



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

# MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED

## SIXTEENTH ANNUAL REPORT - 2007-2008

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

AUDITORS	Shyam. C. Agrawal & Co. Chartered Accountants
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BANKERS	HDFC BANK THE RATNAKAR BANK LTD.
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FACTORY	203, Piparia Industrial Area, Piparia, Silvassa, Dadra & Nagar Haveli (U. T.)
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REGISTERED OFFICE	J - 55, M. I. D. C, Industrial Area, Tarapur, Boisar - 401 506. District - Thane. Maharashtra.
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REGISTRAR AND TRANSFER AGENT:	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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## 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 : buscomp@vsnl.com.

# 16th Annual Report 2007-08



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



**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.

## 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 (PBIDT)	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).

**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.



## 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





**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

## 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).



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.

**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.

**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. Liberalization of industrial policy, WTO driven reductions in duty structure, growth in demand in export markets, and increasing demand for industrial products may result in an increase in demand for large Non-Ferrous Metals.

**Segment wise performance**

The Management reviewed the disclosure requirement of segment wise reporting and is of the view that since the Company manufactures Non-Ferrous Metals and related products which is a single business segment in terms of AS-17, a separate disclosure on reporting by business segments is not required.

The geographical segments however, have been determined on the basis of location of major customers of the Company. During 2007-08, 100% of the Company's turnover was to customers located in India. However the company is now poised to export some of its products to European countries.

**Outlook – Risks and Concern**

MSL, being one of the leading manufacturer and part of large Surendra Mardia Group, enjoys several advantages which will become increasingly important in view of a globalizing Indian economy:

- The possibility to export to other countries represents a good growth potential for MSL and provides a possibility to partially compensate variation in demand on the domestic Indian market.
- With increase in growth of Industrial and infrastructural activities the demand for non-ferrous metals is likely to improve.
- MSL enjoys the locational advantages as major consumers are located in this region of the country. It is centrally located with easy geographical access to rest of the country.
- The Company has plans to improve the productivity, efficiency at all levels and manage expenses effectively.
- MSL unit is well equipped with sophisticated facilities. With continuous up gradation of technology MARDIA has successfully developed several types of Copper based alloys & are geared up for mass production.
- MSL offers prompt services, Professional Managers play a role of active participant in development activities of valued customers. Mardia has successfully reached all customers and sectors of Indian Industry and its products find appreciation in various Industrial like Aeronautics, Automobiles, Agriculture, bearing, Defense and Ordnance, Electrical, General Engineering, LPG/ Industrial Gases, Refrigeration and Air conditioning, Sugar, Thermal power etc.

With this background barring unforeseen circumstances the Company expects to report improved results during the current year.

The main risks are:

- Significant increase in raw material costs will impact production costs and if non-ferrous metal prices cannot be raised, will drastically impact profit margins unless operating costs can be reduced at unprecedented magnitude and speed. MSL needs to remain profitable for domestic sales and globally competitive for exports.
- Quality of inputs with on time delivery remained a significant concern to the company's success in future. To uphold MARDIA Brand equity, MSL needs to ensure that the inputs being used to manufacture its products conform to the exact specification of global standard.
- With growing Indian economy coupled with the reduction in import duties makes India increasingly a target market for many international manufacturers and therefore competitive pressures on the domestic market will continue to

grow faster. In fact, imports from neighboring far eastern countries are increasing over the years. This trend is expected to lead to price pressure in domestic market.

The management of MSL is aware of both, opportunities and threats, and will continue to work to maintain competitiveness by reducing costs and improving quality as well as on growth of sales in the domestic market.

## Internal Control Systems

The various internal control systems operating in the company are working satisfactorily. The internal Audit team continuously monitored the adequacy and effectiveness of these systems and the findings of these audits are reported to the Audit Committee of the Board and also to the Board of directors. The adequacy of the internal control system has also been examined by the Statutory Auditors and they have not received any major adverse comments from them on the adequacy of the internal control systems.

The Company has an internal control system commensurate with its size and nature of business which provides for:

- Accurate recording and custody of assets.
- Compliance with applicable statutes, policies procedures, listing requirements, management guidelines and circulars.
- Transactions being accurately recorded, cross verified and promptly reported.
- Efficient use and safeguarding of resources.
- Adherence to applicable accounting standards and policies.

Internal checks and controls are exercised by strictly adhering to the various procedures laid at the time of Delegation of Authorities and other Procedures. The delegation clearly indicates the powers along with the monetary limits, where ever necessary, that can be exercised by various levels of the Managers in the Company.

## Financial Performance vis-à-vis Operational Performance

The Net Sales (with other income) has come down from Rs. 3223.48 lacs in 2006-07 to Rs. 1387.49 in the year 2007-08. 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. The interest burden on the company is also now negligible. During the previous years the company had settled the dues of Dena Bank and Union Bank of India under One Time Settlement Scheme. The company has since purchased all the movable assets necessary for continuing day to day operations. 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.

During the period under review, production in terms of quantity has decreased by 21 % compared to last year due to the reasons mentioned above. While production of stainless Steel tubes had been maintain at same level, the production of other items of Copper and Brass had decreased.

## Cautionary Statement.

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 discussion 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, and future events or otherwise.

## Human Resources & Industrial Relations

The Associates remained our most valuable assets & actively involved towards growth & progress. The relationship between the Associates of the company and the Management remained congenial ever time & any time. The company employed around 86 associates. (Including 8 Officers) as on March 31, 2008.



## CORPORATE GOVERNANCE REPORT (ANNEXURE TO THE 16<sup>th</sup> DIRECTORS' REPORT 2007-2008)

**Mardia Samyoung Capillary Tubes Company Limited** has been following the Principles of good corporate governance over the years. Corporate governance at **Mardia Samyoung Capillary Tubes Company Limited** means, ensuring the compliance with regulatory requirements, but also means being responsive to aspiration of customers, stakeholders and expectations of the Society. The Company strives to achieve better performance.

The Board of Directors supports the broad principles of corporate governance and lays strong emphasis on transparency, accountability and integrity. Given below is the report on corporate governance of the Company.

### 1. Composition of the Board of Directors as on 31/03/2008.

Name of Directors	Executive/Non Executive Independent	No. of other Directorships in Public Limited Companies	No. of Other Board Committee of Which Member/ Chairman
Surendra Mardia	Executive	3	Nil
Ravindra Mardia	Executive	3	2
Virendra Singh Deora	Independent	2	2
Omana V Nayak	Independent	2	2
Bharat J Chouhan	Independent	2	2
Gopal Soni **	Independent	2	2

\*\* Appointed at the Board Meeting held on 7<sup>th</sup> June, 2007.

### 2. Board / Committee Meeting and Proceedings:

#### a. Institutionalised decision making process:

With a view to institutionalise all corporate affairs and setting up systems and procedures for advanced planning for matters requiring discussion/decisions by the Board, the Company has defined guidelines for the meetings of the Board of Directors and committees thereof. These guidelines seek to systematize the decision making process at the meeting of Board/Committees, in an informed and efficient manner.

#### b. Scheduling and Section of Agenda Items:

All Board Committee Members are given notice of the meeting in advance. The meetings are governed by structured agenda. The agenda along with the explanatory notes are distributed well in advance.

#### c. Availability of information to the Members:

The Members have unqualified access to all information available with the Company. In fact, all items in the agenda are supported by detailed background information to enable the members to take informed decisions. The information generally provided to the Members includes:

1. > Quarterly and Half-yearly financial results.
2. > Minutes of meeting of Audit and other Committees of the Board.
3. > Establishment and operations.
4. > Minutes of Board Meeting, Annual General Meeting of Subsidiary Companies and significant transactions if any.
5. > Related Party Transactions.

#### d. Recording minutes of the Proceedings.

Minutes of the proceeding of each board/ Committees meetings are recorded. Draft minutes are circulated almost all members for their comments. The Minutes of the proceeding of the meetings are entered in the minutes book.

#### e. Follow up mechanism:

The guidelines for the Board / Committee meeting facilitate an effective post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees.



## f. Compliance:

The Board periodically reviews the Compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines.

## g. Code of Conduct

The Company has laid down code of conduct which binds, all the Board members and senior management of the Company. A declaration by the Chairman and Managing Director to this effect is appended to this report.

## 3. Board Meetings:

The Company placed before the Board all the relevant and necessary information at their meeting such as production, sales, exports view of product-wise business, any legal proceedings by or against the Company, Share Transfers, demat compliance, Quarterly Financial Results and such other information.

During the period from 1st April, 2007 to 31st March, 2008, 8 (Eight Board Meetings were held on, 1) 30<sup>th</sup> April, 2007, 2) 7<sup>th</sup> June, 2007, 3) 2<sup>nd</sup> July, 2007, 4) 19<sup>th</sup> July, 2007, 5) 21<sup>st</sup> August, 2007, 6) 30<sup>th</sup> October, 2007, 7) 30<sup>th</sup> January 2008, 8) 21<sup>st</sup> February 2008.

The Attendance of Directors at these Board Meetings and at the previous Annual General Meeting was as under:

Sr. No.	Name of Director	Whether attended AGM held on 21-08-2007.	Attendance in Board Meetings		Other Board		
			Total	Attended	Directorship	Committee Chairmanship	Committee Membership
1	Surendra Mardia	Yes	8	8	3	--	--
2	Ravindra Mardia	Yes	8	8	3	--	3
3	Virendrasinh Deora	Yes	8	7	2	1	3
4	Omana V Nayak	Yes	8	8	2	1	3
5	Bharat J Chouhan	Yes	8	8	2	1	3
6	Gopal Soni **	Yes	8	6	2	--	3

\*\* Appointed at the Board Meeting Held On 7th June 2007,

## Board Committee

The Board has constituted three Committees i. e Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee.

### 1. AUDIT COMMITTEE

I. Composition as on 31<sup>st</sup> March, 2008.

Name of the Committee Member	Category
Mr. Gopal Soni	Independent
Mr. Ravindra Mardia	Executive
Ms. Omana V Nayak	Independent
Mr. Virendrasinh Deora	Independent
Mr. Bharat J Chouhan	Independent

The Audit Committee comprises of Independent directors and financially literate persons having vast experience in the area of finance and accounts.

II. Scope of Audit Committee

The terms of reference:

The terms of reference and scope of Audit Committee are as laid down in clause 49 of the listing Agreement and section 292A of the Companies Act, 1956.



**III. Meeting and Attendance:**

During the financial year under consideration, four meetings of the Committee were held on 30<sup>th</sup> April 2007, 2<sup>nd</sup> July, 2007, 30<sup>th</sup> October, 2007 & 30<sup>th</sup> January, 2008.

Name of the Committee Member	Category	Meeting held during respective tenure	Meeting Attended
Mr. Gopal Soni	Independent	4	3
Mr. Ravindra Mardia	Executive	4	4
Ms. Omana V Nayak	Independent	4	4
Mr. Virendra Sinh Deora	Independent	4	3
Mr. Bharat J Chouhan	Independent	4	4

**2. REMUNERATION COMMITTEE:**

**I. Composition as on 31<sup>st</sup> March, 2008.**

Name of the Committee Member	Category
Mr. Gopal Soni	Independent
Mr. Ravindra Mardia	Executive
Ms. Omana V Nayak	Independent
Mr. Virendra Sinh Deora	Independent
Mr. Bharat J Chouhan	Independent

**II. Scope of Remuneration Committee:**

The following matters are referred to the Remuneration Committee:

- Fixing the remuneration payable to the Directors.
- Determining the remuneration policy of the Company.

**III. Directors Remuneration**

The Promoter – Executive Director is drawing remuneration, No Sitting Fees has been paid to any directors during the year.

**Meeting and Attendance:**

During the financial year under consideration, one meeting of the Committee was held on 25<sup>th</sup> October, 2007.

Name of the Members	Meeting Held	Meeting Attended
Mr. Gopal Soni	1	1
Mr. Ravindra Mardia	1	1
Ms. Omana V Nayak	1	1
Mr. Vinrendra Sinh Deora	1	1
Mr. Bharat J Chouhan	1	1

**IV. Stock Options:**

Company has not issued any stock options to its Directors.

**3. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:**

**I. Composition as on 31<sup>st</sup> March, 2008.**

Name of the Committee Member	Category
Mr. Gopal Soni	Independent
Mr. Ravindra Mardia	Executive
Ms. Omana V Nayak	Independent
Mr. Vinrendra Singh Deora	Independent
Mr. Bharat J Chouhan	Independent

## II. Scope of shareholders/investors grievance committee:

The Committee administers the following Committee:

- a. Transfer of Shares
- b. Transmission of Shares
- c. Issue of Duplicate Share Certificates
- d. Change of Status
- e. Change of Name
- f. Transposition of Shares
- g. Consolidation of Shares
- h. Shareholders request for Dematerialisation./ Rematerialisation of Shares

The Board has delegated the power of Share Transfer to Registrar & Share Transfer Agents, who process the Transfer. The Committee also looks after Redressal of Investors grievance and performance of the Registrar and Transfer Agent of the Company.

The Committee monitors violations of the code of conduct prescribed by the Company for prevention of insider trading.

## III. Compliance officer : Gopal Soni (Vice President Finance )

Details of Last Three (3) Annual General Meetings of the Company were held as under:

Date	Time	Venus
21/08/2007	10.30 A.M	J - 55, MIDC, Industrial Area, Tarapur, Boisar - 401 506
20/06/2006	10.30 A.M	J - 55, MIDC, Industrial Area, Tarapur, Boisar - 401 506
29/09/2005	10.30 A.M	J - 55, MIDC, Industrial Area, Tarapur, Boisar - 401 506

### Postal Ballot:

Whether special resolutions were put through postal ballot last year; details of voting patterns : **No.**  
 Whether any special resolution is proposed to be conducted through postal ballot. : **No.**

## IV. Disclosures:

Materially significant related party transaction i.e., material transaction of the Company with its promoters, directors or management or their subsidiaries or relatives, etc., that may have potential conflict with interest of the Company at large	The company has transactions with other organizations in which the management, their subsidiaries have interest. Such transactions however, do not pose potential conflict with the interest of the company at large.
Non - Compliance by the Company, penalties, Strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority , on any matter related to capital markets during the last three years	None.
Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee	Whistle Blower Policy introduced and no person has been denied access to the audit committee.
Details of Compliance with mandatory requirements and adoption of the non mandatory requirements of this clauses	The Company has complied with mandatory requirements.

## V. Means of Communication:

Full annual report is sent to each shareholder every year at his or her registered address regularly.





**General Shareholders Information:**

**i. Annual General Meeting:**

Date: 21<sup>st</sup> August, 2008.

Time: 5.00 P. M.

Venue: J - 55, M. I. D. C, Industrial Area, Tarapur, Dist. Thane, Boisar - 401 506 Maharashtra.

**ii. Financial Calendar:**

Financial year of the Company is for a period of 12 months commencing from 1st April, 2007 to 31st March, 2008.

**iii. Book Closures:**

Thursday 14<sup>th</sup> August, 2008 to Thursday 21st August 2008. (Both days inclusive)

**iv. Dividend Payment Date:**

The Board has not recommended dividend payable by the Company, hence not applicable.

**v. Listing on Stock Exchange:**

1. The Bombay Stock Exchange Limited –Rotunda Building, 1st Floor, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001.

2. Ahmedabad Stock Exchange Limited – Kamdhenu Complex, Near Polytechnic, Panjara Pole, Ahmedabad-380 015.

**vi. Registrar and Transfer Agents.**

The Company has engaged the Common agency for Share registry.

M/s Purva Sharegistry India Private Limited, 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 : basicomp@vsnl.com.

All correspondence with regard to Share Transfer, Change of Address etc. are to be addressed to the Company or its Registrar and Transfer Agents.

**INVESTOR SERVICE DEPARTMENT:**

Mardia Samyoung Capillary Tubes Company Limited.

Mardia House, 96, C. P. Tank Road, Mumbai - 400 004.

**vii. Share Transfer System:**

❖ A shareholder's request is normally attended and reply is sent in 10-15 days time and the Certificates after transfer of Shares are returned within one-month period except in the cases that are constrained for technical reasons.

❖ Shares are being transferred and demat option letter in their respect are dispatched approximately within 20-25 days from the date of receipt, so long as the documents have been clear in all respects.

**DEMATERIALIZED TRADING.**

As the shareholders are aware the Securities and Exchange Board of India (SEBI), has included equity shares of the Company for compulsory dematerialised trading for all investors. The Company has already entered into agreements with Central Depository Services (India) Limited (CDSL) and with National Securities Depository Limited (NSDL) for dematerialisation of equity Shares, to enable members of the Company to select the depository of their choice for holding and dealing in shares in electronic form. The Shareholders are requested to make use of such facility for maximizing their convenience in the dealing of Company's Share. The ISIN (International Securities Identification Number) of the Company is INE277E01018. The Total No. Of Shares in Demat : 62,700 (0.78%) Physical 79,37,300 (99.22%) as on March 31<sup>st</sup> 2008

❖ **Investor Relations :**

All complaints received from shareholders have been cleared within the financial year. The Complaints are generally replied to within 15 to 20 days from their lodgments with the Company. The Investors/members may write for their queries to Company's Investor Service Department.

## SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> March, 2008

	Category	No. of shares held	Percentage of shareholding
<b>A</b>	<b>Promoter's Holding</b>		
<b>1</b>	<b>Promoters</b>		
	<u>Indian Promoters:</u>	2841927	35.52
	<u>Foreign Promoters:</u>	1974473	24.68
<b>2</b>	Persons acting in concert	NIL	NIL
	<b>Sub-Total</b>	4816400	60.20
<b>B</b>	<b>Non-Promoter's Holding</b>		
<b>3</b>	<b>Institutional Investors</b>		
a.	Mutual Funds and UTI	10200	0.13
b.	Bank, Financial Institutions, Insurance Companies (Central/State Govt. Institutions, Non-Govt. Institutions)	100	0.00
c.	FII's	NIL	NIL
	<b>Sub-Total</b>	10300	0.13
<b>4</b>	<b>Others</b>		
a.	Private Corporate Bodies	56200	0.70
b.	Indian Public	2780200	34.76
c.	NRIs/OCBs	336100	4.20
d.	Any other (Please Specify)		
	Shares In transit	NIL	NIL
	Forfeited Shares	NIL	NIL
	Foreign Nationals	NIL	NIL
	Trust	800	0.01
	<b>Sub-Total</b>	3183600	39.8
	<b>Grand-Total</b>	8000000	100.00

## DISTRIBUTION SCHEDULE AS ON 31st March, 2008.

Shares Holding of nominal Value of	Share holders				Share Amount	
	Rs.	Rs.	Numbers	% to total	(In Rs.)	% to total
Up to - 5,000	-	5,000	13909	96.410	16517000	20.65
5,001 - 10,000	-	10,000	270	1.870	2349000	2.94
10,001 - 20,000	-	20,000	112	0.780	1769000	2.21
20,001 - 30,000	-	30,000	59	0.410	1511000	1.89
30,001 - 40,000	-	40,000	18	0.120	677000	0.85
40,001 - 50,000	-	50,000	18	0.120	888000	1.11
50,001 - 100,000	-	100,000	8	0.006	727000	0.91
100,001 - & Above	-	& Above	33	0.230	55562000	69.45
<b>*** Total ***</b>			14427	100.000	80000000	100.000



**ix Plant Location/Site Address:**

203, Piparia Industrial Area, Silvassa, Dadra & Nagar Haveli ( U. T.)

**x Address for Correspondence:**

Investor Service Department  
Mardia Samyoung Capillary Tubes Company Limited  
Mardia House, 96, C. P. Tank Road.,  
Mumbai - 400 004.

**DECLARATION**

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The Board Members and Senior Management have affirmed compliance with the code of Conduct.

For and on behalf of the Board

Place: Mumbai.

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

SURENDRA MARDIA  
Chairman

**CHAIRMAN & MD CERTIFICATION**

**(Pursuant to Clause No. 49(I)(D)(ii) and 49(V) of the Listing Agreement)**

**To the Members**

**Mardia Samyoung Capillary Tubes Company Limited**

We, Mr. Surendra Mardia, Chairman and Mr. Ravindra Mardia, Managing Director, of Mardia Samyoung Capillary Tubes Company Limited, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ending March 31, 2008 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transaction have been entered into by the company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps have been taken or are proposed to be taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee that:
  - (i) there were no significant changes in internal control over financial reporting during the year;
  - (ii) there were no significant changes in accounting policies during the year; and
  - (iii) there were no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
- (e) We further declare that all Board Members and Senior Management have affirmed the compliance with the code of conduct for the year 2007-08.

For and on behalf of the Board

Place: Mumbai.

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

SURENDRA MARDIA  
Chairman

RAVINDRA MARDIA  
Managing Director



**S. C. Agrawal**

B.Com. (Hons.) L.L.B., F.C.A.

**Shyam. C. Agrawal & Co.**

Chartered Accountants

3/910 - L Navjivan Society,

Lamington Road, Mumbai - 400 008.

Phone : (O) 2307 3538 (R) 2836 5931 Fax : 26835699

## COMPLIANCE CERTIFICATE OF THE AUDITORS

A Certificate from the auditors of the Company regarding compliance of Conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

### AUDITORS' CERTIFICATE

To

The members of

**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED .**

We have examined the Compliance of conditions of Corporate Governance procedures implemented by **Mardia Samyoung Capillary Tubes Company Limited** for the year ended on March 31st 2008, as stipulated in Clause 49 of the listing agreement of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is responsibility of the management. Our examination was limited to a review of procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company, on the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with Stock Exchange have been complied with all material respect by the Company and that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SHYAM C. AGRAWAL & CO.,  
Chartered Accountants

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

S. C. AGRAWAL  
(Proprietor)

Membership No. 31774



**S. C. Agrawal**

B.Com. (Hons.) L.L.B., F.C.A.

**Shyam. C. Agrawal & Co.**

Chartered Accountants

3/910 - L Navjivan Society,

Lamington Road, Mumbai - 400 008.

Phone : (O) 2307 3538 (R) 2836 5931 Fax : 26835699

**AUDITORS' REPORT**

To,  
The Shareholders of  
**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED**

1. We have audited the attached Balance sheet of **MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED** at 31st March, 2008, and the Profit and Loss Account and Cash Flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.
4. The Account has been prepared on going Concern basis based on the management perception of the future of the company.
5. Further to our comments in the annexure referred to above, we report that:
  - a. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of such books.
  - c. The Balance Sheet and Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of accounts.
  - d. In our opinion the Balance Sheet and the Profit & Loss Account and Cash Flow statement comply with the accounting standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956.
  - e. On the Basis of written representations received from the Directors, as on 31<sup>st</sup> March 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2008 from being appointed as Directors in term of clause (g) of Sub Section (1) 274 of the Companies Act, 1956.
  - f. As on 31<sup>st</sup> March 2008 the company has revaluated its Fixed Assets and as per the Valuation Report of Registered Valuer. That has resulted in to increase in the gross block by Rs. 81,602,926 and Corresponding increase in Revaluation by the same amount.
  - g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with, and subject to the notes to the accounts relating to Balance Sheet and Profit & Loss account give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.
    - i. In the case of Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2008 and
    - ii. In the case of Profit and Loss Account, of the Profit for the year ended on that date.
    - iii. In the case of Cash Flow Statement, of the Cash Flow for the year Ended on that date.

For SHYAM C. AGRAWAL & CO.  
Chartered Accountants

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

S. C. AGRAWAL  
(Proprietor)  
Membership No. 31774



**S. C. Agrawal**

B.Com. (Hons.) L.L.B., F.C.A.

**Shyam. C. Agrawal & Co.**

Chartered Accountants

3/910 - L Navjivan Society,

Lamington Road, Mumbai - 400 008.

Phone : (O) 2307 3538 (R) 2836 5931 Fax : 26835699

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date on the accounts of **MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED** the year ended 31<sup>st</sup> March, 2008.

### 1. In respect of its Fixed Assets:

- a. The company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. Fixed Assets were physically verified by the management at periodic intervals. In our opinion, the period of verification is reasonable, having regards to the size of the company and the nature of its assets. No material discrepancies have been noticed on such verification.
- b. The company has not disposed off any of its fixed assets during the year.

### 2. In respect of Inventories:

- a. As explained to us, inventories have been physically verified by the management at regular intervals during the year, and in our opinion the frequency of verification is reasonable.
- b. In our opinion and according to information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The Company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

### 3.

- i) As per the information furnished, the Company has not taken nor granted secured or unsecured loans from parties listed in the register maintained under section 301 of the Companies Act, 1956.
- ii) As the company has not taken nor granted secured or unsecured loans, to / from parties listed in the register maintained under section 301 of the Companies Act, 1956, the clause (iii) (b), (c), (d), (e), (f) and (g) of the order are not applicable.

4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets, and also for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.

### 5.

- (i) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under the section 301 of the Companies Act, 1956, have been so entered.
- (ii) In our opinion and according to the information and explanation given to us, the transaction made in the pursuance of contract or arrangement entered in the register maintained under section 301 of the Companies Act, 1956, exceeding the value of Five Lacs rupees in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.

6. The Company has not accepted any deposits from the public.

7. In our opinion, the internal audit system of the Company is commensurate with the size & nature of its business.

8. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 in respect of the activities carried on by the Company.

9. (i) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income Tax, Sale Tax, Wealth Tax, Custom Duty, Excise Duty, Educational Cess tax and other statutory dues have been generally regularly deposited with the appropriate authorities.



**S. C. Agrawal**

B.Com. (Hons.) L.L.B., F.C.A.

**Shyam. C. Agrawal & Co.**

Chartered Accountants

3/910 - L Navjivan Society,

Lamington Road, Mumbai - 400 008.

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- (ii) According to the information and explanations given to us, an amount of Rs. 659.88 Lacs, (Rs. 659.88 Lacs), towards Customs Import Duty, Interest & Penalty on the capital goods imported under EPCG Scheme & resultant export obligation not fulfilled is payable by the company. Proportionate custom duty amount saved, in respect of Advance Import License against which export obligation is pending, is Rs. 221.82 Lacs (Rs. 221.82 Lacs). Bank Guarantees issued against the same is Rs. 101.10 Lacs (Rs. 101.10 Lacs). Further an amount of Rs. 239.16 Lacs (239.16 Lacs) is pending towards the Excise Duty, Interest & Penalty claims made by the various Central Excise authorities, the company has preferred Appeals against such orders, at the appropriate levels. However, no other amount payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.
- (iii) Custom duty saved on import of total Capital goods under EPCG Scheme is Rs 137.50 Lacs (Rs.137.50 Lacs). Bank Guarantee issued against the same is Rs. 70.37 Lacs (Rs 70.37 Lacs). Total export obligation under the EPCG Scheme was USD 81.25 Lacs.
10. The accumulated losses at the end of the financial year are not in excess of fifty percent of the net worth of the company. The company has earned Profit during the financial year covered by our audit. However the company has contingent liabilities to an extent of Rs. 1120.86 Lacs.
11. According to the information and explanation given to us, the company has fully paid all its secured creditors under OTS (One Time Settlement Scheme), separately entered with Dena Bank and Union Bank of India and M/s Assets Reconstruction Company of India Limited has taken the possession of the company's movable assets. The company has no secured creditors as on 31st March 2008.
12. According to the information & explanation given to us, the Company has not granted loans & advances on the basis of security by way of pledge of Shares and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the Company.
14. In our opinion, and according to the information and explanation given to us, the company is not dealing in or trading in share, securities, debenture, and other investment. According to the provision of clause 4(xiv) of the order is not applicable to the Company.
15. As informed to us, the Company has not given any guarantees for loans taken by others from banks or financial Institutions.
16. The Company has not obtained any term loan during the year.
17. According to the information and explanation given to us and on an overall examination of the balance Sheet of the Company, We report that no funds raised on short-term basis have been used for long-term investment. No long-term loans have been used to finance short-term assets.
18. During the year, the Company has not made any preferential allotment of Shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any Debentures during the year, nor are there any outstanding debentures.
20. The Company has not raised any money by way of public issue during the year and therefore clause 4 (XX) of the order is not applicable.
21. During the course of our examination of the books and records of the Company, carried in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For SHYAM C. AGRAWAL & CO  
Chartered Accountants

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

S. C. AGRAWAL  
(Proprietor)

Membership No. 31774

# 16th Annual Report 2007-08



## BALANCE SHEET AS AT 31ST MARCH, 2008

	SCH	RUPEES	AS AT 31.03.2008 RUPEES	AS AT 31.03.2007 RUPEES
<b>I SOURCES OF FUNDS</b>				
<b>SHAREHOLDER'S FUNDS</b>				
Share Capital	A		79,891,600.00	79,891,600.00
Reserves & Surplus	B		45,024,024.80	0.00
			<u>124,915,624.80</u>	<u>79,891,600.00</u>
<b>II APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	C	81,602,925.00		42,198,300.00
Less: Depreciation		<u>18,003,027.00</u>		<u>14,803,741.00</u>
Net Block			63,599,898.00	27,394,559.00
<b>DEFERRED TAX LIABILITY / ASSET</b>			11,925,00.00	
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Inventories	D	55,879,280.50		10,095,484.00
Sundry Debtors		28,081,368.50		40,153,259.54
Cash and Bank Balances		925,517.46		4,045,014.71
Loans and Advances		<u>14,484,603.20</u>		<u>3,688,059.23</u>
		99,370,769.66		57,981,817.48
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>				
Current Liabilities	E	42,827,761.86		4,568,653.17
Provisions		<u>7,153,382.00</u>		<u>7,554,434.00</u>
		49,980,043.86		12,123,087.17
<b>NET CURRENT ASSETS</b>			49,390,725.80	45,858,730.31
<b>PROFIT &amp; LOSS ACCOUNT</b>			0.00	6,638,310.69
			<u>124,915,624.80</u>	<u>79,891,600.00</u>

### NOTES ON ACCOUNTS

As per our report of even date attached  
For SHYAM C. AGRAWAL & CO.  
Chartered Accountants

For and on behalf of the Board

S. C. AGRAWAL  
Proprietor  
Membership No. 31774

SURENDRA MARDIA  
CHAIRMAN

Place : Mumbai  
Date : 21.07.2008

RAVINDRA MARDIA  
MANAGING DIRECTOR





**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	SCHEDULE	CURRENT YEAR 31.03.2008 RUPEES	PREVIOUS YEAR 31.03.2007 RUPEES
<b>INCOME</b>			
Sales		103,500,585.03	322,723,507.50
Other Income	F	5,617,763.00	907,143.00
Increase/(Decrease) in Stock	G	29,631,038.00	(1,283,100.00)
		<u>138,749,386.03</u>	<u>322,347,550.50</u>
<b>EXPENDITURE</b>			
Raw Materials Consumed	H	126,036,688.50	275,154,962.83
Manufacturing and Other Expenses	I	3,049,744.23	2,783,534.50
Payment to and Provision for Employees	J	1,853,283.00	2,520,993.00
Administrative and Selling Expenses	K	1,889,413.00	1,632,525.00
Depreciation	C	3,199,285.00	3,199,283.00
Interest and Financial Charges	L	18,261.81	30,920.65
Total		<u>136,046,675.54</u>	<u>285,322,218.98</u>
<b>PROFIT / LOSS BEFORE TAXATION</b>		2,702,710.49	37,025,331.52
NET PROFIT / (LOSS)		<u>2,702,710.49</u>	<u>37,025,331.52</u>
Add : Deffered Tax Asset		11,925,000.00	4,351,029.00
<b>PROFIT / LOSS AFTER TAXATION</b>		14,627,710.49	32,674,302.52
Add: balance B/ f		<u>(6,638,310.69)</u>	<u>(39,312,613.21)</u>
Balance carried over to Balance Sheet		<u>79,89,399.80</u>	<u>(6,638,310.69)</u>

NOTES ON ACCOUNTS

As per our report of even date attached  
For SHYAM C. AGRAWAL & CO.  
Chartered Accountants

For and on behalf of the Board

S. C. AGRAWAL  
Proprietor  
Membership No. 31774

SURENDRA MARDIA  
CHAIRMAN

Place : Mumbai  
Date : 21.07.2008

RAVINDRA MARDIA  
MANAGING DIRECTOR



## SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

RUPEES	AS AT 31.03.2008 RUPEES	AS AT 31.03.2007 RUPEES
<b><u>SCHEDULE 'A'</u></b>		
<b><u>SHARE CAPITAL</u></b>		
Authorised 85000,000 Equity Shares of Rs.10/- each	85,000,000.00	85,000,000.00
Issued, Subscribed and paid-up 8000,000 Equity Shares of Rs.10/- each fully paid up	80,000,000.00	80,000,000.00
Less: Calls in Arrears	108,400.00	108,400.00
	<u>79,891,600.00</u>	<u>79,891,600.00</u>
<b><u>SCHEDULE 'B'</u></b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
Revaluation Reserves	37,034,625.00	0
Add : Profit for the Year	79,893,999.80	0
	<u>45,024,024.80</u>	<u>0</u>
<b><u>SCHEDULE 'D'</u></b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>1. Current Assets</b>		
Inventories (As taken, valued and certified by Management)		
a) Raw Materials and scraps (At cost) (including goods in transit)	19,872,698.50	3,719,940.00
b) Work-in-process (At estimated cost)	24,390,910.00	6,252,337.50
c) Finished goods (At estimated cost)	6,615,672.00	98,206.50
d) Stores & spares (At cost)	5,000,000.00	25,000.00
	<u>55,879,280.50</u>	<u>10,095,484.00</u>
Sundry Debtors (Unsecured considered good)		
Outstanding for exceeding 6 months	53,23,311.71	0.00
Others	22,758,056.79	52,456,965.54
	<u>28,081,368.50</u>	<u>52,456,965.54</u>

# MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED



## MARDIA SAMYOUNG CAPILLARY TUBES CO. LIMITED

### SCHEDULE 'C'

#### STATEMENT OF FIXED ASSETS & DEPRECIATION FOR THE YEAR 2007-2008

#### WITHOUT REVALUATION

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		RATE %
	AS AT 1.04.2007	Additions / Deductions	AS AT 31.03.2008	UPTO 31.03.2007	FOR THE YEAR	UPTO 31.03.2008	AS AT 31.03.2008	AS AT 31.03.2007	
LAND	1187596	0	1187596	0	0	0	1187596	1187596	0.00
LAND DEVELOPMENT	1205972	0	1205972	0	0	0	1205972	1205972	0.00
FACTORY BUILDING	23768881	2370000	26138881	10052686	793881	10846567	12922314	13716195	3.34
RESIDENCE BUILDING	2174092	0	2174092	454916	35438	490354	1683738	1719176	1.63
PLANT & MACHINERY	10767559	0	10767559	3898915	2136250	6035165	4732394	6868644	10.34
MOTOR PUMP AND BOREWELL	7000	0	7000	1448	724	2172	4828	5552	10.34
ELECTRICITY INSTALLATION	530000	0	530000	74942	37471	112413	417587	455058	7.07
GENERATORS	60000	0	60000	8484	4242	12726	47274	51516	7.07
TRANSFORMERS	34000	0	34000	4808	2404	7212	26788	29192	7.07
DIES AND MOULDS	1201200	0	1201200	79397	74801	154198	1047002	1121803	7.07
FURNITURE AND FIXTURES	100000	0	100000	12660	6330	18990	81010	87340	6.33
OFFICE EQUIPMENT	10000	0	10000	1238	619	1857	8143	8762	6.19
COMPUTER	14000	0	14000	1733	867	2600	11400	12267	6.19
VEHICLES	1099000	0	1099000	208810	104405	313215	785785	890190	9.50
OTHER ASSETS	39000	0	39000	3705	1853	5558	33442	35295	4.75
<b>TOTAL</b>	<b>42198303</b>	<b>2370000</b>	<b>44568300</b>	<b>14803742</b>	<b>3199285</b>	<b>18003027</b>	<b>24195273</b>	<b>27394558</b>	
PREVIOUS YEAR	38960541	3237759	42198300	11604458	3199283	14803741	27394559	27356083	

## MARDIA SAMYOUNG CAPILLARY TUBES CO. LIMITED

### SCHEDULE 'C'

#### STATEMENT OF FIXED ASSETS & DEPRECIATION FOR THE YEAR 2007-2008

#### WITH REVALUATION

ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK		RATE %	VALUES PER THE VALUATION REPORT
	AS AT 1.04.2007	Additions / Deductions	REVALUATION ADDITION	AS AT 31.03.2008	UPTO 31.03.2007	FOR THE YEAR	UPTO 31.03.2008	AS AT 31.03.2008	AS AT 31.03.2007		
LAND	1187596	0	10812404	12000000	0	0	0	12000000	1187596	0.00	12000000
LAND DEVELOPMENT	1205972	0	1719028	2925000	0	0	0	2925000	1205972	0.00	2925000
FACTORY BUILDING	23768881	2370000	14016186	40155067	10052686	793881	10846567	29308500	13716195	3.34	26938500
RESIDENCE BUILDING	2174092	0	1376262	3550354	454916	35438	490354	3060000	1719176	1.63	3060000
PLANT & MACHINERY	10767559	0	8575606	19343165	3898915	2136250	6035165	13308000	6868644	10.34	13308000
MOTOR PUMP AND BOREWELL	7000	0	0	7000	1448	724	2172	4828	5552	10.34	
ELECTRICITY INSTALLATION	530000	0	432413	962413	74942	37471	112413	850000	455058	7.07	850000
GENERATORS	60000	0	102726	162726	8484	4242	12726	150000	51516	7.07	150000
TRANSFORMERS	34000	0	0	34000	4808	2404	7212	26788	29192	7.07	
DIES AND MOULDS	1201200	0	0	1201200	79397	74801	154198	1047002	1121803	7.07	
FURNITURE AND FIXTURES	100000	0	0	100000	12660	6330	18990	81010	87340	6.33	
OFFICE EQUIPMENT	10000	0	0	10000	1238	619	1857	8143	8762	6.19	
COMPUTER	14000	0	0	14000	1733	867	2600	11400	12267	6.19	
VEHICLES	1099000	0	0	1099000	208810	104405	313215	785785	890190	9.50	
OTHER ASSETS	39000	0	0	39000	3705	1853	5558	33442	35295	4.75	
<b>TOTAL</b>	<b>42198300</b>	<b>2370000</b>	<b>37034625</b>	<b>81602925</b>	<b>14803742</b>	<b>3199285</b>	<b>18003027</b>	<b>63599898</b>	<b>27394558</b>		<b>59231500</b>

# 16th Annual Report 2007-08



## SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

RUPEES	AS AT 31.03.2008 RUPEES	AS AT 31.03.2007 RUPEES
<b>Cash and Bank Balances</b>		
i. Cash in hand	140,102.87	164,942.39
ii. Balance With Scheduled Banks		
a) In Current Accounts	278,721.59	3,373,379.32
b) In Margin Account	416,040.00	416,040.00
c) Public Issue Refund Account	90,653.00	90,653.00
	785,141.59	3,880,072.32
	925,517.46	4,045,014.71
 <b>2. LOANS AND ADVANCES</b>		
(Unsecured considered good)	738,979.00	0.00
a) Advance against Salary	303,314.00	112,108.00
b) Sundry Deposits	3,262,482.00	3,307,482.00
c) Tax deducted at Source	1,142,188.20	62,306.00
d) Excise Duty Modvat credit	8,889,444.00	118,024.00
e) Excise Duty cess credit	131,993.00	85,879.00
f) Higher Education Cess	16,203.00	2,260.23
	14,484,603.20	3,688,059.23
	14,484,603.20	3,688,059.23
 <b>SCHEDULE 'E'</b>		
<b>CURRENT LIABILITIES</b>		
a) Sundry Creditors	39,838,426.48	4,431,630.60
b) Bank O.D. account	172,543.58	137,022.57
c) Service Tax Payable	279,039.80	0.00
d) Veena Industries Ltd. (DEPOSIT)	2,500,000.00	0.00
e) TDS Payable	37,752.00	0.00
	42,827,761.86	4,568,653.17
	42,827,761.86	4,568,653.17
 <b>PROVISIONS</b>		
Provision for Expenses	0.00	365,880.00
Provision for Gratuity	3,152,382.00	3,152,637.00
Provision for audit fees	0.00	35,917.00
Provision For Income Tax	4,000,000.00	4,000,000.00
	7,152,282.00	7,554,434.00
	7,152,282.00	7,554,434.00
TOTAL	49,980,043.86	12,123,087.17



**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET**

	AS AT 31.03.2008 RUPEES	AS AT 31.03.2007 RUPEES
<b>SCHEDULE 'F'</b>		
<b>OTHER INCOME</b>		
Interest received	763.00	49,449.00
Bank Interest	0.00	57,694.00
Lease Rent & Rent Income	5,617,000.00	800,000.00
	<u>5,617,763.00</u>	<u>907,143.00</u>
<b>SCHEDULE 'G'</b>		
<b>Increase / (Decrease) in Stocks</b>		
Closing Stock :		
Finished goods	6,615,672.00	98,206.50
Work-In-Process	24,390,910.00	6,252,337.50
Stores	5,000,000.00	25,000.00
	<u>36,006,582.00</u>	<u>6,375,544.00</u>
Less : Opening Stock		
Finished goods	98,206.50	98,206.50
Work-In-Process	6,252,337.50	7,535,437.50
Stores	25,000.00	25,000.00
	<u>6,375,544.00</u>	<u>7,658,644.00</u>
	29,631,038.00	(1,283,100.00)
<b>SCHEDULE 'H'</b>		
<b>RAW MATERIAL CONSUMED</b>		
Opening Stock	3,719,940.00	6,527,310.00
Add: Purchases (net)	142,189,447.00	272,347,592.83
	<u>145,909,387.00</u>	<u>278,874,902.83</u>
Less: Closing Stock	19,872,698.50	3,719,940.00
Raw Material Consumed	<u>126,036,688.50</u>	<u>275,154,962.83</u>



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	AS AT 31.03.2008	AS AT 31.03.2007
RUPEES	RUPEES	RUPEES
<b>SCHEDULE 'I'</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Electricity Expenses	496,808.00	406,481.00
Excise Duty Paid	2,330,674.23	1,883,529.00
Consumables & Stores	82,729.00	328,871.50
Testing Charges	365.00	20,159.00
Packing Material	0.00	60,614.00
Repairs & Maintenance	166,168.00	83,880.00
	3,049,744.23	2,783,534.50
<b>SCHEDULE 'J'</b>		
<b>PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salary, Wages and Bonus	1,531,316.00	2,160,750.00
Director's Remuneration	156,000.00	156,000.00
Staff Welfare Expenses	64,567.00	101,743.00
Provision for Gratuity	101,400.00	102,500.00
	1,853,283.00	2,520,993.00
<b>SCHEDULE 'K'</b>		
<b>ADMINISTRATIVE AND SELLING EXPENSES</b>		
Advertising Expenses	22,390.00	18,673.00
Insurance Charges	23,518.00	27,875.00
Auditors Remuneration	9,027.00	45,249.00
Brokerage & Commission	541,318.00	96,116.00
Donation	0.00	5,000.00
Conveyance & Travelling	222,348.00	37,083.00
Consultancy	378,700.00	0.00
Legal & Professional Fees &	414,138.00	466,726.00
Interest Paid	1,250.00	0.00
Labour Charges	3,000.00	0.00
Membership & Subscription	199.00	0.00
Printing & Stationery	74,781.00	46,325.00
Telephone Expenses	42,748.00	57,082.00
Postage & couriers	10,920.00	51,395.00
Transportation, Octroi and Cartage	145,076.00	778,501.00
Professional Tax	0.00	2,500.00
	1,889,413.00	1,632,525.00
<b>SCHEDULE 'L'</b>		
<b>INTEREST AND FINANCIAL CHARGES</b>		
Bank Charges	18,261.81	30,920.65
	18,261.81	30,920.65

**SCHEDULE 'M'**NOTES FORMING PART OF THE ACCOUNTS AS ON 31<sup>ST</sup> MARCH, 2008.**A. SIGNIFICANT ACCOUNTING POLICIES****1. ACCOUNTING CONVENTIONS**

The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those significant uncertainties, warehousing charges and leave pay.

**2. FIXED ASSETS**

Fixed assets stated at cost (net of modvat credit) which include all related expenses up to acquisition and installation of fixed assets. The fixed assets have been revalued on 31.3.2008.

**3. DEPRECIATION**

Depreciation on fixed assets has been provided on pro-rata basis on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. No depreciation is provided on the assets not put to use.

**4. INVENTORIES VALUATION**

Items of inventories are valued as under:

- |                     |   |
|---------------------|---|
| a. Raw materials    | : At Cost. On first in first out basis (Including materials with third party) |
| b. Works in Process | : At estimated cost   |
| c. Finished Goods   | : At estimated cost   |
| d. Stores & Spares  | : At Cost   |
| e. Scraps           | : At estimated cost   |

**5. FOREIGN CURRENCY TRANSACTIONS**

- Transaction in foreign currencies, are recorded at exchange rate prevailing on the date of relevant transaction.
- Balance in form of Current assets and Current liabilities in foreign currency, outstanding at the close of the year, are converted into Indian currency at the appropriate exchange rates prevailing in the date of Balance Sheet.
- Resultant gain or loss with respect to (a) above is accounted during the year.

**6. RETIREMENT BENEFITS**

Retirement benefits payable to the employees have been accounted for by making a provision, as regards to Gratuity payable to Employees based on actual valuation. This is in harmony with AS - 15 issued by the Institute of Chartered Accountants of India, which came into force from 01.04.1995

**7. MISCELLANEOUS EXPENDITURE**

- Preliminary Expenses & Public issue expenses are amortized over a period of ten years.

**8. REVENUE RECOGNITION**

- Sales are recognized at the time of the dispatch of the goods. Sales are exclusive of excise duty and net of return.
- Income arising out of lease Rent is accounted for as per the terms of the lease agreements entered into with the Lessees.

**9. IMPAIRMENT OF ASSETS**

The company has not worked out any "Impairment of Assets" as per Accounting standard-28.

**10. PROVISIONS, CONTINGENT LIABILITIES AND CONTIGENET ASSETS**

- The company recognizes as provisions, the liabilities being present obligations arising out of past events, the settlement of which is expected to result in an outflow of resources and which can be measured only by using a substantial degree of eliminations.
- Contingent liabilities are disclosed by way of a note to the financial statement after careful evaluation by the management of the facts and legal aspects of the matter involved.
- Contingent assets are neither recognized nor disclosed.



11. a) Current Tax : Provision for current tax is made on the estimated taxable income at the rate applicable to relevant assessment year.
- b) Deferred Tax : In accordance with the accounting standard 22 "Accounting for Taxes on the Income" issued by the Institute of Chartered Accountants of India, the Deferred Tax for the timing difference is measured using the tax rates and tax law that have been enacted or substantially enacted by the Balance Sheet date. Deferred Tax asset arising from timing difference are recognized only on the consideration of prudence.
- c) Fringe Benefit Tax: Provision for Fringe Benefit Tax is made in accordance with the provisions of the Income Tax Act, 1961.

## B. NOTES ON ACCOUNTS

### 1. CONTINGENT LIABILITIES NOT PROVIDED FOR

a) According to the information and explanations given to us, an amount of Rs. 659.88 Lacs, (Rs. 659.88 Lacs) towards Customs Import Duty, Interest & Penalty on the capital goods imported under EPCG Scheme & resultant export obligation not fulfilled is payable by the company. Proportionate custom duty amount saved, in respect of Advance Import License against which export obligation is pending, is Rs. 221.82 Lacs (Rs. 221.82 Lacs). Bank Guarantees issued against the same is Rs. 101.10 Lacs (Rs. 101.10 Lacs). Further an amount of Rs. 239.16 Lacs (239.16 Lacs) is pending towards the Excise Duty, Interest & Penalty claims made by the various Central Excise authorities, the company has preferred Appeals against such orders, at the appropriate levels. However, no other amount payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.

b) Custom duty saved on import of total Capital goods under EPCG Scheme is Rs 137.50 Lacs (Rs.137.50 Lacs). Bank Guarantee issued against the same is Rs. 70.37 Lacs (Rs 70.37 Lacs). Total export obligation under the EPCG Scheme was USD 81.25 Lacs.

c) Bank Guarantee for obtaining power given to Gujarat Electricity Board is Rs. 5.00 Lacs (Rs. 5.00 Lacs)

2. Sundry debtors, creditors and advances are subject to confirmation and reconciliation.
3. In the opinion of Board of Directors, the Current assets, loans and advances have a value of at least equal to the amounts shown in the balance sheet. If realized in the ordinary course of business provisions for all known liabilities is adequate and not in excess of amount considered reasonably necessary. There are no contingent liabilities other than those stated in Note No. 1.
4. The company operates in one segment only, of manufacturing Stainless Steel, Copper and Brass Tubes, Bars, Ingots etc. Hence in the opinion of the management this is the only reportable segment. As per accounting standard 17 on segment reporting issued by the Institute of Chartered Accountants of India.
5. As on 31st March 2008, The Company has revalued its fixed Assets as per the Valuation Report of Registered Valuer. This has resulted to increase of the Gross Block to Rs. 81602926/- and Corresponding increase in the revaluation reserves by the same amount.

### 6. Related Party Disclosures :

Name of the Related Party	Nature of the Relationship	Nature of Transactions During the year	Volume of Transaction 2007-08	Volume of Transaction 2006-07	Balance at the end 31.3.08	Balance at the end 31.3.07
Mr. Ravindra Mardia	Key Management Personnel	Directors Remuneration	156000	156000	Nil	Nil





7.
  - a. Associates cover entities over which Key Management Personnel / their relatives are able to exercise significant influence.
  - b. Related party as defined under Clause 3 of Accounting Standard –18 has been identified on the basis of representation made by key managerial personnel and information available with the company.
  - c. There are no provisions for doubtful debts or amounts written off or written back during the year, for debts due from or to related parties.

8. PAYMENT TO AUDITORS	Rupees in lacs	Rupees in lacs
	Current year Amount	Previous year Amount
Audit Fees, Tax Audit etc.	0.35	0.30
Income Tax. matters	0.10	0.10
Out of Pocket Expenses & others	0.05	0.05
	<u>0.50</u>	<u>0.45</u>

9. Additional information pursuant to the provision of paragraphs (3) & (4) of part II of schedule VI to The Company's Act, 1956, read together with other notes.

**1. Particulars in respect of licensed capacity, installed capacity, production and Stocks :**

	Units	Current year	Previous year
<b>I</b> Licensed Capacity		N.A.	N.A.
<b>II</b> Installed Capacity		N.A.	N.A.
a) Stainless Steel, Copper and Brass Tubes, Bars, Ingots etc	MT.	1800	1800
b) S. S. Round / Flats etc.	MT.	N.A.	N.A.
c) Ball pen, tips moulded Parts	PCS.	N.A.	N.A.

Being technical in nature, relied on the Certificate of the Managing Director.

**III Production, turnover, opening and closing stock**

	Unit	Value Rs. In lacs							
		Production		Turnover		Opening Stock		Closing Stock	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Stainless Steel, Copper and Brass Tubes, Bars, Ingots etc.	MT.	999.80 (1267.440)	999.80 (1269.424)	999.80 (3227.24)	1035.01 (3227.24)	0.281 (0.193)	0.98 (0.48)	142.892 (0.281)	378.317 (0.98)

(Production is certified by Managing Director.)

**IV Consumption of Raw Material**

	Units	Current year		Previous year	
		Quantity	Amount	Quantity	Amount
Copper, Brass & other Semis	MT.	895.16	1242.15	1351.537	2751.55

**V Value of Imported / Indigenous Raw Materials Consumed**

	Rupees in Lacs			
	Current year		Previous year	
	Amount	Percentage	Amount	Percentage
i) Imported	0.00	0.00	0.00	0.00
ii) Indigenous	1242.15	100.00	2751.55	100.00
	<u>1242.15</u>	<u>100.00</u>	<u>2751.55</u>	<u>100.00</u>



## VI Expenditure in foreign currency

	Current year Amount	Previous year Amount
Foreign Traveling	NIL	NIL
Earning in Foreign Exchange	NIL	NIL

## 10. 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. 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."*

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

11. The Company has not received any information from any of the suppliers of their being a small scale industrial unit. Hence the amount due to small scale industrial unit outstanding as on 31<sup>st</sup> March, 2008 are not ascertainable.

## 12. CALCULATION OF DIFFERED TAX LIABILITY AS ON 31.03.2008

Deperication as per Book	3199285	
Deperication as per Income Tax	4124330	
	<u>-925045</u>	
Tax effect		-285839
Provision for Gratuity	102500	
		31673
LOSSES TO BE C/F	39414755	12179159
<b>DIFFERRED TAX ASSETS</b>		<u><b>11924993</b></u>

13. Figures for the previous year have been regrouped, reclassified wherever necessary to make them comparable with the current year's figures. Figures in the bracket, wherever appeared are for previous year.

As per our report of even dated attached  
For SHYAM C. AGRAWAL & CO.  
Chartered Accountants

S. C. AGRAWAL  
Proprietor  
Membership No. 31774

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

For and on behalf of the Board

SURENDRA MARDIA  
Chairman

RAVINDRA MARDIA  
Managing Director

# MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED



2007-2008

## CASH FLOW STATEMENT

	(Rs. In Lacs)	
	Year Ended 31/03/2008	Year Ended 31/03/2007
A Profit (Loss) before tax	27.03	326.74
Add: Non cash Expenditure & Non Recurring Expenditure		
Depreciation	31.99	31.99
Miscellaneous Expenditure W/OFF	0	0.00
Interest & Financial Charges	0.18	0.31
	<u>32.17</u>	<u>32.30</u>
	59.20	359.04
Less : Non Recurring Income		
Other income	56.18	9.07
	<u>3.02</u>	<u>349.97</u>
Changes in Working Capital		
Inventories	-457.84	40.91
Debtors	120.72	(48.35)
Loan & Advances	-107.97	(31.55)
Creditors and Provisions	378.57	(305.38)
	<u>-66.52</u>	<u>(344.37)</u>
	(63.50)	5.60
Less: Taxes Paid/Fringe Benefit	0	0
Cash Generated From Operations	<u>-63.50</u>	<u>5.60</u>
B Cash Flow from Investing Activities:		
Purchase of fixed assets	-23.70	(32.38)
Revaluation of Fixed Assets	-370.34	0.00
Revaluation Reserve	370.34	0.00
Interest & Financial Charges	-0.18	(0.31)
Interest & Other Income	56.18	9.07
	<u>32.30</u>	<u>(23.62)</u>
C Cash Flow from Financing Activities		
Borrowing (Net)	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
Net Cash from Financing Activities	<u>0.00</u>	<u>0.00</u>
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(31.20)	(18.02)
Cash and Cash equivalents as on 31/03/2007	40.45	58.47
Cash and Cash equivalents as on 31/03/2008	9.25	40.45

For and on behalf of the Board

Place : Mumbai  
Date : 21st July 2008

Surendra Mardia  
Chairman



**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED**  
**ADDITIONAL INFORMATION AS REQUIRED UNDER**  
**PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 IN TERMS OF**  
**GOVERNMENT OF INDIA NOTIFICATION DATE 15.051995**

**PART - IV**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration Details**

Registration                  State Code     

Balance Sheet                   

Date      Month      Year

**II Capital Raised during the Year (Amount In Thousand)**

Public Issue	Right Issue
<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	Private Issue
<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**III Position of Mobilizing and Deployment of Funds (Amount In Thousand)**

Total Liabilities	Total Assets
<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="6"/>	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="6"/>
Sources of Funds	
Paid-Up Capital	Reserves & Surplus
<input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="2"/>	<input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="4"/>
Secured Loans	Unsecured Loans
<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Application of Funds	
Net Fixed Assets	Investments
<input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Net Current Assets	Misc. Expenditure
<input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="1"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	
<input type="text" value="0"/>	



IV Performance of Company (Amount In Thousand)

Turnover & Other Income							Total Expenditure											
		1	3	8	7	4	9			1	3	6	0	4	7			
Profit/Loss Before Tax							Profit/Loss after Tax											
+	-					2	7	0	3	+	-			1	4	6	2	8

(Please tick Appropriate Box + for Profit - Loss)

Earning Per Shares In Rs..

1 . 8 3

Dividend Rate %

N I L

V. Generic Names of Three Principal Products / Services Company  
(as Per monetary terms)

Items Code No. 9 6 0 8 9 9 = 0 9

(ITC Code)

Product Description

B A L L P E N T I P S

Items Code No. 7 4 1 2 1 = 0 0

(ITC Code)

Product Description

B R A S S T U B E S

Items Code No. 7 3 0 6 4 0 = 0 0

(ITC Code)

Product Description

S S T U B E S

As Per Our report of even date attached

For SHYAM C. AGRAWAL & CO.,  
Chartered Accountants

For and on behalf of the Board

S. C. AGRAWAL  
Proprietor  
Membership No. 31774

1. Surendra Mardia  
Chairman

Place : Mumbai  
Date :21/07/2008

2. Ravindra Mardia  
Managing Director

**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED.**

Registered Office of the Company at J – 55, M. I. D. C, Industrial Area, Tarapur , Boisar - 401 506

**A T T E N D A N C E   S L I P**

**16<sup>TH</sup> ANNUAL GENERAL MEETING**

(To be handover at the entrance of the Meeting Hall)

Client ID/Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

JH1 \_\_\_\_\_

JH2 \_\_\_\_\_

I/We hereby record my/our presence at the Sixteenth Annual General Meeting of the Company held on Thursday the 21<sup>st</sup> August, 2008, at 5.00 P. M. at J – 55, M. I. D. C, Industrial Area, Tarapur , Boisar - 401506.

Signature of Member/Proxy

Notes :

1. A member/Proxy wishing to attend the meeting must complete this Admission Slip and hand it over at entrance.
2. If you intend to appoint a proxy, please complete the proxy form below and deposit it at the Company's Registered office at least 48 hours before the meeting.

**MARDIA SAMYOUNG CAPILLARY TUBES COMPANY LIMITED.**

Registered Office of the Company at J – 55, M. I. D. C, Industrial Area, Tarapur , Boisar - 401 506.

**P R O X Y**

I/We \_\_\_\_\_

Being a member(s) of Mardia Samyoung Capillary Tubes Company Limited hereby appoint \_\_\_\_\_  
\_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on Thursday, the 21<sup>st</sup> August, 2008, at 5.00 P. M. at J – 55, M. I. D. C, Industrial Area, Tarapur , Boisar - 401506 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

Client ID/Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

DP. ID No.



(Signature of Member)

Notes:

1. Proxies, in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of the meeting.
2. Proxy need not be a member.
3. Revenue Stamp of Re. 1/- is to be affixed on this form.
4. This form should be signed across the stamp as per specimen signature registered with the Company.

BOOK POST

If undelivered, please return to:

**MARDIA SAMYOUNG CAPILLARY TUBES CO. LTD.**

MARDIA HOUSE,  
96, C. P. Tank Road,  
Mumbai - 400 004.