
MUKAT PIPES LIMITED

18th

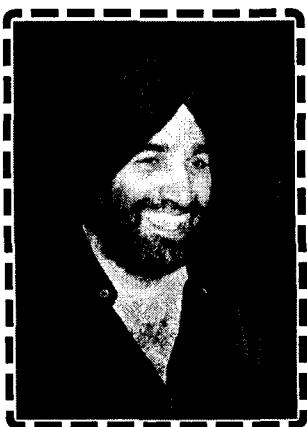
**Annual Report
2004-2005**

ANNUAL REPORT 2004-2005

- Board of Directors** : Mr. Kuljinder Singh Ahluwalia
Mr. Ravinder Singh Ahluwalia
Mr. Rupinder Singh Ahluwalia
Mr. Raj Kumar Bali
Mr. Kamal Jain
- Auditors** : M/s R.P. Bhambri & Co.
Chartered Accountants
8, Yadvindra Colony, The Mall, Patiala - 147001.
Ph : 217015
- Branch Auditors / Tax Consultant** : M/s Desai Dighe & Co.
Chartered Accountants,
7, R. M. Building, 49, Dr. E. Moses Road,
Opp. Mahalaxmi Rly. Station, Mahalaxmi (W),
Mumbai - 400 034.
Ph : 24946187
- Registered Office** : Surindra House, Next to New Sakinaka Telephone
Exchange, Andheri Kurla Road, Safaid Pool,
Mumbai-400 072
- Delhi Office** : Flat No.211, Mahatta Tower,
54, B Block, Community Centre,
Janakpuri, New Delhi-110 058
- Works** : Village Kadoli, D-46, Baramati Industrial Area,
Patiala Road, Tandulwadi,
Dist. Patiala, Baramati,
Rajpura-140 401, Pune-413 133,
Punjab Maharashtra
- Registrar & Share Transfer Agent** : M/s. Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai-400 078
- Bankers** : Punjab National Bank
Oriental Bank of Commerce

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सूरज किरण मिले जल का जल हुआ राम ॥
ज्योति ज्योत रली सम्पूर्ण थीआ राम ॥



(13.11.1948 - 03.01.2004)

Late Sardar Rajinder Singh Ahluwalia

(S/o Late Sardarni & Sardar Bhopinder Singh Ahluwalia)

Founder Member & Chairman
MUKAT GROUP OF COMPANIES



*A Saint and a missionary by his way of life,
Sardar Rajinder Singh was a perfect Karmayogi
who established Industrial, Commercial, Educational,
Vocational institutions and Hospitals.*

On, January 3, 2004, he blended in HIM.

We pray for his eternal peace.



NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of **MUKAT PIPES LIMITED** will be held on 30th December, 2005 at 4.00 p.m. at Surindra House, Next to Sakinaka New Telephone Exchange, M.V. Road, Safaid Pool, Mumbai-400 072 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2005 and the Profit and Loss Account for the year ended March 31, 2005 together with the reports of Directors and that of the Auditors thereon.
2. To appoint a Director in place of Mr. Rupinder Singh Ahluwalia, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint Auditors and to authorise the Board to fix their remuneration.

NOTES:-

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 26th December 2005 to 30th December 2005 (both days inclusive).
3. The members are requested to:
 - (a) Intimate changes, if any, in their addresses to the Company's Registrar and Share Transfer Agents, M/s. Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), MUMBAI-400078, at the earliest.
 - (b) Quote ledger folio numbers in all their correspondence.
 - (c) Apply for consolidation of share folios, if share holdings are under multiple folios.
 - (d) Bring copies of the Annual Reports and the Attendance Slips with them at the Annual General Meeting.
4. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company at least ten days before the meeting, so as to enable the Company to make the required information readily available at the meeting to the extent possible.
5. The unpaid dividend for the year 1998-99 will become due for transfer to Investor Education and Protection Fund during the year 2006-07. Members who have not encashed their dividend may please write to the Company on or before October, 31, 2006. No Claim shall lie either

against the Company or against the Investor Education and Protection Fund, Once the unpaid dividend amount is transferred to the said fund.

6. Members who hold shares in dematerialised form are requested to bring their Client ID & DP ID numbers for easy identification of attendance at the meeting.
7. Information about directors seeking appointment/ reappointment as required under Clause 49 (VI) (A) of the Listing Agreement entered into with the Stock Exchanges:

1. Name	:	Mr. Rupinder Singh Ahluwalia
Age	:	50 years
Qualification	:	Bachelor of Arts
Experties	:	28 years experience in Iron and Steel Industry and has been associated with the Company from last 12 years
Other Directorships	:-	He is the Director in the following Companies 1. Surindra Engineering Company Ltd 2. Mukat Tanks & Vessels Ltd 3. Mukat Finance Ltd.
No. of Shares held	:	1700

For and on behalf of the Board,

Kuljinder Singh Ahluwalia
Chairman

Place:- Mumbai

Date:- October 29, 2005

DIRECTORS' REPORT

To the members,

Your Directors have pleasure in presenting 18th Annual Report & Audited Accounts for the year ended on 31st March 2005.

FINANCIAL HIGHLIGHTS

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

	April to March 2004-05 (Rs. in lacs)	April to March 2003-04 (Rs. in lacs)
Sales and other Income	3291.67	3867.60
Profit/(Loss) before Interest, Depreciation & Tax	(537.88)	(267.28)
Less : Interest	292.97	403.17
Profit/(Loss) before Depreciation and Tax	(830.85)	(670.45)
Less : Depreciation	185.00	141.26
Profit / (Loss) before Tax	(1015.85)	(811.71)
Less : Provision for taxation	0.00	0.00
Taxation for earlier years	0.00	0.00
Provision for deferred tax	0.00	0.00
Profit after Tax	(1015.85)	(811.71)
Balance Brought Forward	(1554.38)	(742.67)
Balance available for appropriation	(2570.23)	(1554.38)

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.3291.67 Lacs(P.Y.Rs.3867.60 Lacs) with a negative PBDIT of Rs.537.88 Lacs (Previous Year – negative PBDIT of Rs.267.28 Lacs). This is primarily on account of spiraling rise in steel prices, leaving a very thin margin on the orders in hand. In some cases the Company had to fulfill its commitment and complete the orders in hand, irrespective of low margins so as to retain its creditability in the market. Further, due to the non-availability of need-based Working Capital Finance the average capacity utilization of Rajpura Unit was very low. Moreover, due to closure of manufacturing operations of ERW Unit at Baramati during the year has resulted into higher losses.

FIXED DEPOSITS

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

BOARD OF DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Rupinder Singh Ahluwalia, retire by rotation and being eligible offer himself for re-appointment.

AUDITORS

M/s. R. P. Bhambri & Co. retire as auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible, offer 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, 2005, the applicable accounting standards had 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 for the financial year ended March 31, 2005 and of the Profit & Loss Account for that period;
- (iii) that the directors had 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, 2005 on a 'going concern' basis.

AUDIT QUALIFICATION

The qualification given by the Auditors with respect to write off of claim against the supplier and write back of interest on Term Loan is explained vide point No.4 (vii) (a) and (b) of main Auditors Report attached to and forming part of Balance Sheet, for the year ended March 31, 2005, which is 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 had approached Board for Industrial & Financial Reconstruction (BIFR) of its registration and got registered with BIFR vide its letter dated 17th June 2004 in accordance with Section 15(1) of Sick Industrial Companies (Special Provision) Act 1985. The process of restructuring & request for providing of additional need base working capital finance by Banks & Financial Institution is under negotiation.

CORPORATE GOVERNANCE

A report on Corporate Governance, alongwith a certificate from the Auditors' confirming compliance of the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed herewith and forms a part of this Directors' 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 to the Company.

For and on behalf of the Board,

Kuljinder Singh Ahluwalia
Chairman

Place:- Mumbai

Date:- June 25, 2005

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 2004-05.

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

FORM A

A. Power and fuel consumption

	Current Year (2004-05)	Previous Year (2003-04)
1. Electricity		
(a) Purchased		
Units (KWH)	290420	1032857
Total Amount Rs.	13,57,778.00	63,70,062.00
Rate/Unit (Rs.)	4.68	6.18
(b) Own generation		
i) Through Diesel Generator		
Unit (KWH)	84600	57940
Total Amount Rs.	7,07,686.00	4,96,621.00
Cost/Unit (Rs.)	8.37	8.57
2. Consumption per unit of production		
Product : M.S. Pipes		
Unit in M.Tonne	124.24	124.72
Electricity	units	units

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 (inhouse 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:

	Rs. In Lacs	
	2004-2005	2003-2004
Earning	Nil	419.16
Outgo	Nil	14.89

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, improvement and maintenance of product quality, professionalism and accountability in its dealings, human resource management, thereby striving for high standards of Corporate Governance.

2. Board of Directors

a) Composition:

As on March 31, 2005, the Board is Five Directors out of which four Directors are non-executive & Two are independent. The Chairman of the Board is Mr. Kuljinder Singh Ahluwalia who is a non-executive.

b) Board Meetings:

During the year under review, the Board of the Company met 7 (Seven) times, i.e.

April-June	July -Sept	October -December	January-March
26.05.2004	06.07.2004	29.10.2004	31.01.2005
30.06.2004	09.07.2004		
	30.07.2004		

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. *				
		Board Meetings	Last AGM	Other Directorships		Committee Memberships		No. of Shares held
				As a Member	As a Chairman	As a Member	As a Chairman	
Mr. Ravinder Singh Ahluwalia	Non-Executive	7	P	4	3	2	1	Nil
Mr. Kuljinder Singh Ahluwalia	Non-Executive	7	P	4	1	2	Nil	257300
Mr. Rupinder Singh Ahluwalia	Executive	3	P	3	Nil	2	1	1700
Mr. Raj Kumar Bali	Non-Executive Independent	7	P	1	1	Nil	Nil	Nil
Mr. Kamal Jain	Non-Executive Independent	2	P	Nil	Nil	Nil	Nil	Nil

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

3. Audit Committee

The Audit Committee of the Company constitutes of three Non-Executive Directors, 2/3rd of them being independent. During the year under review, four meetings were held, one of which was held before finalisation of accounts. The composition and attendance at the Audit Committee Meeting is as under.

Name of the Director	Designation	Category	No. of Meetings	
			Held	Attended
Mr. Kamal Jain	Chairman	Non –Executive Independent	4	4
Mr. Raj Kumar Bali	Member	Non –Executive Independent	4	4
Mr. Kuljinder Singh Ahluwalia	Member	Non –Executive	4	4

Terms of reference of the Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreement with Stock Exchanges and *inter alia* includes review of financial reporting process, draft financial statements and draft auditors' report, accounting policies and practices, internal control system, risk management policies and the practices, related party transactions. The role of Audit Committee also includes recommending the appointment and removal of external auditors, discussion about scope of audit and fixation of audit fee and payment for any other services.

4. Shareholders'/ Investors Grievance Committee

a) Composition:

The Shareholders'/ Investors' Grievance Committee consists of the members and functions under the Chairman-of Mr. Ravinder Singh Ahluwalia, a non- Executive Director, Mr. Kuljinder Singh Ahluwalia and Mr. Rupinder Singh Ahluwalia are the other members of the Committee.

b) Name & Designation of the Compliance officer:

Mr. Kuljinder Singh Ahluwalia, Non Executive Director

c) Number of Complaints received and resolved:

During the year ended March 31, 2005, 20 complaints were received from the shareholders. All the Complaints were generally resolved to the satisfaction of the shareholders.

5. General Body Meeting:

A.

Financial Year	Date/ Day	Time	Venue
2003-2004	28.08.2004	4.00 p.m.	Mukat House, 313, Link Road, Khar (W), Mumbai - 400 052
2002-2003	25.09.2003	4.00 p.m.	Surindra House, Safaid Pool, M.V. Road, Mumbai - 400 072
2001-2002	24.09.2002	4.00 p.m.	Surindra House, Safaid Pool, M.V. Road, Mumbai - 400 072

- 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.

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 all 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 Financial Express (English) and in Dianik Sagar/ Parva Nagari (Marathi) news papers.

8. Management Discussion and Analysis

Management discussion and analysis forms a part of this Annual Report.

9. General Shareholder Information

(a) Annual General Meeting to be held

Date & Time Friday, December 30, 2005, 4.00 p.m
Venue Surindra House, M.V. Road, Safaid Pool, Mumbai – 400 072

(b) Financial Calendar for F.Y 2005-2006 -

First quarter ending June 30, 2005	End of 25 th July, 2005
Second quarter ending September 30, 2005	End of 28 th October, 2005
Third quarter ending December 31, 2005	End of January, 2006
Audited Annual Result for the ended March 31, 2006	End of June, 2006

(c) Book Closure Date : 26th December, 2005 to 30th December, 2005 (both days inclusive).

(d) Listing on Stock Exchanges at:

The Bombay Stock Exchange Limited
Phiroz 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 – 141 001

(e) Stock Code

The Bombay Stock Exchange Limited :- 523832

(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, 2004	6.70	4.80
May, 2004	6.09	3.51
June, 2004	5.89	3.84
July, 2004	6.00	4.10
August, 2004	5.23	4.00
September, 2004	5.95	4.42
October, 2004	7.00	5.06
November, 2004	8.20	6.50
December, 2004	14.10	6.00
January, 2005	12.69	7.41
February, 2005	12.25	7.66
March, 2005	13.22	8.62

(Source – www.bseindia.com)

(g) Shares Transfer system:

The Company's Registrar and Transfer Agents, M/s Intime Spectrum Registry Limited process applications for transfer of shares in physical form, shares transfer are usually registered and returned with a period of thirty days of receipt provided the documents are clear in all respects. Shares Transfer committee constituted for transfer/ transmission, issue of duplicate shares certificates and other allied matter meet as often as required and at least one meeting was held in every in every 15 days.

(h) Distribution of shareholding as on March 31, 2005

Slab of Shareholdings No. of Equity Shares	No. of Shareholders	% to total No. of Shareholders	No. of Shares held	% to total Shares held
1- 500	11672	93.9770	1671393	21.3460
501 - 1000	411	3.3090	342050	4.3680
1001 - 2000	160	1.2880	242010	3.0910
2001 - 3000	74	0.5960	190057	2.4270
3001 - 4000	30	0.2420	107875	1.3780
4001 - 5000	17	0.1370	78698	1.0050
5001 - 10000	36	0.2900	265252	3.3880
10001 & Above	20	0.1610	4932665	62.9970
TOTAL	12420	100.00	7830000	100.00

* According to categories of shareholder as on March 31st, 2005

	CATEGORIES	SHARES HELD	PERCENT OF TOTAL
a	Indian Promoters, Directors & Relatives	4742800	60.5722
b	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non- Govt. Institutions)	300	0.0038
c	FIs	100	0.0013
d	Private Corporate Bodies	188932	2.4129
e	Indian Public	2729368	34.8578
f	NRIs/OCBs	161260	2.0595
g	Clearing Members	7240	0.0925
	TOTAL	7830000	100.0000

(i) Dematerialisation of Shares:

As on March 31st, 2005, 1784100 Shares, representing 3806 of the total issued capital, were held in dematerialized form and 6045900 shares, representing 8614 of the total issued capital is held in physical; form.

(j) Outstanding ADRs/GDRs:

The Company has not issue any ADRs/GDRs.

(k) Plant Location:

- Village Kadoli, Patiala Road, Dist. Patiala, Rajpura- 140 401, Punjab.
- D-46, MIDC Industrial Area, Tanulwadi, Baramati, Pune 413 133, Maharashtra.

(l) Address for Investor Correspondence:

- Registered Office:
Surindra Engg.Co.Ltd.,
Surindra House, M.V.Road, Safaid Pool, Mumbai-400 072
Tel No. 022-28515940, Fax-022-28510129
- Registrar and Transfer Agents:
Intime Spectrum Registry Limited, C-13 Pannalal Silk Mills
Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078.
Tel No.022- 55555454, Fax. 022-55555353

AUDITORS, CERTIFICATE

To
The Shareholders of Mukat Pipes Limited

We have examined the compliance of conditions of Corporate Governance by Mukat Pipes Limited (the Company) for the year ended on March 31, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of 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 and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no legitimate investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders' / Investors' Grievance & Share Transit Committee.

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.

R.P. Bhambri & Co.
Chartered Accountants

Place : Mumbai
Date : June 25, 2005

Ranjit Parkash
Proprietor

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENT**

The economy is doing well and the Steel Industry is also looking up due to higher spending on infrastructure growth. The Industrial Sector in general and Steel Industry in particular is poised for increased growth after a period of depressed market conditions. With surging demand for Liquefied Natural Gas (LNG) there is an improvement in demand for gas pipelines.

OUTLOOK

As your Company has become a Sick Company, the Company had approached Board for Industrial & Financial Reconstruction (BIFR) for its registration and got registered with BIFR vide its letter dated 17 June 2004 in accordance with Section 15(1) of Sick Industrial Companies (Special Provision) Act 1985. The process of restructuring & request for providing of additional need base working capital finance by Banks & Financial Institution is under negotiation. The Company expects to improve its operational performance once the Secured Creditors agrees to restructure its loans and agrees to provide additional working capital finance.

INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate internal control system to commensurate its size of business. The internal control system is being further strengthened designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets. It is ensured that all the assets are safeguarded, and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly.

FINANCIAL PERFORMANCE

(Rs. in Lacs)

Particulars	2004-05	2003-04
Sales & other Income	3291.67	3867.60
Loss before interest & depreciation	537.88	267.29
Interest	292.97	403.17
Loss after interest	830.85	670.46
Depreciation	185.00	141.25
Net loss	1015.85	811.71

UNIT WISE PERFORMANCE

During the year under review the Company's Rajpura unit had a turnover of Rs. 2501.08 Lacs. The operational loss for the said unit was Rs. 244.78 Lacs and the net loss was Rs. 484.82 lacs.

As compared to this, the Company's Baramati unit had a turnover of Rs.722.25 Lacs. The operational loss for the said unit was Rs. 293.11 Lacs and the net loss was Rs. 531.03 Lacs.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company recognizes the importance and contribution of its employees for its growth and development, and constantly endeavors to train, nurture and groom its people. It places emphasis on training and development of employees at all levels and has introduced methods and practices for Human Resources Development.

OPPORTUNITIES & THREATS, RISK CONCERNS.

The expenditure on infrastructure viz Roads, Ports, Airports and housing even with the various tax / fiscal sops, has not matched expectations. The trickle down effect of the investment is yet to impact fortunes of industry in a substantial way. In the meantime, the high cost of inputs with administered prices continues to plague the fortunes of the industry. Mismatch in the supply and demand in market will continue to keep the prices under pressure.

A very high share of administered prices in input costs as also high incidence of Excise Duty continues to be cause of concern. The industry faces the risks of changes in government policies & regulations.

CAUTIONARY STATEMENT

Statements in this report describing the Company's expectations and estimations may be a 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied due to the influence of external and internal factors, which are beyond the control of the Company.

AUDITORS' REPORT

TO THE MEMBERS OF MUKAT PIPES LIMITED.

1. We have audited the attached balance sheet of Mukat Pipes Ltd., as at 31st March, 2005 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 and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 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 report 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 to in sub-section (3c) of Section 211 of the Companies Act, 1956;
 - (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, 2005 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 explanations given to us, the said accounts read with notes to the accounts, 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, subject to the comments given below:-
 - a) Claim of Rs.340.00 Lacs was made by the Company during the year 2000-01 against a supplier for non-performance of contract. It has been denied by the supplier and accordingly the same has been written off during the year.
 - b) The Industrial Development Bank of India has accepted the proposal for negotiated settlement of dues and accordingly accrued Interest provision of Rs.200.22 lacs has been written back (Rs.166.82 Lacs on Capital account and Rs.33.40 Lacs on revenue account).
 - c) In the case of the balance sheet, of the state of affairs of the company as at 31st March, 2005.
 - d) In the case of profit and loss account, of the loss of the Company for the year ended on that date and.
 - e) In the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

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

**(RANJIT PARKASH)
Proprietor**

Place:- Mumbai
Date:- June 25, 2005

Annexure of the Auditors' Report

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 maintained 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.416.67 Lac and the year-end balance of loans taken from such parties was Rs.416.67 Lac.
- (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 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 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 Lakh 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, wherever 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.
- (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, investor education protection fund, employees state insurance, applicable to it. The provident fund and other statutory dues pertaining thereto for the last quarter has not been paid amounting to Rs.0.43 Lac.
- (b) According to the information and explanations given to us, the undisputed amounts as at 31st March, 2005 which are outstanding for a period of more than six months from the date they became payable, in respect of Income Tax and Sales Tax is Rs.9.87 Lac and Rs.15.18 Lac respectively and in respect of 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, which are disputed
- | | | | |
|------|-------------|---------------|--|
| (i) | Income Tax | Rs.73.29 Lacs | Letter pending with
Appellate Authorities |
| (ii) | Excise Duty | Rs.87.91 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.
- (xi) The company has defaulted in repayment of dues to financial institutions 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 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.
- (xdi) No money was raised by public issue by the Company during the year.

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

Place:- Mumbai

Date:- June 25, 2005

**(RANJIT PARKASH)
Proprietor**

Balance Sheet as at 31st March 2005

	Schedule	As at 31st March, 2005 Amount in Rs.	As at 31st March, 2004 Amount in Rs.
SOURCES OF FUNDS :			
Shareholders Funds :			
Share Capital	A	78,300,000.00	78,300,000.00
Reserves & Surplus	B	(225,657,292.95) (147,357,292.95)	(124,071,640.76) (45,771,640.76)
LOAN FUNDS			
Secured Loans	C	299,467,436.26	230,071,403.26
Unsecured Loans	D	62,781,489.73 362,248,925.99	62,109,159.77 292,180,563.03
Total Funds Employed		214,891,633.04	246,408,922.27
APPLICATION OF FUNDS :			
Fixed Assets	E		
Gross Block		357,836,683.26	374,065,403.26
Less : Depreciation		147,053,878.64	128,823,401.64
Net Block		210,782,804.62	245,242,001.62
Capital Work in Progress		0.00	0.00
		210,782,804.62	245,242,001.62
Current Assets Loans & Advances :			
Inventories	F	21,736,606.42	72,483,273.03
Sundry Debtors	G	38,736,473.73	60,112,817.89
Cash & Bank Balances	H	5,159,576.21	14,000,418.78
Loans & Advances	I	50,352,424.34 115,985,080.70	74,518,152.57 221,114,662.27
Less : Current Liabilities & Provisions			
Liabilities	J	100,994,610.28	209,066,099.62
Provisions	K	7,284,642.00 108,279,252.28	7,284,642.00 216,350,741.62
Net Current Assets		7,705,828.42	4,763,920.65
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		214,891,633.04	246,408,922.27
Notes on Accounts	P		

As per our report of even date

For **R.P. Bhambri & Co.**
Chartered Accountants**Ranjit Parkash**
ProprietorPlace : Mumbai
Date : June 25, 2005

For & on Behalf of the Board,

Kuljinder Singh Ahluwalia
(Director)**Rupinder Singh Ahluwalia**
(Director)

Mukat Pipes Limited

Profit & Loss Account For The Year Ended 31st March 2005

	Schedule	For The Year Ended March, 05 Amount in Rs.	For The Year Ended March, 04 Amount in Rs.
INCOME			
Sales & Job Works	K	322,333,118.56	375,310,279.38
Other Income	L	6,833,903.88	11,449,281.58
		<u>329,167,022.44</u>	<u>386,759,560.96</u>
EXPENDITURE			
Raw Material Consumed	M	306,242,960.72	307,761,426.26
Expenses	N	76,712,306.49	105,726,660.71
Interest	O	29,297,277.96	40,316,950.80
Depreciation	E	18,500,129.00	14,125,496.00
		<u>430,752,674.17</u>	<u>467,930,533.77</u>
Profit Before Taxation		(101,585,651.73)	(81,170,972.81)
Provision for Taxation		0.00	0.00
Taxation for Earlier Years		0.00	0.00
Provision for Deferred Tax		0.00	0.00
Profit After Tax		(101,585,651.73)	(81,170,972.81)
Balance Brought Forward		(155,437,641.22)	(74,266,667.95)
Balance Available for Appropriation		<u>(257,023,292.95)</u>	<u>(155,437,640.76)</u>
Less : Appropriated to :			
General Reserve		0.00	0.00
Balance Carried to Balance Sheet		<u>(257,023,292.95)</u>	<u>(155,437,640.76)</u>
Notes to Accounts	P		

As per our report of even date

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

Ranjit Parkash
Proprietor

Place : Mumbai
Date : June 25, 2005

For & on Behalf of the Board,

Kuljinder Singh Ahluwalia
(Director)

Rupinder Singh Ahluwalia
(Director)

Schedules Forming Part of Balance Sheet as at 31st March 2005

	As at 31st March, 2005 Amount in Rs.	As at 31st March, 2004 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	1,550,000.00	1,550,000.00
REVENUE RESERVES		
General : Balance as on 1/4/04		
Less Deferred tax adjustment on initial adjustments	29,816,000.00	29,816,000.00
Balance in Profit & Loss Account	(257,023,292.95)	(155,437,640.76)
Total	(225,657,292.95)	(124,071,640.76)
Schedule - 'C'		
SECURED LOANS		
Term Loans :		
Financial Institutions :		
Industrial Development Bank of India Ltd.	113,000,000.00	113,000,000.00
Punjab State Industrial Development Corp. Ltd	329,000.00	1,546,000.00
Interest Accrued & Due	0.00	20,022,010.00
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	74,837,155.26	67,836,619.26
Oriental Bank of Commerce cash credit	108,197,611.00	27,666,774.00
Interest accrued & due on the above	3,103,670.00	0
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	299,467,436.26	230,071,403.26
Schedule - 'D'		
UNSECURED LOANS		
Promoters		
a) Directors/Shareholders	40,076,635.77	40,076,635.77
b) Others	1,590,000.00	1,590,000.00
c) Short Term Loan from Banks	20,424,300.00	20,442,524.00
d) City Bank Car Loan	690,553.96	0.00
Total	62,781,489.73	62,109,159.77

DETAILS OF FIXED ASSETS FORMING PART OF BALANCE SHEET FOR THE YEAR ENDING MARCH 31, 2005

SCHEDULE - 'E'

(Amount in Rs.)

Sr. NO.	PARTICULARS	RATE of Dep.	COST				DEPRECIATION				WRITTEN DOWN VALUE	
			AS ON 01.04.04	ADDITION DURING YEAR	SALES DURING YEAR	AS ON 31.03.05	UPTO 01.04.04	ON ITEMS SOLD DURING YEAR	FOR THE YEAR ENDED 31.03.05	UPTO 31.03.05	AS ON 31.03.05	AS ON 31.03.04
1	LAND	0.00	3,232,485.00	0.00	0.00	3,232,485.00	0.00	0.00	0.00	0.00	3,232,485.00	3,232,485.00
2	BUILDING											
	A) FACTORY	3.34%	64,931,747.34	0.00	4,788,992.00	60,142,755.34	10,432,684.30	-7,438.00	2,008,769.00	12,434,015.30	47,708,740.04	54,499,063.04
	B) OFFICE	1.63%	4,350,609.51	0.00	0.00	4,350,609.51	683,425.52	0.00	70,915.00	754,340.52	3,596,268.99	3,667,183.99
	C) RESIDENTIAL	1.63%	9,649,159.00	0.00	1,243,090.00	8,406,069.00	307,222.48	-943.00	137,018.00	443,297.48	7,962,771.52	9,341,936.52
	D) BOREWELL	3.34%	22,945.00	0.00	0.00	22,945.00	4,166.00	0.00	766.00	4,932.00	18,013.00	18,779.00
3	PLANT & MACHINERY	4.75%	272,136,981.12	0.00	10,695,025.00	261,441,956.12	106,935,953.02	-36,834.00	14,900,720.00	121,799,839.02	139,642,117.10	165,201,028.10
4	FURNITURE & FIXTURE	6.33%	2,466,088.78	0.00	0.00	2,466,088.78	1,329,334.12	0.00	156,103.00	1,485,437.12	980,651.66	1,136,754.66
5	OFFICE EQUIPMENT	4.75%	2,376,878.81	0.00	0.00	2,376,878.81	746,942.21	0.00	112,902.00	859,844.21	1,517,034.60	1,629,936.60
6	COMPUTERS	16.21%	1,559,147.00	0.00	0.00	1,559,147.00	1,069,902.89	0.00	252,737.00	1,322,639.89	236,507.11	489,244.11
7	VEHICLES	9.50%	4,387,060.82	900,000.00	401,613.00	4,885,447.82	2,418,760.89	-224,439.00	434,966.00	2,629,287.89	2,256,159.93	1,968,299.93
8	AIR-CONDITIONER	4.75%	895,440.05	0.00	0.00	895,440.05	308,079.66	0.00	42,533.00	350,612.66	544,827.39	587,360.39
9	TOOLS & EQUIPMENTS	4.75%	750,662.09	0.00	0.00	750,662.09	314,633.16	0.00	35,656.00	350,289.16	400,372.93	436,028.93
10	DESIGNE & DRAWINGS	4.75%	7,306,198.74	0.00	0.00	7,306,198.74	4,272,299.39	0.00	347,044.00	4,619,343.39	2,686,855.35	3,033,899.35
	TOTAL		374,065,403.26	900,000.00	17,128,720.00	357,836,683.26	128,823,403.64	-269,654.00	18,500,129.00	147,053,878.64	210,782,804.62	245,241,999.62
				0.00	0.00	0.00		0.00	0.00			
	Total		374,065,403.26	900,000.00	17,128,720.00	357,836,683.26	128,823,403.64	-269,654.00	18,500,129.00	147,053,878.64	210,782,804.62	245,241,999.62
	PREVIOUS YEAR		399,087,120.50	-24,816,717.00	205,000.00	374,065,403.26	114,841,891.64	143,984.00	14,125,496.00	128,823,401.64	245,242,001.62	284,245,230.53

Schedules Forming Part of Balance Sheet as at 31st March 2005

	As at 31st March, 2005 Amount in Rs.	As at 31st March, 2004 Amount in Rs.
Schedule - 'F'		
INVENTORIES		
(Taken, Valued and Certified by The Management)		
Raw Material	4,008,028.45	39,933,149.80
Stores & Spares	1,425,000.00	4,604,916.00
Work in Progress	2,128,266.00	3,070,584.90
Scrap	958,049.00	198,132.00
Finished Goods	13,216,050.00	20,499,589.20
Unutilised Portion of Modvat Credit	1,212.97	4,176,901.13
	<u>21,736,605.42</u>	<u>72,483,273.03</u>
Schedule - 'G'		
SUNDRY DEBTORS		
Debts Outstanding for Less than six months considered good	6,825,306.84	14,089,502.00
Debts Outstanding for More than six months:		
Considered good	18,795,564.89	
Considered doubtful	13,115,602.00	46,023,315.89
	<u>9,789,117.00</u>	<u>6,789,117.00</u>
	48,525,590.73	66,901,934.89
Less: Provision for doubtful Debts	9,789,117.00	6,789,117.00
Net Debtors	<u>38,736,473.73</u>	<u>60,112,817.89</u>
Schedule - 'H'		
CASH & BANK BALANCES		
Cash In Hand	1,104,566.52	29,889.77
Balance with Scheduled Banks		
In Bank Account	1,897,548.69	3,186,336.01
In Fixed Deposit	2,157,461.00	10,784,193.00
	<u>5,159,576.21</u>	<u>14,000,418.78</u>
Schedule - 'I'		
LOANS & ADVANCES		
Amount Recoverable	190,490.00	0.00
Accrued Interest on Fixed Deposit	0.00	0.00
Staff Loans & Advances	616,624.22	480,211.40
Balances with Excise Authorities	354,431.43	4,528,400.63
Tax Deducted at Source	3,033,990.00	3,359,386.00
Advance Tax	8,092,461.56	7,721,060.56
Security Deposit	1,740,925.00	9,824,845.00
Advances Recoverable in Cash or Kind	4,218,835.00	42,159,815.00
Trade Advances	10,153,414.13	6,444,433.98
Due from Associate Concerns		
	<u>28,401,171.34</u>	<u>74,518,152.57</u>
Schedule - 'J'		
CURRENT LIABILITIES		
Advances from Customers	5,704,254.77	3,201,812.93
Sundry Creditors	12,585,637.72	102,319,549.02
Dues to Associates Concern	72,585,960.03	89,965,052.62
Expenses Payable	3,635,634.74	3,782,605.33
Securities Refundable	36,339.00	29,136.00
Unpaid Dividend	1,215,663.00	1,443,310.00
Other Liabilities	5,231,121.02	8,324,633.72
	<u>100,994,610.28</u>	<u>209,066,099.62</u>

Schedules Forming Part of Balance Sheet as at 31st March 2005

	As at 31st March, 2005 Amount in Rs.	As at 31st March, 2004 Amount in Rs.
Schedule - 'K'		
SALES		
Domestic Sales	319,533,582.24	321,008,775.38
Labour Charges	391,346.32	4,688,082.00
Export Sales / Incentives	658,877.00	44,754,256.00
Sale of Scrap	1,749,313.00	4,859,166.00
Total	322,333,118.56	375,310,279.38
PROVISIONS	0.00	0.00
Provision For Taxation	7,284,642.00	7,284,642.00
	<u>7,284,642.00</u>	<u>7,284,642.00</u>
Share Issue Expenses	0.00	0.00

**Schedules Forming Part of Profit & Loss A/c For The Period Ended
31st March 2005**

	As at 31st March 2005 Amount in Rs.	As at 31st March 2004 Amount in Rs.
Schedule - 'L'		
OTHER INCOME		
Interest Received	50,314.00	729,218.00
Miscellaneous Receipts	354,579.00	1,669,888.00
Insurance Claims	4,200.00	0.00
Charges Recovered	1,197,097.50	500,277.58
Profit on Sale of Asset	0.00	8,984.00
Provision for interest written back	3,340,118.00	1,041,817.00
Balance Written back	1,887,595.38	7,499,097.00
	<u>6,833,903.88</u>	<u>11,449,281.58</u>
Schedule - 'M'		
RAW MATERIALS CONSUMED		
Opening Stock - Material	39,933,149.80	13,864,008.20
Unutilised Portion Of Modvat	4,176,902.13	2,145,373.00
Add : Purchases	258,676,209.11	299,143,704.09
	<u>302,786,260.04</u>	<u>315,153,085.29</u>
Less : Closing Stock-Material	4,008,028.45	39,933,149.80
Unutilised Portion Of Modvat	1,212.97	4,176,902.13
Material Consumed	<u>298,777,018.62</u>	<u>271,043,033.36</u>
Accretion / Depletion Of Stock		
Opening Stock		
Finished Goods	20,499,589.20	35,377,201.00
Work In Progress	3,070,584.90	21,853,299.00
Realisable Scrap	198,132.00	3,256,199.00
	<u>23,768,306.10</u>	<u>60,486,699.00</u>
Closing Stock		
Finished Goods	13,216,050.00	20,499,589.20
Work In Progress	2,128,266.00	3,070,584.90
Realisable Scrap	958,049.00	198,132.00
	<u>16,302,365.00</u>	<u>23,768,306.10</u>
(Accretion) / Depletion	<u>7,465,941.10</u>	<u>36,718,392.90</u>
Grand Total	<u>306,242,959.72</u>	<u>307,761,426.26</u>

**Schedules Forming Part of Profit & Loss A/c For The Period Ended
31st March 2005**

	As at 31st March, 2005 Amount in Rs.	As at 31st March, 2004 Amount in Rs.
Schedule - 'N'		
A) EXPENSES		
Employees Remuneration & Other Benefits		
Salaries Wages and Bonus	5,375,362.53	12,041,763.96
Contribution to Provident & Other Funds	219,158.00	522,386.00
Workmen & Staff Welfare Expenses	376,916.40	1,060,866.85
	<u>5,971,436.93</u>	<u>13,625,016.81</u>
B) Operational & Other Expenses		
Commission Paid	0.00	0.00
Service Tax Paid	18,731.00	0.00
Excise Duty Paid	34,073,656.00	36,358,753.96
Testing, Inspection & Radiographic Charges	262,780.00	413,707.00
Consumable Stores	6,483,667.37	13,014,519.30
Labour Charges	1,194,245.71	3,123,964.32
Power & Fuel	3,600,066.65	7,665,449.54
Repairs to Plant & Machinery	18,546.00	292,613.42
Repairs to Building	100,974.00	92,119.76
Repairs Others	180,862.76	378,219.89
Material Handling Charges	2,030.00	487,017.00
Insurance Charges	263,987.00	296,281.67
Vehicle Expenses	907,066.91	965,486.18
Legal & Professional Charges	2,032,833.00	3,104,993.00
Telephone & Telex Charges	157,828.98	438,906.84
Printing & Stationery	230,230.90	373,895.03
Travelling Expenses	593,194.00	2,185,067.50
Rent, Rates & Taxes	222,960.13	554,133.77
Bank Charges & Commission	2,733,474.16	7,315,516.16
Postage & Telegram	87,824.00	126,902.00
Directors Remuneration & Other Benefits	232,800.00	2,675,840.00
Auditors Remuneration	70,000.00	77,865.00
Selling Expenses	0.00	289,520.65
Sales Promotion & Advertising	256,718.72	1,202,631.25
Freight & Forwarding Charges	279,966.00	1,688,638.00
Donations	9,817.00	6,932.00
General Expenses	575,625.27	2,118,924.66
Misc Expenses Written Off During the Year	0.00	0.00
Provision for Doubtful Debts	3,000,000.00	6,789,117.00
Prior Period Adjustment	0.00	64,629.00
Bad Debts	11,362,359.00	0.00
Loss on Sale of Assets	107,174.00	0.00
Late Delivery Charges	1,290,852.00	0.00
Warehousing Charges	390,600.00	0.00
	<u>70,740,870.56</u>	<u>92,101,643.90</u>
	0.00	0.00
Grand Total	<u>76,712,307.49</u>	<u>105,726,660.71</u>
Schedule - 'O'		
INTEREST		
On Term Loans	139,000.00	307,000.00
On Working Capital	26,811,758.00	15,319,485.38
On Others	2,346,519.96	24,690,464.42
	<u>29,297,278.96</u>	<u>40,316,950.80</u>

**NOTES FORMING PART OF ACCOUNTS FOR
THE YEAR ENDED 31st MARCH, 2005**

SCHEDULE - 'P'

1. SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting

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

b) Fixed Assets

Fixed Assets are stated at Historical Cost of Acquisition or Construction Cost less Depreciation. Attributable cost and expenses of bringing the assets to working condition for their intended use are capitalized.

c) Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method at the rate and in the manner prescribed in Schedule XIV to the Companies Act.1956

d) Inventories

Inventories are valued as under :-

- | | |
|---------------------------------------|-------------------------|
| i) Raw material and other Inventories | At Cost. |
| ii) Work in Process | 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) Sale is inclusive of Excise Duty but excludes Sales Tax. The export benefits 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/payables on revenue account not covered by forward contracts are converted at the exchange rates prevailing on the last working day of the accounting period. The net loss or gain arising out of such fluctuation/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 by Bank Rs. 104.69 lacs (Rs. 489.35 lacs)
- b) L.C Outstanding Rs. NIL lacs (Rs. 624.00 lacs)
- c) Claims not acknowledged as debt.
 - i) Excise Duty demand against which the Company has preferred appeals Rs. 88.46 lacs (Rs.103.20 lacs)
 - ii) Income Tax demand against which the Company has preferred appeals Rs 93.45 lacs (Rs.93.45 lacs)
 - iii) Other Claims Rs Nil (Nil)
- 4) In the absence of confirmation letter of balances from Debtors, Creditors and Other parties, the balances are taken as per the books of accounts. Differences if any, is not ascertainable till confirmation letter are not 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, there is some amount overdue as on 31st March, 2005. (Rs. 0.68 Lacs)
- 6) The manufacturing operations of the Baramati Divison are suspended due to industrial unrest.
- 7) A sum of Rs. 340.00 lacs was recognized as income on account of claim being lodged against supplier for non performance of contract for supply of material during the financial year ended 31.03.2001 since the claim has not been accepted by the supplier the same has been reversed during the year resulting in increase in cost of material consumed during the year by Rs. 340.00 Lacs.
- 8) The Company's proposal for negotiated settlement of dues towards a financial institution has been sanctioned by Industrial Development Bank of India vide their letter dated 09.06.2005 and accordingly accrued interest of Rs. 200.22 Lac has been reversed. Out of it Rs 166.82 Lac has been adjusted against respective assets and depreciation charged thereon has also been reversed and that no provision of interest for the year on the said loan has been made.

9) Consumption particulars of Raw Materials

	2004-2005		2003-2004	
	Qty (MT)	Value (Rs. Lacs)	Qty (MT)	Value (Rs. Lacs)
a) Plates Iron & Steels, Other Material, etc. Materials, etc	9344.481	2949.94	12801.034	3077.62

Note : 1) Plates include material purchased for trading 5291.272 MT (4932.116MT).

10) Value of Indigenous and Imported Raw Materials consumed during the year

	2004-2005		2003-2004	
	%	Value in Lacs	%	Value in Lacs
a) Indigenous	100.00%	2949.94	100.00%	3077.62
b) Imported	0.00%	0.00	0.00%	0.00

- 11) Installed capacity 50000 MTPA 50000MTPA.**
Certified by Director, being technical matter and relied upon by the auditors.

Mukat Pipes Limited

12) Production / Sales of finished goods

	Opening Stock (M/T)	Production (M/T)	Closing Stock (M/T)	Sales (M/T)	Value (Rs. in Lacs)
PIPES	663.681 (1364.909)	3228.110 (8745.962)	424.139 (663.681)	3467.652 (9447.190)	1252.31 (2206.38)
Job Work/	(Nil)	(Nil)	(Nil)	(Nil)	127.99
Contract	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
Scrap	29.147 (150.168)	171.298 (405.254)	28.355 (29.147)	172.090 (526.275)	18.12 (48.59)
Other Export incentives					6.59 (294.83)
Trading Plates, Coils Iron & Steels, & Pipes and other material				5439.262	1818.32
				(4932.116)	(1203.30)
Total					<u>3223.33</u> <u>(3753.10)</u>

13) Sales of Finished Goods

Type	Local (Rs. In Lacs)	Export (Rs. In Lacs)	Total (Rs. In Lacs)
M.S. PIPES	1211.08 (1257.07)	Nil (255.08)	1211.08 (1512.15)
GI PIPES	41.23 (771.32)	Nil (181.48)	41.23 (952.80)
Total	1252.31 (2028.39)	Nil (436.56)	1252.31 (2464.950)

14) Expenditure in Foreign Currency

	2004-05 (Rs. in Lacs)	2003-04 (Rs. in Lacs)
a) Foreign Travelling	0.00	11.45
b) Bank Charges	0.00	1.93
c) Licence Fee	0.00	1.51

15) Auditors Remuneration (Rs. in Lacs).

	2004-05	2003-04
(I) Statutory Auditor		
a) Audit fee	0.38	0.38
b) Tax Audit Fee	0.12	0.12
II Branch Auditor		
b) Audit Fee	0.20	0.20
c) Out Of Pocket Exp.	0.00	0.08

16) Amount remitted in foreign Currency on Account of Dividends to Non-Resident Shareholders Rs Nil (P.Y. Rs. Nil.)

17) Earning in Foreign Exchange

	2004-2005	2003-2004
FOB Value of Exports	NIL	419.16Lacs

18) Related parties disclosures :

1. Relationship

a) Key management personnel

- i) Mr. Ravinder Singh Ahluwalia
- ii) Mr. Rupinder Singh Ahluwalia
- iii) Mr. Kuljinder Singh Ahluwalia

b) Entities over which key management personnel are able to exercise significant influence:

- i) Surindra Engineering Co. Ltd
- ii) Mukat Tanks and Vessels Ltd
- iii) Muktanandan Pipes Ltd
- iv) Mukat Finance Ltd

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

Nature of Transactions	Related Parties (Rs in Lacs)	
	Referred in 1(a) Above	Referred in 1(b) Above
Purchases Goods & Material	-	365.66
Sale Goods & Material	-	49.35

19) Since the Company has incurred losses no deferred tax liability has been provided.

20) The figures in brackets are in respect of previous year

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

22) Information required as per Part IV of Schedule VI of the Companies Act, 1956 :-

As per our report of even date

For R. P. Bhambri & Co.
Chartered Accountants

Ranjit Parkash
Proprietor

Place : Mumbai
Date : June 25, 2005

For & On Behalf of the Board

Kuljinder Singh Ahluwalia
(Director)

Rupinder Singh Ahluwalia
(Director)

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

Balance Sheet abstract and Company's general bussiness profile:

I. Registration Sheet abstract abd Company's General bussiness profile:			
REGISTRATION NO.	44407 of 1987	STATE CODE	11
BALANCE SHEET DATE	March 31,2005		
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			471914
TOTAL ASSETS			471914
SOURCE OF FUNDS			
Paid up Capital			78300
Reserves and Surplus			31366
Secured Loans			299467
Unsecured Loans			62781
APPLICATION OF FUNDS:			
Net Fixed Assets			210782
Investments			NIL
Net Current Assets			7706
Misc. Expenditure			(3597)
Accumulated Losses			257023
IV Performance of Company (Amount In Rs. Thousand).			
Turnover			329167
Total Expenditure			430753
Profit / (Loss) Before Tax			(101586)
Profit / (Loss) After Tax			(101586)
Earning Per Share (In Rs.)			NIL
Dividend Rate (%)			NIL
V Generic Names 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 **R.P. Bhambri & Co.**
Chartered Accountants

Ranjit Parkash
Proprietor

Place : Mumbai
Date : June 25, 2005

For & on Behalf of the Board,

Kuljinder Singh Ahluwalia
(Director)

Rupinder Singh Ahluwalia
(Director)

MUKAT PIPES LIMITED

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

	Year Ended 31/03/2005 (Rs in Lacs)	Year Ended 31/03/2004 (Rs in Lacs)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax And Extraordinary Items	(1,015.86)	(811.71)
Adjustments For		
Depreciation	185.00	141.25
Deferred Expenses Written Off	0.00	0.00
Interest Expenses	292.97	403.17
Interest Income	(0.50)	(7.29)
Financial Lease Expenses	0.00	0.50
	477.47	537.63
Operating Profit Before Working Capital Changes	(538.39)	(274.08)
Adjustments For		
Trade & Other Receivables	455.89	304.33
Inventories	507.47	87.15
Trade Payables	(1,080.71)	(117.35)
	153.57	545.05
Cash Generated From Operations	(655.74)	270.97
Interest Paid	(292.97)	(403.17)
Tax Paid	(0.46)	(293.43)
	(2.00)	(405.17)
Cash Flow Before Extraordinary Items	(949.17)	(134.20)
Extraordinary Items	0.00	0.00
Additional Tax Paid for Earlier Years	0.00	31.50
Net Cash From Operating Activities (A)	<u>(949.17)</u>	<u>(165.70)</u>
B) Cash Flow From Investing Activities		
Capital W.I.P.	0.00	1,208.17
Purchase / Sale of Fixed Assets	159.59	(959.38)
Interest Received	0.50	7.29
Net Cash Used in Investing Activities (B)	<u>160.09</u>	<u>256.08</u>

MUKAT PIPES LIMITED

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2005
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

	Year Ended 31/03/2005 (Rs. in Lacs)	Year Ended 31/03/2004 (Rs. in Lacs)
C) Cash Flow From Financing Activities		
Proceeds From Long Term Borrowings (Net)	(212.39)	(20.03)
Proceeds From Short Term Borrowings	906.35	(196.09)
Proceeds From Unsecured Loans	6.72	(40.68)
Repayment of Financial Lease Liabilities	0.00	(0.50)
Net Cash Flow From Financing Activities (C)	<u>700.68</u>	<u>(257.30)</u>
Net Increase (Decrease) in Cash and Cash Equivalent (A+B+C)	(88.40)	(166.92)
Cash and Cash Equivalent at The Beginning of The Year	140.00	306.92
Cash and Cash Equivalent at The Close of The Year	<u>51.60</u>	<u>140.00</u>

As per our report of even date

For R.P. Bhambri & Co.
Chartered Accountants

Ranjit Parkash
Proprietor

Place : Mumbai
Date : June 25, 2005

For & on Behalf of the Board,

Kuljinder Singh Ahluwalia
(Director)

Rupinder Singh Ahluwalia
(Director)

AUDITORS' CERTIFICATE

The Board of Directors,
Mukat Pipes Limited,
M.V. Road, Safaid Pool,
Mumbai

We have examined the above Cash Flow Statement of Mukat Pipes Limited for the year ended 31st March 2005. The statement has been prepared by the Company in accordance with the requirements of clause 32 of listing agreements with the stock exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 25th June, 2005 to the members of the Company.

For R.P. BHAMBRI & CO.
(Chartered Accountants)

Place : Mumbai
Date : June 25, 2005

Ranjit Parkash
Proprietor

MUKAT PIPES LIMITED

Registered Office: Surindra House, M.V. Road, Safaid Pool, Mumbai-400 072
Eighteenth Annual General Meeting-December 30, 2005 at 4.00 P.M.

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

Full Name & address of Member _____

Name of the Proxy: _____

I hereby record my presence at the 18th Annual General Meeting of the Company at **Surindra House, Next to Sakinaka New Telephone Exchange, M.V. Road, Safaid Pool, Mumbai-400 072**, on Friday, December 30, 2005 at 4.00 p.m.

Registered Folio No. _____

DP ID No.: _____

Client ID No.: _____

No. of Shares: _____

Member's / Proxy's Signature

(To be signed at the time of handing over this slip)

----- (Tear Here) -----

MUKAT PIPES LIMITED

Registered Office: Surindra House, Safaid Pool, M.V. Road, Mumbai-400 072.

PROXY FORM

I/We _____

Of _____ being a member/ members of Mukat Pipes Limited hereby appoint _____ of _____ or

failing him _____ of _____

_____ as my/our proxy to attend and vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on Friday, December 30, 2005 at 4.00 p.m. and at any adjournment thereof.

As witnessed under my/our hands this _____ day of _____ 2005.

Registered Folio No. _____

DP ID No.: _____

Client ID No.: _____

No. of Shares: _____

Signature _____

Affix
Revenue
Stamp

This form is to be used in favour of* / against* the resolution. Unless otherwise instructed, the proxy will act as he thinks fit.

* Strike out whichever is not desired.

Note: The proxy form must be deposited at the Company's Registered office not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

BOOK POST

To

If undelivered please return to:

MUKAT PIPES LIMITED

Surindra House,

Post Box No. 8939

M. V. Road, Safaid Pool,

Mumbai - 400 072.