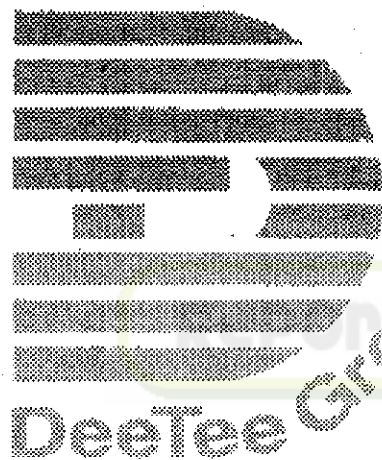




DECORA TUBES LIMITED

16TH ANNUAL REPORT 1999-2000



DECORA TUBES LIMITED

BOARD OF DIRECTORS

CHAIRMAN AND MANAGING DIRECTOR

Manohar B. Baheti

JOINT MANAGING DIRECTOR

Ravindra Nath Jain

DIRECTORS

V.B. Goyal

Pradeep Kasliwal

Machendran P. Chetty

A.K. Sureka (Alternate Director to Mr. Machendran)

BANKERS

State Bank of Indore

The Bank of Rajasthan Ltd.

Indusind Bank Ltd.

AUDITORS

M. Mehta & Co.

Chartered Accountants

11/5, South Tukoganj,

Indore (M.P.)

REGISTERED OFFICE

28/33, Pologround, Industrial Estate,

Indore - 452 003

WORKS

S.S. DIVISION

55-56, Industrial Area No. 1,

PITHAMPUR (Dist. Dhar) M.P.

W.T.P. DIVISION

53, Industrial Area No. 1,

PITHAMPUR (Dist. Dhar) M.P.

ALUMINIUM EXTRUSION DIVISION

36, Industrial Area No. 1,

PITHAMPUR (Dist. Dhar) M.P.

DECORA TUBES LIMITED**NOTICE**

NOTICE : is hereby given that the 16th Annual General Meeting of the members of the DECORA TUBES LIMITED will be held on Saturday, the 30th December, 2000 at 4.00 p.m. at the registered office of the company situated at 28/33, Pologround Industrial Estate, Indore - 452 003, to transact the following business :-
ORDINARY BUSINESS :

1. To consider and adopt the audited balance sheet as at 31st March, 2000 and profit and loss account for the year ended that date together with the reports of the directors and auditors thereon.
2. To appoint a director in place of Shri Pradeep Kasliwal who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri A.K.Sureka who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider re-appointment of the auditors of and fixing up of their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, consent of the company be and is hereby accorded for re-appoint of Shri M.B. Baheti as the Managing Director of the company further a period of three years commencing from 1st April, 2001 on the same terms and conditions as are set out in the resolutions passed by the members of the company in their 10th Annual General Meeting held on 25th July, 1994."

"RESOLVED THAT Shri V.B.Goyal, the Director of the company be and is hereby authorised to do all the needful acts, deeds, matters and things to give effect to this resolution."

By the order of the Board
of DECORA TUBES LIMITED

Place : INDORE

Date : 18.11.2000

Registered Office :
28/33, Pologround, Industrial
Estate, INDORE - 452 003

(M.B. BAHETI)
CHAIRMAN & MANAGING DIRECTOR

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES, AS PER ELIGIBILITY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY(IES) NEED NOT BE MEMBER(S) OF THE COMPANY. PROXIES IN ORDER TO EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. Pursuant to section 154 of the Companies Act, 1956 the register of members and share transfer book will remain closed from the 31st January, 2001 to 1st February, 2001 (both days inclusive)
3. The members are requested to :
(a) intimate changes, if any, in their registered address immediately.
(b) quote their ledger folio numbers in all their correspondence.
(c) intimate to the company about consolidation of folios if shareholdings are under multiple folios.
(d) bring their copies of annual report and attendance slips with them at the annual general meeting.
4. The copy of the resolution pertaining to term the condition of the appointment of Managing Director of the company as passed by the members of the company in 10th Annual General Meeting on 25th July, 1994 is available for inspection at this AGM.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5 :

Shri M.B. Baheti was first appointed as the Managing Director of the company on 01.04.92 thereafter, suiting to the requirements of the company his tenure of appointment was renewed alongwith the terms and conditions of his appointment. However, there has been no change in the term and conditions of his continuation as the Managing Director of the company since the resolution passed by the members in their 10th Annual General Meeting. As the company has not been doing well under depressed market conditions and for other external reasons and appointment of the Managing Director is a condition under the provisionals of Sec. 269 of the companies Act, 1956, the Board of the company deem its appropriate to re-appointment Shri M.B. Baheti as the Managing Director of the company on the same term and conditions as already approved in the 10th Annual General Meeting. Therefore, your directors recommend this resolution and except Shri M.B. Baheti, to the extent of the remuneration payable to him, none of the directors may be deemed of the concerned or interested in the resolution.

By the order of the Board of
DECORA TUBES LIMITED

Place : INDORE

Date : 18.11.2000

(M.B. BAHETI)
CHAIRMAN & MANAGING DIRECTOR

DECORA TUBES LIMITED**DIRECTOR REPORT**

Dear members,

Your directors present the 16th Annual Report of your company together with the audited accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

| | (Rs. in Lakhs) | |
|--------------------------|-------------------|-------------------|
| | As on 31.03.00 | As on 31.03.99 |
| Sales and other income | 2876.26 | 2306.51 |
| Depreciation | 125.02 | 120.79 |
| Interest | 562.28 | 388.78 |
| Net Loss | 654.06 | 518.72 |
| Deficit to Balance Sheet | 1898.43 | 1244.37 |

OPERATING PERFORMANCE :

Your directors have been successful in meeting the variable expenses by keeping the plant in operation throughout the year under review and has-in fact, not incurred any cash loss during the year under review. There is substantial increase in the sales turnover in the current year as compared to preceding year. As already reported, your company being a Sick Industrial Company within the meaning of Sec. 3(I) (o) of the SICA, 1985, the directors of your company have already proposed a rehabilitation package for your company to the operating agency as appointed by Hon'ble BIFR, which is under consideration for onward submission of the same to Hon'ble BIFR. As a suitable rehabilitation package is essential in the long term interest of your company, the directors are constantly in consultation with the operating agency, the ICICI, in order to ensure that your company gets appropriate reliefs, concessions and sacrifices, so that your company can turn back within a reasonable period of time. All the properties of your company have been adequately insured and protected.

DIRECTORATE :

Shri Pradeep Kasliwal and Shri A.K. Sureka, the directors of the company retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS :

M/s M. Mehta & Co. Chartered Accountants, retire at the end of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Auditors Report read with notes to accounts are self explanatory and needs no further clarification.

PUBLIC DEPOSITS :

Your company has not accepted deposits from public within the meaning of Section 58A of the Companies Act, 1956, during the year under review.

PARTICULARS OF EMPLOYEES :

There have been no employee in the company during the year under review whose particulars are required to be annexed under the provisions of Sec. 217 (2A) of the Companies Act, 1956 together with the provisions of Companies (Particulars of Employees) Rules, 1975.

ENERGY CONSERVATION MEASURES, TECHNOLOGY ABSORPTION AND R & D EFFORTS :

The requisite particulars required to be furnished under Section 217 (1)(e) of the Companies Act, 1956, regarding energy conservation, technology absorption and R & D efforts are given in statement as Annexure which forms part of this reports.

ACKNOWLEDGEMENT :

Your directors place on record their sincere appreciation for the assistance and co-operation received from various authorities, financial institutions and banks. The Board also appreciates the dedicated performance of its employees at all levels.

For and on behalf of the Board of
DECORA TUBES LIMITED

Place : INDORE
Date : 18.11.2000

(M.B. BAHETI)
CHAIRMAN & MANAGING DIRECTOR

DECORA TUBES LIMITED**ANNEXURE TO DIRECTORS REPORTS ON ANNUAL ACCOUNTS : 1999-2000**

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1998 forming part of the Directors' Report for the year ended 31st March, 2000.

| | As on 31.03.00 | As on 31.03.99 |
|---|-------------------|-------------------|
| I CONSERVATION OF ENERGY :- | | |
| Power and Fuel Consumption | | |
| 1. ELECTRICITY PURCHASED : | | |
| Total Units (Lakhs) | 13.31 | 16.42 |
| Total Amount (Rs. in Lakhs) | 64.80 | 76.01 |
| Cost/Unit (Rs.) | 4.86 | 4.60 |
| 2. COAL : | NIL | NIL |
| 3. L.D.O. | | |
| Quantity in Ltr. (Lakhs) | 2.30 | 1.79 |
| Total Amount in Rs. (Lakhs) | 21.95 | 13.91 |
| Average Rate Per Unit Rs. | 9.54 | 7.77 |
| 4. CONSUMPTION PER UNIT OF PRODUCTION : | | |
| Total Production (M.T.) | 3463.12 | 2285.23 |
| Electricity per M.T. (Rs.) | 1187.14 | 3325.70 |
| LDO per M.T. (Rs.) | NIL | NIL |
| Coal | NIL | NIL |

II TECHNOLOGY ABSORPTION :-

1. Research and Development (R & D) :

There were no expenditure on Research and Development.

2. Technology absorption, adaption and innovation :

The company has adopted the technology of United Kingdom for Aluminium Extrusion and efforts are being made to absorb and adopt the technology for maximum indigenisation. However, for the purpose of maintenance and innovation your company has got full expertise available indigenously.

III FOREIGN EXCHANGE EARNINGS AND OUTGO :-

The company has spent foreign exchange worth 21126/- on import of raw materials. The company has also earned foreign exchange to the tune of Rs. 14.57 lakhs during the year under review.

for and on behalf of the Board of
DECORA TUBES LIMITED

Place : INDORE

Date : 18.11.2000

(M.B. BAHETI)
CHAIRMAN & MANAGING DIRECTOR

DECORA TUBES LIMITED**AUDITORS' REPORT**

To,
The Members,

We have audited the attached Balance Sheet of DECORA TUBES LIMITED, INDORE, As 31st March, 2000 and also the Profit & Loss Account of the Company for the year ended on that date, annexed thereto and report that :-

1. We have obtained all the information and explanations, which to the best of our acknowledge and belief were necessary for the purpose of our audit.
2. 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.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Profit & Loss account and the Balance Sheet comply with the accounting standard referred to in Sub Section (3)(C) of Section 211 of the Companies Act, 1956.
5. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts subject to :-
 - i) Formalities for transfer of Title Deeds of certain building acquired in 1995-96
 - ii) Note No. 09 regarding Non-provision of Sundry debtors considered doubtful of Rs. 29.40 Lacs. (Pre. year Rs. 27.96 Lacs).
 - iii) Note No. 10 regarding non provision for diminution in value of investment by Rs. 20.45 Lacs. (Pre. year Rs. 19.98 Lacs) and other notes thereof, we further report that considering the item mentioned at I to III the loss we have been higher by Rs. 49.85 Lacs and consistent effect to other assets of the company and give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view :-
 - iv) Note No. 11 in respect of change in method of valuation of Closing Stock and read with other notes appearing there on, give the information required by the companies Act 1956, in the manner so required and give a true & fair view :-
 - a. In the case of the Balance Sheet of the state of affairs of the company as at 31st March 2000.
 - and
 - b. In the case of the Profit and Loss Account of the "Loss" of the company for the year ended on that date.
6. As required by the manufacturing and other companies (Auditors Report) Order, 1988 issued by the company law board in terms of Section 227 (4A) of the companies Act, 1956, we enclose in the annexure, a statement specified in paragraphs 4 & 5 of the said order :-
 1. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. These Fixed Assets have been physically verified by the management at reasonable intervals. No Material Discrepancies were noticed on such verification.
 2. None of fixed Assets have been revalued during the year.
 3. The stock of finished goods, stores, spare parts and raw material have been physically verified by the management at reasonable intervals.
 4. In our opinion and according to the information and explanation given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 5. No material discrepancies have been noticed on physical verification of stock as compared to book records and the same have been properly dealt with in the books of account.
 6. In our opinion the valuation of aforesaid stock is fair and proper, and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year. Except given in note no. 12 of notes to accounts.
 7. In our opinion and on the basis of information and explanation given to us, the rate of interest and other terms and condition of loans taken, secured and unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies act 1956, are not prima facie prejudicial to the interest of the company.

8. In our opinion and to the best of our information and according to the explanations given to us, no loan or advances in the nature of loans were given to maintained under section 301 of the Companies Act 1956, and/or to the companies under the same management as defined under sub section (1B) of section 370 of the Companies Act, 1956.

9. The company has not given any other loan except advance in nature of loan to the employees of the company who are repaying the principal amount as stipulated and are also regular in payment of interest where applicable.

10. There is an adequate internal control procedure commensurate with the size of the company and nature of its business for the purchase of stores, raw materials, including components, plant & machinery, equipments and other Assets and for the sale of goods.

11. The transaction of purchase and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies act, 1956 and aggregating during the year Rs. 50,000/- (Rupees fifty thousand) or more in respect of each party have been made at prices which are reasonable having regard to prevailing market price for such goods, material or services or the prices at which transaction for similar goods or service have been made with other parties.

12. The company has adopted regular procedure for the determination of the unserviceable or damaged stores, raw materials, finished stocks. Adequate provision, has been made in the accounts for the loss arising from the items so determined.

13. In our opinion and according to the information and explanations given to us, the company has complied with provision of section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) rules, 1975, in respect of deposits accepted by the company.

14. The company has maintained reasonable records for the sale and disposal of realisable scraps.

15. In our opinion, the company's internal audit system is commensurate with the size and nature of its business, however it has to be strengthened to cover all locations.

16. On the basis of the records produced, we are of opinion that prima facie the cost records and accounts prescribed by the Central Government under section 209 (1)(D) of the Companies Act, 1956 have been maintained by the Company Act, 1956 have been maintained by the company. However, we have not carried out any detailed examination of such records and accounts.

17. The company is regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.

18. According to the information and explanation given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty and Excise duty which have remained outstanding as at 31st March, 2000 for the period of more than six months from the date they became payable except commercial taxes payable upto 30.09.99 Rs. 53.38 Lacs (Pre. year Rs. 43.32 Lacs)

19. According to the information and explanation given to us, no personal expenses have been charged to revenue account.

20. The company is a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of Sick Industrial Companies (special provision) Act, 1985 and BIFR has declared the company as a Sick Industrial company.

For M. Mehta & Co.
Chartered Accountants

Place : INDORE
Date : 18.11.2000

P. R. Bandi
Partner