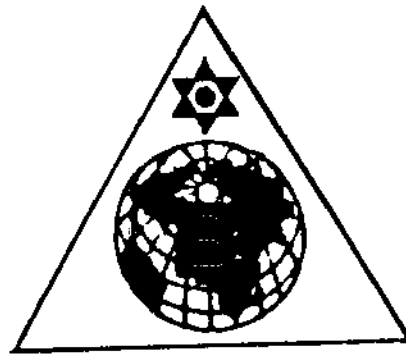


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BHAGWANDAS METALS LIMITED



CERTIFIED TRUE COPY.

For BHAGWANDAS METALS LIMITED

C. Namdeo

Company Secretary

14th ANNUAL REPORT 1995-96





BHAGWANDAS METALS LIMITED

BOARD OF DIRECTORS	Sri G.P. Agarwal	<i>Chairman</i>
	Sri M.L.Sonthaliya	<i>Managing Director</i>
	Sri Ajay Kumar Sonthalia, A.C.A.,	<i>Director</i>
	Sri S.C.M.Jamaldeen	<i>Director</i>
	Sri V.Sankarasubbiyan, I.A.S. (Retd.)	<i>Director</i>
	Sri R.P.Rai	<i>Director</i>
	Sri C.Ramesan	<i>Nominee Director, I.R.B.I.</i>

Company Secretary Sri C.Namasivayam

Auditors M.Raghunath & Co.
Chartered Accountants
No.4, Stringer Street
III Floor, Broadway
Madras - 600 108

Bankers Syndicate Bank
Madras Main Branch
69, Armenian Street
Madras 600 001

REGISTERED OFFICE

REGISTERED OFF. DOOR NUMBER: 61, AT:1ST FLOOR
SEMBUDOSS ST.; MADRAS CITY PINN NO-600001. TAMILNAD
S. INDIA, INDIA

FACTORY

FACTORY MAIN DOOR NUMBER: 117 SADAYANKUPPAM VILLAGE RD.,
MANAALI, MADRAS PINN NO. 600103. TAMILNAD
S. INDIA, INDIA

SHARE TRANSFER AGENTS

M/s. Cameo Share Registry Limited
No.1, Club House Road
Madras 600 002

Notice of Annual General Meeting

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of **Bhagwandas Metals Limited** will be held on Friday, the 20th day of September 1996 at 10.a.m.at **NEPC Corporate Hall, 83, Madras Tiruvailur High Road, Ambattur, Madras - 600098**, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1996 and the Profit and Loss Account for the year ended 31st March, 1996 and the reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 1996.
3. To appoint a Director in place of Mr.G.P.Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.R.P.Rai who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration. M/s.M.Raghunath & Co., who retire at this meeting, being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Special Resolution:**

"RESOLVED THAT pursuant to section 149(2A) and all other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the Board of Directors for commencing and undertaking the business specified in sub-clause 11 of clause IIIC of the Memorandum of Association of the Company, as and when deemed fit by the Board of Directors namely:

11. To carry on business in land and as estate agents and to arrange or undertake the sale, purchase or advertise for sale or purchase, assist in selling or purchasing and find or introduce purchasers or vendors of, and to manage land, buildings and other property, whether belonging to the Company or not and to let any portion of any premises for residential, trade or business purposes, or other private or public purposes, and to collect rents and income and to supply to tenants and occupiers refreshments, club, public halls, messengers, lights, waiting rooms, reading rooms, meeting rooms, lavatories, laundry convenience, electric convenience, garages and other advantages".

Place : Madras
Date : 23.07.1996

By order of the Board

sd/-

M.L.SONTHALIYA

Managing Director



NOTES

- A. A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote on his behalf. A proxy need not be a member of the Company. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- B. Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 for item number 6 is detailed below.
- C. The Register of Members and the Share Transfer Books of the Company will remain closed from 10.09.96 to 20.09.96 (both days inclusive).
- D. Payment of dividend as recommended by the Board, if approved at this meeting, will be made to those members whose name appear in the Register of Members as on September 20, 1996.
- E. (i) Wherever the dividend amount exceeds Rs. 2500/- tax will be deducted at source unless the members furnish declaration in Form 15G in duplicate, so as to reach the registered office of the Company on or before 20.09.96.
- (ii) Members are requested to inform the Company their Income Tax Permanent Account Number, if any, allotted to them as these particulars are required to be stated in the Tax Deduction Certificate issued to the members.
- F. Members are requested to notify immediately any change in their address to the Company, and in any case latest by September 20, 1996.
- G. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
- H. Members/proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting.
- I. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company details of ledger folios of such holdings together with the share certificates to enable the Company to consolidate all the holdings into one account. The share certificates will be returned to the members after due consolidation in due course.

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

Item No. 6

As per provisions of Section 149(2A) of the Companies Act, 1956, approval of the shareholders in General Meeting is required for commencement of any business set out in the Object Clause IIIC of the Memorandum of Association.

In order to diversify the activities and strengthen the business of the Company it is proposed to carry on real-estate business which is within the scope of the object clause of the Memorandum of Association of the Company (Sub-clause 11 of clause IIIC of the Memorandum of Association).

Approval of the shareholders is now sought to enable the Directors at such time or times as they may consider appropriate and in the interest of the Company to commence and undertake the business specified in the above sub-clause of the Object Clause IIIC of the Memorandum of Association of the Company.

A copy of the Memorandum and Articles of Association of the Company is available for inspection at the registered office of the Company on all working days during usual business hours.

None of the Directors of the Board is concerned or interested in the above resolution.

By order of the Board

sd/-

Place : Madras
Date : 23-07-1996

M.L.SONTHALIYA
Managing Director

DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31st March 1996, together with the Balance Sheet as at 31st March, 1996 and the Profit and Loss account for the year ended on that date.

FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)

	31.03.1996	31.03.1995
1. Income from operations	2297	2140
2. Profit before interest depreciation and tax	113	104
3. Interest	27	27
4. Profit before depreciation and tax	86	77
5. Depreciation	39	22
6. Profit before tax	47	55
7. Provision for taxation	—	23
8. Profit after tax	47	32
9. Dividend Proposed	35	18
10. Share Capital	364	148
11. Reserves & Surplus	254	26

OPERATIONS

The year 1995-96 was a year of consolidation for your Company. The overall performance of the Company for the year ended 31st March 1996 was satisfactory. The income from operations increased to Rs. 2297 lakhs from Rs.2140 lakhs in the last year. The net profit after depreciation and tax increased from Rs. 32 lakhs during the previous year to Rs. 47 lakhs during the current year.

There was a delay in commencing production in the furnace division due to non-availability of power and the Company was able to commence commercial production in the furnace division only from September '95. During the second half of 1995-96 the Company faced severe power problems due to transformer failure and as a result the Company could not operate and utilise the full installed capacity, both in the furnace and rolling mill division.

DIVIDEND

Your Directors recommend a dividend @ 10% (subject to tax) on the fully paid up shares for the financial year ended 31st March, 1996 subject, however, that the equity shares allotted under public issue during the year shall receive dividend pro-rata from the date of allotment.

PROSPECTS FOR THE CURRENT YEAR

During the current year the working of the furnace division has stabilised after overcoming the initial teething problems as also the power restriction problems. With this positive development, the future prospects of your Company are good.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr G.P.Agarwal and Mr R.P.Rai, Directors of the Company are liable to retire by rotation and being eligible, have offered themselves for re-appointment. Your Board recommends their re-appointment.



AUDITORS

The Statutory Auditors, M/s.M.Raghunath & Co. Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for appointment for the current year. Your Board recommends their re-appointment.

FIXED DEPOSITS

During the year under review, the Company has not accepted any Fixed Deposits from the public.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT,1956.

The information required under section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in the annexure and forms part of this Report. None of the employees of the Company is covered by section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 as amended.

PROMISE VS PERFORMANCE

Statement pursuant to Clause 43 of the listing agreement is given below:

	Projected performance for the financial year ended 31.3.96 as per the prospectus dt. 24.01.95	(Rupees in Lakhs) Audited financial Statement for the year ended March 31st 1996
Income from operations	2905	2297
Profit before interest depreciation and tax	327	113
Profit after tax	138	47

The variation between projection and performance is mainly due to power transformer failure in the Mar... sub-station leading to frequent power failure and restriction during the second half of the year under review. Due to power problems the Company could not achieve the desired level of production in the furnace division and as a result we were forced to purchase ingots for rolling mill from outside resulting in additional cost. This has affected the overall margin. However the defective transformer has been replaced on 15.04.96 and normal power supply has been restored.

ACKNOWLEDGEMENTS

The Directors acknowledge with gratitude and wish to place on record, their appreciation for the valuable support and kind co-operation extended to the Company by the Company's Bankers, Financial institution, Government authorities, Shareholders and the Employees.

MIL
MIL
MIL

For and on behalf of the Board of Directors

Sd/-

Place : Madras
Date : 23-07-1996

G. P. AGARWAL
Chairman

ANNEXURE TO DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

FORM A: Form for disclosure of particulars with respect to Conservation of Energy**A. Power and Fuel consumption**

	Current Year 1995-96	Previous Year 1994-95
1. Electricity		
a) Purchased Units	66,02,780	25,01,888
Total Amount (in Rs.)	1,86,79,452	75,11,906
Rate/Unit	Rs.2.83	Rs.3.00
b) Own Generation		
i) Through Diesel generator Unit	NIL	NIL
Unit per ltr of diesel oil		
Cost/unit		
ii) Through Steam turbine/generator Units	NIL	NIL
Unit per ltr of fuel oil/gas		
cost/unit		
2. Coal (specify quality and where used)	NIL	NIL
Quantity (tonnes)		
Total cost		
Average rate		
3. Furnace Oil		
Quantity (K.Ltrs.)	9,35,435	8,89,100
Total amount (in Rs.)	48,44,670	47,76,242
Average rate	Rs.5.18	Rs.5.37
4. Others/internal generation	NIL	NIL
Quantity		
Total cost		
Rate/unit		
B) Consumption per unit of production		
Electricity (units per ton)	283.81*	122.12
Furnace Oil (litres per ton)	44.50	43.40
Coal (specify quality)	NIL	NIL
Others (specify)	NIL	NIL

FORM B:

A. Technology Absorption	NIL	NIL
B. Foreign Exchange Earnings	NIL	NIL
C. Foreign Exchange Outgo	NIL	NIL

* Electricity consumption per unit for Rolling Mill & Furnace Division



AUDITORS' REPORT

To the Shareholders of

BHAGWANDAS METALS LIMITED, Madras.

We have audited the attached Balance Sheet of BHAGWANDAS METALS LIMITED, Madras, as at 31st March, 1996, and also the Profit & Loss Account for the year ended on that date annexed thereto and report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books.
3. The Balance Sheet and Profit & Loss dealt with by this report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1996.
 - b. In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
5. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we annexe hereto a statement on the matter specified in paragraphs 4 & 5 of the said order.

for **M.RAGHUNATH & COMPANY,**
Chartered Accountants

Sd/-
M.RAGHUNATH
Partner

Place : Madras
Date : 23-07-1996

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (5) of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets were physically verified by the management during the period and no discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, spare parts and raw materials have been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the books/records were not material.
6. The valuation of finished goods, stores, spare parts and raw materials have been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in earlier year, as mentioned in Note No.1(e) in Schedule 18 (Notes on Accounts).
7. According to the records of the Company and according to the information and explanation given to us the Company has not taken any loan from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and or from the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
9. The Company has not given loans and advances in the nature of Loans.
10. In our opinion and according to the information and explanation 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 machinery, equipment and other assets and for the sale of goods.
11. According to the information and explanation given to us, transactions of purchase and sale of goods, materials and services aggregating during the year to Rs.50,000/- or more in each type from/to the firm or companies or other parties in which Directors are interested as listed in the Register maintained under section 301 of the Companies Act, 1956 are reasonable having regard to prevailing market prices of such goods, materials or services or the prices at which transaction for similar goods, materials or services have been made with other parties.
12. There were no unserviceable and damaged stores, raw materials and finished goods by the Company at the close of the year as informed to us. Hence no provision is required to be made for the same.



13. The Company has not accepted any deposits from the public to which the provisions of section 58-A of the Companies Act, 1956 and the rules made thereunder, apply.
14. The Company has maintained reasonable records for the sale and disposal of scrap. The Company has no by-products.
15. The internal audit for the Company has been carried out during the year and the system and procedures adopted by Company is adequate commensurate with the size and nature of the Company.
16. According to the explanation given to us, the Company has not been prescribed to maintain Cost records under section 209(1)(d) of the Companies Act, 1956.
17. The Company is regular in depositing Provident Fund dues and as explained to us the provisions of Employees State insurance Act, 1948 are not applicable to the Company. Gratuity is not provided and the same will be accounted as and when paid.
18. As certified by the Directors, there are no undisputed amounts payable in respect of statutory dues as at 31st March, 1996.
19. In our opinion and according to information and explanations given to us and as certified by the Managing Director, personal expenses have not been charged to Revenue Account.
20. The Company does not come under the purview of Clause (O) of Sub Section (1) of Sec.3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

for **M.RAGHUNATH & COMPANY,**
Chartered Accountants

Sd/-
M.RAGHUNATH
Partner

Place : Madras
Date : 23-07-1996

Bhagwandas Metals Limited**BALANCE SHEET AS AT MARCH 31, 1996**

	Schedules	AS AT 31.03.96	AS AT 31.03.95
	9418	129	

SOURCES OF FUNDS:**Shareholders' Funds:**

Share Capital	1	3,64,62,600	1,46,00,000
Share Application Reserves & Reserves	2	2,54,29,200	4,08,85,000

Loan Fund:

Secured Loans	3	2,22,67,003	1,99,71,651
Total		8,41,58,703	7,82,26,956

APPLICABLE

Fixed Assets	4	3,37,47,714	1,27,11,393
Capital Work in Progress		—	1,02,02,745
Current Assets			
Inventories	5	1,86,88,672	1,37,44,879
Sundry Debtors	6	2,23,53,602	2,18,94,847
Loans & Advances	7	1,65,93,854	70,32,160
Cash & Bank Balance	8	2,83,367	2,98,48,868
		5,79,19,495	7,25,20,333
Less: Current Liabilities & Provisions	9	1,19,86,016	1,77,52,227
Net Current Assets		4,59,33,479	5,47,68,527
Miscellaneous Expenditure (To the extent not written off)	10	44,77,510	5,44,291
Total		8,41,58,703	7,82,26,956

Schedules 1 to 10 and 18 form integral part of this Balance Sheet

For and on behalf of the Board

As per our report of even date
for **M.RAGHUNATH & CO.**
Chartered Accountants

Sd/- **G.PAGARWAL** Chairman
Sd/- **M.L.SONTHALIYA** Managing Director
Sd/- **C.NAMASIVAYAM** Company Secretary

Sd/- **M.RAGHUNATH**
Partner

Place : Madras
Date : 23-07-1996



**PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED MARCH 31, 1996**

(in Rs.)

	Schedules	Year ended 31.03.96	Year ended 31.03.95
INCOME			
Net Sales		21,53,58,439	20,34,36,337
Other Income	11	2,02,96,365	1,01,86,896
Increase in Inventories	12	(-)18,01,441	8,27,169
Total A		23,38,53,363	21,44,50,402
EXPENDITURE			
Consumption of Raw Materials	13	15,65,96,767	16,23,59,525
Purchases - Trading Goods		2,16,05,894	1,72,12,025
Manufacturing Expenses	14	3,66,52,700	2,11,19,028
Administrative Expenses	15	37,72,308	23,09,932
Selling & Distribution Expenses	16	39,73,240	11,23,363
Depreciation		38,78,267	21,89,431
Financial Charges	17	26,60,935	27,18,078
Total B		22,91,40,111	20,90,31,382
NET PROFIT (A - B)		47,13,252	54,19,020
PROVISION FOR TAXATION		—	22,99,103
PROFIT AFTER TAXATION		47,13,252	31,19,917
Less: APPROPRIATIONS			
PROPOSED DIVIDEND (Subje ^t to deduction of tax)		35,16,857	18,37,470
		11,96,395	12,82,447
TRANSFER TO GENERAL RESERVE		6,81,559	12,82,447
Balance		5,14,836	Nil

Notes on Accounts 18
Schedules 11 to 18 form integral part of this Profit & Loss Account

For and on behalf of the Board

As per our report of even date
for **M.RAGHUNATH & CO.**
Chartered Accountants

Sd/-
G.P.AGARWAL
Chairman

Sd/-
M.L.SONTHALIYA
Managing Director

Sd/-
C.NAMASIVAYAM
Company Secretary

Sd/-
M.RAGHUNATH
Partner

Place : Madras
Date : 23-07-1996

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**SCHEDULES FORMING PART OF BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT**

(in Rs.)

	31.03.96	31.03.95
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs.10/- each.	5,00,00,000	5,00,00,000
Issued, Subscribed and Paid up		
36,48,800 Equity Shares of Rs.10/- each	3,64,88,000	1,48,00,000
Less: Calls Unpaid	25,500	—
	<u>3,64,62,500</u>	<u>1,48,00,000</u>
SCHEDULE 2: RESERVES & SURPLUS		
Share Premium	2,16,62,500	—
Investment Allowance Reserve	5,05,304	5,05,304
Generator Subsidy from State Government	46,560	46,560
General Reserve		
Opening Balance	20,18,441	
Add: Transfer from Profit and Loss Account	<u>6,81,559</u>	
Profit & Loss A/c.	27,00,000	20,18,441
	<u>5,14,836</u>	—
	<u>2,54,29,200</u>	<u>25,70,305</u>
SCHEDULE 3 : SECURED LOANS		
Term Loan from Industrial Reconstruction Bank of India (Secured by first charge on fixed assets and personal guarantee of two directors)	1,06,50,000	84,48,000
Cash Credit : Syndicate Bank (Secured by first charge on stocks and personal guarantee of two directors)	44,08,323	65,41,683
Hire Purchase Finance Loan (Secured on Specific Fixed Assets)	1,52,490	6,15,130
Syndicate Bank Overdraft (Secured by first charge on book debts and personal guarantee of two directors)	31,43,620	30,16,838
Interest Free Sales Tax Loan (Secured against movable & immovable property and personal guarantee of two directors)	39,12,570	13,50,000
	<u>2,22,67,003</u>	<u>1,99,71,651</u>

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SCHEDULE 4: Fixed Assets

(in Rs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.04.95	Addition/ Deletion	As on 31.03.96	As on 01.04.95	For the Year	As on 31.03.96	As on 31.03.96	As on 31.03.95
Land	1,69,601	—	1,69,601	—	—	—	1,69,601	1,69,601
Shed & Building	38,64,999	78,51,609	1,17,16,608	14,95,796	5,62,321	20,58,117	96,58,491	23,69,203
Plant & Machinery	60,86,260	64,47,046	1,25,33,306	35,21,702	8,77,142	43,98,844	81,34,462	25,64,558
Electrical Installation	31,45,908	39,24,731	70,70,639	15,14,770	5,02,915	20,17,685	50,52,954	16,31,138
Laboratory Equipment	44,257	—	44,257	25,360	3,779	29,139	15,118	18,897
Furnace	29,14,671	39,856	29,54,527	10,24,266	2,63,455	12,87,721	16,66,806	18,90,405
Tools & Accessories	46,114	49,996	96,110	22,852	6,249	29,101	67,009	23,262
Weightment Scale	3,06,847	—	3,06,847	1,35,340	23,856	1,59,196	1,47,651	1,71,507
Generator	3,28,419	—	3,28,419	2,61,390	13,406	2,74,796	53,623	67,029
Furniture & Fixtures	1,74,890	—	1,74,890	70,623	18,872	89,495	85,395	1,04,267
Office Equipment	1,10,944	94,558	2,05,502	21,265	20,897	42,162	1,63,340	89,679
Mill Rolls	49,10,620	2,80,389	51,91,009	21,50,777	9,14,095	30,64,872	21,26,137	27,59,843
Computer	61,514	59,445	1,20,959	41,003	20,353	61,356	59,603	20,511
Air Conditioner	1,04,300	1,27,439	2,31,739	13,698	25,747	39,445	1,92,294	90,602
Induction Furnace	—	60,21,527	60,21,527	—	4,21,026	4,21,026	56,00,501	—
Vehicles	9,61,671	1,03,952 (1,93,852)	8,71,771	2,20,780	2,04,154	4,24,934 (1,07,892)	5,54,729	7,40,891
TOTAL	2,32,31,015	2,48,06,696	4,80,37,711	1,05,19,622	38,78,267	1,42,89,997	3,37,47,714	1,27,11,393
Previous Year	2,04,46,074	27,84,941	2,32,31,015	86,43,676	21,89,431	1,05,19,622	1,27,11,393	1,18,02,398

(in Rs.)

31.03.96 31.03.95

SCHEDULE 5 : INVENTORIES

(As certified by the Management)

Raw Materials	88,28,176	34,58,170
Furnace Oil	5,76,266	1,00,800
Finished Goods & Melting Scrap	82,46,947	1,00,48,389
Consumable Stores	10,37,283	1,37,520
	<u>1,86,88,672</u>	<u>1,37,44,879</u>

SCHEDULE 6 : SUNDRY DEBTORS

(Unsecured considered good)

Debts outstanding for more than six months	8,41,689	9,40,214
Other Debts	2,15,11,913	2,09,54,633
	<u>2,23,53,602</u>	<u>2,18,94,847</u>

SCHEDULE 7 : LOANS & ADVANCES

(Unsecured considered good)

Advances (recoverable in cash or in kind or for the value to be received)	1,19,06,095	39,02,010
Deposits	46,87,759	31,30,150
	<u>1,65,93,854</u>	<u>70,32,160</u>

SCHEDULE 8 : CASH & BANK BALANCE

Balance in Hand	1,94,132	3,00,549
Balance with Scheduled Bank in Current Account	89,235	2,95,48,319
	<u>2,83,367</u>	<u>2,98,48,868</u>

SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS

Creditors for Materials	41,81,804	93,27,319
Provisions & Other Liabilities	42,65,491	55,27,847
Proposed Dividend	35,16,857	18,37,470
Provision for Taxation	21,864	10,59,591
	<u>1,19,86,016</u>	<u>1,77,52,227</u>

15



(in Rs.)

	31.03.96	31.03.95
SCHEDULE 10 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off)		
Preliminary Expenses	1,497	1,711
Share Issue Expenses	44,76,013	5,42,580
	<u>44,77,510</u>	<u>5,44,291</u>
SCHEDULE 11 : OTHER INCOME		
Conversion Charges	1,61,42,462	97,38,712
Others	41,53,903	4,48,184
	<u>2,02,96,365</u>	<u>1,01,86,896</u>
SCHEDULE 12 : INCREASE IN INVENTORY		
Closing Stock of finished goods	82,46,948	1,00,48,389
Less: Opening Stock	1,00,48,389	92,21,220
	<u>(-)18,01,441</u>	<u>8,27,169</u>
SCHEDULE 13 : CONSUMPTION OF RAW MATERIALS		
Closing Stock	34,58,170	21,34,599
Add: Purchases	16,19,66,773	16,36,83,096
	<u>16,54,24,943</u>	<u>16,58,17,695</u>
Less: Closing Stock	88,28,176	34,58,170
	<u>15,65,96,767</u>	<u>16,23,59,525</u>
SCHEDULE 14 : MANUFACTURING EXPENSES		
Consumable Stores consumed	25,32,012	6,52,725
Carriage Inward	18,67,835	12,84,281
Labour Charges	58,71,170	51,37,656
Factory Maintenance	18,52,189	10,71,566
Electricity Charges	1,86,79,452	75,11,906
Factory Wages	6,19,385	3,46,900
Furnace Oil Consumption	48,44,670	47,76,242
Electrical Maintenance	2,13,286	2,06,228
Security Service Charges	1,72,701	1,31,524
	<u>3,66,52,700</u>	<u>2,11,19,028</u>

(in Rs.)

31.03.96

31.03.95

SCHEDULE 15 : ADMINISTRATIVE EXPENSES

Rent	63,015	24,950
Insurance	1,57,083	92,901
Rates, Taxes & Licence	37,147	38,480
Directors Sitting Fees	18,500	4,250
Directors Remuneration	4,56,572	4,15,588
Staff Salaries	4,38,487	2,93,398
Employer's contribution to PF	1,23,633	78,087
Staff Welfare	78,085	55,746
Vehicle Running & Maintenance	1,92,317	2,00,526
Travelling & Conveyance	2,43,518	1,99,325
Repairs & Maintenance	3,26,772	91,545
Audit Fee		
Statutory Audit	5,000	3,500
Tax Audit	5,000	1,500
Other Expenses	2,500	—
Telephone Charges & Postage	3,55,264	2,85,081
Professional Charges	2,47,501	1,48,650
Printing & Stationery	1,39,561	77,531
Share Transfer Registrar Expenses	85,160	—
General Expenses	2,94,801	2,76,863
Share Issue Expenses Written Off	5,02,392	22,011
	<u>37,72,308</u>	<u>23,09,932</u>

SCHEDULE 16 : SELLING & DISTRIBUTION EXPENSES

Carriage Outward	26,59,562	4,44,225
Cooly Charges	5,62,282	2,20,977
Advertisement	12,250	19,270
Brokerage & Commission	2,67,226	46,165
Sales Promotion	85,945	57,896
Packing & Forwarding Charges	3,85,975	3,34,830
	<u>39,73,240</u>	<u>11,23,363</u>

SCHEDULE 17 : FINANCIAL CHARGES

Bank Charges	4,64,673	2,44,091
Interest	21,96,262	24,73,987
	<u>26,60,935</u>	<u>27,18,078</u>



SCHEDULE 18 : NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) **Accounting Convention**

Accounts are prepared under the historical cost convention and on the basis of going concern concept.

(b) **Sales**

Sales are accounted net of Excise Duty, Sales are recognised on despatch to customers.

(c) **Fixed Assets**

All fixed assets are valued at cost less depreciation. Pre-operation expenses are capitalised.

(d) **Depreciation**

Depreciation has been provided on written down value basis at the rates applicable in Schedule XIV of the Companies Act, 1956, except in the case of Mill Rolls where depreciation has been provided at 33.33%.

(e) **Inventories**

- i) Raw materials are carried at cost.
- ii) Finished Goods are carried at average selling price.
- iii) Furnace Oil and Stores & Spares are carried at cost.

(f) **Gratuity**

Provision for Gratuity has not been made in the books. Gratuity is accounted as and when paid.

Provident Fund is provided in the Books of Accounts and charged to the Profit & Loss A/c

(g) **Preliminary / Share Issue Expenses**

These are amortised over a period of ten years.

2. CONTINGENT LIABILITIES

Liabilities which are contingent in nature are disclosed by way of notes to accounts though not provided for.

	(Rs. in Lakhs)	
	31.03.96	31.03.95
(a) Estimated amount of contract remaining to be executed on Capital Account and not provided for (Net of Advance)	19.50	67.73
(b) Bank Guarantee	65.00	62.26

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3. MANUFACTURING ACTIVITY

(a) Capacity Utilisation

(As certified by the management)

Class of Goods	Licensed Capacity	Installed Capacity M.T.	Actual Production 1995-96 M.T.
Finished Steel Products	Delicensed (Delicensed)	34000 (21000)	21021.030 (20485.845)
M.S. Ingots	Delicensed	19200	2243.790

(b) Consumption of Raw Material

		1995-96	1994-95
M.S. Ingots	Qty (M.T.)	10,752.835	13,530.572
	Value (Rs. in lakhs)	1,439.60	1623.60
Steel Scrap Imported	Qty (M.T.)	925.865	—
	Value (Rs. in lakhs)	62.28	—
Indigenous	Qty (M.T.)	1,622.830	—
	Value (Rs. in lakhs)	64.08	—

(c) Information Reg. Opening Stock, Turnover and Closing Stock

	Year ended 31.03.96		Year ended 31.03.95	
	Qty M.T	Value Rs.	Qty M.T	Value Rs.
Opening Stock				
CTD Bars	805.546	99.56	742.167	92.21
Scrap	13.120	0.92	—	—
Turnover				
CTD Bars	12,255.543	1,545.23	14,194.405	1,650.95
M.S. Ingots	5,736.480	592.21	3,694.520	367.28
Scrap	255.290	16.15	246.030	16.13
Closing Stock				
CTD Bars	598.037	77.15	805.546	99.56
Scrap	78.275	5.32	13.120	0.92

* (Rs. in Lakhs.)



4. COMPUTATION OF COMMISSION

Computation of commission in accordance with Section 349 of the Companies Act, 1956 for the financial year ended 31st March '96.

		(Rs in Lakhs.)
Profit before taxation as per profit & loss account		47.13
ADD		
Managerial remuneration	4.57	
Sitting fees	0.19	
Depreciation for the year	<u>38.78</u>	
		<u>43.54</u>
		90.67
LESS		
Depreciation as per Section 350 of the Companies Act, 1956		<u>33.38</u>
Net profit in terms of Section 309 of the Companies Act, 1956		<u>57.29</u>
1% to Managing Director		0.57
1% to Chairman		0.57

NOTE

1. The figure for the previous year relating to the above is Rs.91,588/-.

5. MANAGERIAL REMUNERATION

(Amount in Rs.)

	For the year 1995-96	For the year 1994-95
Paid/Payable to whole time Directors		
Salaries	3,60,000	2,40,000
House rent allowance	72,000	84,000
Commission	<u>1,14,572</u>	<u>91,588</u>
Total	<u>5,46,572</u>	<u>4,15,588</u>

6. EXPENDITURE ON EMPLOYMENT

a) No. of Employees employed throughout the year who were in receipt of remuneration exceeding Rs.3,00,000/-p.a.	NIL	NIL
b) No. of Employees employed for the part of the year who were in receipt of remuneration exceeding Rs.25,000/- p.m.	NIL	NIL

	For the year 1995-96	For the year 1994-95
7. Earnings in foreign currency	NIL	NIL
8. Expenditure in foreign currency	NIL	NIL
9. Value of imports (Rs. in lakhs)	69.94	NIL
10. Previous year figures have been reclassified/regrouped wherever found necessary.		

For and on behalf of the Board

As per our report of even date
for **M.RAGHUNATH & CO.**
Chartered Accountants

Sd/-
G.P.AGARWAL
Chairman

Sd/-
M.L.SONTHALIYA
Managing Director

Sd/-
C.NAMASIVAYAM
Company Secretary

Sd/-
M.RAGHUNATH
Partner

Place : Madras
Date : 23-07-1996

3,40,000	3,60,000	
84,000	75,000	
88,288	1,14,232	
<u>4,12,288</u>	<u>2,40,232</u>	

EXPENDITURE ON EMPLOYMENT

NIL	NIL	(c) No. of employees employed throughout the year who were in receipt of remuneration exceeding Rs.3,00,000-p.a.
NIL	NIL	(d) No. of employees employed for the part of the year who were in receipt of remuneration exceeding Rs.25,000-p.m.

**Cash Flow Statement for the year ended March 31, 1996**

(Rs. in lakhs)

	1995-96	1994-95
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax and Extraordinary Items	47.13	54.19
Adjustments for :		
Depreciation	38.78	21.89
Interest & Financial Charges	26.61	27.18
Miscellaneous Expenditure Written Off	5.03	0.22
Interest Income	(22.01)	(2.54)
Profit on Sale of asset	(0.32)	(0.87)
Loss on Sale of asset	—	0.18
Operating Profit Before Working Capital Changes	95.22	100.25
Adjustments for :		
Increase in Inventories	(49.44)	(22.93)
Increase in Trade & Other Receivables	(48.82)	(190.88)
Decrease in Trade & Other Payables	(64.08)	52.24
Cash Generated from Operations	(67.12)	(61.32)
Interest & Financial Charges Paid	(26.61)	(27.18)
Direct Taxes Paid	(10.38)	(14.75)
Interest Income	22.01	2.54
Net Cash From Operating Activities	(82.10)	(100.71)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(208.68)	(76.01)
Sale of Fixed Assets	1.18	4.39
Net Cash Used In Investing Activities	(207.50)	(71.62)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	25.56	469.24
Proceeds from Long Term Borrowing	65.63	65.03
Repayment of Finance Liabilities	(22.61)	(63.70)
Share Issue Expenditure	(35.04)	(13.00)
Increase in Bank Borrowings	(20.07)	17.39
Dividend Paid	(18.37)	(5.71)
Refund of Share Application Money	(1.16)	—
Net Cash Used In Financing Activities	(6.06)	469.25

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(Rs. in lakhs)

	1995-96	1994-95
D. Net Increase in Cash And Cash Equivalents (A+B+C)	(295.66)	296.92
E. Opening Cash And Cash Equivalents (Cash And Bank Balances)	298.49	1.57
F. Closing Cash And Cash Equivalents (D+E) (Cash And Bank Balances)	2.83	298.49

For and on behalf of the Board

Place : Madras
Date : 23-07-1996

Sd/-
G.P.AGARWAL
Chairman

Auditors' Certificate

We have verified the above cash flow statement of Bhagwandas Metals Limited derived from the audited annual financial statements for the year ended 31st March, 1996 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

for **M.RAGHUNATH & CO** -
Chartered Accountants

Sd/-
M.RAGHUNATH
Partner

Place : Madras
Date : 23-07-1996



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

		9	4	1	8
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 State Code

1	8
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Balance Sheet Date

3	1
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0	3
---	---

9	6
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Date Month Year

II. Capital Raised during the year (Amount in Thousands)

Public Issue	Right Issue														
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		2	1	6	6	2									
	N	I	L												
Bonus Issue	Private Placement														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>		N	I	L				<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">N</td><td style="width: 20px; height: 20px; text-align: center;">I</td><td style="width: 20px; height: 20px; text-align: center;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>		N	I	L			
	N	I	L												
	N	I	L												

III. Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities	Total Assets														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">8</td></tr></table>			8	4	1	5	8	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">8</td></tr></table>			8	4	1	5	8
		8	4	1	5	8									
		8	4	1	5	8									

Sources of Funds

Paid-Up Capital	Reserves & Surplus														
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		3	6	4	6	2									
		2	5	4	2	9									
Secured Loans	Unsecured Loans														
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		2	2	2	6	7									
	N	I	L												

Application of Funds

Net Fixed Assets	Investments														
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		3	3	7	4	7									
	N	I	L												
Net Current Assets	Misc. Expenditure														
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		4	5	9	3	3									
		4	4	7	8										
Accumulated Losses															
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	N	I	L												

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Bhagwandas Metals Limited

IV. Performance of the Company (Amount in Thousands)

		Turnover								Total Expenditure							
		2	3	3	8	5	3			2	2	9	1	4	0		
+ -		Profit/Loss Before Tax						+ -		Profit/Loss After Tax							
+					4	7	1	3	+					4	7	1	3
		Earnings per Share in Rs.								Dividend Rate %							
				1	.	3	0					1	0				

V. Generic Names of Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code) 7 2 0 6 1 0 0 9

Product Description P E N C I L I N G O T S

Item Code No. (ITC Code) 7 2 1 3 2 0 0 9

Product Description M S A N G L E S

Item Code No. (ITC Code) 7 2 1 6 3 3 0 0

Product Description A N G L E S S H A P E S

CERTIFIED TRUE COPY.

For BHAGWANDAS METALS LIMITED.

e. Narayana

Company Secretary