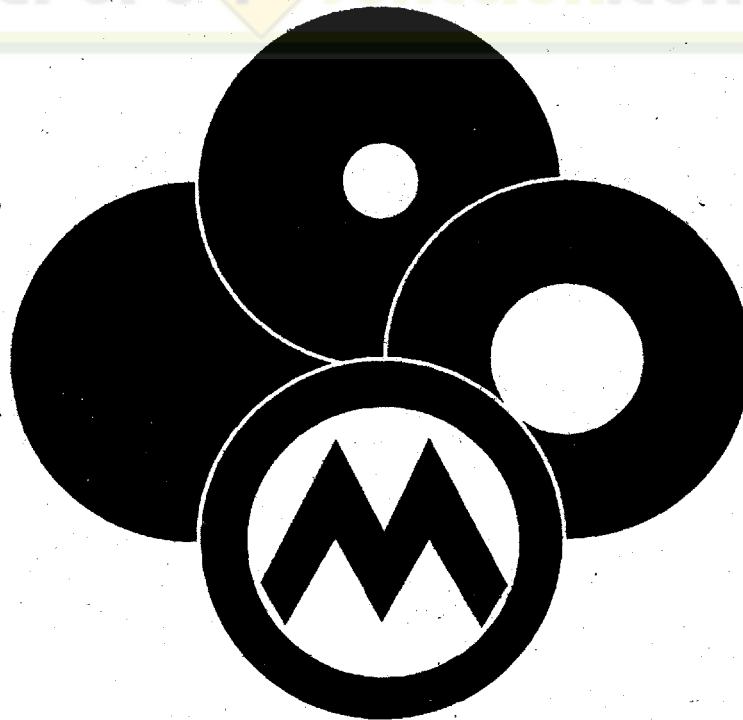


# 25th Annual Report 2004 - 2005

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 **Mipco Seamless Rings (Gujarat) Limited**



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

## **BOARD OF DIRECTORS**

T. M. Patel

Chairman  
(from 17.05.2005)  
Managing Director

S. M. Patel

P. M. Patel

Chairman  
(upto 16.05.2005)

S. V. Subramania Iyer

Jal R. Patel

## **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-Fifth Annual General Meeting on Friday, the 22nd July, 2005 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 11.30 a.m.

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

NOTICE is hereby given that the Twenty-Fifth 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 Friday, the 22<sup>nd</sup> July, 2005, at 11.30 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2005 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S.V. Subramania Iyer 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 pursuant to Clause 49 of the Listing Agreement, the Company do pay Directors sitting fees not exceeding Rs.2000/- (Rupees Two Thousand Only) per meeting, to Non-Executive Directors of the Company for attending the Board Meeting or Audit Committee Meeting, from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds and things as may be considered necessary, proper and expedient to give 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 Friday, the 15<sup>th</sup> July, 2005 to Friday, the 22<sup>nd</sup> July, 2005 (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: 16<sup>th</sup> May, 2005

**S.M.PATEL**  
Managing Director



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

**Item No.4:**

Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/CFD/DIL/2004/12/10 dated 29<sup>th</sup> October, 2004, have amended the Clause 49 of the Listing Agreement and the amended clause requires the Company to take prior approval of shareholders in General Meeting for payment of sitting fees to the Non-Executive Directors including Independent Directors.

Looking at the present trend in the industry and time devoted by Non-Executive Directors, the Board recommends the resolution mentioned at Item No.4 for the approval of members.

All the Non-Executive Directors including Independent Directors are interested in the resolution.

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

Place: Mumbai  
Date : 16<sup>th</sup> May, 2005

**S.M.PATEL**  
Managing Director



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

Dear Members,

The Directors present herewith their 25<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2005.

**FINANCIAL RESULTS:**

Rs. in lacs

	Year ended 31.03.2005	Year ended 31.03.2004
Gross Profit/(Loss) before Interest, Depreciation and Tax	7.23	(130.43)
Less: Interest & Finance Charges	4.05	51.93
Depreciation	52.87	103.02
Loss for the year	(49.69)	(285.38)
Provision for impairment loss	335.82	-
Less: Provision for tax		
Current Tax	-	-
Deferred Tax	2.94	38.52
Add: Balance brought forward from previous year	(1679.45)	(1432.59)
Loss carried to Balance Sheet	(2062.02)	(1679.45)

**OPERATIONS:**

The operations of your Company continued during the year with an emphasis on processing activities. 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 forging, 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.285.38 lacs during F. Y. 2003-2004 to Rs.49.69 lacs during F. Y. 2004-2005. Due to the impairment loss of Rs.335.82 lacs provided by the Company during the year, the net loss for the year ended 31.03.2005 was Rs.382.57 lacs.

**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:**

Mr. S.V. Subramania Iyer, a Non-Executive and Independent Director of the Company, retires by rotation and being eligible, offers himself for re-appointment. Necessary resolution for his re-appointment is being placed for your approval.

**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 judgments 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 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:**

Your Company has complied with the requirements of the Code of Corporate Governance in accordance with Clause 49 of the Listing Agreement with the Stock Exchange. A separate report on Corporate Governance along with Auditors' certificate on its compliance is attached to this Report. Management Discussion and Analysis, as prescribed by the Listing Agreement, also forms a part of the Annual 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 and on behalf of the Board

Place: Mumbai

Date: 16<sup>th</sup> May, 2005

**P.M. PATEL**

**CHAIRMAN**

**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:**

- 1) Peak power staggering and power maintenance efforts continued resulting in substantial rebate from GEB.
- 2) Air leakages and optimum compressors utilisation effected in RRL and Hatebur lines.
- 3) Heating coils on RRL changed to reduce energy consumption.

	2004-2005	2003-2004
<b>A. Power and Fuel Consumption</b>		
Electricity:		
(a) Purchased		
1) Units (In lacs)	35.34	30.45
2) Total Amount (Rs.in lacs)	195.09	171.20
3) Rate/Unit (Rs.)	5.52	5.62
(b) Own Generation		
(i) Through diesel generator unit	-	-
Units per Ltr. of Diesel Oil	-	-
Cost/Unit	12.00	8.34
(ii) Through steam turbine/generator units	-	-
Units per Ltr. of Fuel Oil/Gas	-	-
Cost/Unit	-	-
(iii) Through Wind Farm Projects		
Units (in lacs)	7.13	6.63
Total Amount (Rs.in lacs)	34.90	32.37
Rate/Unit (Rs.)	4.90	4.89
<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. 0.80 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	4	1	5	Yes
Mr. S.M. Patel	Managing Director	2	3	1	5	Yes
Mr. T.M. Patel	Non-Executive	2	3	-	4	Yes
Mr. S.V. Subramania Iyer	Non-Executive - Independent	-	-	1	5	Yes
Mr. Jal R. Patel	Non-Executive - Independent	4	4	2	4	Yes

During the financial year 2004-05, five Board meetings were held on 26<sup>th</sup> May, 2004, 20<sup>th</sup> July, 2004, 11<sup>th</sup> August, 2004, 25<sup>th</sup> October, 2004 and 28<sup>th</sup> January, 2005 and the AGM was held on 11<sup>th</sup> August, 2004.

#### AUDIT COMMITTEE:

The Audit Committee of the Company has such powers as are detailed under Section 292A of the Companies Act, 1956, and also as are detailed in terms of Clause 49 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 quarterly, half yearly and annual financial statements before submission to the Board, and discussing the scope of audit with external auditors.

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.V. Subramania Iyer	Independent Non-Executive (Chairman)	3
Mr. P.M. Patel	Non-Executive (Member)	3
Mr. Jal R. Patel	Independent Non-Executive (Member)	1

During the Financial year ended 31<sup>st</sup> March, 2005, three Audit Committee Meetings were held on 26<sup>th</sup> May, 2004, 25<sup>th</sup> October, 2004 and 28<sup>th</sup> January, 2005.

#### 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.

The Remuneration Committee has not held a meeting during the financial year 2004-05. The composition of the Remuneration Committee is as under:

Name of the Director	Category
Mr. S.V. Subramania Iyer	Independent Non-Executive (Chairman)
Mr. P.M. Patel	Non-Executive (Member)
Mr. Jal R. Patel	Independent Non-Executive (Member)

The general scope of work entrusted to the Remuneration Committee includes recommendation of remuneration packages for the Managing Director and review thereof, based on performance and achievements, within the provisions of the Companies Act, 1956 and amendments thereto.





The remuneration, as approved by the Board of Directors and confirmed by the shareholders at the general meeting as per agreement entered into between him and the Company, has been reviewed and recommended by the Remuneration Committee. Approval for payment of remuneration to Managing Director is received from the Central Government vide its letter dated 17<sup>th</sup> June, 2004. However, the Company has made representations to the Central Government, seeking certain clarification in respect of approval received, for which reply is awaited. The remuneration structure of the Managing Director consists of salary, perquisites, and contribution to Provident Fund, Superannuation and Gratuity. The tenure of re-appointment of the Managing Directors/details of salary and perquisites and contribution to Provident Fund and Superannuation paid for the financial year ended 31<sup>st</sup> March, 2005 are as given below:

Name	Tenure	Salary (Rs.)	Perquisites (Rs.)	Contribution to Provident Fund/Superannuation (Rs.)	Total (Rs.)
Mr. S.M. Patel	5 years from 01.08.2003	5,88,000	1,53,000	1,58,760	8,99,760

The non-executive directors do not draw any remuneration from the Company except sitting fees, which are paid at the rate of Rs.2,000/- for each meeting of the Board/Committee attended by them. The total amount of sitting fees paid during the year is Rs.50,000/-.

The details of sitting fees paid to the Non-Executive Directors during the year under report and their shareholding in the company, are as given below:

Name of the Non-Executive Director	Sitting Fees paid during the period 01.04.2004 to 31.03.2005 (Rs.)	No. of shares held As on 31st March, 2005 (Nos.)
Mr. P.M. Patel	16,000	-
Mr. T.M. Patel	8,000	-
Mr. S.V. Subramania Iyer	16,000	512
Mr. Jal R. Patel	10,000	225

#### SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The "Transfer-Cum-Shareholders'/Investors' Grievance Committee held its meetings on 6<sup>th</sup> April, 2004, 19<sup>th</sup> April, 2004, 7<sup>th</sup> May, 2004, 8<sup>th</sup> June, 2004, 17<sup>th</sup> June, 2004, 7<sup>th</sup> July, 2004, 25<sup>th</sup> July, 2004, 11<sup>th</sup> August, 2004, 26<sup>th</sup> August, 2004, 14<sup>th</sup> September, 2004, 28<sup>th</sup> September, 2004, 8<sup>th</sup> October, 2004, 2<sup>nd</sup> November, 2004, 16<sup>th</sup> November, 2004, 1<sup>st</sup> December, 2004, 15<sup>th</sup> December, 2004, 4<sup>th</sup> January, 2005, 17<sup>th</sup> January, 2005, 3<sup>rd</sup> February, 2005, 16<sup>th</sup> February, 2005, 2<sup>nd</sup> March, 2005, 15<sup>th</sup> March, 2005 and 30<sup>th</sup> March, 2005. The Members of the Committee are :

Name of the Director	Category	No. of Committee Meetings attended
Mr. P.M. Patel	Non-Executive (Chairman)	23
Mr. S.M. Patel	Managing Director (Member)	23

The Transfer-cum-Shareholders'/Investors' Grievance Committee redresses all investors' grievances with due diligence. The powers of approving the issue of duplicate certificates and all matters connected with securities' transfers, transmissions, subdivisions, consolidations etc. vest with the Committee. At every meeting of the Transfer-Cum-Shareholders'/Investors' Grievance Committee, a periodic summary statement, depicting transfer, transmission, etc of the Securities of the Company, is placed before the Committee and a thorough review thereof is made.

Mr. Kishor Patel, Senior Officer of the Company is the Compliance Officer. All complaints received from shareholders/investors have been generally resolved to the satisfaction of the complainants.

During the year 01.04.2004 to 31.03.2005, there were eight complaints received from the shareholders and all the queries/complaints were attended to promptly and there were none pending as on 31<sup>st</sup> March, 2005.

All valid share transfers received during the year ended 31<sup>st</sup> March 2005, have been acted upon and there were no share transfers pending as on 31<sup>st</sup> March 2005.

#### GENERAL BODY MEETINGS:

Location and time where the last three Annual General Meetings were held are as under:

Financial Year	Date	Location of the Meeting	Time
2001-2002	10 <sup>th</sup> July, 2002	Conference Room of the Registered Office of the Company at 109, GIDC Industrial Estate, Narmadanagar, Bharuch - 392 015.	11.30 a.m.
2002-2003	18 <sup>th</sup> September, 2003	Conference Room of the Registered Office of the Company at 109, GIDC Industrial Estate, Narmadanagar, Bharuch - 392 015.	11.30 a.m.
2003-2004	11 <sup>th</sup> August, 2004	Conference Room of the Registered Office of the Company at 109, GIDC Industrial Estate, Narmadanagar, Bharuch - 392 015.	12.00 noon