

Heavy Metal & Tubes Limited

ANNUAL REPORT – 2010-11

Board Of Directors

Kirtilal M. Shah - Chairman
Hitesh K. Jain – Managing Director
Nikhil K. Jain – Managing Director
Dhaval K. Jain – Executive Director
Amit K. Shah - Director
B. Natrajan – Whole Time Director
R.A.Singh – Professional Director
Mool Singh Parmar – Director
Harilal V. Chowdhary - Director

Auditors

Shah Kantilal & Co.
Chartered Accountants
806, Mauryansh Elanza
Shyamal Cross Roads
Satellite , Ahmedabad-15

Consulting Secretary

Anitaben Vyas
Company Secretary
Ahmedabad

Bankers

State Bank of India
Industrial Development Bank of India

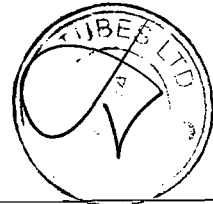
Registered Office

“HEAVY METAL HOUSE”
1, Vijay Vihar Society,
Nr. Vijay Cross Road,
Navrangpura, Ahmedabad-380009

Works

101 & 138, Bileshwarpura
Opp: Jain Temple
Tal. Kalol, Dist. Gandhinagar

193 & 211, At Post Mandali.
Tal. Kadi, Dist. Meshana



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Heavy Metal & Tubes Limited [Amount Rs.]

Balance Sheet As At 31 st March, 2011

(A) SOURCES OF FUNDS :	SCHEDULE	31.03.2011	31.03.10
1. Share Holder's Fund :			
Share Capital	1	93600000	93600000
Reserve & Surplus	2	500028638	446002607
Deferred Tax		76352387	76229542
2. Loan Funds :			
Secured Loans	3	1801964669	1415157961
Unsecured Loans	4	164562435	81825465
TOTAL (A)		2636508129	2112815575

(B) APPLICATION OF FUNDS :

1. Fixed Assets :			
Gross Block (At Cost)	5	778725204	755603051
Less : Depreciation		228733005	184916593
Net Block		549992199	570686458
Add : Capital Work in Progress		669235853	293042634
		1219228052	863729092
2. Investments			
	6	4502792	4402992
3. Current Assets, Loans & Advances			
Inventories	7	934061096	666568241
Sundry Debtors		427291960	490273141
Cash & Bank Balance		113391683	159223167
Loans & Advances		162816903	193490793
		1637561642	1509555342
Less : Current Liabilities & Provisions	8	224784357	264871851
Net Current Assets		1412777286	1244683491
4. Miscellaneous Expenditure			
(To the extent not w/off or adjusted)		0	0
TOTAL (B)		2636508129	2112815575
Accounting Policies & Notes on Account	16		

As per our Report of even date annexed here with

For Shah Kantilal & Co.
Chartered Accountants

Jayesh K. Shah
Partner
M No. 047976
FRN : 112260W

Place: Ahmedabad
Date: 04/07/2011

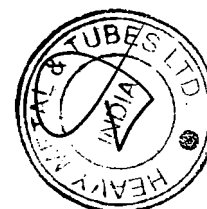


For Heavy Metal & Tubes Limited

Nikhil K. Jain Mg. Director
Dhaval K. Jain Executive Director

Place: Ahmedabad
Date: 04/07/2011

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Heavy Metal & Tubes Limited

[Amount Rs.]

Profit & Loss Account For The Year Ended 31 st March 2011

(A) INCOME	SCHEDULE	31.03.2011	31.03.10
Gross Turnover		2338168363	1950760651
Less : Excise Duty		145941338	102207668
Net Sales		2192227025	1848552983
Wind Mill Income		12823251	17384604
Other Income	9	5333777	7066762
Increase / -Decrease in Stock	10	-10792570	-31564440
TOTAL (A)		2199591483	1841439909
(B) EXPENDITURE			
Raw Materials Consumed	11	1613236485	1417395086
Manufacturing Expenses	12	177225761	127661026
Employee Cost	13	45057636	41913427
Administrative & Selling Exp.	14	166997500	125680881
Financial Expenses	15	59180897	59306985
Depreciation	5	45627780	46158748
TOTAL (B)		2107326059	1818116153
Profit Before Tax (A-B)		92265424	23323756
Provision For Income Tax - Current Tax		35000000	7200000
- Earlier Years		3116548	0
- Deferred Tax		122845	540914
Profit After Tax		54026031	15582842
Excess Provision W/Back		0	45870
		54026031	15628712
Add: Balance Brought Forward		305602607	289973895
Balance Available For Appropriations:		359628638	305602607
Appropriations:			
Dividend & Tax on Dividend		0	0
Balance Carried To Balance Sheet		359628638	305602607
Earning Per Share		5.77	1.67
Accounting Policies & Notes on Account	16		

As per our Report of even date annexed here with

For Shah Kantilal & Co.
Chartered Accountants

Jayesh K. Shah

Partner

M No. 047976

FRN : 112260W

Place: Ahmedabad

Date: 04/07/2011



For Heavy Metal & Tubes Limited

Nikhil K. Jain

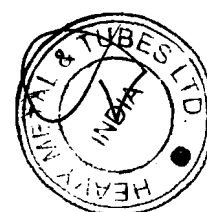
Mg. Director

Dhaval K. Jata

Executive Director

Place: Ahmedabad

Date: 04/07/2011

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Heavy Metal & Tubes Limited

Cash Flow Statement For The Year Ended	31-Mar-11	31-Mar-10
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extraordinary Items	89148876	23323756
Adjustments for :		
Depreciation/Written off	45627780	46158748
Interest/Dividend (Net)	59133295	59176647
Excess Provision W/back	0	45870
Loss/(Profit) on sale of Assets	241682	(233306)
Operating Profit before Working Capital Changes	194151633	128471715
Adjustments for :		
Trade & Other Receivables	93655071	(292829897)
Inventories	(267492855)	97407889
Trade Payables	183062078	184341064
Cash Generated from Operations	203375927	117390771
Interest Paid (Net)	59180897	59306985
Cash flow before extraordinary items	144195030	58083786
Extra Ordinary Items		0
Net Cash Generated/Used in operations	144195030	58083786
B. Cash Flow From Investment Activities		
Net Purchase / Sale of Fixed Assets	(401368423)	(258654500)
Purchase/Sale of Investment	(99800)	251928
Interest/Dividend received	47602	130338
Net Cash Flow From Investment Activities	(401420621)	(258272234)
C. Cash Flow From Financing Activities		
Proceed from issue of Share Capital/Premium	0	0
Proceed from Long Term/ Short term Borrowings	211394111	235109664
Dividend Paid	0	0
Net Cash Flow From Financing Activities	211394111	235109664
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(45831477)	34921216
D. Cash & Cash Equivalents As On 01-04-10	159223167	124301951
E. Cash & Cash Equivalents As On 31-03-11	113391690	159223167

Note:

1. Above Statement is prepared in the Indirect Method

For Shah Kantilal & Co.
Chartered Accountants

Jayesh K. Shah
Partner

M No. 047976
FRN : 112260W

Place: Ahmedabad
Date: 04/07/2011

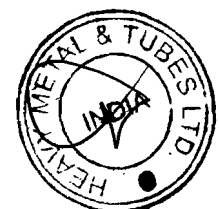


For Heavy Metal & Tubes Limited

Nikhil K. Jain
Mg. Director

Dhaval K. Jain
Executive Director

Place : Ahmedabad
Date : 04/07/2011



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Heavy Metal & Tubes Limited

[Amount Rs.]

SCHEDULE 1 TO 16 FORMING PART OF THE ACCOUNTS

SCHEDULE " 1 " SHARE CAPITAL

31.03.2011

31.03.10

AUTHORISED :

12000000(12000000) Equity shares of Rs. 10/-(10/-) each

120000000

120000000

ISSUED, SUBSCRIBED & PAID UP :

9360000(9360000) Equity Shares of Rs. 10/- each fully paid up

93600000

93600000

(Of the above shares, 6600000 shares allotted as fully paid up by way of Bonus shares out of capitalisation of Share Premium Account and Profit & Loss Account)

93600000

93600000

SCHEDULE " 2 " RESERVES & SURPLUS

Profit & Loss Account :

As per Profit & Loss Account

359628638

305602607

General Reserve

1000000

1000000

Share Premium Account :

134400000

134400000

Subsidy

5000000

5000000

500028638

446002607

SCHEDULE " 3 " SECURED LOANS

A. Loans from State bank of India :

a. Cash Credit / Working Capital Loans

818795645

737929362

[Including balance of Buyers Credit for Rs. 38,36,29,670/- (Rs. 29,30,68,457/-), creditors for goods under D/A L/C for Rs. 6,01,19,230/- (Rs. 6,25,02,439/-) & FBD / IBD under L/C

b. Term Loans

414613654

297051302

[Including balance of Buyers Credit for capital goods for Rs.19,70,73,150/- (Rs.5,04,00,240)]

[Includnes Interest Due on Term Loan of Rs. 19,04,043/- (Rs. 19,16,324/-) & Foreign Exchange Difference Rs. 16,48,152/- (Rs.-1,97,52,981)]

(Refer Note No. 3 of Schedule "16")

B Loans from IDBI Bank :

a. Cash Credit / Working Capital Loans

433907062

256623778

[Including balance of Buyers Credit for Rs. 27,23,34,008/- (Rs.17,63,28,261/-) & Creditors for goods under D/A L/C for Rs.6,03,83,071/- (Rs. 2,07,92,671/-) & FBD / IBD under L/C for Rs.Nil (1,12,64,653/-)]

b. Term Loans

134281537

122363300

(Including balance of Buyers Credit for capital goods for Rs. 3,37,48,760/- (Rs. 3,23,93,609) granted by bank & Creditors for capital goods under D/A L/C issued by bank for Rs. Nil - (Rs 32,88,896/-) & Foreign Exchange Difference Rs.

B. Loans from Others :

a. Hire Purchase Loan (Against Vehicles)

- H.D.F.C. Bank

267388

782000

- Tata Capital Limited

99383

408219

- I.C.I.C.I. Bank Ltd.

1801964669

141515796

SCHEDULE " 4 " UNSECURED LOANS

Loan From Promoters, Directors, Shareholders & Relatives

42562435

682546

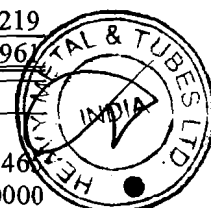
Loan from Corporate Body

122000000

75000000

164562435

81825465



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Heavy Metal & Tubes Limited

31/03/2011

FIXED ASSETS

SCHEDULE "5"

[Amount Rs]

Sr. No	Name of Assets	Gross Block			Depreciation				Net Block		
		As on 01.04.10	Addition	Deduction	As on 31.03.11	As on 01.04.10	Addition	Deduction	As on 31.03.11	As on 31.03.11	As on 31.03.10
1	Land & Land Development	50999744	2320768	0	53320512	0	0	0	0	53320512	50999744
2	Building	194071571	5670724	423500	199318795	27983941	6063785	10584	34037142	165281653	166087630
3	Plant & Machinery	249619446	11405310		261024756	100147862	24118017		124265879	136758877	149471584
4	Wind Turbine Generator	195389948	88819		195478767	32448011	10316603		42764614	152714153	162941937
5	Electric Installation	18975855	288599		19264454	8253743	1674647		9928390	9336064	10722112
6	Furniture & Fixtures	11175420	676874		11852294	3204036	699525		3903561	7948733	7971384
7	Equipments & Dead Stock	10455693	284956		10740649	2524279	506522		3030801	7709848	7931414
8	Computer	6851685	456915		7308600	3857273	801457		4658730	2649870	2994412
9	Vehicles	18063689	5537039	3184351	20416377	6497448	1447224	1800784	6143888	14272489	11566241
	Total Rs.	755603051	26730004	3607851	778725204	184916593	45627780	1811368	228733005	549992199	570686458
	Previous Year	759513303	12333524	16243776	755603051	138862106	46158748	104261	184916593	570686458	

CAPITAL WORK IN PROGRESS	31.03.2011	31.03.2010
Building	136442151	79951224
Plant & Machinery	386569092	169917814
Electric Installation	38484014.5	1194255
Pre-Operative Expenses	100876162	40918063
Office & Factory Equipments	2075966	768577
Computer & Fax	268375	
Furniture & Fixtures	4520092	292701
Total Rs.	669235853	293042634



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Heavy Metal & Tubes Limited [Amount Rs.]
SCHEDULE " 6 " INVESTMENTS 31.03.2011 31.03.10

(Non Trade - At Cost)

Un-Quoted Shares of:

Subsidiary Company

9800 Equity Shares of HM Finance Ser.P.L. (F.V.10)	98000	98000
9980 Equity Shares of Heavy Engg. P. L. (F.V. 10)	99800	0

Others:

Harsh Rajan Owners Association	11826	11826
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Quoted Fully paid up Equity Shares of:

1200 (1200) GSFC (F.V. Rs. 10)	24000	24000
1000 (1000) Asian Oilfield Ltd.(F.V. Rs. 10)	147600	147600
30338(30338) Varun Ind. Ltd.(F.V. Rs. 10)	1833932	1833932
2400 B.F.Utilities Ltd.(F.V. Rs. 10)	2111654	2111654
100 Gandhi Special 07 Ltd.(F.V. Rs. 10)	7523	7523
100 ISMT Ltd.(F.V. Rs. 10)	5015	5015
500 Jindal Saw Ltd. (F.V. Rs. 2/-)	72022	72022
100 Mahalaxmi Seamless Ltd.(F.V. Rs. 10)	1752	1752
100 Maharashtra Seamless Ltd.(F.V. Rs. 10)	33036	33036
100 Ratnamani Metal & Tubes Ltd.(F.V. Rs. 2)	9288	9288
100 Remi Metal Gujarat Ltd.(F.V. Rs. 10)	3263	3263
100 Suraj Stainless Ltd.(F.V. Rs. 10)	9081	9081

[Market value of Quoted Shares Rs. 76.64 (74.19 Lacs)]

Other:

Gold/Silver Coins	35000	35000
	<u>4502792</u>	<u>4402992</u>

SCHEDULE " 7 " CURRENT ASSETS LOANS & ADVANCES

A. INVENTORIES :

(As taken & Certified by Management)

Raw Materials	461195922	219785472
Scrap	27217180	15728732
Semi finished goods	309984606	325495278
Finished Goods	73377067	80147413
Stores, Chemicals, Packing & Fuel	62286321	25411346
	<u>934061096</u>	<u>666568241</u>

B. SUNDRY DEBTORS :

(Unsecured, Considered Good)

Outstanding for a period :

a. Exceeding Six Months	19233321	12626743
b. Other	408058639	477646398
	<u>427291960</u>	<u>490273141</u>

C. CASH & BANK BALANCES :

Cash on Hand	1200699	279308
Balance with Schedule Bank :		
In Current Account	27832909.1	30851315
In Fix Deposit Account	84358075	128092544
	<u>113391683</u>	<u>159223167</u>

D. LOANS & ADVANCES :

(Unsecured, Considered Good)

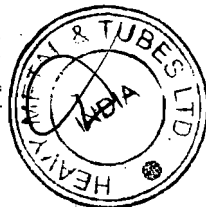
Advance recoverable in cash or kind or for value to be received	11885293	62645752
Advance Tax & TDS	27226253	17337759
Balance with Excise	58833725	43849766
Sundry Deposits	37926935	36712138
Advance to Suppliers	26944697	32945378
(Due from subsidiary companies Rs. 15,32,200/- (Rs. 2,57,000/	<u>162816903</u>	<u>193490793</u>

TOTAL (A + B + C + D)

1637561642 1509555342



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Heavy Metal & Tubes Limited		[Amount Rs.]	
SCHEDULE " 8 " CURRENT LIABILITIES & PROVISIONS		31.03.2011	31.03.10
A. CURRENT LIABILITIES :			
Advance from Customers		11570713	17128748
Sundry Creditors for Goods & Expenses		90649555	205118394
Creditors for Capital Goods		39324461	16594533
Other Liabilities		47347798	18050322
		<u>188892527</u>	<u>256891997</u>
B. PROVISIONS :			
For Taxation		35000000	7200000
For Gratuity & Leave Encashment		891830	779854
		<u>35891830</u>	<u>7979854</u>
TOTAL (A + B)		<u>224784357</u>	<u>264871851</u>

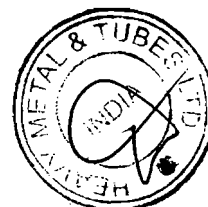
SCHEDULE " 9 " OTHER INCOME		
Rent Income	165000	80000
Dividend Income	47602	130338
Gain On Sale Of Share	0	1449272
Profit on Sales of Assets	737084	364253
Miscellaneous Income	253824	0
Commission Income	4130267	5042899
	<u>5333777</u>	<u>7066762</u>

SCHEDULE " 10 " INCREASE / (DECREASE) IN STOCK		
Closing Stock of :		
Scrap	27217180	15728732
Semi Finished goods	309984606	325495278
Finished Goods	73377067	80147413
	<u>410578853</u>	<u>421371423</u>
Less : Opening Stock of :		
Scrap	15728732	49157440
Semi Finished goods	325495278	296474859
Finished Goods	80147413	107303564
	<u>421371423</u>	<u>452935863</u>
INCREASE / (DECREASE) IN STOCK	<u>-10792570</u>	<u>-31564440</u>

SCHEDULE " 11 " RAW MATERIAL CONSUMED		
Opeing Stock	219785472	285338051
Add : Purchase during the year	1854646935	1351842507
	<u>2074432407</u>	<u>1637180558</u>
Less : Closing Stock	461195922	219785472
Raw Materials Consumed	<u>1613236485</u>	<u>1417395086</u>



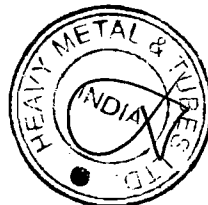
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Heavy Metal & Tubes Limited		[Amount Rs.]	
SCHEDULE " 12 " MANUFACTURING EXPENSES		31.03.2011	31.03.10
Stores & Spares Consumed		38733084	26588946
Power & Fuel		49842738	36761875
Quality Control & Testing		4990733	4587886
Labour Charges		15983838	13814662
Machinery Repairs & Maintenance		24911369	18562310
Other Repairs & Maintenance		6286916	6700062
Freight Cartage & Octroi		21370062	10136466
Conversion Charges		12823764	8397699
Factory expenses		758438	678264
Security Service Charge		1524819	1432856
		<u>177225761</u>	<u>127661026</u>
SCHEDULE " 13 " EMPLOYEE COST			
Salary, Wages & Bonus		37487127	36941642
Staff Welfare Expense		4746074	3362312
Contribution to P.F. & Other Funds		2824435	1609473
		<u>45057636</u>	<u>41913427</u>
SCHEDULE " 14 " ADMINISTRATION & OTHER EXPENSES			
Telephone, Postage & Telegram		1644047	1593951
Conveyance, Travelling & Vehicle Exp.		8676450	7393095
Printing & Stationery		1157997	1037388
Legal & Professional Fees		4945942	5481111
Insurance		5068311	4432843
Auditor's Remuneration		175000	175000
Office & Other Expenses		5297986	4992588
Packing & Forwarding		54962779	28209942
Commission & Brokerage		28330004	13067236
Excise duty & Sales Tax		42813521	52629281
Other Selling Expenses		12946697	6537499
Loss On Sale Of Assets		978766	130947
		<u>166997500</u>	<u>125680881</u>
SCHEDULE " 15 " FINANCIAL EXPENSES			
Interest & Charges paid			
To Bank & Financial Institutes		78434379	69018625
To Other		1019084	1012842
		<u>79453463</u>	<u>70031467</u>
Less : Interest Earned (Gross)		20272566	10724482
(TDS Rs.19,02,045/- , P.Y Rs. 1067785)			
		<u>59180897</u>	<u>59306985</u>



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Heavy Metal & Tubes Limited
SCHEDULE "16"

I. ACCOUNTING POLICIES:

1. Basis of Accounting:

The accounts have been prepared based on historical cost and on the basis of a going concern with revenues considered and expenses accounted wherever possible on their accrual including provisions/adjustments.

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

2. Fixed Assets And Depreciation:

Fixed Assets are recorded at historical cost inclusive of Pre-Operative expenses incurred during construction period less depreciation and tax credit.

Depreciation has been provided on straight-line method at the rates and manner specified in schedule XIV to the Companies Act, 1956.

3. Inventory Valuation:

Raw material, Stores & Spares, Finished Goods and Semi Finished Goods are valued at lower of cost and net realizable value. Scrap is valued at realisable value.

4. Revenue Recognition:

Sales are inclusive of sales tax, excise duty, export incentives. Sales value is net of Foreign Exchange rate difference relating to transactions of sales. Windmill income for captive use of power is accounted at the rate of UGVCL.

5. Employee Benefits

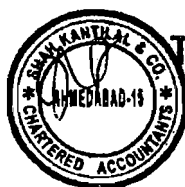
Provident Fund

The Company Contributes to a recognized provident fund which is a defined contribution scheme. The contribution are accounted for on an accrual basis and recognized in the profit and loss account.

Gratuity:

Short term employee benefits are recognized as an expense at the undiscounted amount in the P & L Account of the year in which the related service is rendered.

Post employment and other long term benefits are recognized as an expense in the P & L Account for the year in which the employee has rendered services. Liabilities in respect of gratuity of employees are funded under the employee's group gratuity scheme with the SBI Life Insurance.



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6. Investments:

Investments are valued at Cost. Non-Trade (Long Term) Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary.

7. Foreign Currency Transactions:

Foreign currency transactions are accounted at the rate prevailing on the day of transaction and the difference if any on realisation are recognized in Profit & Loss Account except in respect of liabilities incurred for acquiring fixed assets, in which case such differences are adjusted in the carrying amount of the respective fixed assets. Monetary foreign currency items at the period end are translated at the applicable exchange rates.

In respect of transaction covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortized as expense/income over the life of contract. The exchange difference measured by the exchange rate between the inception of the forward contract and date of balance sheet is applied on foreign currency amount of the forward contract.

The company is exposed to currency fluctuation on foreign currency transaction. With a view to minimize the volatility arising from fluctuations in the currency rates, the company follows the formulated risk management policies including forward contract and other derivative instruments. Profit/Loss on such transactions including unsettled transactions at year end is recognized in the Profit & Loss Account.

8. Materials Consumption:

Material purchase is net of tax credit availed and excise duty. Consumption value is net of Foreign Exchange rate difference relating to transactions of purchases.

9. Taxes on Income:

Provision for Current Tax is computed as per total Income returnable under the Income Tax Act, 1961 taking into account available deductions and exemptions. Deferred Tax is recognised for all timing differences being the differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

10. Borrowing Cost:

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

11. Provision, Contingent Liabilities & Contingent Assets:

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

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12. Impairment of Assets

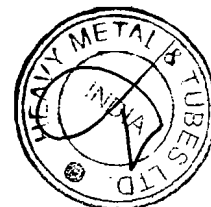
An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

13. Financial Derivatives

In respect of derivative contracts, premium paid, gains / losses on settlement and provision for losses for cash flow hedges are recognized in the Profit and Loss Account.

II. NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR 2010-11:

1. Previous year figures are regrouped/rearranged/recast wherever necessary. Previous year figures are shown in brackets.
2. Contingent liabilities not provided for:
 - (i) Letter of credit issued by bank Rs.2428.67 (2838.90) lacs [net of goods received under D/A L/C & Buyers credit of Rs.7764.66 (6387.75) lacs]
 - (ii) Guarantee given by bank on behalf of Company Rs.479.41 (420.95) lacs [Against Deposit (including accrued interest) for L/C & B/G for Rs.843.58 (1280.93) lacs]
 - (iii) Income tax Rs. Nil (Rs.28,69,374/-) against which company has preferred an appeal.
 - (iv) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs.Nil (3606.00 Lacs).
3. The various Credit Facilities granted by State Bank of India and IDBI Bank are secured as under:
 - (I) Primary Security:
 - (a) The Working Capital facilities are secured by Pari passu 1st charge over entire current assets of the company..
 - (b) The Term Loans are secured by 1st charge by way of EM over the factory and Windmill land, Factory & Office Building, Wind Mill and Plant & Machinery of the company.
 - (II) Collateral Security:
 - (a) The Working Capital facilities are collaterally secured by:
 - (i) Pari passu 2nd charge over fixed assets of Unit II and III of the Company.



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- (b) The Term Loan facilities are collaterally secured by:
- (i) Pari passu 2nd charge over entire current assets of the company.
- (c) The entire credit facilities are collaterally secured by:
- (i) EM of office premises of the company at Ashwarath, Usmanpura, Ahmedabad, Factory Land of unit I and Wind mill Land at Surajbari.
- (ii) Hypothecation of existing Plant and Machinery including windmills.
- (iii) Personal guarantee of some of the directors of the company.

- | | | | |
|----|--------------------------------|----------------|----------------|
| 4. | Payment to Auditors (Rs.): | <u>2010-11</u> | <u>2009-10</u> |
| | A. Audit/Tax Audit Fees | 175000/- | 175000/- |
| | B. Taxation Fees | 50000/- | 45000/- |
| 5. | Director's Remuneration (Rs.): | | |
| | A. Salary | 12300000/- | 11100000/- |
6. Balance of Depositors, Creditors, Debtors and other parties are subject to confirmations.
7. The Company has taken unsecured loans/deposits from Directors and Shareholders as per the stipulations of loan/credit facilities taken from Bank.
8. By virtue of the option granted by notification no. 225 {E} dated 31.03.2009 issued by the Ministry of Corporate Affairs relating to limited relaxation in the provision of "Accounting Standard -11" in respect of Exchange Difference on foreign currency loans, the company has debited Rs.2.37 (credited Rs. 155.12) Lac to the carrying cost of Fixed Assets on account of foreign exchange difference for the year 2010-11.
9. As per the Accounting Standard-16 "Borrowing Cost" issued by the ICAI. Borrowing cost of Rs.43680519/- (Rs.21299994/-) attributable to the acquisition/construction of qualifying assets are capitalized as part of the cost of such asset up to the date when such assets are ready for the intended use. Other borrowing costs are charged as expense in the year in which they incurred.
10. I. Related Parties: (As per AS 18)
- A. Key Management Personnel: -
Shri Kiritilal M. Shah-Chairman, Shri Hitesh K. Jain-Mg. Director, Shri Nikhil K. Jain- Mg. Director, Shri Dhaval K. Jain- Executive Director, Shri B. Natrajan- Technical Director ,.
- Relatives: -
Hitesh K. Jain (HUF), Nikhil K. Jain (HUF), Veeraben K. Shah, Dipan H. Jain, Pinki Nikhil Jain, Priyanshi H. Jain, Vaishali H. Jain, K.M. Shah & 3 Others, Manjulaben K. Jain, Trupti Dhaval Jain

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B. Associates Concerns: -

Heavy Metal & Tubes, SKM Steel Limited, Heavy Metal Pipe Center, SKM Enterprises Pvt. Ltd., SKM Construction Pvt. Ltd.,

C. Subsidiary companies :-

HM Financial Services Pvt. Ltd, Heavy Metal Engineering Pvt.Ltd.

II. Transactions with related parties (In Rupees):-

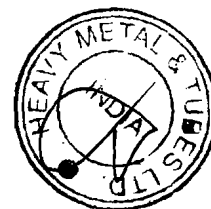
Particulars	As at 01.04.10	Transaction for the year	As at 31.03.11
A. Key Management Personnel			
a. Deposit	2523647	1299320	3822967
b. Interest Paid		304800	
c. Salary		12300000	
B. Relatives			
a. Deposit	4301818	34367650	38669468
b. Interest Paid		549098	
c. Rent		264000	
C. Associate Concerns			
a. Lease Rent	1189133	720000	234313
b. Purchase	332138	85055479	-372368
c. Sales	-10000000	271924552	0
d. Interest Expense	0	4750767	0
e. Deposit	75000000	47000000	122000000
f. Interest Income	0	11092044	0
D. Subsidiary companies			
a. Investment	0	197800	197800
b. Advance	232000	1300200	1532200

11. Basic & Diluted Earning per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earning per Share": (In Rupees)

Particulars		Current Year	Previous Year
Basic & Diluted			
Profit After Tax	A	54026031	15628712
Number of Shares Subscribed	B	9360000	9360000
Basic & Diluted EPS	A/B	5.77	1.67

12. As per Accounting Standard 22 (AS-22) "Accounting for Taxes on Income" Major Components of Deferred tax Assets and Liabilities:

Particulars	Up to 31/03/10	For current year	As at 31/03/11
Timing Difference:			
Depreciation on Fixed Assets	254878326	521460	255399786
Gratuity & Leave Encashment	(779854)	(111976)	(891830)
Total	254098472	409484	254507956
Deferred Tax Liability	76229542	122845	76352387



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13. As per Accounting Standard 15 "Employee benefits" the disclosures as defined in the Accounting Standard are given below:

Defined Contribution Plans

Contribution to Defined Contribution Plans, recognized as expense for the year is as under:

	2010-11	2009-10
Employer's Contribution to Provident fund	14.81	14.08

Defined Benefit Plan

The employees' gratuity fund scheme managed by a SBI Life Insurance Co. Ltd. is a defined benefit plan. The present Value of Obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Reconciliation of opening and closing balances of Defined Benefit Obligation

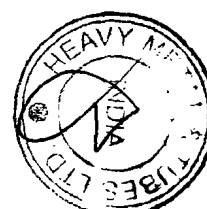
Gratuity (funded)		
	2010-11	2009-10
Defined Benefit Obligation at beginning of year	4855290	2367610
Current Service Cost	567018	979575
Interest Cost	376387	189409
Actuarial (gain)/loss	(2602758)	1318696
Benefits Paid	(300907)	0
Defined Benefits Obligation at year end	2895030	4855290

Reconciliation of opening and Closing balances of fair value of Plan Assets

Gratuity (Funded)		
	2010-11	2009-10
Fair value of Plan assets at beginning of year	2895030	1773709
Expected return on Plan assets	213283	182670
Actuarial gain/(loss)	33942	665
Employer Contribution	0	858217
Benefits Paid	(300907)	0
Fair value of Plan assets at year end	2761577	2815259

Reconciliation of fair value of assets Obligations

Gratuity (Funded)		
	As at 31st March	
	2011	2010
Fair value of Plan assets	2761577	2815259
Present value of Obligation	2895030	4855290
Amount recognized in Balance Sheet	(133453)	2040031



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Expenses recognized during the year (Under the "Payments to and Provisions for Employees" -

Gratuity (funded)		
	2010-11	2009-10
Current Service Cost	567018	979575
Interest Cost	376387	189409
Expected return on Plan assets	(213283)	(182670)
Actuarial (gain)/loss	(2636700)	1318030
Net Cost	(1906578)	2304345

Actuarial assumptions

Gratuity (Funded)		
	2010-11	2009-10
Mortality Table(LIC)	1994-96	1994-96
	(Ultimate)	(Ultimate)
Discount rate (per annum)	8%	8%
Expected rate of return on plan assets (per annum)	8%	8%
Rate of escalation in salary (per annum)	8%F5Y & 6% TA	5%

The estimates of rate of escalation in salary considered in actuarial valuation, take in to account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plans assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

During the year the company has paid Rs. Nil/- (8,58,215/-) towards annual contribution for payment of retirement benefit to the employees.

14. The company has paid premium of Rs. 20.19 (20.07) Lac on key man insurance policy on the life of directors, which is included in insurance expenses.
15. In the absence of any information from vendors regarding the status of their registration under the "Micro, Small and Medium Enterprises Development Act, 2006", the company is unable to comply with the disclosure requirement to be made under the said Act.



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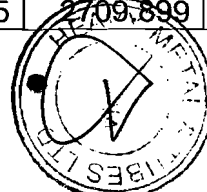
16. Additional information pursuant to the provisions of paragraphs 3, 4C and 4 D Part II, Schedule VI to the Companies Act 1956: (As certified by the management).

A. LICENSED & INSTALLED CAPACITIES & PRODUCTION				
Class of Goods	Unit	Capacity		Production
		Licensed	Installed	
1. Cold Drawn Seamless Tubes	MT	N.A. (N.A.)	25200 (25200)	13786.818 (10504.071)
2. ERW S.S. Tubes	MT	N.A. (N.A.)	900 (900)	42.472 (84.815)
3. Hot Finish Seamless Tubes	MT	N.A. (N.A.)	47200 (7200)	1235.172 (2736.351)
4. SS/MS/Carbon Tube Scrap	MT	N.A.	N.A.	1977.463 (1713.513)

Note:

1. Installed capacity is assessed by the management and being a technical matter accepted by the Auditors as correct. Licensed capacity is not applicable. Previous year figure are in bracket
2. Production of Hot Finish Seamless Tubes is for Captive Consumption.
3. As informed by the management, the installed capacity of hot finished seamless tubes includes 40000 M.T for Unit-III of the company, which has commenced operations w.e.f 25th January, 2011, however the commercial production is yet to be started.

B. STOCKS	Unit	Current Year		Previous Year	
		Quantity	Amount	Quantity	Amount
(I) Opening Stock					
(a) Finish Goods					
1. Cold Drawn Seamless Tube	MT	405.537	78681085	547.445	101609113
2. ERW S.S. Tubes	MT	6.852	1466328	34.632	5579066
3. Hot Finish Seamless Tubes	MT				
(b) Semi Finish Goods					
1. Cold Drawn Seamless Tube	MT	2709.899	319883952	1616.784	283509032
2. ERW S.S. Tubes	MT	28.711	5340246	46.845	7120440
3. Hot Finish Seamless Tubes	MT	9.036	271080	67.772	5845387
(c) Scrap					
1. SS/MS/Carbon Steel Tubes	MT	662.429	15728732	1002.223	49157440
(d) Trading Goods					
1. Tubes & Pipes	MT	Nil	Nil	23.070	115385
(II) Closing Stock					
(a) Finish Goods					
1. Cold Drawn Seamless Tube	MT	1027.647	73377067	405.537	78681085
2. ERW S.S. Tubes	MT	Nil	Nil	6.852	1466328
(b) Semi Finish Goods					
1. Cold Drawn Seamless	MT	1843.101	304812685	2709.899	319883952



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Tube					
2. ERW S.S. Tubes	MT	26.531	5171972	28.711	5340246
3. Hot Finish Seamless Tubes	MT	Nil	Nil	9.036	271080
(c) Scrap					
1. SS/MS/Carbon Steel Tubes	MT	420.515	27217180	662.429	15728732
(d) Trading Goods					
1. Tubes & Pipes	MT	Nil	Nil	Nil	Nil
C. SALES					
1. Cold Drawn Seamless Tubes	MT	13164.708	2338168363	10645.979	1950760651
2. ERW S.S. Tubes	MT	49324		112.595	
3. SS/MS/Carbon Steel Tubes	MT	2219.377		2053.307	
4. Steel Pipes and Coils	MT	5151.91		3797.77	
Note: Amount of Sales is inclusive of amount for Job work sales, export incentives & foreign currency fluctuation. Sales includes Rs Nil (Rs. 115350/-) Nil MT (23.070 MT) for inter unit transfer for captive use in Capex.					
D. CONSUMPTION & PURCHASE					
1. Seamless Tubes	MT	16046.271	1613236486	13758.724	1417395086
2. S.S. Coil	MT	49.945		83.329	
3. SS/NAS Bar/Billets	MT	1487.205		3216.807	
4. Steel Pipes and Coils	MT	5151.91		3797.77	

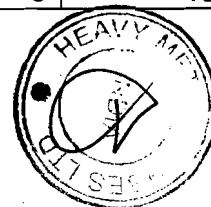
17. Imported and indigenous raw materials consumption:

	Current Year		Previous Year	
	Amount	% Of total consumption	Amount	% Of total consumption
A. Indigenous	286958883	17.79 %	581952934	41.05 %
B. Imported	1326277603	82.21 %	835442152	58.95 %

Note: Amount of consumption includes value of goods purchased for high seas sale/Resale.

18. Expenditure in Foreign Currency (Rs.):

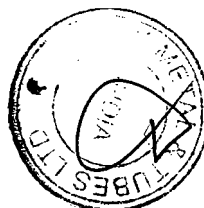
Particulars	Current Year	Previous Year
A. CIF Value of Imports:		
a. For Raw Materials	1408563450	562496920
b. For Capital Goods	176572446	83709313
c. For Stores	36098483	821552
d. For Machinery Spares	7890136	7041378
B. Traveling Expense	846701	808170
C. Sales Commission	8241940	3698260
D. Sales Promotion	45840	306322
E. Advertisement	1738950	1389895
F. Legal & Professional fees	731646	2283456
G. Labour Charges	0	198080



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19. Statement pursuant to Section 212 of the companies Act, 1956 relating to subsidiary companies (in Rs.)

Sr No.	Particulars	HM Financial Services Pvt Ltd	Heavy Metal Eng. Pvt Ltd
1	Financial years of the Subsidiary Company ended on	31st March, 2011	31st March, 2011
2	Shares of the Subsidiary Company held on the above date and extent of holding a) Equity Shares b) Extent of Holding	9800 98%	9980 99.8%
3	The net aggregate amount of the Subsidiaries profit/(loss) so far as it is concerned with the members of the Heavy Metal & Tubes Ltd. i) Not dealt within the holding company 's accounts a) For the financial year of the subsidiary b) For the previous financial years of the subsidiary/ since it became the Holding company's subsidiary ii) Dealt within the holding company 's accounts a) For the financial year of the subsidiary b) For the previous financial years of the subsidiary/ since it became the Holding company's subsidiary.	Nil Nil Nil Nil	Nil Nil Nil Nil
4	Material changes, if any between the end of the financial year of the subsidiary company and that of the Holding company	NA	NA
5	Additional information on Subsidiary Companies Share Capital Reserves Total assets Total liabilities Investment Turnover Profit before Taxation Provision for Taxation Profit after Taxation Proposed Dividend	100000 Nil 232000 232000 Nil Nil Nil Nil Nil Nil	100000 Nil 1950200 1950200 Nil Nil Nil Nil Nil Nil



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20. Earning in foreign currency: -

F.O.B Value of Export Sales Rs. 547731755 (173294002)

Signature to Schedule 1 to 16

As per our Report of even date

For Shah Kantilal & Co.
Chartered Accountants



Jayesh K. Shah
Partner
M.No. 047976
FRN : 112260W



Place: Ahmedabad
Date : 04/07/2011

For Heavy Metal & Tubes Limited


Nikhil K. Jain
Mg. Director


Dhaval K. Jain
Executive Director

Place: Ahmedabad
Date : 04/07/2011



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Heavy Metal & Tubes Limited

Balance Sheet Abstract and Company's General Business Profile

Balance sheet Date : 31.03.2011 (Amount Rs.)

I. Registration Details

Registration No. : 14554 State code : 04

II. Capital raised during the year

Public Issue : NIL Right Issue : NIL
Bonus Issue : NIL Private Placement : NIL

III. Position of Mobilisation and Deployment of funds

Total Liabilities : 2,636,508,129 Total Assets : 2,636,508,124

Source of Fund

Paid up Capital : 93600000 Reserve & Surplus : 500028638
Secured Loans : 1801964669 Unsecured Loans : 164562435
Deferred Tax : 76352387

Application of Funds

Net Fixed Assets : 1219228052 Investments : 4502792
Net Current Assets : 1412777280 Deferred Tax Assets : NIL
Misc. Expenditure : NIL Accumulated Losses : NIL

IV. Performance of the company

Turnover & Other Income : 2199591483 Total Expenditure : 2107326059
Profit before Tax : 92265424 Profit after Tax : 54026031
Earning per Share in Rs. : 5.77 Dividend Rate % : NIL


V. Generic Name of the Principal Products / Services of the Company.

(As per momentary terms)

Item code No. (ITC Code) : Product Description :
1. 73041001 1. Seamless Steel Tubes
2. 72071103 2. SS Welded Tubes

For Shah Kantilal & Co. Heavy Metal & Tubes Limited

Chartered Accountants


Jayesh K. Shah
Partner

M No. 047976
FRN : 112260W

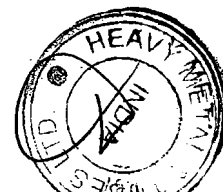
Place: Ahmedabad
Date: 04/07/2011




Nikhil K. Jain
Mg. Director


Dhaval K. Jain
Executive Director

Place: Ahmedabad
Date: 04/07/2011



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