

**11th Annual Report
1999 - 2000**



For Mandosaur Ferro Alloys Ltd.

A handwritten signature in black ink, appearing to read 'Anifal', written over a horizontal line.

Managing Director

**MANDSAUR FERRO
ALLOYS LIMITED**

BOARD OF DIRECTORS

SHRI VINOD KUMAR JAIN (Chairman & Managing Director)

SHRI NAVNITDAS PAREKH

SHRI PANKAJ JAIN

SHRI SUNIL PAREKH

BANKERS

DENA BANK, Mandsaur (M.P.)

AUDITORS

C. H. PADLIYA & CO.

Chartered Accountants

INDORE (M.P.)

REGISTERED & ADMINISTRATIVE OFFICE

12-14, Industrial Estate,

Mhow-Neemuch Road,

Mandsaur (M.P.)

PLANT

Village ; Botalganj,

Dist. Mandsaur (M.P.)

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Notice

Notice is hereby given that the Eleventh Annual General Meeting of the Shareholders of Mandsaur Ferro Alloys Limited will be held on Monday, the 25th September, 2000 at 4.30 P.M. at the Registered office of the Company at 12-14, Industrial Estate, Mhow-Neemuch Road, Mandsaur-458 001 (M.P.) to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a director in place of Shri N.D. Parekh who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass, with or without modification the following Resolution as a Special Resolution :

"Resolved that the registered office of the Company be shifted from its existing premises to Botalgunj, Distt. Mandsaur (M.P.) w.e.f. 1st Oct. 2000."

BY ORDER OF THE BOARD
FOR MANDSAUR FERRO ALLOYS LTD.

(V.K. JAIN)
CHAIRMAN AND MANAGING DIRECTOR.

Registered Office :
12-14, Industrial Estate Mhow-Neemuch Road,
Mandsaur- 458 001 (M.P.)

Dated : 29th May, 2000

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a Poll instead of himself and the proxy need not be a member of the Company. Proxy forms in order to be valid and effective, must be deposited at the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

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2. "The explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the items of special business is annexed hereto.
3. Members are requested to notify to the company changes, if any, in their registered address.
4. The Register of Members and Share Transfer Books of the company shall remain closed from Monday the 18th September, 2000 to Monday the 25th September, 2000 (both days inclusive)

Annexure to notice

Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 relating to the items of special business set out in the notice

ITEM NO. 4

Your Directors have decided to shift the Registered office of the Company to its factory premises at village Botalgun j, Distt. Mandsaur. Section 146 (2) (a) of the Companies Act, 1956 lays down that the Registered Office of a Company shall not be shifted outside the local limits of any city, town or village where such *registered office is situated unless the company passes a special resolution to that effect. The special resolution proposed to be passed at item 4 of the notice is set out to comply with the requirements of the aforesaid provisions of the Act.*

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

BY ORDER OF THE BOARD
FOR MANDSAUR FERRO ALLOYS LTD.

(V.K. JAIN)
CHAIRMAN AND MANAGING DIRECTOR.

Registered Office :

12-14, Industrial Estate, Mhow-Neemuch Road,
Mandsaur- 458 001 (M.P.)

Dated : 29th May, 2000

Directors Report

Your Directors have the pleasure in presenting their Eleventh Annual Report together with the Audited Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS :

	For the Year ended 31-3-2000 (Rs. in Lacs)	For the Year ended 31.3.99 (Rs. in Lacs)
1. Sales & Other Income	14.95	23.78
2. Gross Profit before interest Depreciation and Taxes	(-) 69.29	(-) 20.95
3. Interest	2.55	0.31
4. Depreciation	24.20	36.63
5. Net Profit before taxes	(-) 96.04	(-) 57.89
6. Net Profit after tax (Carried to Balance Sheet)	(-) 96.04	(-) 57.89

As reported last the ferro chrome project had to be closed. The Ceramic tiles division also faced difficult market conditions during the year. The company had taken up additional activity of manufacturing sanitary ware, which also could not be continued due to unremunerative market conditions. The operations of the company's Plant had to be kept suspended since last week of May 1999. The figure of net loss of Rs. 96.04 lacs includes Rs. 77.26 lacs being the loss on sale of machinery.

DIVIDEND :

In view of losses suffered by the company, your directors are unable to recommend dividend for the year.

FTUTURE OUTLOOK :

The market conditions still persist to be unfavourable. your directors are however, looking for new opportunities to come out of the crunch.

DIRECTORS :

Shri N.D. Parekh retires by rotation and is eligible for reappointment.

PUBLIC DEPOSITS :

The company has neither invited nor accepted any deposits from the public during the year.

PARTICULARS OF EMPLOYEES :

Since no employee was in receipt of remuneration in aggregate of Rs. 3,00,000/- or above during the year while employed through the year or at the rate of not less than Rs. 25,000/- per month, if employed for part of the year, statement showing information under section 217 (2A) of the companies Act, 1956 has not been furnished.

PARTICULARS U/S 217 (1) (E) OF THE COMPANIES ACT, 1956

The particulars to be disclosed as required U/s 217 (1) (e) of the Companies Act, 1956 read with (Disclosure of particulars in the Report of the Board of Directors Rules, 1988) are detailed in annexure to this report.

The company has neither faced nor envisages any Y-2K problem.

AUDITORS :

You are requested to appoint auditors and fix their remuneration. The retiring auditors M/s C.H. Padliya & Co. are eligible for reappointment.

FOR & ON BEHALF OF THE BOARD

PLACE : MANDSAUR (M.P.)
DATED : 29TH MAY, 2000

(V.K. JAIN)
(CHAIRMAN & MANAGING DIRECTOR.)

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ANNEXURE TO DIRECTORS REPORT FOR THE YEAR 1999-2000 PARTICULARS U/S 217 (1) (E) OF THE COMPANIES ACT, 1956

(A) CONSERVATION OF ENERGY

(A) ENERGY CONSERVATION MEASURES TAKEN.

The Company has been taking specific care in using better quality of Raw material thereby reducing the energy consumption.

(B) ADDITIONAL INVESTMENT AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.

The company does not have any proposals, to make additional investment in this regard.

(C) IMPACT OF MEASURES (A) AND (B) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.

The selection of better quality of Raw Material has helped marginally in keeping the cost of energy consumption per unit of production consistent.

(D) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION POWER AND FUEL CONSUMPTION

	Current Year 31.03.2000	Previous Year 31.03.99
1. Electricity		
(a) Purchased Units (in lacs)	Nil	Nil
Total Amount (Rs. in lacs)	Nil	Nil
Rate per Unit (Rs.)	Nil	Nil
(b) Own Generation :		
i) Through Diesel Generator Unit	32,000	70,000
Unit per itr. of Diesel Oil	3	3
Cost per Unit	3.3	3.25
ii) Through steam turbine/generator units	Nil	Nil
Units per itr. Of fuel Oil/gas	Nil	Nil
Cost per Unit	Nil	Nil
2. Coal		
Quantity (Tonnes)	Nil	Nil
Total Cost	Nil	Nil
Average Rate	Nil	Nil
3. Furnace Oil		
Quantity (K.ltrs)	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil
4. Other Internal Generation		
Quantity	Nil	Nil
Rate/Unit	Nil	Nil
CONSUMPTION PER UNIT OF PRODUCTION		
Product : Ceramic Tiles	320	325
Electricity (Units Per M. Ton)	234	240
Kerosens Oil (Litre per M. Ton)	Nil	Nil
Coal	Nil	Nil
Other	Nil	Nil

(B) TECHNOLOGY ABSORPTION

Research and Development (R&D)

1. Specific areas in which R&D carried out by the Company.

The Company has not carried out R&D activity during the year.

2. Benefits derived as a result of the above R&D

Not applicable

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3. <i>Future Plan of action, future</i>	The Company does not have any plans as at present.	
4. Expenditure on R & D		
(a) Capital	Nil	Nil
(b) Recurring	Nil	Nil
(c) Total	Nil	Nil
(d) Total R & D Expenditure as a percentage of total turnover.	Nil	Nil
 Technology Absorption, Adaptation and Innovation		
1. Efforts, in brief, made towards technology absorption, adaption and innovation	Nil	Nil
2. Benefits derived as a result of the above efforts, e.g. product development import substitution etc.	Not applicable	Not applicable
3. In case of imported technology (imported during the last 5 years reckoning from the financial year.) Following information may be furnished.	The Company has not imported any technology so far.	
(a) Technology imported	Not applicable	Not applicable
(b) Year of import	Not applicable	Not applicable
(c) Has technology been fully absorbed	Not applicable	Not applicable
(d) If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action	Not applicable	Not applicable
 (C) FOREIGN EXCHANGE EARNING AND OUTGO		
(a) Activities relating to exports initiatives taken to increase exports market for product services, and export plans.	Nil	Nil
(b) Total Foreign exchange used and earned.	Nil	Nil

For & on behalf of the Board of Directors

PLACE : MANDSAUR
DATED : 29th May, 2000

(V.K. JAIN)
CHAIRMAN & MANAGING DIRECTOR

AUDITORS REPORT

TO THE MEMBERS OF MANDSAUR FERRO ALLOYS LIMITED

We have audited the attached Balance sheet of MANDSAUR FERRO ALLOYS LIMITED, as at 31st March, 2000 and the annexed Profit and Loss Account for the year ended on that date and report that :

- a. 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.
- b. In our opinion proper books of account as required by law have been kept by the company so far as it appears from our examinations of such books.
- c. The Balance Sheet and Profit & Loss Account dealt-with in this report are in agreement with the books of accounts.
- d. In our opinion the Balance sheet and the profit & Loss account complies with the mandatory accounting standards referred in section 211 (3C) of the Companies Act, 1956.
- e. In our opinion and to the best of our information and according to the explanations given to us the said account read with the notes there on and subject to :
 1. The non obtaining of confirmation of Balances from the Creditors and Debtors.
 2. Non provision for the Income Tax under dispute.
 3. Non Provision of the interest at the rate of 18% per annum on allotment money amounting to Rs. 25,000/- not paid on the investment in shares on due date i.e. 30-11-1996.
 4. No Provision for Doubtful Debts of Rs. 26.41 lacs has been made.
 5. Accounting Policies No. 3 for investment in unquoted shares.

Given the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view :

- i. In the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2000 and
- ii. In the case of Profit & Loss Account of the Loss for the year ended on that date.

Further as required by manufacturing and other companies (Auditors Report) order, 1988 issued by the Company law Board in terms of Section 227 (4-A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate we further report that-

01. The Company has not maintained proper records showing full Particulars including quantitative details and situation of Fixed Assets. As explained to us, all the assets have been Physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verifications.
02. None of the fixed Assets have been revalued during the year.
03. The stock of Finished goods, Raw materials Components and Spare parts have been physically verified during the year by the management. In our opinion having regard to the nature and location of the stock, the frequency of the verification if reasonable.
04. In our opinion and according to the information and explanations given to us the procedure of physical verifications followed by the Management are reasonable and adequate in relation to the size of the company and nature of its business.
05. The discrepancies noticed on such physical verifications of stock as compared to the book records were not material.
06. In our opinion the valuation of stock is fair and proper and in accordance with normally accepted accounting principles.
07. The Company has not taken loans from the companies, firms and other parties except from Directors, listed in the register maintained under section 301 of the Companies Act, 1956 and are not prima-facie prejudicial to the interest of the company.

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08. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 or to the companies under the same management, under sub-section (1B) of section 370 of the Companies Act, 1956.
09. The company has given interest free advances in the nature of loan in the normal course of business to employees who are repaying the principal amount as stipulated except advances to the extent of Rs. 25,090/-.
10. In our opinion and according to information and explanations given to us 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 and Machineries, Equipments and other assets and with regard to sale of goods.
11. According to the information and explanations given to us, there are no transaction of purchase and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the period to Rs. 50,000/- or more in respect of each party.
12. As informed to us the company has procedure for determination of unservicable or damaged stores, Raw materials and finished goods, Adequate provision has been made in the accounts for the loss arising on items so determined.
13. The company has not accepted deposits form the public and as such, the provision of section 58-A of the Companies Act, 1956 and the rules framed there under have no application to this Company.
14. In our opinion, reasonable records have been maintained by the company for the sale and disposal of realisable scrap.
15. In our opinion the Company has an internal control system commensurate with the size and nature of its business.
16. As informed to us the central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of the product of the company.
17. According to the records of the company, the company is regular in depositing employees state Insurance and provident fund dues with the appropriate authorities.
18. According to the information and explanations given to us no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise duty as on 31st March, 2000 for a period of more than six months from the date they became payable.
19. The company has a policy of exercising reasonable checks and controls for the authorisation of various expenditure which intends to ensure that such expenses are authorised either on the basis of contractual obligations/ terms of employment or are in accordance with the generally accepted business practices having regard to the Company's needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account, other than those under contractual obligations or in accordance with generally accepted business practice.
20. The company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the sick industrial companies (Special provisions) Act, 1985.

FOR C.H. PADLIYA & CO.
CHARTERED ACCOUNTANTS.

PLACE : MANDSAUR.
DATED : 29TH MAY, 2000.

(C.H. PADLIYA)
PARTNER
M.NO. : 1637

MANDSAUR FERRO ALLOYS LIMITED
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Balance Sheet as at 31st March. 2000

	Schedule	As at 31-03-2000	As At 31-03-1999
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS			
1. Share Capital	'A'	41400000	41400000
2. Reserves & Surplus	'B'	<u>150000</u>	<u>150000</u>
		41550000	41550000
LOAN FUNDS			
1. Secured Loans	'C-1'	-	-
2. Unsecured Loans	'C-2'	<u>79582</u>	<u>4282160</u>
		79582	4282160
		<u>41629582</u>	<u>45832160</u>
APPLICATION OF FUNDS			
1. Fixed Assets	'D'		
Gross Block		32530955	49422257
Less Depreciation		<u>11867680</u>	<u>14223390</u>
Net Block		20663275	35198867
2. INVESTMENTS	'E'	2051080	2051080
3. CURRENT ASSETS, LOANS & ADVANCES	'F'		
1. Inventories		733200	2148400
2. Sundry Debtors		4056593	4188158
3. Other Receivables		6765	20990
4. Cash & Bank Balances		98171	306325
5. Loans, Deposits & Advances		<u>1578288</u>	<u>1406061</u>
		6471017	8069934
LESS: Current Liabilities & Provisions	'G'	<u>13371081</u>	<u>13805505</u>
Net Current Assets		(6900064)	(5735571)
4. MISCELLANEOUS EXPENDITURE (To the Extent not written off)	'H'	<u>25815291</u>	<u>14317784</u>
		<u>41629582</u>	<u>45832160</u>

For MANDSAUR FERRO ALLOYS LTD.

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR C.H. PADLIYA & CO.
CHARTERED ACCOUNTANTS

(N.D. PAREKH)
DIRECTOR
MANDSAUR
DATED 29TH MAY, 2000.

(V.K. JAIN)
MANAGING DIRECTOR

(C.H. PADLIYA)
PARTNER
M.NO. : 1637

Profit & Loss Account for the
year ended on 31st March, 2000

	Schedule	For the Year 1999-2000 (Rs.)	For the Year 1998-99 (Rs.)
INCOME			
a. Sales	'I'	1195024	2372048
b. Miscellaneous Income		-	1340
c. Interest earned	'J'	164	4252
d. Consultancy charges		300000	-
	Total (A)	1495188	2377640
EXPENDITURE			
a. Decrease in Stock	'K'	(1074000)	810000
b. Raw Material Consumed	'L'	171658	917006
c. Manufacturing Expenses	'M'	838766	1570094
d. Furnance Dismantling Expenses		-	553555
e. Administrative & ohter Expenses	'N'	453912	737775
f. Selling & Distribution Expenses	'O'	52540	90130
g. Interest & Financial Expenses	'P'	255247	31462
h. Micellaneous Expenditure written off	'Q'	254963	254963
i. Depreciation	'D'	2420140	3662815
j. Loss on sale of machinery		7726432	-
	Total (B)	11099657	8129600
Net Profit (Loss) for the year (A-B)		(9604470)	(5751960)
Less : Prior Period (Expenses)/Income		-	(37511)
		(9604470)	(5789471)
Add : Profit/(Loss) Brought forward from Previous Year		(13552891)	(7763420)
		(23157361)	(13552891)
NOTES ON ACCOUNTS :	'R'		

For MANDSAUR FERRO ALLOYS LTD

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR C.H. PADLIYA & CO.
CHARTERED ACCOUNTANTS

(N.D. PAREKH)
DIRECTOR
MANDSAUR

(V.K. JAIN)
MANAGING DIRECTOR

(C.H. PADLIYA)
PARTNER
M.NO. : 1637

DATED : 29TH MAY, 2000.

MANDSAUR FERRO ALLOYS LIMITED
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Schedules 'A' to 'R' annexed to and forming part of the accounts for the year ended on 31st March, 2000

PARTICULARS	<u>As at</u> 31.3.2000 (Rs.)	<u>As at</u> 31.3.1999 (Rs.)
SCHEDULE - 'A'		
SHARE CAPITAL		
AUTHORISED		
42,50,000 Equity Share of Rs. 10 each.	<u>42500000</u>	<u>42500000</u>
ISSUED, SUBSCRIBED & PAID UP		
41,40,000 Equity Shares of Rs. 10 each fully paid up	<u>41400000</u>	<u>41400000</u>
(Previous year 41,40,000 Equity Shares of Rs. 10/- each)	<u>41400000</u>	<u>41400000</u>
 SCHEDULE-'B'		
CAPITAL SUBSIDY		
Capital Subsidy Reserve	<u>150000</u>	<u>150000</u>
	<u>150000</u>	<u>150000</u>
 SCHEDULE - 'C'		
UNSECURED LOANS 'C-2'		
From Directors	79582	4070635
From others	-	211525
	<u>79582</u>	<u>4282160</u>
 SCHEDULE- 'D' On Page No. 11		
SCHEDULE- 'E'		
INVESTMENTS		
Investmet in Shares		
1. 9600 Equity Share of Rs. 100/- each of M/s Pooja Ferro Alloys Pvt. Ltd. (unquoted at cost)	2026080	2026080
Previous year 9600 Unquoted		
2. 5000 Equity Shares of Rs. 10/- each of M/s Viraj Foreging Ltd. Rs. 5/- Paid per share.	25000	25000
Previous Year 5000 Quoted	<u>2051080</u>	<u>2051080</u>

The allotment money of Rs. 25,000/- has not been paid on Oct, 1996. The Company is liable to pay the interest on this amount @ 18% from the due date and the shares are liable to be forfeited.

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SCHEDULE- 'D'

STATEMENT OF FIXED ASSETS FOR THE YEAR ENDED ON 31-03-2000

S.No.	Name of the Assets	Gross block			@%	Depreciation			Net block			
		As on 01-04-99	Addition during the year	Deduction during the year		As On 31-3-200	Up to 31-03-99	for the Disposal/ Year Adjustment	Total upto 31-3-2000	As on 31-3-2000	As on 31-03-99	
01.	Land	772947	-	-	772947	-	-	-	-	772947	772947	
02.	Land & Site development	150745	-	-	150745	-	-	-	-	150745	150745	
03.	Factory Building	8216132	-	524616	7691516	3.34%	1154033	256897	56987	1353943	6337573	7062099
04.	Office Building	1000000	-	-	1000000	1.63%	68600	16300	-	84900	915100	931400
05.	Well (including affixture)	61894	-	-	61894	1.63%	5280	1009	-	6289	55605	56614
Plant & Machinery :												
06.	Plant & Machinery											
	Furnance etc.	24365221	-	8753121	15612100	10.34%	8790913	1614291	3085964	7319240	8292860	15574308
07.	Transformer & Generator	7338266	-	4101840	3236426	4.75%	1762147	153731	665695	1250183	1986243	5576119
08.	Cooling Tower	192818	-	31018	161800	4.75%	57581	7686	5033	60234	101566	135237
09.	Electrical Installation	3553266	-	1493234	2060032	4.75%	958305	97851	240850	815306	1244726	2594961
10.	Laboratory Equipments	142026	-	-	142026	4.75%	43745	6746	-	50491	91535	98261
11.	Weigh bridge	375870	-	-	375870	4.75%	113663	17853	-	131516	244354	262207
Vehicles :												
12.	Motor Car & Jeeps	2383263	-	1987473	395790	9.50%	778335	175960	721321	232974	162816	1604928
13.	Truck	382207	-	-	382207	11.31%	288048	43228	-	331276	50931	94159
14.	Furniture & Fixtures	215546	-	-	215546	6.33%	76171	13644	-	89815	125731	139375
15.	Office Equipments	155557	-	-	155557	6.33%	49573	9847	-	59420	96137	105984
16.	Loose Tools & Jigs.etc.	7482	-	-	7482	4.75%	2387	355	-	2742	4740	5095
17.	Cycle	1037	-	-	1037	7.07%	456	73	-	529	508	581
18.	Air conditioner	37980	-	-	37980	4.75%	7018	1804	-	8822	29158	30962
19.	Computer	70000	-	-	70000	16.21%	67135	2865	-	70000	-	2865
Total (Rs.)		49422257	-	16891302	32530955		14223390	2420140	4775850	11867680	20663275	35198867
Previous year		49145486	290688	13917	49422257		10560575	3662815	-	14223390	35198867	38584911

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SCHEDULE- 'F'

CURRENT ASSETS, LOANS, & ADVANCES

1. Inventories

(As certified by the Management)

(At cost or realisable value which ever is lower)

Raw Material (Ceramic) (At cost)	57000	150000	
Finished Goods (At Realisable value)	241000	767000	
Work in Progress (At Realisable value)	97000	645000	
Stores & Spares (At Cost)	335000	396000	
Packing Material	3200	14000	
Power & Fuel	-	176400	
	<u> </u>	<u> </u>	2148400
		733200	

2. Sundry Debtors

More than 6 Months

Unsecured considered good	1410280	3186476	
Considered Doubtful	2641211	385400	
Others (Unsecured Considered Good)	5102	616282	
	<u> </u>	<u> </u>	4188158
		4056593	

CASH & BANK BALANCES

Balance with scheduled Banks

a. Current Account	50466	264044	
	<u> </u>	<u> </u>	
	50466	264044	
Cash in hand & Imprest	47705	42281	
	<u> </u>	<u> </u>	306325
		98171	

OTHER RECEIVABLES

Prepaid Insurance	6765	20990	
	<u> </u>	<u> </u>	20990
		6765	

LOANS, DEPOSITS & ADVANCES

Sundry Deposits	31710	31710	
Advance to Suppliers	136134	41000	
Advance for Expenses	96379	70879	
Advance to Employee	31065	58190	
Advance to contractor (Previous year Rs. 46962/- Considered Doubtful)	-	46962	
Advance for Capital Goods	131000	157320	
Income Tax Demand paid under dispute	1000000	1000000	
Amount due against sale of Assets	150000	<u> </u>	
		1576288	140606

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SCHEDULE-'G'

CURRENT LIABILITIES & PROVISIONS

Sundry Creditors	2389922 **	2949659
Liabilities for Expenses	91814	181617
Liabilities for Public Issue	426422	426422
Liabilities for Capital goods	175823	175823
Other liabilities	9537100	9571984
Advanc received against sale of office Building	<u>750000</u>	<u>500000</u>
	13371081	13805505

** Including Rs. 464532/- due to small scale undertakings (listed below) exceeding Rs. 1 lacs each outstanding for more than 30 days and Rs. --Nil-- less than 30 days (previous year Rs. 564532/-).

(Om Gases & Chemical, Kota. Agrawal Metal Industries, Mumbai, Transformers & Ractifire (India).

SCHEDULE-'H'

MISCELLANEOUS EXPENDITURE :

(To the extent not written Off)

Preliminary Expenses	2569	3851
Public Issue Expenses	495104	742655
Promoters capital Issue Expenses	12257	18387
Debit Balance of Profit & loss A/c	<u>25305361</u>	<u>13552891</u>
	25815291	14317784

SCHEDULE -'I'

Sales :

Net Sales	<u>1195024</u>	<u>237048</u>
	<u>1195024</u>	<u>237048</u>

SCHEDULE-'J'

INTEREST EARNED

On Fixed Deposits	<u>164</u>	<u>4252</u>
	<u>164</u>	<u>4252</u>

SCHEDULE- 'K'

INCREASE/DECREASE IN STOCK

Finished Goods (As on 01-04-99)	767000	1626000
Work in progress (As on 01-04-99)	<u>645000</u>	<u>596000</u>
	1412000	2222000

LESS : CLOSING STOCK

Finished Goods (As on 31-03-00)	241000	767000
Work in progress (As on 31-03-00)	<u>97000</u>	<u>645000</u>
	338000	1412000
Increase/(Decrease) in Stock	<u>(1074000)</u>	<u>(810000)</u>

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SCHEDULE- 'L'

RAW MATERIAL CONSUMED

	CEREMIC	CERAMIC
Opening Stock (As on 01-04-99)	150000	766000
Add : Purchases (Net) (During the year)	<u>78658</u>	<u>301006</u>
	228658	1067006
Less : Closing stock (As on 31-03-2000)	<u>57000</u>	<u>150000</u>
	<u><u>171658</u></u>	<u><u>917006</u></u>

SCHEDULE-'M'

MANUFACTURING EXPENSES

Stores & Spares consumed	138342	189138
Power & Fuel	305598	759497
Wages	116322	197003
Sanitary Casting Exp.	41434	--
Testing & Analytical Exp.	--	1900
Cooliage & Cartage	30188	61979
Grinding Charges	20600	5000
Soaring Charges	38904	28000
Screen Printing Expenses	4626	2244
Ceramic cake making Charges	25528	19000
Freight & Cartage	36919	140473
Manufacturing Expenses	--	1750
Repairs & Maintenance	4541	47423
Insurance Charges	31895	50252
Entry Tax	2889	9014
Tax on purchases (Sales Tax)	--	22421
Supervision Charges (On Product)	<u>41000</u>	<u>35000</u>
	<u><u>838766</u></u>	<u><u>1570094</u></u>

SCHEDULE-'N'

ADMINISTRATIVE ESTABLISHMENT & OTHER EXPENSES:

Salaries & Allowances	100215	173520
Consultancy Charges	21500	19500
Telephone & Trunkcall Expenses	72634	109166
Postage & Telegrams	2606	3908
Conveyance Charges	32501	38159
Legal & Professional Charges	6700	62530
Printing & Stationery	7577	14624
Freight & Cartage (General)	505	--
Exp. On annual General Meeting	74300	49209
Vehicle Running & Maintenance	32433	60415

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News Papers & periodicals	2881	4860
Office Expenses	5039	11263
Rates & Taxes	25106	20994
Travelling Expenses		
Directors	3000	24137
Others	7195	32626
	<u>10195</u>	<u>56763</u>
Professional Tax	—	2500
Service Charges (On Credit Card)	—	1067
Electricity Charges	34103	47374
Miscellaneous Expenses	785	30007
Charity & Donations	—	1389
Festival Expenses	832	4765
Sales Tax after Assessment	—	9762
Auditors Remuneration	16000	16000
Computer Operating Expenses	8000	—
	<u>453912</u>	<u>737775</u>

SCHEDULE 'O'

SELLING & DISTRIBUTION EXPENSES :

Publicity & Advertisement	4169	18014
Packing Material Consumed	19140	70504
Central Sales Tax	3016	1612
Sales Tax	23215	—
	<u>52540</u>	<u>90130</u>

SCHEDULE- 'P'

INTEREST & FINANCIAL CHARGES

Interest on Motor Car Finance	—	15520
Bank Commission & Charges	11268	15912
Interest Other	73131	30
Interest on Loan (Director)	170848	—
	<u>255247</u>	<u>31462</u>

SCHEDULE- 'Q'

MISCELLANEOUS EXPENDITURE WRITTEN OFF

1/10 of Preliminary Expenses	1282	1282
1/10 of Public Issue Expenses	247551	247551
1/10 of Promoters Capital Issue Exp.	6130	6130
	<u>254963</u>	<u>254963</u>

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SCHEDULE- 'R'

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2000

A) SIGNIFICANT ACCOUNTING POLICIES :

1. BASIS OF ACCOUNTING :

- a. The Company follows the mercantile system of accounting and recognises Income and expenditure on accrual basis except those with in significant uncertainties.
- b. Financial Statements are based on historical cost basis. Accounting Policies not referred to otherwise are consistant with generally accepted accounting principles.

2. FIXED ASSETS :

- a. Fixed assets are capitalised at cost inclusive of expenses.
- b. Depreciation on fixed assets is provided on straight line. method at the rates specified in schedule XIV (as amended) of the companies Act, 1956.
- c. The Company has sold during the year fixed assets worth Rs. 1,68,91,302/- on which loss of Rs. 77,26,432/- which has been charged to Profit & Loss account.

3. INVESTMENTS :

Investment in shares which are unquoted, is made at cost. No Provision is made for any diminution in the value of shares, if any, as the shares are not quoted in the market.

4. INVENTORIES :

- a. Raw Mateials, Stores & spares and work-in-progress are valued at lower of cost or realisable value.
- b. Finished products are valued at lower of cost or realisable value.

5. TREATMENT OF MISCELLANEOUS EXPENDITURE :

Miscellaneous expenditure (i.e. preliminary and public issue etc. expenses) are written off over a period of 10 Years.

6. CONTINGENT LIABILITIES :

Contingent Liabilities are not provided for and have been disclosed by way of notes on accounts.

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B. NOTES ON ACCOUNTS :

1. CONTINGENT LIABILITIES NOT PROVIDED FOR :

	(Rs. in Lacs) (Current year)	(Rs. in Lacs) (Previous Year)
a. In respect of telephone bills in the name of company, the matter is pending before consumer forum (A sum of Rs. 0.41 Lacs has been paid under protest).	0.51	0.51
b. In respect of capital subsidy received from Govt. or M.P.	1.50	1.50
c. The company has not deposited the amount due on allotment amounting to Rs. 25,000/- for the investment in the shares of Viraj Foregenings. the amount is payable with interest @ 18% per annum from 30-11-96. The shares may be forfeited on non deposition of allotment money.		
d. The Income Tax Assessment of the company has been completed upto assessment year 1997-98. The total demand of Income-Tax under appeal and in dispute is Rs. 26,36,137/- pending decision of the appeal a sum of Rs. 10,00,000/- has been deposited by the company under protest. The same has been treated as advance recoverable in cash or kind.		
2. Depreciation on Fixed assets has been provided for the entire financial year on straight line method at the rates prescribed by schedule XIV (as amended) to the companies Act. Depreciation in respect of addition to such assets has been provided on prorata basis.		
3. 1/10th of Miscellaneous Expenditure i.e. preliminary and public issue expenses etc, have been written off for the year.		
4. No provision for gratuity has been made in respect of gratuity payable to the staff, if gratuity Act, is applicable.		
5. Balance of Debtors, Creditors and Loan & advances are subject to confirmations, reconciliation and adjustments, if any.		
6. In absence of details from the Registrar to issue, the liability for share application money could not be adjusted till date.		
7. Previous year figures have been regrouped or rearranged to made them comparable with current year figures.		
8. No provision for the bonus payable to employees has been made in view of losses.		
9. No provision for doubtful debts of Rs. 3.88 lacs and advance to contractors of Rs. 0.47 lacs has been made.		
10. The commercial production of the company has been suspended from the month of May 1999.		
11. The figures have been rounded off to nearest rupee.		
12. Additional information pursuant to the provision of the part II of schedule VI to the companies Act, 1956 is as per Annexure		

Signature to schedule 'A' to 'R'

For C.H. Padliya & Co.
Chartered Accountants

For Mandsaur Ferro Alloys Ltd.

(C.H. Padliya)
Partner.

(V.K. Jain)
Managing Director

(N.D. Parekh)
Director

Place : Mandsaur
Dated : 29th May, 2000

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Additional Information Pursuant to the provision of paragraphs 3 & 4 of part II of schedule VI to The companies Act, 1956 (as referred in point no. 12 of Notes on Accounts) as provided by the Management and relied by auditors being technical matters pertaining to Capacity production and consumption.

Products	Ceramic glazed tiles 1999-2000		Ceramic glazed tiles 1998-99		
i. A. Licenced Capacity	700 MT		7200 MT		
B. Installed Capacity	7200 MT		7200 MT		
ii. C. Production	Tiles	Sanitary Wares	Tiles	Sanitary Wares	
	(In M.T.)	(In Nos.)	(In M.T.)	(In Nos.)	
Finished	91.888	1337	198.577	3512	
Unfinished (work in progress)	7.326	-Nil-	9.160	-Nil-	
iii. Sales (Net)	168.745	1172	312.410	2492	
	(1125646)	(69378)	(2219180)	(152868)	
iv. Stock					
a. Opening stock finished	104.098	1020	217.931	-Nil-	
	(715000)	(49000)	(1626000)	(-)	
Unfinished	9.160	-Nil-	46.332	-Nil-	
	(645000)	(-)	(596000)	(-)	
b. Closing stock finished	27.241	1185	104.98	1020	
	(178000)	(63000)	(715000)	(49000)	
Unfinished	7.326	-Nil-	9.160	-Nil-	
	(97000)	(-)	(645000)	(-)	
v. Raw material consumed (indigeneous)					
	Unit	Qty	Value	Qty	Value
a. Body Materials	M.T.	100.915	76334	472.433	678511
b. Glazed, frits & chemicals	M.T.	7.800	95324	12.562	238495
	M.T.	<u>108.715</u>	<u>171658</u>	<u>484.995</u>	<u>917006</u>
Indigeneous 100%					
Imported		NIL	NIL	NIL	NIL
vi. Value of imports on CIF basis					
Capital Goods		-Nil-		-Nil-	
vii. Expenditure in foreign currency		-Nil-		-Nil-	
viii. Earning in foreign currency		-Nil-		-Nil-	

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Cash flow statement for the year ended on 31-03-2000

A. CASH FLOW FROM OPERATION ACTIVITIES :		
Net profit before tax & Extra ordinary items		(11752470)
Adjustments for :		
Depreciation	2420140	
Foreign Exchange	--	
Investment	--	
Interest/Dividend (Net)	255083	
Preliminary expenses written off	254963	
Loss on sale of fixed assets	7726432	10656618
Operating profit before working capital changes		(1095852)
Adjustment for :		
Trade & other Receivable	(24437)	
Inventories	1415200	
Trade payables	(434424)	956339
Cash generated from operations		(139513)
Interest paid	(255247)	
Direct Taxes paid	--	
	(255247)	
Net cash flow from operating activities		(394760)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	--	
Deduction from fixed assets	4389020	
Acquisition of Companies	--	
Purchase of Investments	--	
Sale of Investments	--	
Interest Received	164	
Dividend Received	--	
Net cash used in investing activities		4389184
C. CASH FLOW FROM FINANCIAL ACITVITES		
Proceeds from capital issue	--	
Proceeds from long term Borrowings	--	
Repayment of finances lease liabilities	(4202578)	
Dividend paid	--	
Net cash used in financing activities		(4202578)
Net Increase in cash & cash Equivalentants		(208154)
Cash & cah Equivalentants on 01-04-1999		306325
Cash & Equivalentant on 31-03-2000		98171

For and behalf of the Board of Directors.

Place : Mandsaur
Dated : 29th May, 2000

(V.K. Jain)
(Managing Director)

We have examined the above cash flow statement of Mandsaur Ferro Alloys Limited Mandsaur for the period ended on 31-03-2000. The statement has been prepared by the company in accordance with the requirements of listing agreement clause No. 32 with stock exchange 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 May, 2000 to the members of the company.

For C.H. Padliya & Co.
Chartered Accountants

Place : Mandsaur
Dated : 29th May, 2000

(C.H. Padliya)
Partner
M. No. : 1637

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Annexure-II

Balance sheet abstract and company's General Business Profile

I. Registration Details			
Registration No.	10-05049 (dtd. 31-01-1989)	State code-	10
Balance sheet date	31	03	2000
	Date	Month	Year
II. Capital raised during the years (amount in Rs. Thousands)			
	Public issue		Rights issue
	Nil		Nil
	Bonus issue		Private Placement
	Nil		Nil
III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)			
	Total Liabilities		Total Asset
	41,629.582		41,629.582
Sources of funds	Paid-up Capital		Reserves and surplus
	41,400.000		1,50.000
	Secured Loans		Unsecured Loans
	Nil		79.582
Application of funds	Net fixed Assets		Investments
	20,663.275		2051.080
	Net current Assets		misc. Expenditure
	(6900.063)		509.930
	Accumulated Lossess		
	25,305.361		
IV. Performance of company (Amount in Rs. Thousands)			
	Turnover		Total Expenditure
	1,195.014		1,32,47.648
	Profit/(Loss) Before Tax		Profit/(Loss) after Tax
	(1,17,52.470)		(1,17,52.470)

Generic Names of three principal products/Services of company (as per monetary terms)

item code No. : (Itc code) 6908

Product Description : Ceramic tiles

For- Mandsaur Ferro Alloys Limited

(N.D. Parekh)
Director

(V.K. Jain)
Managing Director

Palce : Mandsaur.

Dated : 29th May, 2000