

JINDAL
D.P. JINDAL GROUP

Conquering all Odds...

ANNUAL REPORT 2012-13




MAHARASHTRA SEAMLESS LIMITED

Combating adversities



By implementing highly competitive
Lean Manufacturing Strategies,
effective Cost Cutting measures and
strict Quality Control practices,
Maharashtra Seamless Limited (MSL) has sailed right
through the challenging phases.




A look back at the Financial Year 2012-13 suggests that it was a year of challenges. The slowdown in the domestic economy and continued dumping of pipes in the Indian market resulted in a steep decline in the demand and order inflow. But MSL as always, took the challenges head-on and managed to sustain its position as a leading player in the market.


MSL, the Seamless & ERW pipes and tubes manufacturing giant acted responsibly towards its shareholders' interest while demonstrating that only the fittest survives in this industry.

Investing in possibilities






Going beyond the conventional ways of doing business, MSL has diversified into generating energies from renewable sources- a better sustainable business interest, serving the eco-system as well.




MSL strives to operate responsibly and profitably. It takes steps towards lowering down the use of energies which cannot be replenished. The 7 MW Wind Power generation plant at Satara, Maharashtra and the 5 MW Solar Power project located at Pokaran, Rajasthan allotted under Jawahar Lal National Solar Mission are two successfully running projects empowered by Maharashtra Seamless Limited.

Advantages of Power Division:


- * Environment friendly 'Green Power'
 - * 100% accelerated depreciation
 - * Sales Tax benefit
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Renewing initiatives





MSL takes steps towards its advancement by strengthening value addition and product line extension.



Increasing its total capacity to manufacture Seamless pipes to 550,000 TPA, the Company has set up another 200,000 TPA 6" Seamless pipe plant near Mangaon (Maharashtra), which uses MPM Technology to provide good quality and higher productivity. This state-of-the-art facility not only manufactures Drill Pipes, but it is also capable of manufacturing high thickness as well as long length pipes. This would open new horizons for the company to broaden its product offering for Oil & Gas, Boiler and Automobile segment.

Enriching lives



Much beyond the parameters of profit and loss, MSL takes up the task of giving back to the society by means of ensuring sustainable development of its employees, the society and the environment it operates in.



Welfare of the people



Within the organization

The Company strongly believes that its true strength lies in its workforce. That is why, Maharashtra Seamless Limited considers one of its main priorities to support its employees in climbing the ladder of success according to their individual aspirations and potential. The right approach to training, performance evaluation and capability development helps the Company to prepare its team against the ever-changing market realities.

Around the organization

Corporate Social Responsibility (CSR) is a vital part of the Company's operations. Various CSR programs of the Company are undertaken to pursue a corporate strategy that enables realization of the twin goals of shareholders' value enhancement and societal value creation in a mutually reinforcing manner. Regular initiatives are taken to improve the Health, Education and Environmental standards in nearby villages. The Company also encourages the development of human capital of the nation by expanding human capabilities through skills development, vocational training and much more.

Chairman's Statement



D.P. Jindal

Chairman- D.P. Jindal Group

Dear Shareholders,


It gives me immense pleasure to express my deepest gratitude to our shareholders, customers, business associates, bankers and employees for their continued support to your Company. As you know, 2012-13 was a challenging year for the Indian economy. Most of the economic parameters have looked concerning as rising inflation and stiff interest rates have stifled growth. There has been a marked slowdown in FDI which has put pressure on rupee and further contributed to uncertainty in business confidence. Some of the large expected investments have either been dropped or just fizzled out. This has been a setback of huge proportions and has sent disturbing signals to the world at large.

While the US economy has stabilised with the aggressive monetary policy of the US Federal Reserve, Europe continued to struggle with high unemployment and low growth rates. There are growing signals that US may not see another round of Quantitative easing which has caused grave concerns to emerging markets like India. Stiff Oil prices and currency devaluation have further burdened the dwindling foreign exchange reserves of imported oil dependent countries like India.

The year saw a perceptible slowdown in the Indian economy coupled with sluggish investment scenario. Various international credit agencies have reduced Indian growth forecast to 5.0% for the current year, which came as a setback to an otherwise promising economy. Indian industry is nervous and anxiously waiting for the Government of India to take some pro-growth policy measures to put Indian economy back on track. It is imperative that the country boosts up domestic manufacturing sector which has traditionally been the backbone of Indian economy. Unfair and injurious trade practice of dumping of goods has devastated domestic manufacturing industry and caused irreparable damage to Indian dominance in quality manufacturing.

Steel Pipe Scenario

I am proud to state that despite these uphill challenges, your Company has been successfully working hard without losing its focus on sustaining excellence. The year saw another bout of severe slowdown in seamless pipe demand due to indefinite postponement of large infrastructure projects. Along with the industry, your Company also faced stiff competition from unfair dumping. It is unfortunate that despite several appeals



for imposition of anti-dumping duties, the response from the Government has been inadequate. Your Company hopes that the Government will take urgent note of the deteriorating health of the seamless pipe industry due to unfair dumping and take corrective measures. Your company is hopeful of an early affirmative action from the Government of India.

Key Financial Parameters of MSL in last year

Your Company has been successful in navigating its way through difficult times with its prudent finance policy and was able to minimize damage due to unprecedented market slowdown. Your Company will continue to operate with optimum cost structure as there may be more difficult times ahead for the Indian seamless pipe industry. Your company will regularly review and take appropriate steps to prepare for external shocks and is optimistic of delivering reasonable reward to its stakeholders even in these adverse conditions.

During the year, the Company achieved a turnover of ` 1722 Crore against ` 2292 Crore during last year. The profit for the year being ` 153 Crore as against ` 311 Crore in the last year.

Growth & Expansion

Slowdown is an opportunity for introspection and to look at options for overcoming adversities. Your Company has been reducing wasteful expenses and has made itself a more efficient corporate. Your Company has reduced costs without compromising on efficiency and productivity. There has been a renewed focus on product development and aggressive search for new markets. Your Company has ventured into new export market and is working closely with large global Oil & Gas corporates for vendor registration. Your Company is making all efforts to minimize bottlenecks in production process and has made fresh investment on state-of-the-art quality testing equipment.

Human Resources

Even as most of the corporates have been cutting down on manpower, your Company has been careful in any such exercise. While your Company has rationalized head counts in non-essential areas, it continues to invest in upgrading knowledge of its quality manpower. Your Company is proud of its committed team of employees and feels that their

contribution to the success of the Company must be duly recognized and appreciated.

Valued Customers

Your Company is proud of its valued customers who have stood by us in all times and have been the source of strength in tough times. Your Company stands for world-class quality and customer satisfaction. New investments were made in R&D to improve quality and provide new value-added products to customers. During the year, several new development orders were successfully executed, thus confirming your Company's ability to be a leader in innovation.

Corporate Social Responsibility

Your Company is conscious of its responsibility towards the society and the country. New initiatives in imparting education to less privileged and creating employment opportunities for women were introduced during the year. Your Company recognizes its responsibility towards the eco system. It will further invest in improving quality of life in surrounding villages and partner with local administration in social welfare initiatives.

Information Technology

Technology is a key driver in future growth of your Company and is a high priority area. Your Company is striving to build an integrated platform for customers, employees and other stakeholders. This initiative will help us build an efficient supply chain and give competitive advantage. This and several other initiatives have helped your Company to be more responsive to market and give higher customer satisfaction.

Corporate Governance

Your company believes in complete compliance with corporate governance laws and has zero tolerance towards any compromise. Dedicated internal and external audit teams ensure that best accounting practices are followed in both letter and spirit. Your Company has always stood for shareholders' value maximization and will always take proactive steps for fulfilling its promise of transparency and law compliance.

Thank you,

D. P. Jindal

Message from the Managing Director



Saket Jindal
Managing Director

Dear Shareholders,

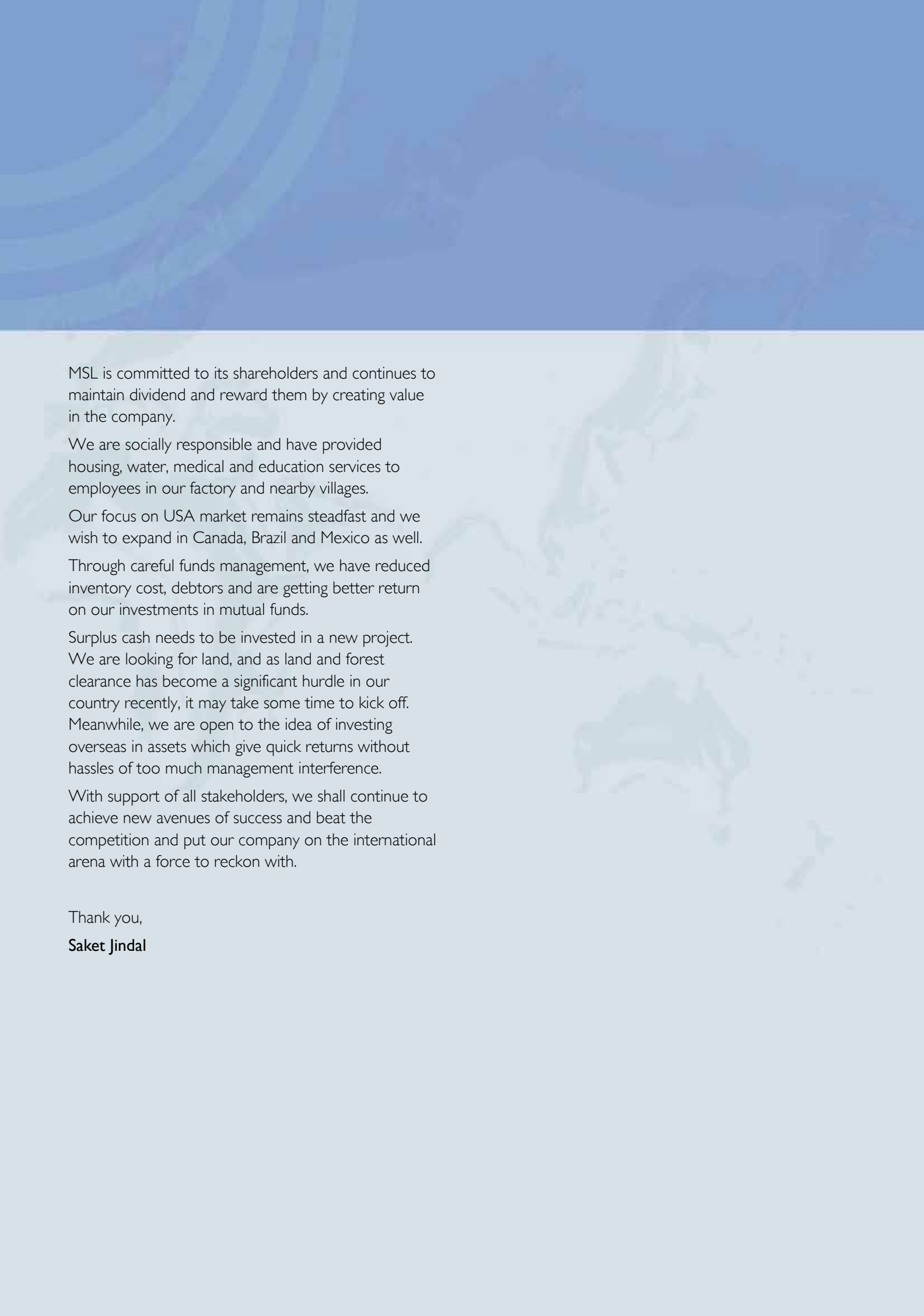
It has been a very competitive year and we have still managed to stay above the competition.

We have managed to do cost cutting and boost employee morale and also improved our systems and processes.

Our IT systems are being revamped and we are lobbying with the government to give protection against imports which are coming into the country at dumping prices.

Our solar project is giving consistent results and we may expand in this sector. Renewable energy has a promising future and gives us mileage in terms of Corporate Social Responsibility.

Our capacity expansion in seamless should give dividends when the market picks up. Currently, due to lack of stability in government policy and lack of foreign investment, the demand for our product is lacklustre. We are exploring more markets overseas to tap new customers as we are getting better realisations because the exchange rate favouring us now.



MSL is committed to its shareholders and continues to maintain dividend and reward them by creating value in the company.

We are socially responsible and have provided housing, water, medical and education services to employees in our factory and nearby villages.

Our focus on USA market remains steadfast and we wish to expand in Canada, Brazil and Mexico as well.

Through careful funds management, we have reduced inventory cost, debtors and are getting better return on our investments in mutual funds.

Surplus cash needs to be invested in a new project. We are looking for land, and as land and forest clearance has become a significant hurdle in our country recently, it may take some time to kick off. Meanwhile, we are open to the idea of investing overseas in assets which give quick returns without hassles of too much management interference.

With support of all stakeholders, we shall continue to achieve new avenues of success and beat the competition and put our company on the international arena with a force to reckon with.

Thank you,

Saket Jindal