara Stock Exchange Limited.

Pursuant to Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, a Special Resolution is required to be passed for voluntary delisting of Securities.

The Board therefore recommends the resolution for your approval.

None of the Directors of the Company is concerned or interested in the resolution except as security holders of the Company, wherever applicable.

By Order of the Board of Directors  
For **MIPCO SEAMLESS RINGS (GUJARAT) LIMITED**

Place: Mumbai  
Date : 26<sup>th</sup> May, 2004

**S.M.PATEL**  
Managing Director

**Mipco Seamless Rings (Gujarat) Limited****DIRECTORS' REPORT**

Dear Members,

The Directors present herewith their 24<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2004.

**FINANCIAL RESULTS:**

Rs. in lacs

	Year ended 31.03.2004	Year ended 31.03.2003
Gross Profit/(Loss) before Interest, Depreciation and Tax	(130.43)	(140.89)
Less: Interest & Finance Charges	51.93	78.50
Depreciation	103.02	103.24
Loss for the year	(285.38)	(322.63)
Less: Provision for Tax		
Current Tax	-	-
Deferred Tax	38.52	14.14
Prior Period Adjustment	-	(8.67)
Add: Balance brought forward from previous year	(1432.59)	(1412.81)
Less: Transfer from General Reserve	-	297.38
Loss carried to Balance Sheet	(1679.45)	(1432.59)

**OPERATIONS:**

The operations of your Company continued with an emphasis on processing activities during the year. Production was suspended after June, 2002 due to want of funds for the basic raw material required for production and your Company turned to labour jobs involving processing and turning, which, in due course has become a more viable activity as is evident from the operating results. The level of activity is also gaining ground thereby bringing down the loss incurred by your Company from Rs.322.63 lacs during F. Y. 2002-2003 to Rs.285.38 lacs during F. Y. 2003-2004.

**SICK INDUSTRIAL STATUS:**

As informed to you earlier, on account of sustained loss, the entire Net Worth of your Company stood eroded as at 31<sup>st</sup> March, 2002 and as required under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 and based on the Audited Figures for the period ended 31<sup>st</sup> March, 2002, a reference has been made to the BIFR by your Company.

**DIVIDEND:**

In view of the loss, your Directors do not recommend any dividend for the year under review.

**FIXED DEPOSITS:**

During the year under review, your Company has not accepted or renewed any Deposits from the Public.

**DIRECTORS:**

ICICI Bank Limited has withdrawn their Nominee Directors Shri S.N. Bhandari and Smt. S.S. Sarpotdar from the Board of the Company. The Directors place on record their appreciation for the valuable services rendered by them.

Mr. P. M. Patel, a Non-Executive Director of the Company, retires by rotation and being eligible, offers himself for re-appointment. Necessary resolution for his re-appointment is being placed before the members for their approval.

Mr. Jal R. Patel, aged 66 years, a Non-Executive Independent Director, was appointed as Additional Director of the Company at the Board of Directors meeting held on 26<sup>th</sup> May, 2004. Mr. Jal R. Patel holds office upto the ensuing Annual General Meeting. A Notice under Section 257 of the Companies Act, 1956, has been received from a member, along with requisite deposit, proposing the appointment of Mr. Jal R. Patel as the Director of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors report that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanatory statement relating to material departures, if any.
2. such accounting policies have been selected and applied consistently and the judgements and estimates made 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 or Loss of the Company for that year.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the accounts have been prepared on a going-concern basis.

**CORPORATE GOVERNANCE:**

During the year under report your Company is required to implement the requirements of the Code of Corporate Governance in accordance with Clause 49 of the Listing Agreement with the Stock Exchange and has complied accordingly to the best of its ability, as detailed in a Report on Corporate Governance included as part of the Annual Report.

Management Discussion and Analysis Report annexed hereto forms part of the Directors' Report. A certificate from the Auditors of the Company regarding compliance of the Code of Corporate Governance is also annexed to the Directors' Report.

**REPORT ON ENERGY CONSERVATION AND RESEARCH AND DEVELOPMENT ACTIVITIES:**

Information relating to Energy Conservation, Foreign Exchange Earned and Spent and Research and Development activities undertaken by the Company in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in the annexure to the Directors' Report.

**AUDITORS:**

M/s. Parikh & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

**PARTICULARS RELATING TO EMPLOYEES:**

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not given as none of the employees has drawn remuneration in excess of the limits set therein.

**ACKNOWLEDGEMENT:**

The Directors wish to place on record their deep sense of appreciation for the committed services of the employees of the Company at all levels. The Directors would also like to express their sincere appreciation for the assistance and co-operation received from Financial Institutions, Banks and Customers, during the year.

For MIPCO SEAMLESS RINGS (GUJARAT) LIMITED

P.M. PATEL  
CHAIRMAN

Place: Mumbai

Date: 26<sup>th</sup> May, 2004

**ANNEXURE TO DIRECTORS' REPORT**  
Particulars under the Companies (Disclosure of Particulars in the  
Report of the Board of Directors) Rules, 1988.

**A. CONSERVATION OF ENERGY :**

	2003-2004	2002-2003
<b>A. Power and Fuel Consumption</b>		
Electricity :		
(a) Purchased		
Units	3045015	2870405
Total Amount (Rs.)	1,71,19,551.00	1,61,85,272.00
Rate/Unit (Rs.)	5.62	5.64
(b) Own Generation		
(i) Through diesel generator unit	-	-
Units per Ltr. of Diesel Oil	-	-
Cost/Unit	8.34	-
(ii) Through steam turbine/generator units	-	-
Units per Ltr. of Fuel Oil/Gas	-	-
Cost/Unit	-	-
(iii) Through Wind Farm Projects		
Units	662560	724027
Total Amount (Rs.)	32,37,092.00	32,60,581.00
Rate/Unit (Rs.)	4.89	4.50
<b>B. Consumption per unit of production</b>		
Forged/Rolled Ring for Bearing Races		
Electricity (Rs.)	NIL	NIL

**B. TECHNOLOGY ABSORPTION:**

The Company has no technical collaboration and therefore absorption of technology does not apply.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Earnings : NIL  
Outgo : Rs. 0.21 lacs.



## Mipco Seamless Rings (Gujarat) Limited

### CORPORATE GOVERNANCE REPORT:

Your Company comes within the purview of Clause 49 of the Listing Agreement and accordingly, a Report on Corporate Governance, in the manner specified, is given herebelow:

#### Company's Philosophy on Code of Governance

Your Company has always adhered to the tenets of good Corporate Governance even before it was made mandatory, with a clear sight of the right to information by Shareholders with respect to Company's operations and performance.

#### Board of Directors

The Board of Directors consists of five members, comprising four Non-Executive Directors and a Managing Director. The Company has a Non-Executive Chairman with the number of Non-Executive Directors being more than 50% of the total number of Directors and the number of Independent Directors are two.

Particulars of the Directorships, Chairmanships and Memberships of Board/Committees and attendance at Board/General Meeting of the Company are given herebelow:

Name of the Director	Executive/Non-Executive/Independent	No. of outside Directorships in Public Companies	Membership held in Committee of Directors	Chairmanship held in Committee of Directors	No. of Board Meetings attended	Whether attended last AGM
Mr. P.M. Patel	Non-Executive Chairman	3	6	1	4	✓
Mr. S.M. Patel	Managing Director	2	4	1	3	-
Mr. T.M. Patel	Non-Executive	2	4	-	4	✓
Mr. S.V. Subramania Iyer	Non-Executive - Independent	-	1	1	4	✓
Mr. S.N. Bhandari*	Non-Executive - Independent	-	1	1	5	✓
Mrs. S.S. Sarpotdar**	Non-Executive - Independent	-	-	-	-	-
Mr. Jal R. Patel***	Non-Executive - Independent	3	8	-	-	-

\* Upto 20.02.2004

\*\* From 20.02.2004 to 26.05.2004

\*\*\* With effect from 26.05.2004

During the financial year 2003-04, five Board meetings were held on the following dates i.e. on 30<sup>th</sup> May, 2003, 18<sup>th</sup> July, 2003, 18<sup>th</sup> September, 2003, 21<sup>st</sup> October, 2003 and 30<sup>th</sup> January, 2004 and the AGM was held on 18<sup>th</sup> September, 2003.

#### AUDIT COMMITTEE:

Mr. S.V. Subramania Iyer has been appointed Chairman of the Audit Committee with effect from 26<sup>th</sup> May, 2004, due to the withdrawal of Mr. S.N. Bhandari, Nominee Director, by ICICI Bank Ltd. from the Board.

The Audit Committee of the Company has such powers as are detailed under Section 292A of the Companies Act, 1956, and also Clause 49(II)(c) of the Listing Agreement.

The responsibilities of the Audit Committee include inter-alia, overseeing the financial reporting process to ensure proper disclosure of financial statements, recommending appointment/removal of external auditors and fixing their remuneration, reviewing the half yearly and annual financial statements before submission to the Board, and discussing the scope of audit with external auditors.

During the Financial year ended 31<sup>st</sup> March, 2004, four Audit Committee Meetings were held on the following dates i.e. on 30<sup>th</sup> May, 2003, 18<sup>th</sup> July, 2003, 21<sup>st</sup> October, 2003 and 30<sup>th</sup> January, 2004.

The composition of the Audit Committee is in consonance with the Listing Agreement and is as given hereunder:

Name of the Director	Category	No. of Audit Committee Meetings attended
Mr. S.N. Bhandari*	Independent Non-Executive. (Chairman)	4
Mr. P.M. Patel	Non-Executive (Member)	3
Mr. S.M. Patel**	Executive (Member)-Managing Director	1
Mr. S.V. Subramania Iyer#	Independent Non-Executive (Chairman)	3
Mr. Jal R. Patel***	Independent Non-Executive (Member)	-

\* Withdrawn by ICICI Bank Ltd. with effect from 20.02.2004.

\*\* Pursuant to Clause 49(IIA)(1) of the Listing Agreement, Mr. S.M. Patel, Managing Director, has resigned from the membership of the Audit Committee with effect from 13<sup>th</sup> October, 2003.

# Appointed as Chairman with effect from 26.05.2004.

\*\*\* Appointed with effect from 26.05.2004.

#### REMUNERATION COMMITTEE:

The Board of the Company has constituted a Remuneration Committee comprising 3 Non-Executive Directors, of which Mr. S.V. Subramania Iyer is a Non-Executive Independent Chairman, Mr. P.M. Patel, a Non-Executive Member and Mr. Jal R. Patel, a Non-Executive Independent Member who has been appointed with effect from 26<sup>th</sup> May, 2004. Mr. S.N. Bhandari, Nominee Director