

HEERA ISPAT LIMITED.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their ~~seventh~~ Annual Report together with the Audited Statement of Accounts for the Financial Year ended on 30th June, 1999.

1. FINANCIAL AND WORKING RESULTS :

During the Year under review the Company incurred a loss of Rs. 4,76,883/- . However the directors are optimistic of the future and expect to increase the production and hence recover the losses.

	<u>1998-99</u>
Gross Profit/(Loss) Before Depreciation	(476883.00)
Less : Depreciation	0.00
NET PROFIT/(LOSS) BEFORE TAXATION	(476883.00)
Provision for Taxation	0.00
Profit for the year	(476883.00)
Add : Balance brought forward	(703955.00)
AMOUNT AVAILABLE FOR APPROPRIATION	0.00
Appropriation	NIL
Balance carried to Balance-Sheet	<u>(1180838.00)</u>

2. DEPOSITS :

The Company has accepted no public deposits within the meaning of Section 58-A of the Companies Act, 1956.

3. DIVIDENDS :

In view of the losses incurred by the Company your directors do not recommend any dividend.

4. PARTICULARS OF EMPLOYEES.

There was no employee drawing remuneration more than Rs. 6,00,000/- p.a. or Rs. 50,000/- p.m. for part of the year and hence no particulars have been furnished as required under Section 217(2A) of the Companies Act, 1956.



5. PARTICULARS RELATING TO CONSERVATION OF ENERGY

The Company does not have material information required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure in particulars in the report of Board of Directors) Rules, 1988 to offer and hence no particulars have been furnished.

6. AUDITORS:

M/s. Deepak C. Gandhi & Co., Chartered Accountants, Auditors of the Company retire at the Conclusion of this Annual General Meeting and being eligible, offer themselves for reappointment.

7. INDUSTRIAL RELATIONS

The inter-staff relations were cordial throughout the year. The Board records its appreciations to the employees for their contribution.

8. DIRECTORATE:

Mr. Dharmesh Mistry retires by rotation at the ensuing General Meeting and being eligible offers himself for re-appointment.

9. ACKNOWLEDGEMENTS:

Your Directors take opportunity to express their gratitude to employees, bankers and government for their valuable support and co-operation.

Place : Godhra

Date : 30th November, 1999.

For and on behalf of the Board

S/d

Ramesh T. Mistry
Chairman

FOR HEERA ISPAT LIMITED


DIRECTOR



To:

The Members of
HEERA ISPAT LIMITED,
GODHARA.

We have examined the attached Balance Sheet of HEERA ISPAT LIMITED as at 30th June, 1999, and the Profit and Loss Account for the year ended as on that date and report that:-

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, we give in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - 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 the books;
 - iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
 - iv) In our opinion and to the best of our information and according to the explanations given to us and subject to all notes stated in schedule "L" the said accounts give the information required by the Companies Act, 1956, in the manner so required give a true and fair view.
 - (I) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 1999.
 - (ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

for DEEPAK C. GANDHI & CO.,
Chartered Accountants,

s/d

Place : Ahmedabad,
Date : 30th November, 1999.

(Deepak C. Gandhi)
Proprietor

FOR HEERA ISPAT LIMITED


DIRECTOR



Annexure to the Auditor's Report
(Referred to in Paragraph (1) thereof)

1. The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. Substantially all the fixed assets were physically verified by the management during the period under review. However, we are unable to verify any material discrepancies between the book records and physical inventory taken by the Management.
2. None of the fixed Assets have been revalued during the year under review.
3. The stock of finished goods, stores, spare parts and raw materials have been physically verified during the period by the management and in our opinion, the frequency of verification is reasonable.
4. In our opinion and according to the information, explanations given to us, the procedure of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the company and nature of its business.
5. The Company has not shown any stock records hence it is not possible to notice any discrepancies on verification between the physical stock and book records.
6. In our opinion, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles, and as the same basis as in the previous year.
7. The Company has not taken any loans from Companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 and from Companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956.
3. As informed to us, the Company has not granted unsecured loans to companies, Firms or other parties listed in the Register maintained U/S 301 of Companies Act, 1956. As informed to us and explanation given to us, The Company has not granted loan to the Companies under the same Management within the meaning of Section 370 (1B) of the companies Act, 1956.
7. The Company has granted unsecured loans to companies, Firms or other parties. The parties has not paid any interest and repayment of loans/Advances as per terms and conditions of such loans/advances mutually agreed between both the parties and to that extent it is prima facie prejudicial to the interest of the Company.
10. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of Raw material, stores and plant and machinery.



Annexure to the Auditor's Report
(Referred to in Paragraph (1) thereof)

1. The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. Substantially all the fixed assets were physically verified by the management during the period under review. However, we are unable to verify any material discrepancies between the book records and physical inventory taken by the Management.
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10. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of Raw material, stores and plant and machinery.



Schedule L" ".

NOTES ON THE ACCOUNTS AND ACCOUNTING POLICIES

Notes to the Balance Sheet and Profit & Loss Account
for the year ended 30-06-1999

1. As informed to us by the company, contingent liabilities not provided for Rs. Nil.
2. Estimated amount of contracts remaining to be executed on capital and not provided for Rs. Loss approximately as informed by the management.
3. AUDITORS REMUNERATION

	For the period ended 30-6-99	For the year ended 30-6-98.
Audit Fees	15000	15000
	15000	15000
	=====	=====

4. Preliminary and Public Issue Expenses are written off over a period of ten years in equal amount.

5. Balance confirmation from any party/Banks are not obtained by the Company, which are subject to adjustment if any and Bank balances are subject to reconciliation.

6. Depreciation is not provided during the year on fixed assets for Rs.----- as decided by the management and to that extent loss would be increase for the year under review.

7. The Company has not produced some supporting evidences for Income/Expenditure and other transactions for verification of transactions entered in Books of Accounts. We have approved such transactions on the basis of clerification given by the Management.

8. The company has entered into an agreement for sale of 7538 Square Meters Land on 11th July, 1994 with (1) Chandulal Tribhovandas Mistry and his 4 family members (2) Upendra Chandulal Mistry and his 4 family members (3) Smt. Kamlaben C. Mistry (4) Smt. Gitaben N. Mistry (5) Smt. Hasumati R. Mistry (6) Bharatkumar G. Mistry (7) Smt. Ramuben T. Mistry with the condition of possession of Land which the company can develop and do the construction activity for its factory. Hence Land Development shown in Fixed Asset schedule eventhough Land is not shown as Fixed Assets due to final sale deed for purchase of land is not made. As informed by the Management, final sale deed for land is yet not executed and extend the period for final sale deed.

9. In the opinion of the Management, the Current Assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of the business which includes advances given for Capital Expenditure also. However, Interest is not provided on loans & advances given to the Parties and recovery is also not received as per mutual understanding. The Company has also not given clerification for advances given for capital expenditure and negotiation with the Suppliers and accordingly adequate provision should be made which is under consideration of the Management and to that extent profitability will be adversely affected as when provision be made.



10 The quantity and valuation of closing stock is taken as per explanation given by the Management and no other records shown to us.

11 Additional information pursuant to the provisions of the paragraph 3, 4c and 4d of the Part II of the schedule VI of the Companies Act, 1956.

i) Quantitative Details are not given by the Management, hence such details are not submitted.

ii) CIF value of imports in respect of

- a) Raw material - Nil
- b) Components & spare parts - Nil
- c) Capital goods - Nil

iii) Expenditure in Foreign Currency - Nil

iv) Earnings in Foreign Currency - Nil

v) Remittance on A/c. of Dividend in Foreign Currency - Nil

12 The figures of the previous year have been regrouped/rearranged wherever necessary.

13 The directors have waived & reduce their remuneration voluntarily from amount decided in annual general meeting.

SIGNIFICANT ACCOUNTING POLICIES :-

1. Accounting Concept:- The Company has followed mercantile system of Accounts and recognises Income and Expenditure on Accrual Basis. The Accounts are prepared on historical cost basis, Accounting Policies/are not referred to otherwise are consistent with generally accepted accounting principles.
2. Preliminary Expenses :- Preliminary Expenses are written off in ten equal installments.
3. Public Issue Expenses :- Public issue expenses are written off in ten equal installments.
4. The company has followed S.L. Method for depreciation as per company act but not provided during the year under review.

For DEEPAK C. GANDHI & CO.,
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD
OF DIRECTORS,

s/d

s/d

s/d

Deepak C. Gandhi
Proprietor

Chairman &
Managing Director.

Director.

Place : Ahmedabad
Date : 30th November, 1999.

Place : Ahmedabad
Date : 30th November, 1999.



HEERA ISPAT LIMITED
BALANCE SHEET AS AT 30TH JUNE, 1999

PARTICULARS	SCHEDULE	As At 30/06/99		As At 30/06/98	
		Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.
SOURCE OF FUNDS					
Share Capital	A	48974000		48974000	
Reserves & Surplus	B	nil		NIL	
LOAN FUNDS					
		NIL		NIL	
		48974000		48974000	
		=====		=====	
APPLICATION OF FUNDS					
Fixed Assets	C				
Gross Block		14256498	14256498		
LESS : Depreciation		794996	794996		
Net Block		13461502		13461502	
Current Assets, Loans & Advances	D	31869171	31861973		
LESS : Current Liabilities & Provisions	E	126500	72750		
			31743671		31789223
Misc. Expenses (To the extent not W/off)	F				
Preliminary Expenses & Pre-operative &					
Public-Issue Expenses		2587989	3019320		
Profit & Loss Account		1180838	703955		
		3768827		3723275	
		48974000		48974000	
		=====		=====	

Notes on Accounts in Schedule L
As per our even date report attached

For Deepak C. Gandhi & Co.
Chartered Accountants

For Heera Ispat Ltd.

s/d
Partner

s/d
Director
(Ramesh Mistry , Hashumati Mistry

s/d
Director
Dharmesh Mistry)

Date : 30th November, 1998
Place : Ahmedabad

Date : 30th November, 1998
Place : Ahmedabad



FOR HEERA ISPAT LIMITED

[Signature]
DIRECTOR

HEERA ISPAT LIMITED

TRADING & PROFIT & LOSS A/C FOR THE PERIOD ENDED 30/6/99.

Particulars	Schedule	Period Ended 30/06/99 Amount Rs.	Year Ended 30/06/98 Amount Rs.
INCOME :			
Sales		3595650	2384572
Other Income	G	-----	-----
Increase/Decrease in Stock	H	(311875)	(82715)
		<u>3283775</u>	<u>2301857</u>
EXPENSES :			
Raw Material Consumed	I	2590801	1750310
Manufacturing Expenses	J	285941	324030
Administrative Expenses	K	452585	286420
Depreciation		---	---
Miscellaneous Expenses Written off during the year		431331	431331
		<u>3760658</u>	<u>2792090</u>
Current Profit/Loss Before tax		(476883)	(490233)
Provision for Income Tax		---	---
Current Year Profit/Loss after tax		(476883)	(490233)
Previous Year Balance		(703955)	(213722)
Balance Trf. to Balance sheet		(1180838)	(703955)

Notes on Accounts

As per our even date report attached

For Deepak C. Gandhi & Co.
Chartered Accountants
s/d

For HEERA ISPAT LIMITED

s/d

s/d

s/d

Partner

Director

Director

Director

(Ramesh Mistry , Hashumati Mistry Dharmesh Mistry)

Date : 30th November, 1998

Place : Ahmedabad

Date : 30th November, 1998

Place : Ahmedabad

FOR HEERA ISPAT LIMITED
[Signature]
DIRECTOR



HEERA ISPAT LIMITED.
Schedule - A. SHARE CAPITAL

PARTICULARS	AS AT 30/06/99 Amount Rs.	AS AT 30/06/98 Amount Rs.
Authorised Capital	60000000	60000000
6000000 Equity Shares of Rs.10/- each.	=====	=====
Issued, Subscribed and Paid up Capital		
(a) 3912000 (P.Y. 3912000) Equity Shares of Rs.10/- each fully paidup.	39120000	
(b) 1970800 (P.Y.1970800) Equity Shares Rs, 5/- paid-up.	9854000	48974000
	-----	-----
	48974000	48974000
	=====	=====

Schedule - B. RESERVE AND SURPLUS.

PARTICULARS	AS AT 30/06/99 Amount Rs.	AS AT 30/06/98 Amount Rs.
Profit and Loss Account	(982425)	(703955)
	-----	-----
	(982425)	(703955)
	=====	=====

Schedule - D. CURRENT ASSETS, LOANS AND ADVANCES.

PARTICULARS	AS AT 30/06/99 Amount Rs.	AS AT 30/06/98 Amount Rs.
CURRENT ASSETS:		
Inventories		
(As valued and certified by the Management)		
Raw Material (At Cost)	---	---
Semi-Finished Goods		
(AT Cost valued by The Management)	693250	995400
Finished Goods		
(At cost or Market Value By the Management)	---	9725
	-----	-----
	693250	1005125
Cash on Hand	175157	460175
Balance with Bank	7984	12534
Sundry Debtors	610230	---
(Unsecured but considered good)		
More six Months	---	---
	-----	-----
	(A) 1486621	1477834
	=====	=====
LOANS AND ADVANCES: (Unsecured but Considered good)		
Advances Recoverable In cash Or Kinds	200000	200000
Advance against Goods	---	---
Advances for Capital goods	15036315	15036315
Advances to Others	15052820	15052820
Balance with Excise A/c	93415	95004
	-----	-----
	(B) 30382550	30381395
	-----	-----
Total (A) + (B)	31869171	31861975
	=====	=====



Schedule - E. CURRENT LIABILITIES AND PROVISIONS:

PARTICULARS	AS AT 30/06/99	AS AT 31/03/98
Unpaid Expenses	126500	72750
	126500	72750
	=====	=====

Schedule - F. MISC. EXPENSES (TO THE EXTEND NOT WRITTEN OFF)

PARTICULARS	AS AT 31/03/99	AS AT 30/06/98
Preliminary Expenses	16630	19005
Less:		
W/off during the year	2375	2375
	-----	-----
	14255	16630
Public Issue Expenses	3002690	3431646
Less:		
W/off during the year	428956	428956
	-----	-----
	2573734	3002690
	-----	-----
	2674254	3019320
	=====	=====

SCHEDULE :- 'H' : Increase in Stock

Particulars	Op. Stock	Cls. Stock	Increase Decrease as on 30-6-1999	Op. Stock	Cls. Stock	Increase Decrease as on 30-6-1998
Finished Goods (Steel)	9725	--	(9725)	377016	9725	(367291)
Semi-Finished Goods (Agro)	995400	693250	(302150)	710824	995400	284576
TOTAL	1005125	693250	(311875)	1087840	1005125	(82715)



SCHEDULE :- 'I' CONSUMPTION OF RAW MATERIAL

Particulars	For the year ended 30.6.77 Amount (Rs.)	For the year ended 30.6.78 Amount (Rs.)
Opening Stock	---	---
Add : Purchase	2590801	1750310
	2590801	1750310
Less: Closing stock	---	---
Raw Material Consumed ----->	2590801	1750310

SCHEDULE :- 'J' MANUFACTURING EXPENSES

	For the year ended 30.6.99 Amount Rs.	For the year ended 30.6.98 Amount Rs.
Security charges	38580	23100
Wages acc.	88540	135388
Factory expenses	30882	29350
Generator Fuel expenses	62905	74913
Electric Expenses	5122	---
Carting Expenses	39460	22230
Generator Maintenance Expenses	20452	24470
Labour Charges	---	14579
TOTAL ----->	285941	324030



SCHEDULE :- 'K' ADMINISTRATIVE EXPENSES

	For the year ended 30.6.99 Amount (Rs.)	For the year ended 30.6.98 Amount (Rs.)
Bank charges & Commission	50	65
Traveling expenses	12439	8943
Telephone expenses	16845	6927
Salary acc.	79300	---
Vehicle repairs & maintenance	16485	19618
Vehicle petrol/diesel exps.	28060	54185
Subscription exps.	---	---
Courier expenses	---	---
Stationary & Printing expenses	13354	13303
Office expenses	12943	29521
Professional charges	5000	19000
Audit Fees	15000	15000
M.D. Remuneration	72000	72000
Gardanign Expenses	---	---
Sales Commission	95700	---
Advertisement Expenses	1500	1500
Listing Fees	40250	32750
Legal fees exp.	---	---
Kasar-Vatav	300	---
Insurance Expenses	---	---
Donation	---	501
Machinery Repairing exp.	43359	13107
TOTAL ----->	452585	286420



HEERA ISPAT LIMITED

SCHEDULE "C" : FIXED ASSETS

Description of Assets	GROSS BLOCK			DEPRICIATION			Net Block	
	Op. Bal, 30/06/98 Rs.	Addition during the year	Total 30/06/99 Rs.	Up to 30/06/98 Rs.	During the year Rs.	Up to 30/06/99 Rs.	As On 30/06/99	As On 30/06/98
Land Development	512462	—	512462	—	—	—	512462	512462
Factory Building	3521150	—	3521150	145939	—	145939	3375211	3375211
Plant & Machinery	8980514	—	8980514	547753	—	547753	8432761	8432761
Office Building	135000	—	135000	2935	—	2935	132065	132065
Furniture & Fixture	25047	—	25047	2608	—	2608	22439	22439
Vehicle	413010	—	413010	70180	—	70180	342830	342830
Computer	95550	—	95550	20755	—	20755	74795	74795
Tubewell	37215	—	37215	1641	—	1641	35574	35574
Office Equipment	26250	—	26250	3185	—	3185	23065	23065
Total (A)	13746198	—	13746198	794996	—	794996	12951202	12951202
Capital Work in Prog.	510300	—	510300	—	—	—	—	—
Total (B)	510300	—	510300	—	—	—	—	—
Total (A) + (B)	14256498	—	14256498	794996	—	794996	12951202	12951202

