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DILPREET TUBES PVT. LTD.

REGD. OFFICE & FACTORY : PLOT NO. 8, NACHARAM INDUSTRIAL ESTATE,
HYDERABAD-500 076. ANDHRA PRADESH
Manufacturers of : Steel Tubes & Pipes.

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the First Annual Report together with audited statement of accounts of the company for the financial period ended 31st March 2003. Your Company has been incorporated on 29th August 2002.

Financial Results:

The summarised financial results for the period are as under

		(Rs. in lacs)
Gross Turnover		*504.08*
Profit before depreciation & finance charges		19.90
Less/(Add) Finance Charges		11.50
Profit before Depreciation		8.40
Less/(Add) Depreciation		2.59
Profit before tax		5.81
Less: Provision for current taxation	1.50	
Provision for deferred tax	0.78	
		2.28
Less: Appropriation		NIL
Balance carried to Balance Sheet		3.53

Review of the Operations:

Your Company is mainly engaged in the business of manufacturing Mild Steel Tubes (Pipes) both Black and Galvanised.

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The promoters of the Company have been successful bidder in the tender cum bid floated by Andhra Pradesh State Financial Corporation (APSFC) for sale of land, buildings, plant and machinery belonging to Delhi Tubes (P) Ltd. The Company after obtaining the possession from APSFC has commenced its commercial production w.e.f 9th December 2002 and your Directors have pleasure in informing that there has been no major set back in commencing the production in a plant which has remained idle for about 8 to 10 years. The products of the Company are also very well accepted in the market. The Company is in the process of creating market net work for its product. The demand for the Company's products with its marketing efforts is increasing gradually.

Dividends:

The Directors with a view to plough back the profits in the Company and to conserve financial resource of the Company, do not recommend any declaration of dividends.

Director's Responsibility Statement:

As required by Section 217 (2AA) of the Companies Act, 1956 the Board of Directors confirm that:

a) in preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

b) the Directors had selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit of the Company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the annual accounts on a going concern basis.

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Conservation of Energy, Technology absorption and foreigh exchange earnings and outgoing:

Information in accordance with the provisions of section 217(I)(E) of the Companies Act, 1956 read with the Companies. (Disclosure of particulaes in the report of Board Directors) rules, 1988 regarding conservation of energy, technology, absorption and Foreign earnings and outgoing to the extent applicable and relevant is given here under:

(a) **Conservation of Energy:**

The main form of energy utilised by the Company for production is electricity and the Company has been giving to conserve energy by close monitoring of energy consuming machineries. The Company does not have any propose of additional investments for reduction of consumption of energy. The measure of conservation of consumption of Electricity has not resulted in ~~any impact~~ on the cost of production. The Company is purchasing power from APSFC. APSEB

(b) **Technology, Absorption, Adoption and Innovation:**

The Company has its own indigenous technology. The Company has not incurred any expenditure on R & D.

(c) **Foreign Exchange Earnings and Outgoing:**

The Foreign exchange earning and outgoing during the period under review is NIL.

Fixed Deposits:

The Company did not accept any fixed deposits from the public during the period under review within the meaning of provision of sec. 58A of the Companies Act, 1956.

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Manufacturers of : Steel Tubes & Pipes.

Directors:

The Director of the Company Shri. Goverdhan Dass Diwan, Shri. Bharat U. Mehta, Shri. Sudhir U Mehta and Shri. Dilpreet Singh are the first Director of the Company and are not liable to retire by rotation in terms of Article 19 of Article of Association of the Comapany.

Auditors:

Mr. Ajay Mehta, Chartered Accountant, auditor of the company hold office till the conclusion of the ensuing Annual General Meeting and being eligible have consented for their reappointment.

Particulars of Employees:

The information required under the provisions of section 217(2A) of the Companies Act, 1956 and the rules made thereunder is NIL.

Acknowledgement:

Your Directors would like to express their grateful appreciation for the assistance and co-opeation received from the Company's Bankers State Bank of India and Company's Customers, Vendors etc. Your Directors also wish to place on record their appreciation for the dedication and contribution made by the employees at all levels.

For and on behalf of the Board

Gordi

(Goverdhan Dass)
Chairman.

Place : Hyderabad.
Date : 02.09.2003.

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Above Bank of Baroda, M. G. Road,
SECUNDERABAD - 500 003.

Ajay Mehta B.Com. F.C.A.
Chartered Accountant

Date ....

AUDITORS' REPORT

TO THE MEMBERS OF DILPREET TUBES PRIVATE LIMITED

I have audited the attached Balance Sheet of **DILPREET TUBES PRIVATE LIMITED**, as at 31st March, 2003 together with the Profit and Loss Account of the Company for the period ended on that date annexed hereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

1. As required by the Manufacturing and Other Companies (Auditor's Report)Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, I annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order .

2. Further to my comments in the annexure referred to in the paragraph 1 above I report that :

a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

b) In my opinion, proper books of accounts as required by law have been kept by the Company so far as appears from my examination of such books.

AJAY MEHTA
Chartered Accountant
SECUNDERABAD

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Ajay Mehta B.Com. F.C.A.
Chartered Accountant

Date ....

c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of accounts and comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, to the extent applicable.

d) On the basis of written representation received and taken on record by the Board I report that none of the director is disqualified as on 31st March, 2003, from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

e) In my opinion and to the best of my information and according to the explanation given to me, the said Balance Sheet and Profit & Loss account read together with the notes thereon gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.

i) in the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2003;

and

ii) in the case of the Profit & Loss account, of the profit of the company for the period ended on that date.

AJAY MEHTA
Chartered
Accountant
SECUNDERABAD

Ajay Mehta
(Chartered Accountant)

Place : Secunderabad

Date : 02.09.2003

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Chartered Accountant

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ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph 1 of my report of even date to the members of ***DILPREET TUBES PRIVATE LIMITED*** on the accounts for the period ended 31st March 2003.

1. The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the company have been physically verified by the management at the period-end, and to the best of my knowledge no serious discrepancies have been noticed.

2. None of the fixed assets have been re-valued during the period.

3. The stock of the finished goods stores; raw materials have been physically verified by the management during the period at reasonable intervals. In my opinion the frequency of verification is reasonable.

4. The procedures of physical verification of the stocks, followed by the management were reasonable and adequate in relation of the size of the company and nature of its business.

5. As per the information given and explanations given to me, no material discrepancies is noticed during stocks verification.

6. In my opinion the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles. This being the first period of accounts the comment as to whether the valuation is on the same basis as in the preceding year is not applicable.

7. The company has not taken any loans from Companies, firms or other parties listed in the register maintained u/s.301 of the companies Act, 1956. I am informed that there are no companies under the same management within the meaning Section 370 (I-B) of the Companies Act, 1956.

8. No loans have been granted to Companies, firms or the other parties listed in the register maintained u/s.301 of the Companies Act, 1956.

AJAY MEHTA
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9. In respect of loans or advances in the nature of loans given by the company to its employees, the repayment of the principal amount is as stipulated and recovery of interest, where ever applicable is regular.

10. In my opinion and according to the information and explanation given to me, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw-materials including components plant & machinery, equipment and other assets and for the to sale of goods.

11. In my opinion and according to the information and explanations given to us, the transactions if any, of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under section 301 and aggregating during the period Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market price for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.

12. As explained to me, the company has regular procedure for the determination of unserviceable or damaged raw materials stores and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.

13. The company has not accepted any deposits from the public to which the provisions of section 58A of the Companies Act, 1956 apply.

14. I my opinion, in relation to the size of the company and the nature of its business, reasonable records and procedures have been maintained by the company for sale and disposal of realisable scrap.

15. I my opinion, the company has an internal audit system commensurate with the size and nature of its business.

16. No order has been made by the Central Government for maintenance of cost record u/s 209 (1)(d) of the Companies Act, 1956.

AJAY MEHTA
Chartered
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17. Company have generally been regular in depositing Provident Fund and Employees State Insurance Act dues during the period.

18. According to the information and explanation given to me, no undisputed amounts payable in respect of Income - tax, Wealth-tax, Customs duty and Excise duty were outstanding as at 31st March'2003 for a period of more than six months form the date they become payable.

19. According to the information and explanation given to me, no personal expenses of the employees or directors have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.

20. The company is not a sick industrial company within the meaning of the meaning of clause 3(1)(o) of the Sick Industrial Companies (Special Provision) Act, 1985.

AJAY MEHTA
Chartered
Accountant
SECUNDERABAD.

Ajay Mehta
(Chartered Accountant)

Place : Secunderabad.

Date : 02.09.2003