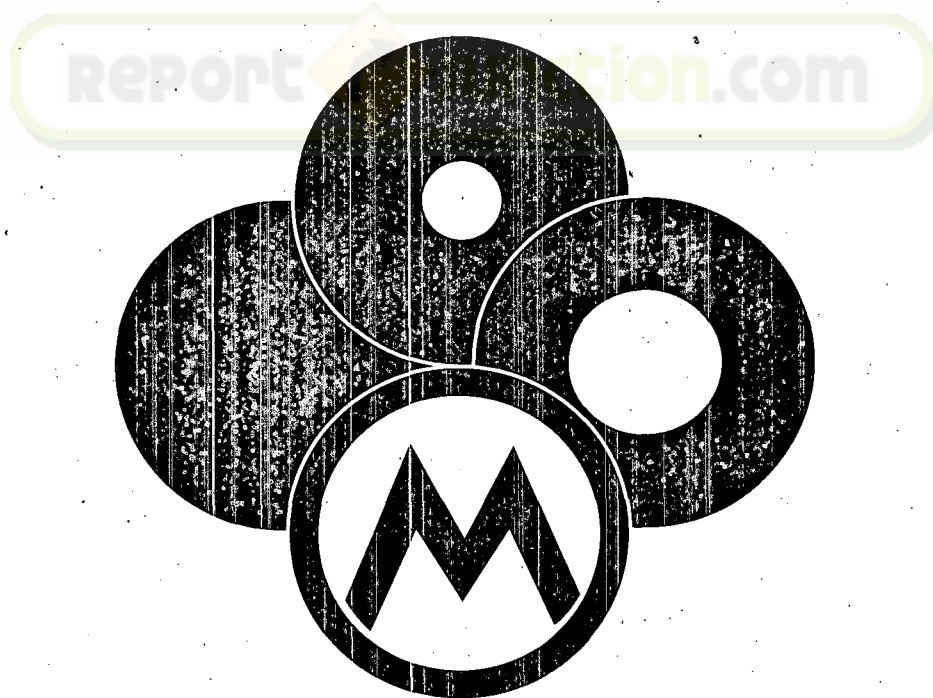


# **28th Annual Report 2007-2008**



**Mipco Seamless Rings (Gujarat) Limited**



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

**BOARD OF DIRECTORS**

T.M. Patel	Chairman
S.M. Patel	Managing Director
S.V. Subramania Iyer	
Jal R. Patel	

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

**REGISTERED OFFICE** Plot No.109  
Narmadanagar,  
Bharuch – 392 015,  
(Gujarat).

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**Twenty-Eighth Annual General Meeting on Friday, the 25<sup>th</sup> July, 2008 in the Conference Room of the Registered Office of the Company, at Plot No.109, GIDC Industrial Estate, Narmada Nagar, Bharuch – 392 015, (Gujarat), at 12.00 noon.**

## Mipco Seamless Rings (Gujarat) Limited

### NOTICE

**NOTICE** is hereby given that the Twenty-Eighth 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 25<sup>th</sup> July, 2008, at 12.00 noon to transact the following business:-

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008 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.

#### 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. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 18<sup>th</sup> July, 2008 to Friday, the 25<sup>th</sup> July, 2008 (both days inclusive).
3. Members are requested to notify their change of address, if any.
4. 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.
5. 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: 6<sup>th</sup> May, 2008.

**S.M. PATEL**  
*Managing Director*



## DIRECTORS' REPORT

Dear Members,

The Directors present herewith their 28<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

### FINANCIAL RESULTS:

	Year ended 31.03.2008 Rs. in lacs	Year ended 31.03.2007 Rs. in lacs
Gross Profit/(Loss) before Interest, Depreciation and Tax	(48.17)	(66.99)
Less: Depreciation	0.05	0.05
Loss for the year	(48.22)	(67.04)
Extraordinary Items(Net of tax expense Rs.Nil) Interest Remission on one time settlement	348.61	—
Less : Provision for Tax:		
Fringe Benefit Tax	—	0.50
Income Tax for earlier years	(0.73)	1.09
Deferred Tax charge/credit	(0.35)	(48.21)
Add : Balance Brought forward from previous year	(1995.65)	(1878.81)
Loss carried to Balance Sheet	<u>(1696.34)</u>	<u>(1995.65)</u>

### OPERATIONS:

The Company has temporarily closed its manufacturing operations with effect from second quarter of the year.

### 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 was 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:

Your Company does not have any fixed deposit.

### 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 reappointment is being placed before the members 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 since the Directors are considering and evaluating ways and means to restructure operations by taking into account appropriate business strategies and financial viabilities.

### AUDITORS REPORT:

In regard to the qualification at Sr. No.6 of the Auditors Report, your Directors state that item No.4 of Directors Responsibility Statement hereto is self-explanatory.

### 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 Bombay Stock Exchange Limited. 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.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure forming part of this 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.

For and on behalf of the Board

Place : Mumbai  
Date : 6<sup>th</sup> May, 2008

T.M.PATEL  
CHAIRMAN

**Mipco Seamless Rings (Gujarat) Limited****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.
2. Air leakages and optimum compressors utilisation effected in plant.

	<u>2007-2008</u>	<u>2006-2007</u>
<b>A. Power and Fuel Consumption</b>		
Electricity:		
(a) Purchased		
Units (In lacs)	—	4.32
Total Amount (Rs. in lacs)	—	35.46
Rate/Unit (Rs.)	—	8.20
(b) Own Generation		
(i) Through diesel generator unit		
Units per Ltr. of diesel Oil		
Cost/Unit	—	—
(ii) Through steam turbine/generator units		
Units per Ltr. of Fuel Oil/Gas	—	—
Cost/Unit	—	—
(iii) Through Wind Farm Projects		
Units (in lacs)	—	0.98
Total Amount (Rs. in lacs)	—	4.83
Rate/Unit (Rs.)	—	4.93
<b>B. Consumption per unit of production Forged/Rolled Ring for Bearing</b>		
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 : NIL



## 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 here below:

### Company's Philosophy on Code of Governance

Your Company has always adhered to the tenets of good Corporate Governance with a clear sight of the right to information by Shareholders with respect to Company's activities.

### Board of Directors

The Board of Directors consists of four members, comprising three 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. T.M. Patel	Non-Executive Chairman	3	4	1	4	Yes
Mr. S.M. Patel	Managing Director	2 *	3	1	4	Yes
Mr. S.V. Subramania Iyer	Non-Executive – Independent	—	—	1	4	Yes
Mr. Jal R. Patel	Non-Executive – Independent	4	4	2	3	No

\* In addition, Mr. S.M. Patel is Alternate Director in a Public Limited Company.

During the financial year 2007-08, four Board meetings were held on 11<sup>th</sup> May, 2007, 17<sup>th</sup> July, 2007, 30<sup>th</sup> October, 2007 and 30<sup>th</sup> January, 2008 and the AGM was held on 17<sup>th</sup> July, 2007.

### CODE OF CONDUCT:

The Board of Directors has adopted the Code of Business conduct and Ethic for Directors and Senior Management. The said Code has been communicated to the Directors and members of the Senior Management.

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board affirmation that they have complied with the Code of Business Conduct and Ethics for Directors in respect of Financial Year 2007-2008.

**S.M. Patel**  
Managing Director

### 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)	4
Mr. Jal R. Patel	Independent-Non-Executive (Member)	3
Mr. T.M. Patel	Non-Executive (Member)	4

During the Financial year ended 31<sup>st</sup> March, 2008, four Audit Committee Meetings were held on 11<sup>th</sup> May, 2007, 17<sup>th</sup> July, 2007, 30<sup>th</sup> October, 2007 and 30<sup>th</sup> January, 2008.

## Mipco Seamless Rings (Gujarat) Limited

### REMUNERATION COMMITTEE:

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 Committee has not held a meeting during the financial year 2007-08, as there was no issue relating to Managerial Personnel. The composition of the Remuneration Committee is as under:

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

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 Director/details of salary and perquisites and contribution to Provident Fund for the financial year ended 31<sup>st</sup> March, 2008 are as given below:

Name	Tenure	Salary (Rupees)	Perquisites (Rupees)	Contribution to Provident Fund (Rupees)	Total (Rupees)
Mr. S.M. Patel	Reappointed for 3 years from 01.08.2006	—	—	—	—

No remuneration to Managing Director is provided from 01.08.2006 as right to receive the same has been waived by him.

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 Meeting attended by them. The total amount of sitting fees paid during the year is Rs.44,000/-. 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 01.04.2007 to 31.03.2008 (Rs.)	No. of shares held As on 31 <sup>st</sup> March, 2008 (Nos.)
Mr. T.M. Patel	16,000	—
Mr. S.V. Subramania Iyer	16,000	512
Mr. Jal R. Patel	12,000	225

### SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The "Transfer-Cum-Shareholders'/Investors' Grievance Committee held its meetings on 13<sup>th</sup> April, 2007, 27<sup>th</sup> April, 2007, 14<sup>th</sup> May, 2007, 31<sup>st</sup> May, 2007, 15<sup>th</sup> June, 2007, 2<sup>nd</sup> July, 2007, 16<sup>th</sup> July, 2007, 31<sup>st</sup> July, 2007, 16<sup>th</sup> August, 2007, 3<sup>rd</sup> September, 2007, 17<sup>th</sup> September, 2007, 1<sup>st</sup> October, 2007, 15<sup>th</sup> October, 2007, 31<sup>st</sup> October, 2007, 15<sup>th</sup> November, 2007, 30<sup>th</sup> November, 2007, 14<sup>th</sup> December, 2007, 31<sup>st</sup> December, 2007, 15<sup>th</sup> January, 2008, 31<sup>st</sup> January, 2008, 14<sup>th</sup> February, 2008, 28<sup>th</sup> February, 2008, 17<sup>th</sup> March, 2008 and 31<sup>st</sup> March, 2008.

The members of the Committee are:

Name	Category	No. of Committee Meetings attended
Mr. T.M. Patel	Non-Executive Director [Chairman]	24
Mr. S.M. Patel	Managing Director (Member)	24

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, sub-divisions, consolidations etc. vests 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 is the Compliance Officer. All complaints received from shareholders/investors have been generally resolved to the satisfaction of the complainants.

During the year 01.04.2007 to 31.03.2008, there were no complaints received from the shareholders and there were none pending as on 31<sup>st</sup> March, 2008.





## 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
2004-2005	22 <sup>nd</sup> July, 2005	Conference Room of the Registered Office of the Company at 109, GIDC Industrial Estate, Narmadanagar, Bharuch – 392 015.	11.30 a.m.
2005-2006	17 <sup>th</sup> August, 2006	Conference Room of the Registered Office of the Company at 109, GIDC Industrial Estate, Narmadanagar, Bharuch – 392 015.	3.00 p.m.
2006-2007	17 <sup>th</sup> July, 2007	Conference Room of the Registered Office of the Company at 109, GIDC Industrial Estate, Narmadanagar, Bharuch – 392 015.	3.00 p.m.

Out of the previous 3 years, the Company has passed **Special Resolution** in the Annual General Meeting held for the year 2005-06.

No Special Resolution requiring Postal Ballot as required by the Companies (passing of the resolution by postal ballot) Rules, 2001/Clause 49 of the Listing Agreement has been placed for Shareholders' approval at the last Annual General Meeting nor is any resolution proposed to be taken up through postal ballot at the ensuing Annual General Meeting.

## DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS:

Mr. S. V. Subramania Iyer is a Practising Company Secretary holding a Bachelor's degree in Economics and Master's degrees in Commerce, Finance and Law. He is also a fellow member of the Institute of Company Secretaries of India. He has a rich and varied experience in Company Law matters and has held various positions in Finance, Law and was a whole time Company Secretary prior to his retirement in November, 1998. Currently, he is not a Director of any other public limited company.

## DISCLOSURES:

During the year 2007-08, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the Company at large.

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchange, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

The Company has complied with all mandatory requirements and it is in the process of compliance with various non-mandatory requirements.

## MEANS OF COMMUNICATION:

The Board of Directors of the Company approves and takes on record the unaudited financial results of the Company within one month of the close of the quarter/half year and announces forthwith the results to the Bombay Stock Exchange Limited, where the shares of the Company are listed, as also the same are published within 48 hours in two newspapers as prescribed. As the Company has published the audited annual results within the stipulated period of three months, as required by the Listing Agreement with the Bombay Stock Exchange Limited, the unaudited results for the last quarter of the financial year are not published.

Management Discussion and Analysis Report forms part of this Annual Report.

## GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting

Date : 25<sup>th</sup> July, 2008

Time : 12.00 noon

Venue : Conference Room of the Registered Office of the Company at  
Plot No.109, GIDC Industrial Estate, Narmadanagar,  
Bharuch – 392 015, (Gujarat).

### Financial Year:

The Company follows April-March as its financial year. The results for every quarter are declared in the month following the quarter except for the quarter January-March, for which the audited results are declared in May/June as permitted under the Listing Agreement.