

MUKAT PIPES LIMITED

21ST
Annual Report
2007-2008

Mukat Pipes Limited

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE 21ST ANNUAL GENERAL MEETING OF THE MEMBERS OF *MUKAT PIPES LIMITED* WILL BE HELD ON TUESDAY, THE 13TH SEPTEMBER, 2011 AT 12.00 NOON AT TIME AND AGAIN, 9 RAHEJA CLASSIQUE LINK ROAD, NEXT TO CINEMAX, LOKHANDWALA, ANDHERI(W), MUMBAI-53, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2008 and Profit and Loss Account for the year ended 31st March, 2008 and Report of Auditors and Directors thereon.
2. To appoint a Director in place of **Mr. Kamal Jain** who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of **Mrs. Sandeep Kaur Ahluwalia** who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and authorize the Board of Directors to fix their remuneration.

By Order of the Board

For MUKAT PIPES LIMITED,

**RUPINDER SINGH AHLUWALIA
CHAIRMAN**

Registered Office:

Flat No. 39, Parag Apartments,
7th Floor, J. P. Road, Versova,
Andheri (West), Mumbai 400061.

Place: RAJPURA

Date: 23rd June, 2011.

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 and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.**
- 2 **The Register of Members and Register of Transfers will remain closed from 07.09.2011 to 13.09.2011, (both days inclusive).**
- 3 **Members are requested to intimate any change in their address to the Company and Share Transfer Agents- M/s. Link Intime India Pvt. Ltd. (Formerly M/s. Intime Spectrum Registry Ltd.), C/13, Pannalal Silk Mill Compound, L. B. S. Marg, Bhandup (West), Mumbai 400078 at the earliest quoting their Folio Numbers.**
- 4 **Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 8 days before the date of the meeting so that the information required may be made available at the meeting.**
- 5 **The relevant details of Directors retiring by rotation, seeking re-appointment as required by Clause 49 of the Listing Agreement are given under the Corporate Governance Report.**
- 6 **Members are requested to bring the copy of Annual Report sent to them.**

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DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 21st Annual Report & Audited Accounts for the year ended 31st March 2008. The Directors regret delay in the same due to certain litigations and/or disputes between 2 groups of Directors before various Hon'ble Courts. Hence, though the accounts were ready, the same could not be placed earlier before the Members for adoption. The same are being presented now.

FINANCIAL HIGHLIGHTS

The salient features of the Company's working are as under:-

	April to March 2007-08 (Rs.in lacs)	April to March 2006-07 (Rs.in lacs)
Sales and other income	1123.52	989.75
Profit/(Loss) before Interest, Deprecation & Tax (PBDIT)	(97.05)	(76.31)
Less: Interest	0.47	1.08
Profit/(Loss) before Depreciation & Tax.	(97.52)	(77.39)
Less: Depreciation	183.03	183.01
Profit/(Loss) before Tax	(280.55)	(260.40)
Less: Provision for Taxation	0.00	0.00
Taxation for earlier years	0.00	0.00
Provision for deferred Tax	0.00	0.00
Prior period Adjustment	0.00	0.00
Profit after Tax	(280.55)	(260.40)
Balance Brought Forward	(2982.04)	(2721.64)
Balance available for appropriation	(3262.59)	(2982.04)

DIVIDEND

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

FINANCIAL AND OPERATIONAL REVIEW

During the year under review the Company registered a gross income of Rs.1123.52 lacs (P.Y. Rs. 989.75 lacs) with negative PBDIT of Rs.97.05 lacs (P.Y. with a negative PBDIT of Rs.76.31 lacs). In the previous year, the company was declared sick by Hon'ble BIFR (Board for Industrial & Financial Reconstruction). The company is not in a capacity to raise working capital for optimum utilization of its installed capacity at Rajpura Unit and the installed capacity at Baramati Unit has been lying idle due to its closure in the year 2004. The production capacity at Rajpura unit is being used to do job work against advances from the sundry creditors. The enquiry under Section 16/17 of SICA 1985 by Operating Agency (Stressed Assets Stabilization Fund - SASF) appointed by Hon'ble BIFR to consider remedial measures for the Rehabilitation/Revival of the sick industrial company is being done. The assets of the company are protected under section 22 of SICA 1985 against any proceedings for the winding up of the industrial company or for execution of distress against the properties of the industrial company or for the appointment of receiver in respect thereof and no suit for recovery of money or for the enforcement of any security against the industrial company or of any guarantee in respect of any loans, or advance granted to the industrial company shall lie or be proceeded with further, except with the consent of the Board or, as the case may be, the Appellate Authority.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the Public during the year under review.

BOARD OF DIRECTORS

There are no additional material particulars of Board of Directors since the previous Report of the Board being the Report on the Accounts of the Financial Year 2006 – 07. Thus the relevant particulars of Board of Directors as stated in the Board Report on the Accounts of the Financial Year 2006 – 07 be treated as a part hereof.

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Kamal Jain & Mrs. Sandeep Kaur Ahluwalia, Directors retire by rotation and being eligible offer themselves for reappointment.

AUDITORS

M/s. R.P. Bhambhri & Co., Chartered Accountants, Patiala, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible, offered themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm that;

- i. In the preparation of the Annual Accounts for the Financial Year ended March 31, 2008, the Applicable Accounting Standards have been followed along with the proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31/03/2008 and of the Profit and Loss Account for that year.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors had prepared the Accounts for the Financial Year ended March 31, 2008 on a 'going concern' basis.

AUDIT QUALIFICATION

The credit facilities granted by Punjab National Bank (PNB), Industrial Development Bank of India (IDBI) and Oriental Bank of Commerce (OBC) to the Company has been designated as NPA accounts under the Prudential Norms applicable to our accounts. The Company has been negotiating OTS (One Time Settlement) proposals with OBC the banker of the Company. The other qualifications / remarks of the Auditors, if any, have been duly clarified either in their Report or in the Notes to the Accounts and the same are self explanatory.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, is annexed as Annexure "A" to this report.

PARTICULARS OF EMPLOYEES AND INDUSTRIAL RELATIONS

The Company does not have any employee drawing salary in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended.

REFERENCE TO BIFR

The Company has been making initiatives, measures and efforts to negotiate OTS's with IDBI and OBC. PNB has already sanctioned OTS of Rs. 5 Crores against their recoverable dues amount of Rs. 8.57 Crores. On 13-11-2007, IDBI has also sanctioned OTS for Rs. 11.30 Crores against their recoverable due of Rs. 34.91 Crores. OBC, the 2nd charge holder of assets of Baramati Unit, is also being persuaded to negotiate OTS for a reasonable amount. All efforts are being made to prepare a Draft Rehabilitation Scheme after negotiating OTS with all the secured creditors.

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CORPORATE GOVERNANCE

As informed earlier, due to various litigations and/or disputes between 2 groups of Directors, the compliance of various Statutory requirements including Listing Agreements were not fully met. However, the Board had strived to comply with applicable provisions of the Listing Agreement. Pursuant to Clause 49 of the Listing Agreement, the Corporate Governance Report for the financial Year 2007-08 is attached herewith.

The Management Discussion and Analysis Report are also covered under the Corporate Governance Report.

APPRECIATION

The Directors wish to express their gratitude for the support and co-operation extended to the Company by its investors, Government Agencies, Bankers and Financial Institutions during the year under review. Your Directors would also like to place on record their appreciation for the commitment, co-operation and contribution extended by all the employees of the Company.

For and on behalf of the Board,

Place : RAJPURA
Date : 22ND June, 2011

RUPINDER SINGH AHLUWALIA
(CHAIRMAN)

ANNEXURE 'A' TO THE DIRECTORS' REPORT

INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY:

Measures of energy conservation have been continued systematically and conscious efforts are made to bring awareness amongst users for energy conservation. The Company has not made any additional Capital investment on energy conservation equipment devices, during the year 2007 – 2008.

Total energy consumption and energy consumption per unit of production is as follows:

FORM A**A. Power and Fuel consumption:**

		Current Year (2007-2008)	Previous Year (2006-2007)
1. Electricity			
a) Purchased Units (KWH)		299710	260898
Total Amount (Rs.)		1281097	1242150
Rate/Unit (Rs.)		4.27	4.76
b) Own generation			
Through Diesel Generator			
Units Generated (KWH)		67257	33107
Total Amount (Rs.)		669102	323702
Cost/Unit (Rs.)		9.95	9.78
2. Consumption per unit of production			
Production : M.S.Pipes (Unit in MT)		2674.09	1718.58
Electricity Consumption/MT (KWH)		137.23	171.07

B. TECHNOLOGY ABSORPTION:**FORM B**

Disclosure of particulars with regard to technology absorption

Though the Company has not incurred any Capital expenditure on Research & Development during the year, emphasis has been given by introduction of various new methods of on-line inspection to improve manufacturing process and quality to result in better productivity. Quality Control Department is equipped with automatic equipments for quality control which has produced positive results.

Technology absorption, adaptation and innovation.

- i) Continuous efforts are made towards technology absorption, adoption and innovation. Plant operation and maintenance personnel are regularly imparted training (in house and outside) through study of technical literature and seminars.
- ii) Benefits derived as a result of the above efforts
 - improvement in productivity, cost reduction, product development etc.

B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particular	2007-2008 (Rs.in lacs)	2006-2007 (Rs.in lacs)
- Earning	Nil	Nil
- Outgo	Nil	Nil

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CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the listing agreement a Report on Corporate Governance is given below:

1. **Company's Philosophy on code of Governance**

Your Company's philosophy on corporate Governance envisages compliance with Statutory requirements, transparency and optimum disclosure of material Information, improvements and maintenance of product quality, professionalism and accountability in its dealing, human resource management, thereby striving for high standards of Corporate Governance.

2. **Board of Directors**

a) **Composition:**

As on March 31st, 2008, the Board consists of Seven (7) Directors out of which Four (4) Directors are Non-Executive Directors, Two (2) are Non- Executive Independent Directors and Chairman of the Board is Mr. Rupinder Singh Ahluwalia who is an Executive Director.

b) **Board Meetings:**

During the year under review, the Board of the Company met Four (4) times, i.e. on 08.05.2007, 29.09.2007, 29.12.2007 and 28.01.2008.

c) **Details of Directors, their attendance at Board Meeting & last Annual General Meeting and Directorships, committee memberships in other Companies:**

Name of Directors	Category	Attendance particulars	No. of outside Directorship and Committee Membership in domestic public companies.				No. of Shares held	
			Board Meetings	Other Directorships		Committee Memberships		
				As a Member	As a Chairman	As a Member		As a Chairman
Mr.Kuljinder Singh Ahluwalia	Non-Executive	Nil	4	1	2	Nil	2,57,300	
Mr.Ravinder Singh Ahluwalia	Non-Executive	Nil	4	3	2	1	Nil	
Mr.Rupinder Singh Ahluwalia	Executive	4	Nil	Nil	Nil	Nil	1,700	
Mrs.Sandeep Kaur Ahluwalia	Non-Executive	2	Nil	Nil	Nil	Nil	33,97,100	
Ms.Mandeep Ahluwalia Pahwa	Non-Executive	4	Nil	Nil	Nil	Nil	Nil	
Mr.Rajkumar Bali	Non-Executive Independent	1	Nil	Nil	Nil	Nil	200	
Mr.Kamal Jain	Non-Executive Independent	4	Nil	Nil	Nil	Nil	100	

Board Committee for this purpose includes only audit Committee, & Shareholder/ Investors Grievance Committee.

Note: On account of Court Order, the Annual General Meeting though convened could not be held as scheduled. Hence, the particular of Directors present at the Last AGM is not furnished.

Details of Director seeking re-appointment:

At the ensuing Annual General Meeting, Mr. Kamal Jain and Mrs. Sandeep Kaur Ahluwalia, retire by rotation and being eligible offer themselves for re-appointment. The brief resume, experience, functional expertise and membership on various Boards and Committees of the Directors proposed to be re-appointed as mentioned in Item No. 2 & 3 of the Notice as per Corporate Governance code defined under Clause 49 of the Listing Agreement are furnished below:

Name	Mr. Kamal Jain
Age	63 Years
Date of Appointment	15/03/2003
Experience	Vast Experience in marketing and purchase. He served in many textile companies within India and abroad in various capacities. He has been associates with the group Company for 15years.
No. of Shares held in the Company	100
Qualification	Under - Graduate
List of other Directorships	Nil
Membership/ Chairman of Committees of the other Companies	Nil

Name	Mrs. Sandeep Kaur Ahluwalia
Age	62 Years
Date of Appointment	08/03/2007
Experience	She being wife of Former Chairman of Mukat Group is closely associated with the business.
No. of Shares held in the Company	33,97,100
Qualification	M.A.
List of other Directorships	Nil
Membership/ Chairman of Committees of the other Companies	Nil

3. Audit Committee

Due to disputes amongst the Two group of Directors, No Audit committee Meetings were held during the year.

4. Shareholders'/ Investors Grievance Committee

a) Name & Designation of the Compliance officer:

Mr. Kuljinder Singh Ahluwalia, Director.

b) Number of Complaints received and resolved:

During the year ended March 31st, 2008, 5 complaints were received from the shareholders and all of them were resolved to the satisfaction of the Shareholders.

5. General Body Meeting:

A.

Financial Year	Date/ Day	Time	Venue
2005-06	Original A.G.M 11.06.2007 Monday	11.00 am	Vishal Hall, Vishal Shopping Centre, Andheri Kuria Road, Near Andheri Railway Station, Andheri-East, Mumbai - 400069.
	Adjourned A.G.M 27.04.2009 Monday	4.00 pm	KamalNayan Bajaj Hall, Bajaj Bhavan, Ground Floor, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400021.
2004-05	30.12.2005 Friday	4.00 pm	Surindra House, Next to Sainaka New Telephone Exchange, M.V.Road, Safaid Pool, Mumbai-400072.
2003-04	28.08.2004 Saturday	4.00 pm	Mukat House, 313, Link Road, Khar (W), Mumbai - 400052

B. During the year under review, there have been no resolution requiring approval of shareholders to be put through postal ballot, as required under section 192A of the Companies Act, 1956 and Rule made thereunder.

C. At the A.G.M held on 28.08.2004, one (1) Resolution was passed as a Special Resolution.

D. No Special Resolution was required to be put through Postal Ballot Last year.

6. Disclosures:

a) Materially significant related party transactions:

The related party transaction entered into by the Company with its promoters, Directors on the Management or their subsidiaries or relative etc; are in normal course of business and doesn't conflict with the company's interest at large. A Register of contracts containing such transactions in maintained and placed before the Board of Directors on a regular basis.

b) No Penalties strictures have been imposed on the Company by any of the Stock Exchanges, Securities and Exchange Board of India and other Statutory Authorities on matters relating to Capital Markets during the last three Years.

7. Means of Communications

The Compliance with Clause 41 of Listing Agreement with the Stock Exchanges the Company regularly publishes Quarterly and Annual Results in news papers and submits the same to all the Stock Exchanges where the shares of the Company are listed. These Results are normally published in The Free Press Journal (English) and in Navshakti (Marathi) News Papers.

8. Management Discussion and Analysis

The Company's assessment performance for the period ended 31.03.2008 and the outlook for the current year is based on the current environment and business situation. However, unforeseen circumstances and those arising from external factors could affect the performance and the results.

9. General Shareholder Information

(a) Annual General Meeting to be held

Date & Time – 13th September 2011, 12.00 Noon.

Venue - Time and Again, 9 Raheja Classique Link Road, Next to Cinemax, Lokhandwala, Andheri (W), Mumbai - 53.

(b) Financial Year of the Company

The Financial year covers the period 1st April to 31st March

(c) Book Closure Date: 07.09.2011 to 13.09.2011 (Both Days Inclusive)

(d) Listing on Stock Exchange at:

The Bombay Stock Exchange Limited

Phiroza Jeejeebhoy Towers, Dalal Street, Mumbai

The Delhi Stock Exchange Association Limited

DSE House, 3/1 Asaf Ali Road, New Delhi – 110002

The Ludhiana Stock Exchange Association Limited

Feroz Gandhi Marg, Ludhiana – 1141001

(e) Stock Code:

The Bombay Stock Exchange Limited:- 523832

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(f) Market Price Data:

The monthly high low quotation of equity shares traded on the Stock Exchange, Mumbai are as follows:

Month	Mukat Pipes Limited	
	High(Rs)	Low(Rs.)
April, 2007	7.55	5.20
May, 2007	14.05	5.96
June, 2007	14.33	9.10
July, 2007	17.38	11.71
August, 2007	26.90	17.20
September, 2007	28.65	20.15
October, 2007	27.40	14.70
November, 2007	19.55	13.95
December, 2007	23.40	17.60
January, 2008	28.35	14.60
February, 2008	15.25	10.66
March, 2008	11.75	6.80

(Source- www.bseindia.com)

(g) Shares Transfer system:

The Company's Registrar and Transfer Agent, M/s Link Intime (India) Private Limited processes applications for Transfer of Shares in physical form. Share transfers are usually registered and returned with a period of thirty days of receipt, provided the documents are clear in all respects. Share Transfer Committee constituted for Transfer/Transmission, issue of duplicate shares certificates and other allied matter meet as often as required.

(h) Distribution of Shareholding as on March 31st, 2008

Slab of Shareholding No of Equity Shares	No of Shareholders	% to Total No of Shareholders	No of Shares Held	% to Total Shares held
1-500	9476	92.0270	1395807	17.8260
501-1000	454	4.4090	383169	4.8940
1001-2000	172	1.6700	260915	3.3320
2001-3000	60	0.5830	151399	1.9340
3001-4000	37	0.3590	133194	1.7010
4001-5000	29	0.2820	135780	1.7340
5001-10000	43	0.4180	294921	3.7670
10000 & Above	26	0.2530	5074815	64.8120
TOTAL	10297	100.00	7830000	100.00

(i) Categories of Shareholding as on March 31st, 2008.

	CATEGORIES	SHARES HELD	PERCENT OF TOTAL
A	Indian Promoters, Directors and Relatives	4738900	60.52
B	Banks, Financial Institution, Insurance Companies (Central/ State Govt. Institutions/Non Govt. Institutions)	300	0.0038
C	FIs		
D	Private Corporate Bodies	100	0.0013
E	Indian Public	217663	2.78
F	NRIs/OCBs	2720522	34.75
G	Clearing Members	124485	1.59
		28030	0.36
	TOTAL	7830000	100

(j) Dematerialisation of Shares

As on March 31st 2008, **22,42,800** Shares, representing 28.65% of the total issued capital, were held in dematerialized form and 55,87,200 shares, representing 71.35% of the total issued capital is held in physical; form.

(k) Outstanding ADRs/GDRs:

The Company has not issued any ADRs/GDRs.

(l) Plant Location:

- i. Village Khadoli, Patiala Road, Rajpura –140 401, Dist. Patiala, Punjab.
- ii. D-45, Tandulwadi, Baramati, Pune - 413 133, Maharashtra.

(m) Address for investor Correspondence:

i) Mukat Pipes Limited:

Flat No. 39, Parag Apartments, 7th Floor, J. P. Road, Versova, Andheri (West), Mumbai 400061.

Tel No. 022-26364013, Fax. 022-26364013

ii) Registrar and Transfer Agents:

Link Intime (India) Private Limited, C-13 Pannalal Silk Mills' Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078. Tel No. 022-25963838, Fax. 022-25946969

CERTIFICATION BY DIRECTOR OF THE COMPANY

The Director Certification for the Financial Statements and Cash Flow Statement for the year are obtained.

CODE OF CONDUCT DECLARATION

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT:

DECLARATION

I, Rupinder Singh Ahluwalia, Director of Mukat Pipes Limited, hereby declare that all the members of the Board of Directors and the Senior Managerial personnel have affirmed Compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchange, for the year ended 31.03.2008.

**For Mukat Pipes Limited
Rupinder Singh Ahluwalia
(Director)**

Place:Rajpura

Date:22.06.2011

REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE

To,

The Members of Mukat Pipes Limited,

We have examined the compliance of conditions of Corporate Governance by MUKAT PIPES LIMITED for the year ended 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountant of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we state that due to/on account of certain litigations and/or disputes between two groups of Director before various Hon'ble Courts, the Company could not comply with majority of the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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.

Place: Rajpura

Date: 22.06.2011

For R.P. BHAMBRI & CO.
Chartered Accountants
Firm Registration No: 001312N

(RANJIT PARKASH)

Proprietor
M.No. 80084

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R.P. BHAMBRI & CO.
CHARTERED ACCOUNTANTS

Ph. 217015
8, Yadvindra Colony
The Mall, Patiala – 147 001

TO THE MEMBERS OF MUKAT PIPES LIMITED

1. We have audited the attached balance sheet of Mukat Pipes Ltd. as at 31st March 2008 and the profit and loss account and the cash flow statement 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 the auditing standards generally accepted in India. These standards require that we plan 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 sub- section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The report on the accounts of the Baramati Division audited by the Branch auditors has been appropriately dealt with by us in preparing this report.
 - (iv) The balance sheet, profit and loss account and cash flow statement, dealt with by this reports are in agreement with the books of account;
 - (v) In our opinion, the balance sheet and profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred in sub- section (3C) of section 211 of the Companies Act, 1956, except AS-22.
 - (vi) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub- section (1) of section 274 of the Companies Act, 1956;
 - (vii) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with notes to the accounts subject to the following:-
 - (i) **Non provision of interest for the year on secured loans as mentioned in Note No. 6 of schedule "P", as the same is not ascertainable.**
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.
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2008.
 - (b) in the case of profit and loss account, of the loss for the year ended on that date.
 - (c) In the case of the cash flow statement of the cash flow of the company for the year ended on that date.

For R.P. BHAMBRI & CO.,
CHARTERED ACCOUNTANTS

Place: Rajpura
Date : 22-06-2011

(RANJIT PARKASH)
Proprietor
M. No. 80084

Annexure

Referred to in paragraph 3 of our report of even date,

- (i)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were stated to be noticed on such verification.
- (ii)
 - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedure 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 maintains proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- (iii)
 - (a) The company had taken interest free loan from other parties, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.4.17 Crores and the year- end balance of loans taken from such parties was Rs. 4.17 Crores.
 - (b) The parties have, barring a few cases, repaid the principal amount as stipulated and have been regular in the payment of interest, if stipulated.
 - (c) There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act. 1956.
- (iv) 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 with regards to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls. However, they are required to be strengthened.
- (v)
 - (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 are in process of being updated.
 - (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements to be entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time, when ever such comparison is made.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any fixed deposit from the public.
- (vii) The company has not appointed any external internal auditor, however, it has employed professionals who undertake internal audit.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the account and records, though not in the prescribed format, have been maintained.
- (ix)
 - (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues of provident fund, employees' state insurance, applicable to it. The amount of unpaid dividend due to be transferred to the investor education and protection fund is Rs. 12.13 Lacs.

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- (b) According to the information and explanations given to us, the undisputed amounts as at 31st March, 2008 which are outstanding for a period of more than six months from the date they became payable, in respect of Income Tax, Sales Tax & Wealth Tax, Customs duty and Excise Duty are NIL.
- (c) According to the information given to us, there are no dues of sales tax, customs duty, wealth tax and cess except for Income Tax and Excise Duty and Sales Tax, which are disputed.
- | | | |
|------------------|----------------|---|
| (i) Income Tax | Rs. 255.16 Lac | Matter pending with Appellate Authorities |
| (ii) Excise Duty | Rs. 62.00 Lac | Matter pending with Appellate Authorities |
| (ii) Sales Tax | Rs. 126.32 Lac | Matter pending with Appellate Authorities |
- (x) The company has incurred cash losses during the financial year and also in the immediately preceding financial year. The accumulated losses of the Company are more than 50% of its net worth. The Company has approached BIFR for financial reconstruction and its application for rehabilitation and reconstruction has been registered with BIFR.
- (xi) The company has defaulted in repayment of dues to financial institution and banks.
- (xii) The company has not granted loans advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Reports) order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Reports) Order, 2003 are not applicable to the company.
- (xv) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company to the extent consideration received by it.
- (xvi) No fresh term loans have been sanctioned / disbursed during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the of the company, we report that no funds raised on short- term basis have been used for long term investment. However the long term funds have been used for short-term investments.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register to be maintained under section 301 of the Act.
- (xix) According to the information and explanation given to us, during the period covered by our audit, the company has not issued any debentures or created security in respect of debentures.
- (xx) According to the information and explanations given to us, no fraud in the company has been reported during the course of our audit.
- (xxi) No money was raised by public issue by the Company during the year.

For R.P. BHAMBRI & CO.,
CHARTERED ACCOUNTANTS

Place : Rajpura
Date : 22-06-2011

(RANJIT PARKASH)
Proprietor
M.No. 80084

Mukat Pipes Limited
Balance Sheet as at 31st March 2008

	Schedule	As at 31st March 2008 Total Amount in Rs.	As at 31st March 2007 Total Amount in Rs.
SOURCES OF FUNDS :			
Shareholders Funds :			
Share Capital	A	78,300,000.00	78,300,000.00
Reserves & Surplus	B	(291,893,343.26)	(263,837,917.21)
		(213,593,343.26)	(185,537,917.21)
Secured Loans	C	304,065,864.26	308,836,680.26
Unsecured Loans	D	42,027,103.05	42,104,009.38
		346,092,967.31	350,940,689.64
Total Funds Employed		132,499,624.05	165,402,772.43
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	E	357,730,528.81	357,834,879.74
Less : Depreciation		201,116,168.75	183,596,568.75
Net Block		156,614,360.06	174,238,310.99
Capital Work in Progress		0.00	0.00
		156,614,360.06	174,238,310.99
Baramati Control		0.00	0.00
Current Assets Loans & Advances :			
Inventories	F	38,223,480.62	18,571,756.41
Sundry Debtors	G	19,682,272.61	35,897,333.58
Cash & Bank Balances	H	12,579,560.15	3,872,442.25
Loans & Advances	I	65,168,757.29	65,760,493.83
		135,654,070.67	124,102,026.07
Less : Current Liabilities & Provisions			
Liabilities	J	148,767,163.68	122,055,922.63
Provisions	K	7,404,642.00	7,284,642.00
		156,171,805.68	129,340,564.63
Net Current Assets		(20,517,735.01)	(5,238,538.56)
Deferred Tax :			
Deferred Tax Assets 25,207,000.00			
Deferred Tax Liabilities 28,804,000.00		(3,597,000.00)	(3,597,000.00)
Total Assets		132,499,624.05	165,402,772.43
NOTES ON ACCOUNTS	P		

AS PER OUR REPORT OF EVEN DATE

FOR R. P. BHAMBRI & CO.
CHARTERED ACCOUNTANTS

FOR MUKAT PIPES LIMITED

RANJIT PARKASH
(PROPRIETOR)
M.No. 80084

KAMAL JAIN
DIRECTOR

RUPINDER SINGH
DIRECTOR

PLACE: RAJPURA
DATE: 22-06-2011

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Mukat Pipes Limited
Profit & Loss Account For The Year Ended 31st March 2008

	Schedule	For The Year Ended March, 08 Total	For The Year Ended March, 07 Total
		Amount in Rs.	Amount in Rs.
INCOME			
Sales & Job Works		110381019.00	97998689.83
Other Income	L	1,970,869.59	976,625.81
		112,351,888.59	98,975,315.64
EXPENDITURE			
(Accretion) / Depletion in Stock in finished goods and WIP & Raw Material Consumed	M	79,517,655.59	75,209,074.23
Stock transfer from Baramati		0.00	0.00
Expenses	N	42,539,410.38	31,397,221.91
Interest	O	47,092.67	107,658.18
Depreciation	E	18,303,155.00	18,300,812.00
		140,407,313.64	125,014,766.32
Profit Before Taxation		(28,055,426.05)	(26,039,450.68)
Provision for Taxation		0.00	0.00
Provision for FBT		0.00	0.00
Taxation for Earlier Years		0.00	0.00
Prior Period Adjustment			
Profit After Tax		(28,055,426.05)	(26,039,450.68)
Balance Brought Forward		(298,203,917.21)	(272,164,466.53)
Balance Available for Appropriation		(326,259,343.26)	(298,203,917.21)
Less : Appropriated to : General Reserve		0.00	0.00
Balance Carried to Balance Sheet		(326,259,343.26)	(298,203,917.21)
Notes to Accounts	P		

AS PER OUR REPORT OF EVEN DATE

FOR R. P. BHAMBRI & CO.
CHARTERED ACCOUNTANTS

FOR MUKAT PIPES LIMITED

(RANJIT PARKASH)
Proprietor
M.No. 80084

KAMAL JAIN
DIRECTOR

RUPINDER SINGH
DIRECTOR

PLACE: Rajpura
DATE : 22-06-2011

Mukat Pipes Limited
Schedules Forming Part of Balance Sheet as at 31st March 2008

	As at 31st March 2008 Total	As at 31st March 2007 Total
	Amount in Rs.	Amount in Rs.
Schedule - 'A'		
SHARE CAPITAL		
Authorised :		
1,00,00,000 (1,00,00,000) Equity Shares of Rs. 10/- each	100,000,000.00	100,000,000.00
Issued, Subscribed & Paid Up :		
78,30,000 (78,30,000) Equity Shares of Rs. 10/- each	78,300,000.00	78,300,000.00
Schedule - 'B'		
RESERVES & SURPLUS		
CAPITAL RESERVE		
Subsidy	4,550,000.00	4,550,000.00
REVENUE RESERVES		
General : Balance as on 1/4/03 Less Deferred tax adjustment on initial adjustments	29,816,000.00	29,816,000.00
Balance in Profit & Loss Account	(326,259,343.26)	(298,203,917.21)
Total	(291,893,343.26)	(263,837,917.21)

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Mukat Pipes Limited

Schedules Forming Part of Balance Sheet as at 31st March 2008

	As at 31st March 2008 Total	As at 31st March 2007 Total
	Amount in Rs.	Amount in Rs.
Schedule - 'C'		
SECURED LOANS		
Term Loans :		
Financial Institutions :		
Industrial Development Bank of India Ltd.	112,000,000.00	112,000,000.00
Punjab State Industrial Development Corp. Ltd		
Interest Accrued & Due	3,103,670.00	3,103,670.00
NOTE :		
Secured by pari passu charge on immovable properties and hyp. of all the movable assets subject to first charges on movable assets created in favour of bankers for working capital facilities.		
Working Capital Loans :		
Punjab National Bank	80,764,583.26	85,535,399.26
Oriental Bank of Commerce	108,197,611.00	108,197,611.00
NOTE :		
Secured by hyp. of Stocks of Raw Materials. Finished, Semi Finished Goods & Book Debts and second charge created/to be created on the Co.'s immovable properties		
Total	304,065,864.26	308,836,680.26
Schedule - 'D'		
UNSECURED LOANS		
Promoters		
a) Directors/Shareholders	40,152,451.77	40,076,635.77
b) Others	1,590,000.00	1,590,000.00
c) Short Term Loan from Banks-Funded Interest T/L	0.00	0.00
d) City Banks Car Loan	284,651.28	437,373.61
Total	42,027,103.05	42,104,009.38

Mukat Pipes Limited
Schedules Forming Part of Balance Sheet as at 31st March 2008

	As at 31st March 2008 Total	As at 31st March 2007 Total
	Amount in Rs.	Amount in Rs.
Schedule - 'F'		
INVENTORIES (Taken, Valued and Certified by The Management)		
Raw Material	4,672,010.00	4,306,221.00
Stores & Spares	1,822,000.00	1,315,000.00
Work in Progress	4,502,436.00	3,571,155.00
Scrap	592,453.20	682,244.50
Finished Goods	22,993,339.10	6,978,983.40
Unutilised Portion of Modvat	3,641,242.32	1,718,152.51
	0.00	0.00
Total	38,223,480.62	18,571,756.41
Schedule - 'G'		
SUNDRY DEBTORS		
Debts Outstanding for Less than six months considered good	1,250,771.00	6,931,363.43
	0.00	0.00
Debts Outstanding for More than six months:	15,566,512.61	18,056,951.15
Considered good	2,864,989.00	10,909,019.00
Considered doubtful	20,008,953.00	12,064,923.00
	39,691,225.61	47,962,256.58
Less: Provision for doubtful Debts	20,008,953.00	12,064,923.00
Net Debtors	19,682,272.61	35,897,333.58
Total	19,682,272.61	35,897,333.58
Schedule - 'H'		
CASH & BANK BALANCES		
Cash In Hand	1,241,392.52	1,216,398.52
Balance with Scheduled Banks		
In Bank Account	6,151,671.76	(2,273,229.27)
In Fixed Deposit	5,186,495.87	4,929,273.00
Total	12,579,560.15	3,872,442.25
Schedule - 'I'		
LOANS & ADVANCES		
Dues from Associate Concern	35,953,725.00	36,286,738.00
Staff Loans & Advances	840,787.25	610,786.80
Balances with Excise Authorities	5,920,035.67	3,937,104.77
Tax Deducted at Source	3,232,992.00	3,145,109.00
FBT	106,000.00	23,000.00
Advance Tax	8,113,736.56	8,113,736.56
Security Deposit	1,298,101.00	1,308,101.00
Advances Recoverable in Cash or Kind	6,686,611.97	6,474,693.93
Advances to Supplier & Others	2,656,159.08	4,006,748.77
Amount Recoverable	360,608.76	1,854,475.00
Total	65,168,757.29	65,760,493.83

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Mukat Pipes Limited

Schedules Forming Part of Balance Sheet as at 31st March 2008

	As at 31st March 2008 Total	As at 31st March 2007 Total
	Amount in Rs.	Amount in Rs.
Schedule - 'J'		
CURRENT LIABILITIES		
Advances from Customers	33,090,469.00	10,347,273.49
Sundry Creditors	25,140,549.65	25,060,655.87
Dues to Associates Concern	81,010,269.03	78,820,412.14
Expenses Payable	924,908.93	2,468,866.13
Securities Refundable	731,339.00	31,339.00
Unpaid Dividend	1,212,808.00	1,212,808.00
Other Liabilities	6,656,820.00	4,114,568.00
	0.00	0.00
Total	148,767,163.61	122,055,922.63
Schedule - 'K'		
PROVISIONS		
Provision for FBT	120,000.00	0.00
Provision For Taxation	7,284,642.00	7,284,642.00
Total	7,404,642.00	7,284,642.00
Share Issue Expenses	0.00	0.00
Total	0.00	0.00

Mukat Pipes Limited
Schedules Forming Part of Balance Sheet as at 31st March 2008

	As at 31st March 2008 Total	As at 31st March 2007 Total
	Amount in Rs.	Amount in Rs.
Schedule - 'L'		
OTHER INCOME		
Interest Received	405,145.87	547,869.81
Miscellaneous Receipts	47,377.00	329,191.00
Insurance Claims	0.00	0.00
Charges Recovered	0.00	26,192.00
Profit on Sale of Asset	0.00	73,373.00
Provision for interest written back	0.00	0.00
Balance Written back	1,518,346.72	0.00
Total	1,970,869.59	976,625.81
Schedule - 'M'		
RAW MATERIALS CONSUMED		
Opening Stock - Material	4,306,221.00	1,564,057.20
Unutilised Portion Of Modvat	1,716,234.51	1,971,884.12
Add : Purchases	98,662,379.80	71,666,878.23
	104,684,835.31	75,202,819.55
Less : Closing Stock-Material	4,672,010.00	4,306,221.00
Unutilised Portion Of Modvat	3,639,324.32	1,716,234.51
	0.00	0.00
Material Consumed	96,373,500.99	69,180,364.04
Accretion / Depletion Of Stock		
Opening Stock		
Finished Goods	6,978,983.40	13,635,685.60
Work In Progress	3,571,155.00	2,845,476.09
Realisable Scrap	684,162.50	781,849.40
Stores & Spares	0.00	0.00
Total	11,234,300.90	17,263,011.09
Closing Stock		
Finished Goods	22,993,339.10	6,978,983.40
Work In Progress	4,502,436.00	3,571,155.00
Realisable Scrap	592,453.20	682,244.50
Stores & Spares	0.00	0.00
Unutilised Portion Of Modvat	0.00	1,918.00
Total	28,088,228.30	11,234,300.90
(Accretion) / Depletion	(16,855,845.40)	6,028,710.19
Grand Total	79,517,655.59	75,209,074.23

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MUKAT PIPES LIMITED, DETAILS OF FIXED ASSETS FORMING PART OF BALANCE SHEET FOR THE YEAR ENDING MARCH 31, 2008													
S. NO	PARTICULARS	RATE OF DEP	COST			DEPRECIATION			WRITTEN DOWN VALUE				
			AS ON 01.04.07	ADDITION DURING YEAR	SALES DURING YEAR	AS ON 31.03.08	UPTO 01.04.07	ON ITEMS SOLD DURING YEAR	FOR THE PERIOD ENDED 31.03.2008	UP TO 31.03.2008	AS ON 31.03.08	AS ON 31.03.07	
			1	2	3	4			4	1	2		
1	LAND	0.00	3,232,485.00	0.00	0.00	3,232,485.00	-	0.00	0.00	3,232,485.00	3,232,485.00		
2	BUILDING												
A)	FACTORY	3.34%	60,142,755.34	0.00	0.00	60,142,755.34	16,451,550.30	0.00	2,008,788.00	41,682,437.04	43,691,205.04		
B)	OFFICE	1.63%	4,350,609.51	0.00	0.00	4,350,609.51	896,170.52	0.00	70,915.00	3,383,523.99	3,454,438.99		
C)	RESIDENTIAL	1.63%	8,406,069.00	0.00	0.00	8,406,069.00	717,333.48	0.00	137,018.00	7,551,717.52	7,688,735.52		
D)	BOREWELL	0	22,945.00	0.00	0.00	22,945.00	6,464.00	0.00	766.00	15,715.00	16,481.00		
3	PLANT & MACHINERY	4.75%	261,441,956.12	185,225.00	0.00	261,627,181.12	151,601,279.02	0.00	14,904,439.00	95,121,463.10	109,840,677.10		
4	FURNITURE & FIXTURE	6.33%	2,667,279.33	0.00	0.00	2,667,279.33	1,809,152.12	0.00	169,265.00	688,862.21	858,127.21		
5	OFFICE EQUIPMENT	4.75%	2,404,878.81	64,280.00	0.00	2,469,158.81	1,086,462.21	0.00	116,571.00	1,286,125.60	1,318,416.60		
6	COMPUTERS	16.21%	775,592.00	9,000.00	0.00	784,592.00	775,592.00	0.00	486.00	8,514.00	0.00		
7	VEHICLES	9.50%	4,485,753.82	399,299.00	0.00	4,885,052.82	3,292,287.89	0.00	460,919.00	1,131,845.93	1,193,465.93		
8	AIR-CONDITIONER	4.75%	1,064,140.05	21,400.00	0.00	1,085,540.05	441,688.66	0.00	51,309.00	592,542.39	622,451.39		
9	TOOLS & EQUIPMENTS	4.75%	750,662.09	0.00	0.00	750,662.09	421,601.16	0.00	35,656.00	293,404.93	329,060.93		
10	DESIGNE & DRAWINGS	4.75%	7,306,198.74	0.00	0.00	7,306,198.74	5,313,431.39	0.00	347,044.00	1,645,723.35	1,992,767.35		
	TOTAL		357,051,324.81	679,204.00	0.00	357,730,528.81	182,813,012.75	0.00	18,303,156.00	156,614,360.06	174,238,312.06		
	CAPITAL W.I.P.		0.00	0.00	0.00	0.00	-	-	-	0.00	0.00		
	Total		357,051,324.81	679,204.00	0.00	357,730,528.81	182,813,012.75	0.00	18,303,156.00	156,614,360.06	174,238,312.06		
	PREVIOUS YEAR		357,579,610.26	397,890.55	142,621.00	357,834,879.81	185,411,749.75	115,994.00	18,300,812.00	174,238,311.06	192,167,860.51		

Mukat Pipes Limited

Schedules Forming Part of Balance Sheet as at 31st March 2008

	As at	As at
	31st March 2008	31st March 2007
	Total	Total
	Amount in Rs.	Amount in Rs.
Schedule - 'N'		
EXPENSES		
Employees Remuneration & Other Benefits		
Salaries Wages and Bonus	4,883,280.52	3,529,567.51
Contribution to Provident & Other Funds	260,737.00	182,663.00
Workmen & Staff Welfare Expenses	280,333.00	400,600.55
Total	5,424,350.52	4,112,831.06
Operational & Other Expenses		
Excise Duty Paid	13,858,955.00	12,340,344.13
Testing charges	21,043.00	10,000.00
Consumable Stores	2,857,654.56	2,079,134.91
Labour Charges	362,606.00	115,272.00
Power & Fuel	2,408,413.00	1,862,457.36
Repairs to Plant & Machinery	502,082.00	82,790.00
Repairs to Building	210,420.00	1,036,124.00
Repairs Others	122,096.00	225,956.80
Material Handling Charges	500.00	71,410.00
Insurance Charges	127,322.00	62,863.00
Vehicle Expenses	651,825.42	760,601.06
Legal & Professional Charges	1,022,619.00	756,246.00
Telephone & Telex Charges	138,046.00	133,611.00
Printing & Stationery	133,284.00	115,397.70
Travelling Expenses	225,502.50	307,593.50
Rent, Rates & Taxes	994,413.00	637,730.00
Bank Charges & Commission	88,021.02	145,959.06
Postage & Telegram	113,338.00	28,115.00
Directors Remuneration & Other Benefits	290,690.10	268,897.00
Auditors Remuneration	70,000.00	120,000.00
Selling Expenses	1,245,803.00	1,371,544.00
Sales Promotion & Advertising	136,547.00	216,852.00
Freight & Forwarding Charges	905,011.00	598,604.00
Donations	171,732.00	13,101.00
General Expenses	257,640.58	662,332.33
Provision for doubtful debt	7,944,030.00	2,275,806.00
Service Tax Paid	71,301.00	42,674.00
Security & Safety Exp.	500,467.00	0.00
Bad & Doubtful Debts	876,971.68	940,425.00
FBT (2007-2008)	120,000.00	0.00
Meeting Fee	0.00	2,550.00
L.D. and Short Supply	500,000.00	0.00
Directors Travelling Exp.	186,726.00	0.00
Total	37,115,059.86	27,284,390.85
Grand Total	42,539,410.38	31,397,221.91
Schedule - 'O'		
INTEREST		
On Term Loans	0.00	0.00
On Working Capital	0.00	0.00
On Others	47,092.67	107,658.18
Total	47,092.67	107,658.18

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Mukat Pipes Ltd

Schedule – P

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st March, 2008.

1. Significant accounting policies

a) Method of Accounting:

The company maintains its accounts on mercantile basis. However, certain price escalations and other claims, which are not ascertainable /acknowledged by customers/suppliers are taken into account only on such acknowledgement by customers/suppliers.

b) Fixed Assets:

Fixed Assets are stated at historical cost or cost of acquisition or construction cost less depreciation. Attributable cost and expenses of bringing the assets to working condition for their intended use are capitalised.

c) Depreciation:

Depreciation for the year is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act 1956.

d) Inventories are valued as under:-

- i. Raw Material and other inventories at cost.
- ii. Work in progress at estimated cost.
- iii. Finished Goods at Cost or Market Value whichever is lower.
- iv. Scrap at Market Value

e) Gratuity

The company has provided for Gratuity liability on estimated basis. No Actuarial Valuation has been made.

f) Income Recognition:

- i. Sales is inclusive of Excise Duty but excludes Sales Tax/VAT.
The export benefit are recognized as income on the basis of actual exports.
- ii. Excise duty liability on manufactured goods lying in the factory premises is not provided for and is also not included in the valuation of stock.

g) Foreign Currencies

Transactions in foreign exchange are accounted at the exchange rates prevailing on the date of transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment / realization. The foreign currency receivable/payable on revenue account not covered by forward contracts are converted at the exchange rate prevailing on the last working day of the accounting period. The net loss or gain arising out of such fluctuations/conversions is adjusted to the profit and loss account (except those relating to acquisition of fixed assets, if any, which are adjusted in the cost of the asset)

2. Claims of the Company against its creditors (secured & unsecured) have not been accounted for by the company and as such dues of the said creditors as reflected in the Balance Sheet are subject to the said claims of the Company.

3. Contingent Liabilities not provided for:

- a) Counter Guarantees given to Bank Rs. 11.49 Lacs (Previous Year Rs. 23.68Lacs)
- b) L/C Outstanding Rs. Nil (Previous Year Rs. Nil)
- c) Capital Contracts remaining to be executed not provided for Rs. NIL (Previous Year Rs. Nil)
- d) Claims not acknowledged as debt.
 - i) Demand against which the Company has preferred appeals:
 - Excise Duty Rs.62.00 Lacs (Previous Year Rs. 73.59 Lacs)
 - Income Tax Rs. 255.16 Lacs. (Previous Year Rs. 156.70 Lacs)
 - DGFT Rs. 225 Lacs (Previous year Nil)
 - Sales Tax Rs. 126.32 Lacs (Previous Year Rs. NIL)
 - Other Claims Rs.468.35 Lacs (Previous year Nil)

4. In the absence of confirmation letters, the balances of debtors, creditors and other parties, the balances are taken as per the books of accounts. Difference, if any, is not ascertainable till confirmation letters are received.
5. Payment against supplies from small scale and ancillary undertakings are made in accordance with the agreed credit terms and on the basis of available information and in the opinion of the management there is no amount overdue as on 31st March 2008.
6. No Provision for interest has been made during the year in respect of Secured Loans as the secured loan account has become NPA.
7. The manufacturing operations of the Baramati Division are suspended due to industrial unrest.
8. Consumption Particulars of Raw Materials.
Raw Material Consumed:

	2007-2008		2006-2007	
	QTY (MT)	VALUE (Rs. in Lacs)	QTY (MT)	VALUE (Rs. in Lacs)
Coils, Zinc, Iron & Steel & Other	3151.01	963.74	2610.491	691.80
Total	3151.01	963.74	2610.491	691.80

Note: Coils/Plates purchased for trading 345.969 MT (P.Y. 578.187 MT)

9. Value of indigenous and imported raw material consumed during year.

Imported and Indigenous Raw Materials Consumption:

	2007-2008		2006-2007	
	VALUE (Rs. in lacs)	%	VALUE (Rs. in lacs)	%
i) Indigenous	963.74	100	691.80	100
ii) Imported	Nil	Nil	Nil	Nil
Total	963.74	100	691.80	100

10. Installed Capacity 50,000 TPA
Certified by Director, being technical matter and relied upon by the auditors.

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11. Production / Sales of Finished Goods:

Particulars	Opening Stock (MT)	Prod. /Purch. (MT)	Closing Stock(MT)	Sales (MT)	Value (Rs. In lacs)
Pipes	216.380 (442.228)	2674.099 (1718.580)	641.630 (216.380)	2248.849 (1944.428)	934.50 (745.65)
Scrap	90.625 (106.889)	100.087 (63.100)	93.802 (90.625)	96.910 (79.364)	10.16 (25.60)
Trading in Plate, Coils Iron & Steels, & Pipes and Other material etc.				345.969 (578.187)	117.80 (187.68)
H.R Coil	NIL	NIL	NIL	NIL (16.75)	NIL (6.79)
Zinc	NIL (38)	NIL	NIL	NIL (58.16)	NIL
Other Export Incentive					NIL
Job Work					41.35 (9.75)
Excise Duty Recovered					NIL (4.51)
Total					1103.81 (979.98)

12. Sales of Finished Goods

Type	Local (Rs. In lac)	Export (Rs. In lac)	Total (Rs. In lac)
M.S. Pipes	934.50 (745.65)	Nil Nil	934.50 (745.65)
G.I. Pipes	NIL (NIL)	Nil Nil	NIL (NIL)
Total	934.50 (745.65)	Nil	934.50 (745.65)

13. Expenditure in Foreign Currency

		2007-2008 (Rs.in Lacs)	2006-2007 (Rs.in Lacs)
a)	Raw Material	0.00	0.00
b)	Others (License fee)	1.26	1.54

14. Auditor's Remuneration (Rs. in Lacs)

		2007-2008 (Rs.in Lacs)	2006-2007 (Rs.in Lacs)
I)	Statutory Auditor		
a)	Audit Fees	0.38	0.38
b)	Tax Audit Fees	0.12	0.12
II)	Branch Auditor		
a)	Audit Fee	0.20	0.70
b)	Out of Pocket Exp.	0	0

15. Earning in Foreign Exchange

		2007-2008 (Rs.in Lacs)	2006-2007 (Rs.in Lacs)
a)	FOB Value of Exports	0.00	0.00

16. Related Parties Disclosures:

1. Relationship

- a) Key Management Personnel are Mr. Kuljinder Singh Ahluwalia and Mr. Ravinder Singh Ahluwalia & Mr. Rupinder Singh Ahluwalia.
- b) Entities over which key management personnel are able to exercise Significant Influence are Surindra Engineering Co. Ltd., Mukat Tanks and Vessels Ltd., Muktanandan Pipes Ltd & Mukat Finance Ltd.

2. Transactions carried out with related parties referred in 1 above, in ordinary course of business.

(Rs.in lacs)

Nature of Transactions	Related Parties Referred in 1(a) above	Referred in 1(b) above
Purchase- Goods & Material	---	57.20
Sales – Goods & Material	---	91.83
Remuneration	2.91	–

The Figures in brackets are in respect of previous year.

Figures for previous year are regrouped wherever necessary to make these comparable with those of current year.

As per our report of even date.

FOR R.P.BHAMBRI & CO.
CHARTERED ACCOUNTANTS

FOR MUKAT PIPES LTD.

Ranjit Parkash
(Prop.)
M.No. 80084

Kamal Jain
(Director)

Rupinder Singh
(Director)

Place: Rajpura.
Date: 22-06-2011

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INFORMATION REQUIRED AS PER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet abstract and company's general business profile:

I. Registration Sheet abstract and Company's General business profile:		
REGISTRATION No. 44407 of 1987	STATE CODE 11	
BALANCE SHEET DATE	March 31, 2008	
II. Capital Raised During The Year (Amount in Rs. Thousand)		
PUBLIC ISSUE	RIGHT ISSUE	
NIL	NIL	
BONUS ISSUE	PRIVATE PLACEMENT	
NIL	NIL	
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)		
TOTAL LAIBILITIES		458759
TOTAL ASSETS		458759
SOURCE OF FUNDS		
Paid up Capital		78300
Reserves and Surplus		34366
Secured Loans		304066
Unsecured Loans		42027
APPLICATION OF FUNDS:		
Net Fixed Assets		156614
Investments		Nil
Net Current Assets		(20517)
Misc. Expenditure		(3597)
Accumulated Losses		326259
IV. Performance of Company (Amount In Rs. Thousand)		
Turnover		112352
Total Expenditure		140407
Profit/ (Loss) Before Tax		(28055)
Prior Period Adjustment		0
Profit/ (Loss) After Tax		(28055)
Earning Per Share (In Rs.)		Nil
Dividend Rate (%)		Nil
V. Generic Name of Three Principal products of Company (As per Monetary Terms)		
PRODUCTION DESCRIPTION	ITEM CODE NO.	
(As per I.T.C)	(As per I.T.C)	
1 Longitudinally Submerged Arc Welded (Non Galvanised Pipes)	730511.02	
2 Line Pipe of Kind Used for oil or Gas Pipelines (Non Galvanized Pipes)	730610.02	
3 Longitudinally Welded Non Galvanized Pipes)	730512.02	
4 Galvanized Pipes	730610.01	
5 ERW Precision Tubes	730690.01	

As per our report of even date For & on Behalf of the Board,

For **R.P. Bhambri & Co.**
Chartered Accountants

Kamal Jain
(Director)

Ranjit Parkash
Proprietor
M.No. 80084

Rupinder Singh Ahluwalia
(Director)

Place : RAJPURA
Date : 22-06-2011

MUKAT PIPES LIMITED			
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2008			
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT			
		Year Ended 31/03/2008 (Rs in Lacs)	Year Ended 31/03/2007 (Rs in Lacs)
A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax And Extraordinary Items	(280.55)	(260.39)
	Adjustments For		
	Depreciation	183.03	183.01
	Deferred Expenses Written Off	0.00	0.00
	Interest Expenses	0.47	1.08
	Interest Income	(4.05)	(5.48)
	Financial Lease Expenses	179.45	0.00
	Prior Period Adjustment		0.00
	Operating Profit Before Working Capital Changes	(101.10)	(81.78)
	Adjustments For		
	Trade & Other Receivables	169.78	(18.51)
	Inventories	(196.52)	35.02
	Trade Payables	267.11	(1.28)
	Provisions	1.20	
		241.57	
	Cash Generated From Operations	140.47	(66.55)
	Interest Paid	(0.47)	(1.08)
	Tax Paid	(1.71)	(1.15)
		(2.18)	(2.23)
	Cash Flow Before Extraordinary Items	138.29	(68.78)
	Extraordinary Items		
	Additional Tax Paid for Earlier Years		
	Net Cash From Operating Activities (A)	138.29	(68.78)
B)	Cash Flow From Investing Activities		
	Capital W.I.P.	0.00	0.00
	Purchase/Sale of Fixed Assets	(6.79)	(3.72)
	Interest Received	4.05	5.48
		2.74	1.76
	Net Cash Used in Investing Activities (B)	(2.74)	1.76

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MUKAT PIPES LIMITED				
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2008				
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT				
	Year Ended 31/03/2008		Year Ended 31/03/2007	
	(Rs in Lacs)		(Rs in Lacs)	
C) Cash Flow From Financing Activities				
Proceeds From Long Term Borrowings (Net)	0.00		0.00	
Proceeds From Short Term Borrowings	(47.71)		(86.40)	
Proceeds From Unsecured Loans	(0.77)		(1.35)	
Repayment of Financial Lease Liabilities	0.00		0.00	
Punjab State Subsidy Received	0.00	(48.48)	30.00	(57.75)
Net Cash Flow From Financing Activities (C)		(48.48)		(57.75)
Net Increase (Decrease) in Cash and Cash Equivalent (A+B+C)		87.07		(124.77)
Cash and Cash Equivalent at The Beginning of The Year		38.72		163.49
Cash and Cash Equivalent at The Close of The Year		125.79		38.72

As per our report of even date
For R. P. Bhambri & Co.
Chartered Accountants

Ranjit Parkash
Proprietor
M.No. 80084

Date : 22-06-2011
Place : Rajpura

For & on Behalf of the Board,

Rupinder Singh Ahluwalia
(Director)

Kamal Jain
(Director)

MUKAT PIPES LIMITED

Registered Office : Flat No. 39, Parag Apartments, 7th Floor, J. P. Road, Versova, Andheri (West), Mumbai - 400061.

ATTENDANCE SLIP

Member(s)/Proxy (ies) are requested to bring the Attendance Slip duly filled-in and signed at the Meeting and hand it over at the entrance of the Meeting hall.

Folio NO.: _____

DP/Client ID No.: _____

No of Shares Held.: _____

I/We _____ hereby record my/our presence at the 21st Annual General Meeting of the Company held on Tuesday, 13th day of September, 2011 at 12.00 noon at Time and Again, 9 Raheja Classique, Link Road, Next to Cinemax, Lokhandwala, Andheri(W), Mumbai-53.

Signature of the Member / Proxy

FULL NAME OF THE MEMBER/ PROXY
(To be signed at the time of handing over this slip)

MUKAT PIPES LIMITED

Registered Office : Flat No. 39, Parag Apartments, 7th Floor, J. P. Road, Versova, Andheri (West), Mumbai - 400061.

PROXY FORM

Folio NO.: _____

DP/Client ID No.: _____

No of Shares Held.: _____

I/We _____ of _____ being member(s) of Mukat Pipes Limited, hereby appoint _____ of _____ or failing him/her, _____ of _____ as my/our proxy to attend and vote for me/ us on my/ our behalf at the 21st Annual General Meeting to be held on Tuesday, 13th day of September, 2011 at 12.00 noon at Time and Again, 9 Raheja Classique, Link Road, Next to Cinemax Lokhandwala, Andheri(W), Mumbai-53 and at any adjournment thereof.

Affix
Revenue
Stamp

Signed this _____ day of _____ 2011.

Signature _____

Notes:

1. The proxy to be effective should be duly stamped, signed and deposited at the Registered Office of the Company at the address mentioned above at least 48 hours before the commencement of the aforesaid Meeting.
2. The Proxy need NOT be a member of the Company.

BOOK POST

If undelivered, please return to :

LINK INTIME
INDIA PVT LTD



Unit : MUKAT PIPES LIMITED

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078