

# **MUKAT PIPES LIMITED**

**24<sup>TH</sup>**  
**Annual Report**  
**2010-2011**

## Mukat Pipes Limited

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MUKAT PIPES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 24<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF *MUKAT PIPES LIMITED* WILL BE HELD ON TUESDAY, THE 13<sup>TH</sup> SEPTEMBER, 2011 AT 3.30 P.M. 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 31<sup>st</sup> March, 2011 and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011 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:** 13<sup>th</sup> August, 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. In view of the 'Green Initiative in Corporate Governance' introduced by the Ministry of Corporate Affairs vide its Circular No 17/2011 dated 21.04.2011, all members who are holding shares of the Company in physical mode, are requested to register their e-mail IDs, so as to enable the Company to send all notices/reports/documents/intimations and other correspondence etc. through e-mails, in the electronic mode instead of receiving physical copies of the same. For registering your email ID, kindly send your email ID details to [mukatpipes@gmail.com](mailto:mukatpipes@gmail.com) Members holding shares in Demat mode, who have not registered their e-mail IDs with DPS, are requested to register/update their email IDs with their DPS.
7. Members are requested to bring the copy of Annual Report sent to them.

## 24th Annual Report

### DIRECTORS' REPORT

**To the Members,**

Your Directors have pleasure in presenting the 24<sup>th</sup> Annual Report & Audited Accounts for the year ended 31<sup>st</sup> March 2011.

#### **FINANCIAL HIGHLIGHTS**

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

	<b>April to March 2010-11 (Rs.in lacs)</b>	<b>April to March 2009-10 (Rs.in lacs)</b>
Sales and other income	<b>1640.59</b>	1673.37
Profit/(Loss) before Interest, Depreciation & Tax (PBDIT)	<b>(7.16)</b>	2.88
Less: Interest	<b>10.40</b>	0.25
Profit/(Loss) before Depreciation & Tax.	<b>(17.56)</b>	2.63
Less: Depreciation	<b>177.74</b>	183.27
Profit/(Loss) before Tax	<b>(195.30)</b>	(180.64)
Less: Provision for Taxation	<b>0.00</b>	0.00
Taxation for earlier years	<b>0.00</b>	0.00
Provision for deferred Tax	<b>0.00</b>	0.00
Prior period Adjustment	<b>(38.25)</b>	0.00
Profit after Tax	<b>(233.55)</b>	(180.64)
Balance Brought Forward	<b>(3558.69)</b>	(3378.05)
Balance available for appropriation	<b>(3792.24)</b>	(3558.69)

#### **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. 1640.59 lacs (P.Y. Rs. 1673.37 lacs) with a negative PBDIT of Rs. 7.16 lacs (P.Y. with a positive PBDIT of Rs. 2.88 lacs). The company got a job work order from M/s. Raunaq International Limited for production at Nalaas site for 3197 MT. The order will be executed in the next financial year. The company is also expecting orders from intermediaries/contractors of Delhi Jal Board. The operations of the company will improve during the next financial years.

#### **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 earlier 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. Bhambri & 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, 2011, 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 31/03/2011 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, 2011 on a 'going concern' basis.

**AUDIT QUALIFICATION**

The company has already negotiated OTSs (One Time Settlement) with Punjab National Bank (PNB) & Industrial Development Bank of India (IDBI)/ Stressed Assets Stabilization Fund (SASF). The proposal for OTS with Oriental Bank of Commerce (OBC)/ARCIL is still under consideration. 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 (BOARD FOR INDUSTRIAL & FINANCIAL RECONSTRUCTION)**

Revised Draft Rehabilitation Scheme has again been submitted to BIFR through Operating Agency (SASF) on 22-05-2010. The O.A. has convened a Joint Meeting of secured creditors and other creditors for the approval of the revised DRS. The process of the approval is still going on.

**SUSPENSION OF TRADING IN EQUITY SHARES OF THE COMPANY**

The company could not make complete compliances of the listing agreement due to various litigations in different courts. The company remained unable to convene AGMs within the schedule time. This has cascaded non-compliance of certain compliances of the listing agreement. The company has been putting all efforts and taking all initiatives to channelize resources for early revocation of the suspension. The company hopes to get the revocation at the earliest as maximum compliances of the listing agreement have already been made except relating to AGMs.

**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 2010-11 is attached herewith.

## 24th Annual Report

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.

**Place : Rajpura**  
**Date : 13/8/2011**

**For and on behalf of the Board,**

**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 2010 – 2011.

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

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

		Current Year (2010-2011)	Previous Year (2009-2010)
<b>1. Electricity</b>			
a) Purchased Units (KWH)		350241	347351
Total Amount (Rs.)		1735070	1659230
Rate/Unit (Rs.)		4.95	4.78
b) Own generation Through Diesel Generator			
Units Generated (KWH)		41033	107992
Total Amount (Rs.)		532468	1167808
Cost/Unit (Rs.)		12.98	10.81
<b>2. Consumption per unit of production</b>			
Production : M.S.Pipes (Unit in MT)		4235.785	4748.09
Electricity Consumption/MT (KWH)		92.37	95.90

**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.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particular	2010-2011 (Rs.in lacs)	2009-2010 (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

As on March 31<sup>st</sup>, 2011, the Board consists of Eight(8) Directors out of which Four (4) Directors are Non-Executive Directors, Three (3) are Non- Executive Independent Directors and Chairman of the Board is Mr. Rupinder Singh Ahluwalia who is an Executive Director.

##### a) Board Meetings:

During the year under review, the Board of the Company did not met.

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

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

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

**Note:** There was no Board Meeting and Annual General Meeting held during the year 2010-2011. Hence, the particular of Directors present at the Last Board Meeting and AGM are 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	He is senior business executive and having 44 years experience in the industry general, and of iron and steel industry, in particular. He has been associates with the Company from last 17 years.
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 31<sup>st</sup>, 2011, No complaints were received from 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 Kurla 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 Mrag, 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 31.03.2011 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 – 13<sup>th</sup> September 2011, at 3.30 p.m.

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 1<sup>st</sup> April to 31<sup>st</sup> 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

## 24th Annual Report

### (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, 2010	11.55	9.06
May, 2010	10.09	8.00
June, 2010	9.92	7.63
July, 2010	8.99	8.19
August, 2010	--	--
September, 2010	--	--
October, 2010	--	--
November, 2010	--	--
December, 2010	--	--
January, 2011	--	--
February, 2011	--	--
March, 2011	--	--

Note :- August, 2010 to March, 2011 – Under Suspension.

(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 31<sup>st</sup>, 2011

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	9260	91.7468	1349090	17.2298
501-1000	452	4.4784	380629	4.8612
1001-2000	190	1.8825	288365	3.6828
2001-3000	61	0.6044	155769	1.9894
3001-4000	32	0.3171	113565	1.4504
4001-5000	35	0.3468	164687	2.1033
5001-10000	38	0.3765	269160	3.4375
10000& Above	25	0.2477	5108735	65.2457
<b>TOTAL</b>	<b>10141</b>	<b>100.0000</b>	<b>7830000</b>	<b>100.0000</b>

### (i) Categories of Shareholding as on March 31<sup>st</sup>, 2011.

	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	100	0.0013
D	Private Corporate Bodies	211640	2.7
E	Indian Public	2739887	34.99
F	NRIs/OCBs	119794	1.53
G	Clearing Members	19078	0.24
H	Trusts	301	0.0038
	<b>TOTAL</b>	<b>7830000</b>	<b>100</b>

### (j) Dematerialisation of Shares

As on March 31<sup>st</sup> 2011, **22,89,395** Shares, representing 29.24% of the total issued capital, were held in dematerialized form and 55,40,605 shares, representing 70.76% 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:

- Village Khadoli, Patiala Road, Rajpura –140 401, Dist. Patiala, Punjab.
- 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 31.03.2011.

**For Mukat Pipes Limited**

**(Rupinder Singh Ahluwalia)  
Director**

**Place:Rajpura  
Date:13.08.2011**

**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 31<sup>st</sup> March, 2011 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.

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

**Date: 13.08.2011  
Place: Rajpura**

**(RANJIT PARKASH)**  
Proprietor  
M No. 80084

## 24th Annual Report

**R.P. BHAMBRI & CO.**  
CHARTERED ACCOUNTANTS

Ph. 2217015  
8, Yadvindra Colony  
The Mall, Patiala – 147001

### TO THE MEMBERS OF MUKAT PIPES LIMITED

1. We have audited the attached balance sheet of Mukat Pipes Ltd. as at 31<sup>st</sup> March 2011 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 balance sheet, profit and loss account and cash flow statement, dealt with by this reports are in agreement with the books of account;
  - (iv) 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.
  - (v) 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 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of sub- section (1) of section 274 of the Companies Act, 1956;
  - (vi) 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.**
    - (ii) **Non availability of documents relating to transactions of Baramati Unit as mentioned in Note No. 7 of schedule "P", impact of which on profit and loss account and Balance Sheet is not ascertainable.**
    - (iii) **No confirmation letters have been obtained as a result variance if any and its impact on loss and reserves is not ascertainable.**
    - (iv) **The sale bid price of Rs. 1461 lacs for Baramati unit was received by the assets sale committee appointed by Hon'ble BIFR. Since the sale deed has not been executed and physical possession of the unit has not been handed over till 31<sup>st</sup> March, 2011, the effect of these on the accounts has not been determined by the company.**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 31<sup>st</sup> March 2011
    - (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**

**(RANJIT PARKASH)**  
Proprietor  
M. No. 80084

Place: Rajpura  
Date :13/8/2011

## Annexure

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

- (i)
  - (a) The Company has maintained proper records showing full particulars including unquantitative 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.3.77 crores and the year- end balance of loans taken from such parties was Rs. 3.77 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.
  - (b) According to the information and explanations given to us, the undisputed amounts as at 31<sup>st</sup> March, 2011 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.

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- (c) According to the information given to us, there are no dues of customs duty, wealth tax and cess except for Income Tax, Excise Duty and Sales Tax, which are disputed.
- (I) Income Tax Rs. 211.67 Lac Matter pending with Appellate Authorities
- (ii) Excise Duty Rs. 136.55 Lac Matter pending with Appellate Authorities
- (iii) Sales Tax Rs. 125.90 Lac Matter pending with Appellate Authorities
- (x) The company has incurred cash losses during the 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 : 13/8/2011

**(RANJIT PARKASH)  
Proprietor  
M.No. 80084**

**Mukat Pipes Limited**  
**Balance Sheet as at 31st March 2011**

	Schedule	As at 31st March, 2011 Total Amount in Rs.	As at 31st March, 2010 Total Amount in Rs.
<b>SOURCES OF FUNDS :</b>			
Shareholders Funds :			
Share Capital	A	78,300,000	78,300,000
Reserves & Surplus	B	(344,857,958)	(321,503,367)
		(266,557,958)	(243,203,367)
Secured Loans	C	302,865,864	303,865,864
Unsecured Loans	D	37,742,452	37,742,452
		340,608,316	341,608,316
Total Funds Employed		74,050,358	98,404,949
<b>APPLICATION OF FUNDS :</b>			
Fixed Assets			
Gross Block	E	357,925,356	358,057,778
Less : Depreciation		254,430,158	237,161,852
Net Block		103,495,197	120,895,925
Capital Work in Progress		0	0
		103,495,197	120,895,925
Current Assets Loans & Advances :			
Inventories	F	26,996,652	35,414,856
Sundry Debtors	G	23,844,611	19,735,789
Cash & Bank Balances	H	4,359,323	5,350,042
Loans & Advances	I	57,762,930	69,015,636
		112,963,515	129,516,323
Less : Current Liabilities & Provisions			
Liabilities	J	138,544,855	140,859,157
Provisions	K	266,500	7,551,142
		138,811,355	148,410,299
Net Current Assets		(25,847,840)	(18,893,976)
Deferred Tax :			
Deferred Tax Assets 25,207,000.00		0	0
Deferred Tax Liabilities 28,804,000.00		(3,597,000)	(3,597,000)
Total Assets		74,050,358	98,404,949
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 :13.08.2011**

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**Mukat Pipes Limited**  
**Profit & Loss Account For The Year Ended 31st March 2011**

	Schedule	As at 31st March, 2011 Total Amount in Rs.	As at 31st March, 2010 Total Amount in Rs.
<b>INCOME</b>			
Sales & Job Works		161783355	166854355
Other Income	L	2275411	482279
		<u>164058766</u>	<u>167336634</u>
<b>EXPENDITURE</b>			
(Accretion) / Depletion in Stock in finished goods and WIP & Raw Material Consumed	M	114251125	111235938
Stock transfer from Baramati		0	0
Expenses	N	50523017	55812826
Interest	O	1040000	24997
Depreciation	E	17774181	18326765
		<u>183588322</u>	<u>185400526</u>
Profit Before Taxation		-19529557	-18063893
Provision for Taxation		0	0
Provision for FBT		0	0
Taxation for Earlier Years		3825035	0
Prior Period Adjustment		0	0
Profit After Tax		<u>-23354591</u>	<u>-18063893</u>
Balance Brought Forward		-355869367	-337805474
Balance Available for Appropriation		<u>-379223958</u>	<u>-355869367</u>
Less : Appropriated to :			
General Reserve		0	0
Balance Carried to Balance Sheet		<u>-379223958</u>	<u>-355869367</u>
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 : 13.08.2011**



## Mukat Pipes Limited

Schedules Forming Part of Balance Sheet as at 31st March 2011

	As at 31st March, 2011 Total Amount in Rs.	As at 31st March, 2010 Total Amount in Rs.
<b>Schedule - 'A'</b>		
<b>SHARE CAPITAL</b>		
Authorised :		
1,00,00,000 (1,00,00,000) Equity Shares of Rs. 10/- each	100000000	100000000
Issued, Subscribed & Paid Up :		
78,30,000 (78,30,000) Equity Shares of Rs. 10/- each	78300000	78300000
<b>Schedule - 'B'</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Subsidy	4550000	4550000
<b>REVENUE RESERVES</b>		
General : Balance as on 1/4/03		
Less Deferred tax adjustment on initial adjustments	29816000	29816000
Balance in Profit & Loss Account	-379223958	-355869367
<b>Total</b>	<b>-344857958</b>	<b>-321503367</b>

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Mukat Pipes Limited

Schedules Forming Part of Balance Sheet as at 31st March 2011

	As at 31st March, 2011 Total Amount in Rs.	As at 31st March, 2010 Total Amount in Rs.
<b>Schedule - 'C'</b>		
<b>SECURED LOANS</b>		
<b>Term Loans :</b>		
Financial Institutions :		
Industrial Development Bank of India Ltd.	<b>112,000,000</b>	112,000,000
Punjab State Industrial Development Corp. Ltd		
Interest Accrued & Due	<b>3,103,670</b>	3,103,670
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.		
<b>Working Capital Loans :</b>		
Punjab National Bank	79,564,583	80,564,583
Oriental Bank of Commerce	108,197,611	108,197,611
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		
<b>Total</b>	<b>302,865,864</b>	<b>303,865,864</b>
<b>Schedule - 'D'</b>		
<b>UNSECURED LOANS</b>		
Promoters		
a) Directors/Shareholders	36,152,452	36,152,452
b) Others	1,590,000	1,590,000
c) Short Term Loan from Banks-Funded Interest T/L	0	0
d) City Banks Car Loan	0	0
<b>Total</b>	<b>37,742,452</b>	<b>37,742,452</b>

**Mukat Pipes Limited**  
**Schedules Forming Part of Balance Sheet as at 31st March 2011**

	As at 31st March, 2011 Total Amount in Rs.	As at 31st March, 2010 Total Amount in Rs.
<b>Schedule - 'F'</b>		
<b>INVENTORIES</b> (Taken, Valued and Certified by The Management)		
Raw Material	4,752,969	5,101,131
Stores & Spares	1,935,000	1,860,000
Work in Progress	4,902,462	5,650,302
Scrap	513,419	478,310
Finished Goods	8,422,133	15,033,996
Unutilised Portion of Modvat	6,470,669	7,291,117
Total	26,996,652	35,414,856
<b>Schedule - 'G'</b>		
<b>SUNDRY DEBTORS</b>		
Debts Outstanding for Less than six months	6,740,081	811,495
Debts Outstanding for More than six months:	14,239,541	16,059,305
Considered good	2,864,989	2,864,989
Considered doubtful	20,008,953	20,008,953
	43,853,564	39,744,742
Less: Provision for doubtful Debts	20,008,953	20,008,953
Net Debtors	23,844,611	19,735,789
Total		
<b>Schedule - 'H'</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash In Hand	1,832,747	496,196
Balance with Scheduled Banks		
In Bank Account	2,067,148	4,416,987
In Fixed Deposit	459,428	436,860
Total	4,359,323	5,350,042
<b>Schedule - 'I'</b>		
<b>LOANS &amp; ADVANCES</b>		
Staff Loans & Advances	1,753,534	1,405,717
Balances with Excise Authorities	8,679,455	9,513,987
Tax Deducted at Source	1,208,837	3,944,495
FBT	146,000	146,000
Advance Tax	0	8,113,737
Security Deposit	1,347,809	1,321,001
Advances Recoverable in Cash or Kind	3,514,840	3,331,523
Advances to Supplier & Others	4,701,833	2,804,894
Amount Recoverable	456,896	2,480,557
Dues from Associate Concerns	35,953,725	35,953,725
<b>Total</b>	<b>57,762,930</b>	<b>69,015,636</b>

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Mukat Pipes Limited

Schedules Forming Part of Balance Sheet as at 31st March 2011

	As at 31st March, 2011 Total Amount in Rs.	As at 31st March, 2010 Total Amount in Rs.
<b>Schedule - 'J'</b>		
<b>CURRENT LIABILITIES</b>		
Advances from Customers	9,699,000	24,264,073
Sundry Creditors	37,802,996	26,874,131
Dues to Associates Concern	80,878,532	80,370,698
Expenses Payable	1,279,239	1,085,692
Securities Refundable	31,339	31,339
Unpaid Dividend	1,212,808	1,212,808
Other Liabilities	7,640,940	7,020,416
<b>Total</b>	<b>138,544,855</b>	<b>140,859,157</b>
<b>Schedule - 'K'</b>		
<b>PROVISIONS</b>		
Provision for FBT	266,500	266,500
Provision For Taxation	0	7,284,642
<b>Total</b>	<b>266,500</b>	<b>7,551,142</b>
Share Issue Expenses	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Mukat Pipes Limited**  
**Schedules Forming Part of Balance Sheet as at 31st March 2011**

	As at 31st March, 2011 Total Amount in Rs.	As at 31st March, 2010 Total Amount in Rs.
<b>Schedule - 'L'</b>		
<b>OTHER INCOME</b>		
Interest Received	115,276	167,736
Miscellaneous Receipts	2,146,935	314,542
Insurance Claims	3,600	0
Charges Recovered	9,600	0
Profit on Sale of Asset	0	0
Provision for interest written back	0	0
Balance Written back	0	0
Total	2,275,411	482,279
<b>Schedule - 'M'</b>		
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock - Material	5,103,049	12,755,036
Unutilised Portion Of Modvat	7,289,199	9,677,953
Add : Purchases	105,757,921	95,156,597
	118,150,169	117,589,587
Less : Closing Stock-Material	4,752,969	5,101,131
Unutilised Portion Of Modvat	6,470,669	7,291,117
<b>Material Consumed</b>	106,926,531	105,197,339
<b>Accretion / Depletion Of Stock</b>		
Opening Stock		
Finished Goods	15,033,996	13,719,305
Work In Progress	5,650,302	12,894,763
Realisable Scrap	478,310	585,221
Unutilised portion of Modvat	0	1,918
Total	21,162,608	27,201,207
Closing Stock		
Finished Goods	8,422,133	15,033,996
Work In Progress	4,902,462	5,650,302
Realisable Scrap	513,419	478,310
Unutilised portion of Modvat	0	0
Total	13,838,014	21,162,608
(Accretion) / Depletion	7,324,594	6,038,599
<b>Grand Total</b>	114,251,125	111,235,938

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### Mukat Pipes Limited

#### Schedules Forming Part of Balance Sheet as at 31st March 2011

	As at 31st March, 2011 Total Amount in Rs.	As at 31st March, 2010 Total Amount in Rs.
<b>Schedule - 'N'</b>		
<b>EXPENSES</b>		
Employees Remuneration & Other Benefits		
Salaries Wages and Bonus	8,434,186	8,192,578
Contribution to Provident & Other Funds	502,092	483,579
Workmen & Staff Welfare Expenses	549,510	481,594
Total	9,485,788	9,157,751
<b>Operational &amp; Other Expenses</b>		
Excise Duty Paid	14,461,904	8,789,282
Testing charges	89,952	23,123
Consumable Stores	9,328,372	9,997,843
Labour Charges	6,773,405	7,380,691
Power & Fuel	2,882,300	3,556,654
Repairs to Plant & Machinery	17,948	114,980
Repairs to Building	15,717	39,048
Repairs Others	220,705	162,207
Material Handling Charges	0	0
Insurance Charges	44,163	157,560
Vehicle Expenses	1,018,184	877,822
Legal & Professional Charges	1,455,070	1,461,016
Telephone & Telex Charges	157,951	163,501
Printing & Stationery	91,644	98,871
Travelling Expenses	477,596	344,392
Rent, Rates & Taxes	791,643	1,758,153
Bank Charges & Commission	15,484	260,407
Postage & Telegram	22,466	27,804
Directors Remuneration & Other Benefits	350,922	351,242
Auditors Remuneration	50,000	50,000
Selling Expenses	5,396	8,382,191
Sales Promotion & Advertising	119,700	104,959
Freight & Forwarding Charges	889,889	1,044,690
Donations	26,300	8,200
General Expenses	343,093	373,731
Service Tax Paid	45,027	86,158
Security & Safety Exp.	953,386	811,170
Bad & Doubtful Debts	0	0
FBT (2007-2008)	0	0
Meeting Fee	0	0
L.D. and Short Supply/Dep	0	0
Directors Travelling Exp.	389,012	229,379
Total	41,037,229	46,655,075
<b>Grand Total</b>	<b>50,523,017</b>	<b>55,812,826</b>
<b>Schedule - 'O'</b>		
<b>INTEREST</b>		
On Term Loans	0	0
On Working Capital	0	0
On Others	1,040,000	24,997
Total	1,040,000	24,997

MUKAT PIPES LIMITED													
DETAILS OF FIXED ASSETS FORMING PART OF BALANCE SHEET FOR THE PERIOD ENDING March 31, 2011													
S. NO	PARTICULARS	RATE OF DEP	COST			SALES DURING YEAR	ADDITION DURING YEAR	AS ON 31.03.11	UPTO 01.04.10	DEPRECIATION		WRITTEN DOWN VALUE	
			AS ON 01.04.10	AS ON 31.03.11	UPTO 01.04.10					ON ITEMS SOLD DURING YEAR	FOR THE PERIOD ENDED 31.03.2011	UPTO 31.03.2011	AS ON 31.03.11
1	LAND	0.00	3,232,485	3,232,485	0	0	3,232,485	0	0	0	0	3,232,485	3,232,485
2	BUILDING												
	A) FACTORY	3.34%	60,142,755	60,142,755	0	0	60,142,755	22,477,854	0	2,008,768	24,486,622	35,656,133	37,664,901
	B) OFFICE	1.63%	4,350,610	4,350,610	0	0	4,350,610	1,108,916	0	70,915	1,179,831	3,170,779	3,241,694
	C) RESIDENTIAL	1.63%	8,406,069	8,406,069	0	0	8,406,069	1,128,387	0	137,018	1,265,405	7,140,664	7,277,682
	D) BOREWELL	3.34%	22,945	22,945	0	0	22,945	8,762	0	766	9,528	13,417	14,183
3	PLANT & MACHINERY	4.75%	262,466,189	263,167,691	701,502	0	263,167,691	196,372,886	0	14,967,813	211,340,699	51,826,992	66,093,303
4	FURNITURE & FIXTURE	6.33%	2,694,279	2,735,685	41,406	0	2,735,685	2,317,659	0	172,186	2,489,845	245,840	376,620
5	OFFICE EQUIPMENT	4.75%	2,472,487	2,472,487	0	0	2,472,487	1,440,513	0	117,443	1,557,956	914,531	1,031,974
6	COMPUTERS	16.21%	851,292	875,962	24,670	0	875,962	797,084	0	13,403	810,487	65,475	54,208
7	VEHICLES	9.50%	4,276,266	3,376,266	0	900,000	3,376,266	4,030,534	505,875	-148,394	3,376,265	1	245,732
8	AIR-CONDITIONER	4.75%	1,085,540	1,085,540	0	0	1,085,540	596,124	0	51,563	647,687	437,853	489,416
9	TOOLS & EQUIPMENTS	4.75%	750,662	750,662	0	0	750,662	528,569	0	35,656	564,225	186,437	222,093
10	DESIGNE & DRAWINGS	4.75%	7,306,199	7,306,199	0	0	7,306,199	6,354,563	0	347,044	6,701,607	604,591	951,635
	TOTAL		358,057,778	357,925,356	767,578	900,000	357,925,356	237,161,852	505,875	17,774,181	254,430,159	103,495,197	120,895,924
	Total		358,057,778	357,925,356	767,578	900,000	357,925,356	237,161,852	505,875	17,774,181	254,430,159	103,495,197	120,895,924
	PREVIOUS YEAR		358,298,278	358,057,778	24,300	264,800	358,057,778	218,868,627	33,542	18,326,765	237,161,853	120,895,925	139,429,649

Mukat Pipes Ltd

Schedule – P

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> March, 2011.**

**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 Company's 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.0.09 Lacs (Previous Year Rs. 0.09)
- 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 136.55 Lacs (Previous Year Rs.62.00 Lacs)
Income Tax	Rs. 211.67 Lacs. (Previous Year Rs. 255.16 Lacs)
DGFT	Rs. 225 Lacs (Previous Year Rs. 225 Lacs)
Sale Tax	Rs. 125.90 Lacs (Previous Year Rs. 126.32 Lacs)
Other Claims	Rs. 468.35 Lacs (Previous Year Rs.468.35 Lacs)

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 31<sup>st</sup> March 2011.
6. No Provision for interest except on OTS amount with Punjab National Bank has been made during the year in respect of Secured Loans as the secured loan account have become NPA.
7. The company has not produced books of accounts and other relevant record in respect of Baramati Unit as such the balances are taken as per audited Balance Sheet as on 31-03-2008. However, depreciation has been provided on Fixed Assets. The impact of transactions entered into by the company at Baramati Unit after 31-03-2008 will be considered when the relevant documents are produced.
8. Consumption Particulars of Raw Materials.  
Raw Material Consumed:

	2010-2011		2009-2010	
	QTY (MT)	VALUE (Rs. in Lacs)	QTY (MT)	VALUE (Rs. in Lacs)
Coils, Zinc, Iron & Steel & Other	2733.547	1069.27	2666.221	1051.97
<b>Total</b>	<b>2733.547</b>	<b>1069.27</b>	<b>2666.221</b>	<b>1051.97</b>

Note: Coils/Plates purchased for trading 122.595 MT (P.Y. 73.385 MT)

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

Imported and Indigenous Raw Materials Consumption:

	2010-2011		2009-2010	
	VALUE (Rs. in lacs)	%	VALUE (Rs. in lacs)	%
i) Indigenous	1069.27	100	1051.97	100
ii) Imported	Nil	Nil	Nil	Nil
<b>Total</b>	<b>1069.27</b>	<b>100</b>	<b>1051.97</b>	<b>100</b>

10. Installed Capacity 50,000 TPA

Certified by Director, being technical matter and relied upon by the auditors.

## 24th Annual Report

### 11. Production / Sales of Finished Goods:

Particulars	Opening Stock (MT)	Prod. /Purch. (MT)	Closing Stock(MT)	Sales (MT)	Value (Rs. In lacs)
Pipes	394.697 (443.088)	2707.102 (2777.308)	216.994 (394.697)	2884.805 (2825.699)	1427.36 (1243.26)
Scrap	81.408 (93.287)	53.423 (84.874)	85.309 (81.408)	49.522 (96.753)	7.66 (10.91)
Trading in Plate, Coils Iron & Steels, & Pipes and Other material etc.				122.595 (73.385)	47.22 (16.31)
H.R Coil	NIL	NIL	NIL	NIL	NIL
Zinc	NIL	NIL	NIL	NIL	NIL
Other Export Incentive					NIL
Job Work					135.60 (398.06)
Excise Duty Recovered					NIL
<b>Total</b>					<b>1617.84</b> <b>(1668.54)</b>

### 12. Sales of Finished Goods

Type	Local (Rs. In lac)	Export (Rs. In lac)	Total (Rs. In lac)
M.S. Pipes	1427.36 (1243.26)	Nil Nil	1427.36 (1243.26)
G.I. Pipes	NIL (NIL)	Nil Nil	NIL (NIL)
<b>Total</b>	<b>1427.36</b> <b>(1243.26)</b>		<b>1427.36</b> <b>(1243.26)</b>

### 13. Expenditure in Foreign Currency

		2010-2011 (Rs.in Lacs)	2009-2010 (Rs.in Lacs)
a)	Raw Material	0.00	0.00
b)	Others (Licence fee)	0.00	0.00
c)	Bank Charges	0.00	0.00

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

		2010-2011 (Rs.in Lacs)	2009-2010 (Rs.in Lacs)
l)	Statutory Auditor		
a)	Audit Fees	0.38	0.38
b)	Tax Audit Fees	0.12	0.12
c)	Other Services	0.28	0.00

## 15. Earning in Foreign Exchange

		2010-2011 (Rs.in Lacs)	2009-2010 (Rs.in Lacs)
a)	FOB Value of Exports	0.00	0.00

## 16. Related Parties Disclosures:

## 1. Relationship

a) Key Management Personnel, and their relatives are Mr. Rupinder Singh Ahluwalia, Ms. Mandeep Ahluwalia Pahwa, Mr. Kamal Jain, Mrs. Sandeep Kaur Ahluwalia, Mr. Kuljinder Singh Ahluwalia and Mr. Ravinder 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. & Balaji Steel and Pipes.

## 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	---	0
Sales – Goods & Material	---	0
Remuneration	3.51 (3.51)	–
Lease Rent/Rent	3.90 (3.90)	2.60 (5.56)

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: 13/8/2011**

## 24th Annual Report

### 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, 2011	
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		453274
TOTAL ASSETS		453274
SOURCE OF FUNDS		
Paid up Capital		78300
Reserves and Surplus		34366
Secured Loans		302866
Unsecured Loans		37742
APPLICATION OF FUNDS:		
Net Fixed Assets		103495
Investments		Nil
Net Current Assets		(25848)
Misc. Expenditure		(3597)
Accumulated Losses		379224
IV. Performance of Company (Amount In Rs. Thousand)		
Turnover		164059
Total Expenditure		183588
Profit/ (Loss) Before Tax		(19530)
Prior Period Adjustment		38250
Profit/ (Loss) After Tax		(23355)
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 : 13-08-2011

<b>MUKAT PIPES LIMITED</b>			
<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2011</b>			
<b>PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT</b>			
		Year Ended 31/03/2011 (Rs in Lacs )	Year Ended 31/03/2010 (Rs in Lacs )
A)	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit Before Tax And Extraordinary Items	(195.30)	(180.64)
	Adjustments For		
	Depreciation	177.74	183.27
	Deferred Expenses Written Off	0.00	0.00
	Interest Expenses	10.40	0.25
	Interest Income	(1.15)	(1.68)
	Financial Lease Expenses	186.99	181.84
	Prior Period Adjustment		
	Operating Profit Before Working Capital Changes	(8.31)	1.20
	Adjustments For		
	Trade & Other Receivables	74.16	251.21
	Inventories	84.18	161.29
	Trade Payables	(23.14)	(377.12)
	Provision	(72.85)	0.00
	Cash Generated From Operations	54.04	36.58
	Interest Paid	(10.40)	(0.25)
	Tax Paid	(2.72)	(4.20)
	Cash Flow Before Extraordinary Items	40.92	32.13
	Extraordinary Items	0.00	0.00
	Additional Tax Paid for Earlier Years	(38.25)	0.00
	Net Cash From Operating Activities ( A )	2.67	32.13
B)	<b>Cash Flow From Investing Activities</b>		
	Capital W.I.P.		
	Purchase/Sale of Fixed Assets	(3.73)	2.07
	Interest Received	1.15	1.68
	Net Cash Used in Investing Activities ( B )	(2.58)	3.75

**24th Annual Report**

<b>MUKAT PIPES LIMITED</b>			
<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2011</b>			
<b>PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT</b>			
		Year Ended 31/03/2011 (Rs in Lacs )	Year Ended 31/03/2010 (Rs in Lacs )
C)	Cash Flow From Financing Activities		
	Proceeds From Long Term Borrowings ( Net )		
	Proceeds From Short Term Borrowings	0.00	0.00
	Proceeds From Unsecured Loans	0.00	(41.11)
	Repayment of Financial Lease Liabilities		
	Repayment of Secured Loan	(10.00)	(41.11)
	Net Cash Flow From Financing Activities ( C )	<u>(10.00)</u>	<u>(41.11)</u>
	Net Increase ( Decrease ) in Cash and Cash Equivalent ( A+B+C )	(9.91)	(5.23)
	Cash and Cash Equivalent at The Beginning of The Year	53.50	58.73
	Cash and Cash Equivalent at The Close of The Year	<u>43.59</u>	<u>53.50</u>

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

**(Ranjit Parkash)  
Proprietor  
M.No. 80084**

**Date :13.08.2011  
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 24<sup>th</sup> Annual General Meeting of the Company held on Tuesday, 13<sup>th</sup> day of September, 2011 at 3.30 p.m. 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 24<sup>th</sup> Annual General Meeting to be held on Tuesday, 13<sup>th</sup> day of September, 2011 at 3.30 p.m. at Time and Again, 9 Raheja Classique, Link Road, Next to Cinemax Lokhandwala, Andheri(W), Mumbai-53 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signature \_\_\_\_\_

Affix  
Revenue  
Stamp

#### 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