

## BHAGWANDAS METALS LIMITED

|                           |                                      |                          |
|---------------------------|--------------------------------------|--------------------------|
| <b>BOARD OF DIRECTORS</b> | Sri Govind Prasad Agarwala           | <i>Chairman</i>          |
|                           | Sri Murarilal                        | <i>Managing Director</i> |
|                           | Sri V.Sankarasubbiyan, I.A.S.(Retd.) | <i>Director</i>          |
|                           | Sri C.Ramasamy                       | <i>Director</i>          |
|                           | Sri Harish Kumar Lohia               | <i>Director</i>          |
|                           | Sri Naresh Sharma                    | <i>Director</i>          |

**COMPANY SECRETARY** Sri C.Namasivayam

**AUDITORS** **M/s.M.Raghunath & Co.**  
Chartered Accountants  
No.4, Stringer Street  
III Floor, Broadway  
Chennai - 600 108

**BANKERS** **Syndicate Bank**  
Chennai Main Branch  
69, Armenian Street  
Chennai - 600 001

### REGISTERED OFFICE

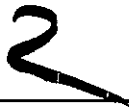
New No. 54 (Old No. 61) 1<sup>st</sup> Floor, Sembudoss Street,  
Chennai – 600 001

### GODOWN

No.117, Sadayankuppam Village Road,  
Manali, Chennai – 600 103

### SHARE TRANSFER AGENTS

**M/s. CAMEO CORPORATE SERVICES LIMITED**  
Subramanian Building V<sup>th</sup> Floor,  
No.1, Club House Road, Chennai – 600 002



## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Twenty Second Annual General Meeting of the members of **Bhagwandas Metals Limited** will be held on **Thursday the 23rd day of September, 2004 at 10 a.m. at RANI SEETHAI HALL, 603, ANNA SALAI, CHENNAI – 600 006**, to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended 31st March, 2004 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Harish Kumar Lohia who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Naresh Sharma who retires by rotation and being eligible, offers himself for re-appointment.
4. 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**

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

“**RESOLVED** that in accordance with the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or reenactment(s) thereof and subject to the provisions of Schedule XIII of the Companies Act, 1956 and as per the recommendation of remuneration committee, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Murarilal as Managing Director of the Company for a further period of 5 years with effect from 01.12.2004 on the following terms and conditions:

#### **SALARY**

A salary of Rs 25,000/- (Rupees Twenty Five Thousand Only) per month in the grade of Rs.25,000 – 2,000 – 35,000.

#### **PERQUISITES**

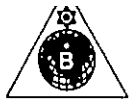
##### **A. Housing**

House accommodation to be provided by the Company at a rent not exceeding 60% of salary and 10% of the salary to be recovered as rent.

The Company shall pay for gas, electricity and water subject to a ceiling of 10% of salary.

##### **B. Medical Reimbursement**

One month's salary per year or three month's salary over a period of three years for self and family.



### C. Leave

Leave at the rate of one month in each year of the period of agreement which leave can be accumulated up to a maximum of two months subject to the further condition that leave accumulated but not availed of will not be allowed to be encashed.

### D. Club Fee

Payment of fees and monthly subscription of two clubs. This will not include admission and life membership fees.

### E. Leave Travel Assistance

For self and family once in a year to and fro to any place in India by air/train/road subject to condition that all expenses except Hotel expenses will be allowed.

Perquisites as per clauses A to E shall not in aggregate exceed an amount equal to the annual salary.

The Managing Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling of either salary or perquisites mentioned above:

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- iii) Provision of Car with Driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of Car for private purposes shall be billed by the Company.

RESOLVED FURTHER THAT in the event of any amendments or modifications effected by the Central Government to Schedule XIII or other applicable provisions of the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary terms of appointment and/or to vary the terms of remuneration including salary, perquisites, allowances etc within such prescribed limits and ceilings as changed and the aforesaid draft terms and conditions may be suitably amended to give effect to such modifications, relaxations or variations without any further references to the Company in the general meeting subject to the approval of remuneration committee.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.

For and on behalf of the Board of Directors

Place : Chennai  
Date : 28.07.2004

CERTIFIED TRUE COPY Sd/-  
BHAGWANDAS METALS LIMITED, MURARILAL  
e. Namasani  
Managing Director

Company Secretary.



**NOTES**

- A. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- B. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 for item No.5 is detailed below.
- C. The Register of Members and the Share Transfer Books of the Company shall remain closed from **16.09.2004 to 23.09.2004 (both days inclusive)**.
- D. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
- E. Members/ Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting.

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

**For Item No 5**

The members at the AGM held on 22.09.1999 approved the appointment of Mr. Murarilal as Managing Director of the Company for a period of 5 years with effect from 01.12.99 at a remuneration of Rs 25,000 per month plus perquisites subject to the ceiling laid down in Schedule XIII to the Companies Act, 1956. Mr. Murarilal's term of office expires on 30.11.2004.

The Board at its meeting held on 28.07.2004 reappointed Mr. Murarilal as Managing Director of the Company on the same existing terms and conditions as set out in the resolution and the same has also been recommended by the remuneration committee. For the reappointment, the approval of the Company in General Meeting is being sought by proposing the above resolution. The resolution also seeks authority on the Board to sanction, in due course, increment within the grade and to modify the other terms and conditions as the Board deems fit and proper.

The material terms of appointment to Mr. Murarilal set out above may be treated as an abstract under section 302 of the Companies Act, 1956.

Apart from Mr. Murarilal, the appointee and Mr. Govind Prasad Agarwala being related to Mr. Murarilal, no other Director is concerned or interested in the passing of this resolution.

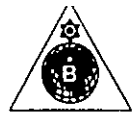
For and on behalf of the Board of Directors

Sd/-

**MURARILAL**

Managing Director

Place : Chennai  
Date : 28.07.2004



## ANNEXURE TO THE NOTICE

Information pursuant to clause 49 of the Listing Agreement for re-appointment of Director.

|   |  |
|---|--|
| <p>1. Name of the Director</p> <p>a. Age</p> <p>b. Date of Appointment</p> <p>c. Qualification</p> <p>d. Experience</p> <p>e. Expertise</p><br><p>f. Directorship in other Companies</p> <p>g. Chairman/Member of Committees of Companies</p> | <p><b>Mr. Harish Kumar Lohia</b></p> <p>44</p> <p>27.04.2002</p> <p>B.Com</p> <p>18 years in Steel Industry</p> <p>Mr.Harish Kumar Lohia is a Commerce graduate with experience in managing diverse business. He has also got about 15 years experience in dealing of Iron and Steel products.</p> <p>➤ Lohia Metals (P) Ltd</p> <p>◆ Bhagwandas Metals Limited</p> <p>◆ Audit Committee – Member</p> <p>◆ Share Holders / Investors' Grievance Committee – Member</p> |
| <p>2. Name of the Director</p> <p>a. Age</p> <p>b. Date of Appointment</p> <p>c. Experience</p> <p>d. Expertise</p><br><p>e. Directorship in other Companies</p> <p>f. Chairman/Member of Committees of Companies</p>                         | <p><b>Mr. Naresh Sharma</b></p> <p>38</p> <p>27.04.2002</p> <p>12 years in Steel Industry</p> <p>Mr.Naresh Sharma is in the Steel Industry for the past 12 years and has wide experience and interaction with various main producers.</p> <p>Nil</p> <p>◆ Bhagwandas Metals Limited</p> <p>◆ Audit Committee – Member</p> <p>◆ Remuneration Committee – Member</p>   |
| <p>3. Name of the Director</p> <p>a. Age</p> <p>b. Date of Appointment</p> <p>c. Qualification</p> <p>d. Experience</p> <p>e. Expertise</p><br><p>f. Directorship in other Companies</p> <p>g. Chairman/Member of Committees of Companies</p> | <p><b>Mr. Murarilal</b></p> <p>50</p> <p>03.06.1982</p> <p>B.Com</p> <p>30 years in Steel Trade and Industry</p> <p>Mr.Murarilal has been the Managing Director of the Company since inception. He has wide experience in the Steel Industry.</p> <p>➤ Sudharshan Plantations Pvt. Ltd.</p> <p>➤ Bhagwandas Metal Limited.</p> <p>◆ Share Transfer Committee – Member</p>  |

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their report for the year ended 31st March, 2004 together with the Balance Sheet as at 31st March, 2004 and the Profit and Loss account for the year ended on that date.

**FINANCIAL HIGHLIGHTS***(Rupees in Lakhs)*

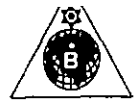
| Sl. No. | Particulars   | Audited financial statement for the year ended March 31st 2004 | Audited financial statement for the year ended March 31st 2003 |
|---------|---|--|--|
| 1.      | Income from Operation   | 4620   | 4070   |
| 2.      | Profit before interest, depreciation, extraordinary items and tax | 89   | 74   |
| 3.      | Interest  | 37   | 35   |
| 4.      | Depreciation  | 25   | 29   |
| 5.      | Profit before extraordinary items and tax                         | 27   | 10   |
| 6.      | Extraordinary items   | 17   | (18)   |
| 7.      | Provision for taxation - Deferred Tax                             | 7  | 12   |
| 8.      | Profit after Extraordinary Items and Tax                          | 3  | 16   |
| 9.      | Dividend Proposed   | —  | —  |
| 10.     | Share Capital   | 364  | 364  |
| 11.     | Reserves & Surplus  | 222  | 222  |

**OPERATIONS**

During the year 2003-2004, the Company has earned a profit before Extraordinary items and Taxes of Rs 27 Lakhs as against Rs 10 Lakhs earned in the previous year. However the net profit after extraordinary items and taxes has been reduced to Rs 3 Lakhs mainly due to the loss on sale of Fixed Assets to the tune of Rs 17 Lakhs. On the sales front, the Company has achieved a turnover of about Rs 4620 Lakhs during the year 2003-2004 as against Rs 4070 Lakhs achieved in 2002-2003 registering an increase of 13%. Due to the accumulated loss, your Director express their inability to declare any dividend.

**PROSPECTS FOR THE CURRENT YEAR**

During the current year 2004-2005, the Company has achieved a turnover of Rs 1031 Lakhs and Net Profit after tax of Rs 5 Lakhs in the first quarter. During the current



year 2004-2005 there is a very good increase in the demand for steel and steel prices. Due to the favourable market conditions prevailing in the steel industry in the recent past, the performance of your Company is expected to improve.

## **DIRECTORS**

The term of office of the Managing Director Mr. Murarilal expires on 30.11.2004. The Board of Directors recommends his reappointment for a period of 5 years on the same existing terms and conditions as set out in the notice convening the Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Harish Kumar Lohia and Mr. Naresh Sharma, Directors of the Company are liable to retire by rotation and your Directors recommend for their reappointment

## **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 re-appointment for the current financial 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 not applicable to the Company since the Company was not engaged in any manufacturing activities during the last 3 years.

None of the employees of the Company is covered by section 217(2A) read with Companies (Particulars of Employees) Rules 1975 as amended.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- b) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a



true and fair view of the state of affairs of the Company as on 31st March, 2004 and of the profit of the Company for the year ended 31st March, 2004 ;

- c) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Auditors' Certificate regarding compliance of the same are made part of this Annual Report

**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, Government Authorities, Shareholders and the Employees.

For and on behalf of the Board of Directors

Sd/-

**GOVIND PRASAD AGARWALA**

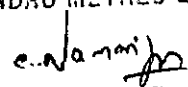
Chairman

Place: Chennai

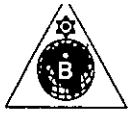
Date : 28.07.2004

CERTIFIED TRUE COPY

for BHAGWANDAS METALS LIMITED,

  
Company Secretary.





## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company is committed to the standards of Corporate Governance and in this direction has laid down well documented internal policies, procedures including Board and Committee procedures and practices in particular relation with share holders, customers and employees in order to enhance the long term share holders value and maximise interest of other stake holder.

### 2. BOARD OF DIRECTORS

#### a. Composition

The total strength of the Board is six out of which 2 are Promoter Directors namely Mr. Govind Prasad Agarwala, Chairman and Mr. Murarilal, Managing Director. Both these Directors are Whole Time Directors of the Company. The rest of the Directors are non executive independent Directors.

#### b. Board Meetings

The meetings of the Board of Directors are normally held at the registered office in Chennai. Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The Board meets at least once a quarter to review the quarterly performance and the financial results. The gap between two Board Meetings did not exceed four months. Seven Board Meetings were held during the financial year 2003-2004 on 28th April 2003, 30th May 2003, 19th July 2003, 29th July 2003, 29th October 2003, 7th November 2003 and 29th January 2004.

#### c. Attendance of each Director at the Board Meetings and the last Annual General Meeting

|                               |   |   |
|-------------------------------|---|---|
| 1. Mr. Govind Prasad Agarwala | > | 7 |
| 2. Mr. Murarilal              | > | 7 |
| 3. Mr. V. Sankarasubbiyan     | > | 3 |
| 4. Mr. C.Ramasamy             | > | 7 |
| 5. Mr. Harish Kumar Lohia     | > | 6 |
| 6. Mr. Naresh Sharma          | > | 6 |

All the Directors attended the last Annual General Meeting held on 23rd September 2003.

### 3. AUDIT COMMITTEE

#### a. Composition

1. Mr. C.Ramasamy – *Chairman*
2. Mr. Naresh Sharma – *Member*
3. Mr. Harish Kumar Lohia – *Member*

**b. Brief description of terms of reference**

- Overseeing the Company's overall financial reporting process.
- Reviewing with management the quarterly and annual financial statements with primary focus on accounting policies and practices and compliance therewith, stock exchange requirements and other legal requirements concerning financial statements.
- Reviewing the internal control system, internal audit and the reports. During the year under report, the Audit Committee met 4 times on 28th April 2003, 29th July 2003, 29th October 2003 and 29th January 2004. All the three Committee members attended all the four Committee Meetings held during the relevant year.

**4. SHAREHOLDERS/ INVESTORS' GRIEVANCE COMMITTEE**

**a. Composition**

1. Mr. V. Sankarasubbiyan – *Chairman*
2. Mr. C.Ramasamy – *Member*
3. Mr. Harish Kumar Lohia – *Member*

**b. Function**

The main function of the Committee is to look into the matter of Investors Grievance pertaining to

- i. Non Receipt of Annual Reports
- ii. Non receipt of dividends
- iii. Any other investor complaints

During the year 2003-2004, the Committee met twice on 3rd September 2003 and 29th January 2004. All the three Committee members attended both the Committee meetings. There was no Investor Complaints pending as on 31.03.2004.

**c. Compliance Officer**

Name : Mr. C. Namasivayam  
Designation : Company Secretary

**5. SHARE TRANSFER COMMITTEE**

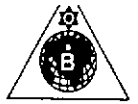
**a. Composition**

1. Mr. V. Sankarasubbiyan - *Chairman*
2. Mr. Govind Prasad Agarwala - *Member*
3. Mr. Murarilal - *Member*

**b. Functions**

The main functions of the Committee are:

- i. Transfer, transmission, Split and consolidation of investor holding.
- ii. Dematerialisation of shares
- iii. Replacement of lost/mutilated/stolen share certificates.



During the year the Committee met on 28th April 2003, 29th July 2003, 13th August 2003, 5th September 2003, 23rd September 2003, 29th October 2003, 18th November 2003, 18th December 2003, 14th January 2004, 29th January 2004, 27th February 2004 and 30th March 2004.

There were no pending share transfers as on 31.03.2004.

## 6. REMUNERATION COMMITTEE

### a. Composition

1. Mr. V.Sankarasubbiyan – *Chairman*
2. Mr. C.Ramasamy – Member
3. Mr. Naresh Sharma – Member

### b. Functions

The Remuneration Committee of the Company recommends the compensation package and other terms and conditions of Executive Directors.

During the year 2003-2004, the Committee met on 30th May 2003 to determine the remuneration of Mr. Govind Prasad Agarwala, Chairman, and the meeting was attended by all the members except Mr.V. Sankarasubbiyan. During the current year 2004-2005, the Committee met on 28th July 2004 to determine the remuneration of Mr.Murarilal, Managing Director.

### c. Remuneration for the year

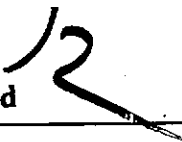
- (i) Details of the remuneration paid to the Executive Directors for the financial year ended 31st March 2004 is given below:

| Name of the Director       | Salary Allowances | Contribution to funds |
|----------------------------|-------------------|-----------------------|
| Mr. Murarilal              | Rs.4,80,000       | Rs.36,000             |
| Mr. Govind Prasad Agarwala | Rs.90,000         | Rs.10,800             |

**Note:** Contribution to funds represents contributions to Provident Fund and Superannuation Fund.

- (ii) Details of Sitting Fees paid to Non-Executive Directors for the financial year ended 31st March, 2004 is given below:

| S.No. | Non-Executive Director     | Sitting Fee (in Rs.) |
|-------|----------------------------|----------------------|
| 1.    | Mr. Govind Prasad Agarwala | 2,500                |
| 2.    | Mr. V.Sankarasubbiyan      | 8,250                |
| 3.    | Mr. C.Ramasamy             | 8,750                |
| 4.    | Mr. Harish Kumar Lohia     | 7,500                |
| 5.    | Mr. Naresh Sharma          | 7,500                |



d) **Number of other Companies or Committees in which the Director is a Director and Member / Chairman of the Committee.**

| S.No. | Name of Directors         | Number of Directorship in other Companies | Number of Board Committee in which member/ Chairman |
|-------|---------------------------|---|---|
| 1.    | Mr.Govind Prasad Agarwala | 1   | —   |
| 2.    | Mr.Murarilal              | 1   | —   |
| 3.    | Mr.V.Sankarasubbiyan      | —   | —   |
| 4.    | Mr.C.Ramasamy             | 3   | —   |
| 5.    | Mr.Harish Kumar Lohia     | 1   | —   |
| 6.    | Mr.Naresh Sharma          | —   | —   |

**7. GENERAL BODY MEETINGS**

The last three Annual General Meetings of the Company were held as follows:

| DATE                | TIME      | LOCATION  |
|---------------------|-----------|---|
| 24th September 2001 | 10.00 a.m | Rani Seethai Hall, 603, Anna Salai, Chennai – 6 |
| 25th September 2002 | 10.00 a.m | Rani Seethai Hall, 603, Anna Salai, Chennai – 6 |
| 23rd September 2003 | 10.00 a.m | Rani Seethai Hall, 603, Anna Salai, Chennai – 6 |

**8. DETAILS OF RESOLUTIONS PASSED THROUGH POSTAL BALLOT DURING THE YEAR 2003-2004.**

Pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, consent of the Share Holders was obtained by way of Ordinary Resolutions passed under section 293 (1) (a) of the Companies Act, 1956 to dispose of the whole or substantially the whole of the assets of the Rolling Mill Unit and under sections 198, 269 and 309 of the Companies Act, 1956 for the appointment and payment of remuneration to Mr Govind Prasad Agarwala as the Whole time Director of the Company for a period of 3 years w.e.f. 01.07.2003.

The scrutiniser appointed for the purpose of conducting the Postal Ballot was Mrs.Lakshmi Subramanian, Practising Company Secretary. The results of the Postal Ballot was announced and also published in the newspaper on 16.07.2003. The Company has complied with all the procedural formalities for the conduct of Postal Ballot.

**9. NOTES ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT**

As required under clause 49 VI(A), particulars of Directors seeking appointment/ reappointment are given in the Annexure to the Notice of the Annual General Meeting.



## 10. DISCLOSURES

There were no materially significant related party transactions. i.e. transactions of the Company of material nature, with its promoters, the Directors or the management or relatives etc that may have potential conflict with the interest of the Company at large.

Transactions with Related Parties are disclosed in the Notes of Accounts in Schedule 18 forming part of the Balance Sheet.

During the last 3 years, there were no strictures or penalties imposed on the Company by either Stock Exchanges or SEBI or any statutory authority for non-compliance on any matter related to capital markets.

## 11. MEANS OF COMMUNICATION

The Quarterly, Half yearly and the Annual results of the Company are sent to the stock exchanges immediately after the Board's approval. The results are also published in the News papers Makkal Kural and Trinity Mirror. As per the requirements of clause 51 of the Listing Agreement, the quarterly financial results, share holding pattern, annual report etc. are uploaded on the website [www.sebidifar.nic.in](http://www.sebidifar.nic.in) within the time frame fixed in this regard.

## 12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms part of the Annual Report.

## GENERAL SHAREHOLDERS INFORMATION

### 1. ANNUAL GENERAL MEETING

Date : 23rd September, 2004

Time : 10.00 a.m.

Venue : Rani Seethai Hall, 603, Anna Salai, Chennai – 600 006.

### 2. TENTATIVE FINANCIAL CALENDAR

| Sl.No. | Particulars   | Period                    |
|--------|---|---------------------------|
| 1.     | Annual General Meeting                                      | September 2004            |
| 2.     | Publication of Quarterly Results ending 30th June 2004      | Last week of July 2004    |
| 3.     | Publication of Quarterly Results ending 30th September 2004 | Last week of October 2004 |
| 4.     | Publication of Quarterly Results ending 31st December 2004  | Last week of January 2005 |
| 5.     | Publication of Quarterly Results ending 31st March 2005     | Last week of April 2005   |

### **3. BOOK CLOSURE**

The Register of Members and Share Transfer Books of the Company shall remain closed from **16th September 2004 to 23rd September 2004** ( both days inclusive).

### **4. LISTING ON STOCK EXCHANGES**

The Company's shares are listed in the following Stock Exchanges:

i. Madras Stock Exchange Limited

Exchange Building 11, Second Line Beach, CHENNAI – 600 001.

ii. The Stock Exchange, Mumbai, P.J. Towers, Dalal Street, Fort, MUMBAI – 400 001.

The Company has paid the listing fee to the above stock exchanges for the financial years 2003 - 2004 and 2004 - 2005.

### **5. REGISTRARS AND SHARE TRANSFER AGENTS**

The Company's share transfer agents are M/s. Cameo Corporate Services Limited, Subramanian Building, V Floor, No 1, Club House Road, Chennai – 600 002.

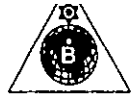
M/s Cameo Corporate Services Limited are acting as Common Transfer Agent for both physical and electronic transfer of Company's shares.

### **6. DEMATERIALISATION OF SHARES**

The Company has established connectivity with M/s. National Securities Depositories Limited and Central Depository Services ( India) Limited to facilitate investors to trade the shares in dematerialised form. The Demat ISIN number is INE656B01019. As on 31st March 2004, about 21% of Equity shares of the Company has been dematerialised.

### **7. SHARE TRANSFER SYSTEM**

The Company's shares are transferable through depository system. Shares received for physical transfer are generally registered within a period of 15 days from the date of receipt, subject to fulfillment of other legal formalities and the Share Transfer / Investor Grievance Committee will review the same. The share holders may contact for the redressal of their grievances either M/s. Cameo Corporate Services Limited or the Company Secretary, Bhagwandas Metals Limited.



8. STOCK MARKET DATA

| Month          | Madras Stock Exchange   |     | Mumbai Stock Exchange |      |
|----------------|-------------------------|-----|-----------------------|------|
|                | High                    | Low | High                  | Low  |
|                | Stock Code : BHAGWANMET |     | Stock Code : 530095   |      |
| April 2003     | Not quoted              |     | Not quoted            |      |
| May 2003       | Not quoted              |     | Not quoted            |      |
| June 2003      | Not quoted              |     | 2.25                  | 1.60 |
| July 2003      | Not quoted              |     | 8.60                  | 2.10 |
| August 2003    | Not quoted              |     | 7.95                  | 4.21 |
| September 2003 | Not quoted              |     | 7.39                  | 3.87 |
| October 2003   | Not quoted              |     | 4.75                  | 2.15 |
| November 2003  | Not quoted              |     | 3.40                  | 2.01 |
| December 2003  | Not quoted              |     | 5.00                  | 3.25 |
| January 2004   | Not quoted              |     | 4.80                  | 3.76 |
| February 2004  | Not quoted              |     | 3.74                  | 2.36 |
| March 2004     | Not quoted              |     | 2.99                  | 1.75 |

DISTRIBUTION OF SHAREHOLDINGS AS ON 31.03.2004

| No. of Equity Shares | Share Holders |               | Number of Shares |               |
|----------------------|---------------|---------------|------------------|---------------|
|                      | Number        | % to total    | Number           | % to total    |
| Upto 500             | 2219          | 79.96         | 4966610          | 13.61         |
| 501 to 1000          | 182           | 6.56          | 1444740          | 3.96          |
| 1001 to 2000         | 218           | 7.86          | 3241120          | 8.88          |
| 2001 to 3000         | 58            | 2.09          | 1452660          | 3.98          |
| 3001 to 4000         | 16            | 0.58          | 577980           | 1.58          |
| 4001 to 5000         | 10            | 0.36          | 474950           | 1.30          |
| 5001 to 10000        | 25            | 0.90          | 1683940          | 4.62          |
| 10001 & above        | 47            | 1.69          | 22646000         | 62.07         |
| <b>Total</b>         | <b>2775</b>   | <b>100.00</b> | <b>36488000</b>  | <b>100.00</b> |

**10. PATTERN OF SHARE HOLDINGS AS ON 31.03.2004**

| Sl.No.    | Category                                     | No.of Shares     | % of Shares   |
|-----------|--|------------------|---------------|
| <b>A.</b> | <b>Promoters' Holding</b>                    |                  |               |
|           | Indian Promoters & persons acting in concert | 18,75,400        | 51.40         |
| <b>B.</b> | <b>Non Promoters' Holding</b>                |                  |               |
| 1.        | Private Corporate Bodies                     | 4,00,202         | 10.97         |
| 2.        | Indian Public                                | 13,43,598        | 36.82         |
| 3.        | NRI's/ OBC's                                 | 29,600           | 0.81          |
|           | <b>Total</b>                                 | <b>36,48,800</b> | <b>100.00</b> |

**11. TRANSFER OF UNCLAIMED DIVIDEND**

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, as amended and with the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund established by the Central Government. The unclaimed dividend for the financial year ended 31st March, 1996 has been transferred to the Investor Education and Protection Fund in November 2003 and no claim shall lie against the said fund or the Company for the amount of dividend so transferred.

**12. GODOWN ADDRESS**

117, Sadayankuppam Village Road,  
Manali, Chennai 600 103.

**13. ADDRESS FOR CORRESPONDENCE**

New No 54 (Old No 61) Sembudoss Street,  
First Floor, Chennai 600 001.

**NON MANDATORY REQUIREMENTS**

The Company has adopted the following non-mandatory requirements of Corporate Governance recommended under Clause 49 of the Listing Agreement:

**i) REMUNERATION COMMITTEE**

The Company has constituted a Remuneration Committee to analyse the skills of the management. The policy of the Committee is to continuously monitor the availability of the potential skill and also to recommend suitable salary package.





## ii) SHARE HOLDERS RIGHTS

By way of disclosure in News Papers, the shareholders have an access to the unaudited financial results including summary of major events and information on any accounting policies as regards the audited accounts through Annual Reports.

The quarterly results are not being furnished to the individual share holders as they are furnished to the Stock Exchanges and uploaded in EDIFAR mode and published through the news papers.

## iii) POSTAL BALLOT

Other than what is disclosed under the mandatory requirements, the Company does not contemplate the need to pass any resolution under postal ballot in the immediate future.

# MANAGEMENT DISCUSSION AND ANALYSIS

## GLOBAL AND INDIAN ECONOMIC SCENARIO

The Global Economic recovery was very slow but the year 2003-2004 has seen a reversal trend as for the the Indian Economy is concerned. There has been a significant improvement in the economic growth of the country. The industrial production grew by 7.5% during the year as against a low of 5% in the previous year.

## STEEL INDUSTRY

Industrial climate during the past two years have improved particularly in the steel industry. The scenario of Indian Steel Industry has dramatically changed during the year 2003-2004. There has been a steep rise in the demand and price of steel products due to the domestic demand and due to the phenomenal increase in demand from China. Close on the heels of China, there is a massive upswing in the construction and manufacturing business in India resulting in increased production, consumption and export of steel.

## OPPORTUNITY AND THREAT

Infrastructure development may offer significant opportunities, if funds already allocated for highways construction are deployed, with a positive impact on the Company's business. The upturn in the industrial investment cycle offers potential for infrastructure related business like steel.

The signs of improvement both in demand and pricing have already been felt by the steel industry. The Company can take advantage of the revival of the steel industry. However, the uncertainty over Government policy on imports at cheaper rates will continue to have an impact on the overall performance of the industry.

## **OUTLOOK**

A buoyant market is expected in the coming years. The Indian Economy is expected to register GDP growth rate of 6.5% to 7% over the next year. Infrastructure and housing are continuing to grow and with the Government push on road projects, steel industry is doing robust business. Infrastructure projects of road and power generation also helps in enhancing the demand for steel further. Your company is the authorised dealer of TMT Bars manufactured by SAIL which is widely used in Highways project and Power projects.

## **RISKS AND CONCERN**

The Steel industry has certain inherent risks including volatility of price and availability of raw materials. Your company is also subject to the inherent risks associated with the industry. The impact of challenging business environment, over the past few years, have been felt by the Company.

## **INTERNAL CONTROL SYSTEM AND ADEQUACY**

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of business. These procedures are designed to ensure.

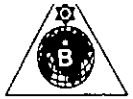
- i. that all assets and resources are used efficiently and are adequately protected.
- ii. that all the internal policies and statutory guidelines are complied with
- iii. the accuracy and timing of financial reports and management information.

## **HUMAN RESOURCES**

Your Company considers its employees as one of the key stake holders. It has created a Human Resources environment which fosters speed and agility in responding to the changing environment, learning and innovation to survive and prosper and integrity in all operation.

## **CAUTIONARY STATEMENT**

The report may contain statements that the Company believes are or may be considered to be "forward looking statements" that describe our objectives, Plans or goals. All these forward looking statements are subject to certain risks and uncertainties, including but not limited to, Government action, economic development and other factors that could cause the actual results to differ materially from those contemplated by the relevant forward looking statements.



**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of  
**BHAGWANDAS METALS LIMITED, Chennai.**

We have examined the compliance of the conditions of Corporate Governance by M/s. Bhagwandas Metals Limited for the year ended 31.03.04 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statement of the Company.

In our opinion and to the best of our information and explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period not exceeding one month against the Company as certified by the Registrars of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Sd/-

Place : Chennai  
Date : 28.07.2004

**M. RAGHUNATH**  
Partner  
Membership No. 15501



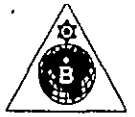
## **AUDITORS' REPORT**

To the Shareholders of

**BHAGWANDAS METALS LIMITED, Chennai.**

1. We have audited the attached Balance Sheet of **BHAGWANDAS METALS LIMITED**, as at 31st March, 2004 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we 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 examination of those books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

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- e. On the basis of the written representation received from the Directors, as on 31st March, 2004 and taken on record by the Board of Directors, none of the Directors is disqualified from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements 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 in conformity with the accounting principles generally accepted in India:
- i. in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2004; and
  - ii in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.
  - ii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Sd/-

**M. RAGHUNATH**  
Partner  
Membership No. 15501

Place : Chennai  
Date : 28.07.2004

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Paragraph (3) of our report of even date)

In terms of the information and explanations given to us and books and records examined by us in normal course of audit and to the best of our information and belief, we state that:

- i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets were physically verified during the year and no discrepancies were noticed during such verification.
- c. Pursuant to resolution passed by Postal Ballot on 16th July 2003 empowering the sale of assets, of the Company, during the year, the Company has sold Rolling Mill Machineries. The Company has incurred loss of Rs.17,19,418 on the sale of said capital assets. The proceeds of sale of the assets have been utilised for repayment of IFST loan. The disposal of fixed assets has not affected the status of going concern.
- ii) a. The management has conducted physical verification of inventory at reasonable intervals.
- b. 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.
- c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between physical stock and the book records were not material in relation to the operations of the Company.
- iii) The Company has neither granted nor taken any loans secured or unsecured, from Companies, firms, or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted/taken any loans, secured or unsecured, to / from parties listed in the registers maintained under Section 301 of the Companies Act, 1956 paragraphs iii (b) (c) & (d) of the Order, are not applicable.
- iv) 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 for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
- v) a. According to the information and explanations given to us we are of the opinion that the transactions that need to be entered into the register maintained under Sections 301 of the Companies Act, 1956 have been so entered.



- b. In our opinion and according to the information and explanations given to us, the transactions with parties with whom transactions exceeding the value of Rs 5 Lakhs have been entered into during the financial year are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits under the provisions of Section 58 (A) and 58 (AA) of the Companies Act, 1956 and the rules framed thereunder.
- vii) The internal audit for the Company has been carried out during the year and the system and procedures adopted by the Company is adequate commensurate with the size and nature of the Company.
- viii) As informed to us, since the Company is engaged only in Trading activities, the question of maintaining cost records under section 209 (1) (d) of the Companies Act, 1956 does not arise.
- ix) a. According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues as applicable with the appropriate authorities.
- b. As at 31st March 2004 according to the records of the Company and information and explanations given to us, the following are the particulars of the dues on account of Sales Tax, Income Tax, Excise Duty, Wealth Tax, Custom duty and Cess matters that have not been deposited on account of any dispute:

| Name of the statute      | Nature of dues                           | Amount (Rs in Lakhs) | Period to which the amount relates | Forum where pending                                |
|--------------------------|--|----------------------|------------------------------------|--|
| Central Excise Act, 1944 | Excise Duty under Compounded Levy Scheme | 17.22                | 1997-98                            | Customs, Excise and Service Tax Appellate Tribunal |

- x) The accumulated losses at the end of the financial year are less than 50% of net worth and the Company has not incurred cash losses in this financial year and in the financial year immediately preceding this financial year.
- xi) Based on our audit procedures and informations and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institutions (or) Banks.

- 24
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - xiii) The Company is not a nidhi/mutual benefit fund/ society to which the provisions of special statute relating to chit fund are applicable.
  - xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of Para 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
  - xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
  - xvi) According to the information and explanations given to us, the Company does not have any term loans.
  - xvii) According to the information and explanations given to us and on an overall examinations of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short term basis have been used for long term investment and no long term funds have been used to finance short term assets.
  - xviii) The Company has not made any preferential allotment of shares to parties or Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
  - xix) No debentures have been issued.
  - xx) The Company has not raised any money through a public issue during the year.
  - xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

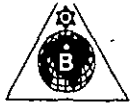
Sd/-

Place : Chennai  
Date : 28.07.2004

**M. RAGHUNATH**  
Partner  
Membership No. 15501



*VS*



**BALANCE SHEET AS AT MARCH 31, 2004**

*28/9/2004*

(In Rs.)

| Particulars                                 | Schedule | AS AT<br>31.03.2004 | AS AT<br>31.03.2003 |
|---|----------|---------------------|---------------------|
| <b>SOURCES OF FUNDS</b>                     |          |                     |                     |
| <b>Shareholder's Funds</b>                  |          |                     |                     |
| Share Capital                               | 1        | 3,64,68,500         | 3,64,68,500         |
| Reserves & Surplus                          | 2        | 2,22,20,364         | 2,22,20,364         |
| <b>Loan Funds</b>                           |          |                     |                     |
| Secured Loans                               | 3        | 76,33,921           | 2,54,62,032         |
| <b>Total</b>                                |          | <u>6,63,22,785</u>  | <u>8,41,50,896</u>  |
| <b>APPLICATION OF FUNDS</b>                 |          |                     |                     |
| <b>Fixed Assets</b>                         |          |                     |                     |
| Gross Block                                 |          | 4,23,87,386         | 5,63,76,406         |
| Less: Depreciation                          |          | 3,02,16,119         | 3,87,13,100         |
| Net Block                                   |          | 1,21,71,267         | 1,76,63,306         |
| <b>Current Assets, Loans &amp; Advances</b> |          |                     |                     |
| Inventories                                 | 5        | 1,58,76,668         | 1,76,41,669         |
| Sundry Debts                                | 6        | 2,55,26,086         | 2,80,32,447         |
| Cash & Bank                                 | 7        | 6,78,308            | 35,32,231           |
| Loans & Advances                            | 8        | 1,38,34,661         | 2,48,22,921         |
| Provisions                                  | 9        | 5,59,15,723         | 7,40,29,268         |
|   |          | 1,31,86,086         | 2,04,82,709         |
|   | 10       | 4,27,29,637         | 5,35,46,559         |
|   |          | (5,52,000)          | 1,49,000            |
| Less: Net Provision                         |          |                     |                     |
| Net Current Assets                          |          | 4,58,367            | 9,60,759            |
| Account                                     |          | 1,15,15,514         | 1,18,31,272         |
| <b>Total</b>                                |          | <u>6,63,22,785</u>  | <u>8,41,50,896</u>  |

**DORES**  
 S. No: 179  
 Reg. on: 20/03/2004  
 Filed by: M. Raghunath  
 D. No: 179  
 M. Raghunath P.C.C.

REC. NO. 25884  
 REG. NO. 18-009418  
 B/S (31-6)  
 31/03/2004  
 500  
 \*\*\*\*\*500  
 A \*\*\*\*\*500  
 CASH 50988  
 28/09/2004  
 JK

Schedules 1 to 11 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/-  
**GOVIND PRASAD AGARWALA**  
 Chairman

sd/-  
**MURARILAL**  
 Managing Director

sd/-  
**C. NAMASIVAYAM**  
 Company Secretary

sd/-  
**M. RAGHUNATH**  
 Partner

Place : Chennai  
 Date : 28.07.2004

**CERTIFIED TRUE COPY**  
**FOR BHAGWANDAS METALS LIMITED,**

*M. Namasivayam*

**Company Secretary**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004**

(In Rs.)

| Particulars                           | Schedule | Year ended<br>31.03.2004 | Year ended<br>31.03.2003 |
|---------------------------------------|----------|--------------------------|--------------------------|
| <b>INCOME</b>                         |          |                          |                          |
| Gross Sales                           |          | 46,20,24,625             | 40,70,75,751             |
| Less : Excise Duty                    |          | —                        | 42,846                   |
|                                       |          | <u>46,20,24,625</u>      | <u>40,70,32,905</u>      |
| Other Income                          |          | 13,13,256                | 25,95,123                |
| Increase / Decrease in Inventories    | 12       | (17,65,001)              | (10,91,173)              |
| <b>Total [A]</b>                      |          | <u>46,15,72,880</u>      | <u>40,85,36,855</u>      |
| <b>EXPENDITURE</b>                    |          |                          |                          |
| Purchase - Trading                    |          | 43,89,03,276             | 38,85,39,409             |
| Consumption of Raw Materials          | 13       | —                        | 2,14,317                 |
| Manufacturing / Trading Expenses      | 14       | 13,52,236                | 11,01,571                |
| Administrative Expenses               | 15       | 83,17,458                | 53,48,164                |
| Selling & Distribution Expenses       | 16       | 40,29,790                | 41,66,707                |
| Financial Charges                     | 17       | 37,41,536                | 34,80,557                |
| Loss on Sale of Fixed Assets          |          | 17,19,418                | —                        |
| Depreciation                          |          | 24,92,408                | 29,24,148                |
| <b>Total [B]</b>                      |          | <u>46,05,56,122</u>      | <u>40,57,74,873</u>      |
| <b>NET PROFIT / (LOSS) [A - B]</b>    |          | <b>10,16,758</b>         | <b>27,61,982</b>         |
| PROVISION FOR TAXATION - DEFERRED TAX |          | 7,01,000                 | 11,22,000                |
| NET PROFIT/ (LOSS) AFTER TAXATION     |          | 3,15,758                 | 16,39,982                |
| PROFIT / (LOSS) BROUGHT FORWARD       |          | (1,18,31,272)            | (1,34,71,254)            |
| TRANSFER FROM GENERAL RESERVE         |          | —                        | —                        |
| TRANSFERRED TO BALANCE SHEET          |          | (1,15,15,514)            | (1,18,31,272)            |
| Notes on Accounts                     | 18       |                          |                          |
| Earnings per share                    |          | 0.09                     | 0.45                     |

For and on behalf of the Board

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

sd/-  
**GOVIND PRASAD AGARWALA**  
Chairman

sd/-  
**MURARILAL**  
Managing Director

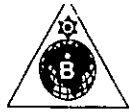
sd/-  
**C. NAMASIVAYAM**  
Company Secretary

sd/-  
**M. RAGHUNATH**  
Partner

Place : Chennai  
Date : 28.07.2004

**CERTIFIED TRUE COPY**  
**For BHAGWANDAS METALS LIMITED,**

*(Signature)*

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

(in Rs.)

| Particulars  | 31.03.2004         | 31.03.2003         |
|--|--------------------|--------------------|
| <b>SCHEDULE 1 : SHARE CAPITAL</b>  |                    |                    |
| <b>Authorised</b>  |                    |                    |
| 50,00,000 Equity Shares of Rs.10/- each  | <u>5,00,00,000</u> | <u>5,00,00,000</u> |
| <b>Issued, Subscribed and Paid up</b>  |                    |                    |
| 36,48,800 Equity Shares of Rs.10/- each  | 3,64,88,000        | 3,64,88,000        |
| Less: Calls Unpaid   | <u>19,500</u>      | <u>19,500</u>      |
|  | <u>3,64,68,500</u> | <u>3,64,68,500</u> |
| <b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>   |                    |                    |
| Share Premium  | 2,16,68,500        | 2,16,68,500        |
| Investment Allowance Reserve   | 5,05,304           | 5,05,304           |
| Generator Subsidy From State Government  | <u>46,560</u>      | <u>46,560</u>      |
|  | <u>2,22,20,364</u> | <u>2,22,20,364</u> |
| <b>SCHEDULE 3 : SECURED LOANS</b>  |                    |                    |
| Cash Credit: Syndicate Bank<br>(Secured by first charge on movable & immovable properties, stocks, book debts & personal guarantee of two Directors) | 72,15,031          | 1,75,84,926        |
| Interest Free Sales Tax Loan<br>(Secured against movable & Immovable property and personal guarantee of two directors)                               | —                  | 74,13,857          |
| Hire Purchase Finance Loan<br>(Secured by specific fixed assets)   | 4,18,890           | 4,63,249           |
|  | <u>76,33,921</u>   | <u>2,54,62,032</u> |

**SCHEDULE 4 : FIXED ASSETS**

(in Rs.)

| PARTICULARS              | GROSS BLOCK         |  |                     | DEPRECIATION        |                                       |                    | NET BLOCK           |                     |                     |
|--------------------------|---------------------|--|---------------------|---------------------|---------------------------------------|--------------------|---------------------|---------------------|---------------------|
|                          | As on<br>01.04.2003 | Addition/<br>(Deletion)<br>during the year | As on<br>31.03.2004 | As on<br>01.04.2003 | For the<br>year                       | written<br>back    | As on<br>31.03.2004 | As on<br>31.03.2004 | As on<br>31.03.2003 |
| Land                     | 1,69,601            | —  | <b>1,69,601</b>     | —                   | —                                     | —                  | —                   | <b>1,69,601</b>     | 1,69,601            |
| Shed & Building          | 1,30,68,159         | (43,58,524)                                | <b>87,09,635</b>    | 77,03,893           | <b>5,06,486</b>                       | 27,11,819          | <b>54,98,560</b>    | <b>32,11,075</b>    | 53,64,266           |
| Plant & Machinery        | 1,58,87,418         | (43,55,592)<br>2,43,660                    | <b>1,17,75,486</b>  | 1,14,06,841         | <b>5,94,770</b>                       | 32,69,614          | <b>87,31,997</b>    | <b>30,43,489</b>    | 44,80,577           |
| Electrical Insatallation | 72,98,015           | (22,20,622)                                | <b>50,77,393</b>    | 54,32,711           | <b>2,46,306</b>                       | 17,18,843          | <b>39,60,174</b>    | <b>11,17,219</b>    | 18,65,304           |
| Laboratory Equipment     | 67,289              | (67,289)                                   | —                   | 51,827              | <b>1,792</b>                          | 53,619             | —                   | —                   | 15,462              |
| Furnace                  | 40,88,284           | —  | <b>40,88,284</b>    | 28,26,806           | <b>1,75,472</b>                       | —                  | <b>30,02,278</b>    | <b>10,86,006</b>    | 12,61,478           |
| Tools & Accessories      | 1,27,203            | (1,27,203)                                 | —                   | 88,694              | <b>4,464</b>                          | 93,158             | —                   | —                   | 38,509              |
| Weighment Scale          | 3,20,782            | (3,20,782)                                 | —                   | 2,62,355            | <b>6,773</b>                          | 2,69,128           | —                   | —                   | 58,427              |
| Generator                | 3,28,419            | (3,28,419)                                 | —                   | 3,17,230            | <b>1,297</b>                          | 3,18,527           | —                   | —                   | 11,189              |
| Furniture & Fixtures     | 5,92,910            | —  | <b>5,92,910</b>     | 4,42,672            | <b>27,193</b>                         | —                  | <b>4,69,865</b>     | <b>1,23,045</b>     | 1,50,238            |
| Office Equipments        | 3,80,730            | 73,181                                     | <b>4,53,911</b>     | 2,20,470            | <b>26,957</b>                         | —                  | <b>2,47,427</b>     | <b>2,06,484</b>     | 1,60,260            |
| Rolling Mill Rolls       | 55,52,281           | (26,32,111)                                | <b>29,20,170</b>    | 46,85,723           | <b>2,66,004</b>                       | 23,35,411          | <b>26,16,316</b>    | <b>3,03,854</b>     | 8,66,558            |
| Computers                | 4,29,744            | 41,600                                     | <b>4,71,344</b>     | 3,67,742            | <b>27,392</b>                         | —                  | <b>3,95,134</b>     | <b>76,210</b>       | 62,002              |
| Air Conditioners         | 4,79,128            | —  | <b>4,79,128</b>     | 2,83,688            | <b>27,186</b>                         | —                  | <b>3,10,874</b>     | <b>1,68,254</b>     | 1,95,440            |
| Induction Furnace        | 60,21,527           | —  | <b>60,21,527</b>    | 40,58,638           | <b>2,73,038</b>                       | —                  | <b>43,31,676</b>    | <b>16,89,851</b>    | 19,62,889           |
| Vehicles                 | 15,64,916           | 4,20,002<br>(3,56,921)                     | <b>16,27,997</b>    | 5,63,810            | <b>3,07,278</b>                       | 2,19,270           | <b>6,51,818</b>     | <b>9,76,179</b>     | 10,01,106           |
| <b>TOTAL</b>             | <b>5,63,76,406</b>  | <b>7,78,443</b><br><b>(1,47,67,463)</b>    | <b>4,23,87,386</b>  | <b>3,87,13,100</b>  | <b>24,92,408</b>                      | <b>1,09,89,389</b> | <b>3,02,16,119</b>  | <b>1,21,71,267</b>  | <b>1,76,63,306</b>  |
| <b>Previous Year</b>     | <b>5,61,41,563</b>  | <b>6,35,602</b><br><b>(400,759)</b>        | <b>56376,406</b>    | <b>3,60,79,597</b>  | <b>29,24,148</b><br><b>(2,90,645)</b> |                    | <b>3,87,13,100</b>  | <b>1,76,63,306</b>  | <b>2,00,61,966</b>  |



(in Rs.)

| Particulars   | 31.03.2004         | 31.03.2003         |
|---|--------------------|--------------------|
| <b>SCHEDULE 5 : INVENTORIES</b>   |                    |                    |
| (As certified by the Management)  |                    |                    |
| Finished goods and Trading Stock  | 1,58,76,668        | 1,76,41,669        |
|   | <u>1,58,76,668</u> | <u>1,76,41,669</u> |
| <b>SCHEDULE 6 : SUNDRY DEBTORS</b>  |                    |                    |
| (Unsecured Considered good)   |                    |                    |
| Debts outstanding for more than six months                                | 33,79,192          | 58,79,785          |
| Other Debts   | 2,21,46,894        | 2,21,52,662        |
|   | <u>2,55,26,086</u> | <u>2,80,32,447</u> |
| <b>SCHEDULE 7 : CASH &amp; BANK BALANCES</b>                              |                    |                    |
| Cash in Hand  | 2,67,171           | 5,55,073           |
| Balance with scheduled Bank   |                    |                    |
| i) in Current Account   | 4,741              | 96,993             |
| ii) in Deposit Account  | 4,06,396           | 28,80,165          |
|   | <u>6,78,308</u>    | <u>35,32,231</u>   |
| <b>SCHEDULE 8 : LOANS &amp; ADVANCES</b>                                  |                    |                    |
| (Unsecured considered good)   |                    |                    |
| Advances (recoverable in cash or kind or<br>for the value to be received) | 90,66,566          | 1,95,05,144        |
| Deposits  | 39,62,011          | 39,99,761          |
| Other Receivables   | 8,06,084           | 13,18,016          |
|   | <u>1,38,34,661</u> | <u>2,48,22,921</u> |
| <b>SCHEDULE 9 : CURRENT LIABILITIES &amp; PROVISIONS</b>                  |                    |                    |
| <b>A. CURRENT LIABILITIES</b>   |                    |                    |
| i) Creditors for Materials  | 12,12,256          | 1,13,20,019        |
| ii) Investor Education and Protection fund                                |                    |                    |
| a) Unclaimed dividend – Less than 7 years                                 | —                  | 91,487             |
| iii) Other Liabilities  | 1,03,15,608        | 76,04,414          |
| <b>B. PROVISIONS</b>  |                    |                    |
| i) Provision for Taxation   | 8,00,000           | 8,00,000           |
| ii) Gratuity and Bonus  | 8,58,222           | 6,66,789           |
|   | <u>1,31,86,086</u> | <u>2,04,82,709</u> |

29

(in Rs.)

| Particulars | 31.03.2004 | 31.03.2003 |
|-------------|------------|------------|
|-------------|------------|------------|

**SCHEDULE 10 : DEFERRED TAX (NET)**

|   |                   |                  |
|---|-------------------|------------------|
| Deferred Tax Assets                         |                   |                  |
| Provision for employee related expenses     | 3,08,000          | 2,45,000         |
| Disputed statutory liabilities - unpaid     | —                 | 1,92,000         |
| Unabsorbed depreciation / business loss     | 8,67,000          | 26,15,000        |
|   | <u>11,75,000</u>  | <u>30,52,000</u> |
| Deferred Tax Liability                      |                   |                  |
| Difference between book and IT depreciation | 17,27,000         | 29,03,000        |
| Deferred Tax Assets (Net)                   | <u>(5,52,000)</u> | <u>1,49,000</u>  |

**SCHEDULE 11 : PUBLIC ISSUE EXPENSES**

(To the extent not written off)

|                       |                 |                 |
|-----------------------|-----------------|-----------------|
| Public Issue Expenses | 4,58,367        | 9,60,759        |
|                       | <u>4,58,367</u> | <u>9,60,759</u> |

**SCHEDULE 12 : INCREASE/DECREASE IN INVENTORIES**

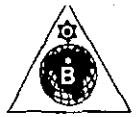
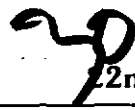
|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Closing Stock       | 1,58,76,668        | 1,76,41,669        |
| Less: Opening Stock | 1,76,41,669        | 1,87,32,842        |
|                     | <u>(17,65,001)</u> | <u>(10,91,173)</u> |

**SCHEDULE 13 : CONSUMPTION OF RAW MATERIALS**

|                     |   |          |
|---------------------|---|----------|
| Opening Stock       | — | 2,14,317 |
| Add: Purchases      | — | —        |
|                     | — | 2,14,317 |
| Less: Closing Stock | — | —        |
|                     | — | 2,14,317 |

**SCHEDULE 14: MANUFACTURING / TRADING EXPENSES**

|                         |                  |                  |
|-------------------------|------------------|------------------|
| Carriage Inward         | 13,52,236        | 10,55,951        |
| Conversion Charges paid | —                | 45,620           |
|                         | <u>13,52,236</u> | <u>11,01,571</u> |



(in Rs.)

| Particulars  | 31.03.2004       | 31.03.2003       |
|--|------------------|------------------|
| <b>SCHEDULE 15 : ADMINISTRATIVE EXPENSES</b>             |                  |                  |
| Audit Fee  |                  |                  |
| — Statutory Audit  | 10,800           | 10,800           |
| — Tax Audit  | 5,400            | 5,400            |
| Bad Debts  | 27,69,608        | 8,35,696         |
| Directors Remuneration                                   | 4,51,369         | 3,30,750         |
| Electricity Charges                                      | 1,57,563         | 1,34,584         |
| General Expenses   | 1,39,077         | 1,86,054         |
| Insurance  | 94,925           | 37,706           |
| Labour Charges   | 6,10,929         | —                |
| Legal & Professional Charges                             | 1,44,843         | 1,74,025         |
| Public Issue Expenses written off                        | 5,02,392         | 5,02,393         |
| Postage & Telegram Charges                               | 5,03,077         | 3,56,951         |
| Printing & Stationery                                    | 1,05,853         | 1,09,934         |
| Rates, Taxes & Licence                                   | 1,07,250         | 1,32,080         |
| Rent   | 3,85,275         | 3,77,954         |
| Repairs & Maintenance                                    | 1,33,541         | 1,25,462         |
| Salaries & Other Benefits                                | 12,33,750        | 13,71,655        |
| Service Charges  | 49,040           | —                |
| Security Service Charges                                 | 1,32,733         | —                |
| Share Transfer Expenses                                  | 62,643           | 66,601           |
| Sundry Debit Balance W/off                               | 40,440           | —                |
| Travelling & Conveyance                                  | 3,81,231         | 2,04,343         |
| Vehicle Running & Maintenance                            | 2,95,719         | 3,85,776         |
|  | <u>83,17,458</u> | <u>53,48,164</u> |
| <b>SCHEDULE 16 : SELLING &amp; DISTRIBUTION EXPENSES</b> |                  |                  |
| Advertisement  | 1,24,425         | 1,43,929         |
| Sales Tax Paid   | —                | 15,737           |
| Brokerage & Commission                                   | 1,04,987         | 69,980           |
| Other Miscellaneous Expenses                             | 2,68,490         | 7,82,825         |
| Carriage Outward & Coolly Charges                        | 33,85,153        | 30,66,766        |
| Sales Promotion  | 1,46,735         | 87,470           |
|  | <u>40,29,790</u> | <u>41,66,707</u> |
| <b>SCHEDULE 17 : FINANCIAL CHARGES</b>                   |                  |                  |
| Bank Charges   | 5,02,472         | 6,92,284         |
| Interest   | 32,39,064        | 27,88,273        |
|  | <u>37,41,536</u> | <u>34,80,557</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 recognised on despatch to customers.

**c. Fixed Assets**

All fixed assets are valued at cost less depreciation.

**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**

Trading stock is valued at cost or net realisable value whichever is less.

**f. Gratuity and Provident fund**

Provision for Gratuity has been provided in the books.

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.

**h. Taxation**

Income Tax expenses comprises of current and deferred tax charge or realisation. The deferred tax charge or credit is recognised subject to the consideration of prudence in respect of deferred tax assets on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

When there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised if there is a certainty of realisation of such assets. Such assets are reviewed at each Balance Sheet date to reassess realisation.

**2. CONTINGENT LIABILITIES**

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

**a. Bank Guarantee**

(Rs. In Lakhs)

| Particulars    | 31.03.2004 | 31.03.2003 |
|----------------|------------|------------|
| Bank Guarantee | 15         | 15         |





- b) The Company has filed a case in the High Court of judicature at Madras, against M/s. Asea Brown Boveries Limited for recovering advance of Rs.11,35,000/- alongwith interest. Against our claim, M/s. Asea Brown Boveries have filed a counter claim of Rs.1,10,00,000/- towards liquidated damages. Since there was no concluded contract, the Company do not foresee the exorbitant claim of the defendant being upheld by the High Court.

### MANUFACTURING / TRADING ACTIVITY

#### a. Consumption of Raw Material

| Particulars                                   | For the year<br>2003-2004 | For the year<br>2002-2003 |
|---|---------------------------|---------------------------|
| Rolling Mill Raw Materials<br>Quantity (M.T.) | —                         | 24.005                    |
| Value (Rs. in Lakhs)                          | —                         | 2.14                      |

#### b. Information regarding opening Stock, Turnover and Closing Stock

| Particulars              | Year ended<br>31.03.2004 |                        | Year ended<br>31.03.2003 |                        |
|--------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                          | Qty. Mts                 | Value (Rs.<br>in lacs) | Qty Mts.                 | Value (Rs.<br>in lacs) |
| <b>A. Opening Stock</b>  |                          |                        |                          |                        |
| 1. Own Materials         |                          |                        |                          |                        |
| a. Raw Materials         | —                        | —                      | 24.005*                  | 2.14                   |
| b. CTD Bars/MS Rounds    | —                        | —                      | 1.665                    | 0.24                   |
| 2. Trading Materials     |                          |                        |                          |                        |
| a. CTD Bars              | 904.662                  | 160.02                 | 1217.525                 | 119.99                 |
| b. Others                | 108.820                  | 16.39                  | 45.738                   | 67.10                  |
| <b>B. Purchases</b>      |                          |                        |                          |                        |
| 1. Own Materials         |                          |                        |                          |                        |
| a. Raw Materials         | —                        | —                      | —                        | —                      |
| b. RM Converted CTD Bars | —                        | —                      | 22.810*                  | —                      |
| c. Returned RM           | —                        | —                      | —                        | —                      |
| 2. Trading Materials     |                          |                        |                          |                        |
| a. CTD Bars              | 20742.997                | 4084.80                | 23500.028                | 3772.25                |
| b. Others                | 1437.348                 | 304.23                 | 1364.289                 | 113.14                 |
| <b>C. Turnover</b>       |                          |                        |                          |                        |
| 1. Own Materials         |                          |                        |                          |                        |
| a. Raw Materials         | —                        | —                      | —                        | —                      |
| b. CTD Bars/MS Rounds    | —                        | —                      | 24.475                   | 3.42                   |

\* 24.005 MTS of Raw Materials converted into 22.810 MTS of Finished Goods.

| Particulars             | Year ended<br>31.03.2004 |                        | Year ended<br>31.03.2003 |                        |
|-------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                         | Qty Mts                  | Value (Rs.<br>in lacs) | Qty Mts.                 | Value (Rs.<br>in lacs) |
| 2. Trading Materials    |                          |                        |                          |                        |
| a. CTD Bars             | 21062.947                | 4300.80                | 23812.891                | 3844.60                |
| b. Others               | 1530.922                 | 319.45                 | 1301.207                 | 222.30                 |
| <b>D. Closing Stock</b> |                          |                        |                          |                        |
| 1. Own Materials        |                          |                        |                          |                        |
| a. Raw Materials        | -                        | -                      | -                        | -                      |
| b. CTD Bars/MS Rounds   | -                        | -                      | -                        | -                      |
| 2. Trading Materials    |                          |                        |                          |                        |
| a. CTD Bars             | 584.712                  | 154.95                 | 904.662                  | 160.02                 |
| b. Others               | 15.246                   | 3.82                   | 108.820                  | 16.39                  |

**4. MANAGERIAL REMUNERATION**

(Amount in Rs.)

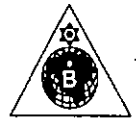
| Paid/ Payable to WholeTime Director | For the year<br>2003-2004 | For the year<br>2002-2003 |
|-------------------------------------|---------------------------|---------------------------|
| Salaries                            | 3,90,000                  | 3,00,000                  |
| House Rent Allowance                | 1,80,000                  | 1,80,000                  |
| <b>Total</b>                        | <b>5,70,000</b>           | <b>4,80,000</b>           |

5. Parties balances are subject to confirmation

**6. OTHER INCOME**

Other Income includes the following:

| Particulars                               | For the year<br>2003-2004 | For the year<br>2002-2003 |
|---|---------------------------|---------------------------|
| Rent Received                             | 1,09,000                  | 2,59,000                  |
| Profit on sale of Car                     | —                         | 8,887                     |
| Interest earned (TDS - 5,765)             | 4,79,537                  | (5,56,589)                |
| Miscellaneous Income                      | 7,24,490                  | 26,45,130                 |
| Miscellaneous Credit Balance written back | 229                       | 1,98,695                  |
| Refund of penalty                         | —                         | 40,000                    |
| <b>Total</b>                              | <b>13,13,256</b>          | <b>25,95,123</b>          |



## 7. SALARIES AND OTHER BENEFITS

Salaries and other benefits include the following:

| Particulars                                    | For the year<br>2003-2004 | For the year<br>2002-2003 |
|--|---------------------------|---------------------------|
| Salaries and Bonus                             | 7,59,504                  | 8,43,605                  |
| Contribution to provident fund and other funds | 3,92,891                  | 4,83,113                  |
| Staff welfare expenses                         | 81,355                    | 44,937                    |
| <b>Total</b>                                   | <b>12,33,750</b>          | <b>13,71,655</b>          |

## 8. RELATED PARTY DISCLOSURE

### A. List of Related Parties

| Name of the Related Party | Nature of Relationship   |
|---------------------------|--|
| Bhagwandas & Co.,         | Associate concern in which the Managing Director Mr.Murarilal is one of the Partners |

### B. Key Management Personnel and their relatives

- Mr. Govind Prasad Agarwala, *Chairman*
- Mrs.Gita Agarwal (*wife*)
- Mr. Nand Kishore Sonthalia (*son*)
- Mr. Murarilal, *Managing Director*
- Mrs. Rashmi Sonthalia (*wife*)

### C. RELATED PARTY TRANSACTIONS

| Name of the Related Party | Nature of Transaction | Value       |            |
|---------------------------|-----------------------|-------------|------------|
|                           |                       | 31.03.2004  | 31.03.2003 |
| Bhagwandas & Co.,         | Sale of Goods         | 60,48,967   | 27,63,938  |
| Bhagwandas & Co.,         | Purchase of goods     | 1,32,42,768 | 30,94,351  |
| Govind Prasad Agarwal     | Salary & Allowance    | 90,000      | —          |
| Murarilal                 | Salary & Allowance    | 4,80,000    | 4,80,000   |
| Nand Kishore Sonthalia    | Salary & Allowance    | 2,35,800    | 2,35,800   |
| Gita Agarwal              | Rent Paid             | 1,80,000    | 1,80,000   |
| Rashmi Sonthalia          | Rent Paid             | 90,000      | 90,000     |

Out of the above, for purchase and sale of goods, approval of the Central Government has been obtained vide Order No. 2/M-5526/87 dated 13.06.2002.

**9. SEGMENT REPORTING**

(in Rupees)

| Particulars                          | 31.03.2004   |               |              | 31.03.2003   |               |              |
|--------------------------------------|--------------|---------------|--------------|--------------|---------------|--------------|
|                                      | Trading      | Manufacturing | Consolidated | Trading      | Manufacturing | Consolidated |
| <b>Segment Revenue</b>               |              |               |              |              |               |              |
| External Revenue                     | 46,20,24,625 | —             | 46,20,24,625 | 40,70,32,905 | —             | 40,70,32,905 |
| Inter Segment Revenue                | —            | —             | —            | —            | —             | —            |
| Total                                | 46,20,24,625 | —             | 46,20,24,625 | 40,70,32,905 | —             | 40,70,32,905 |
| Segment Results                      | 10,16,758    | —             | 10,16,758    | 27,62,542    | —             | 27,62,542    |
| Unallocated Corporate Expenses       | —            | —             | —            | —            | —             | —            |
| Profit before Tax                    | 10,16,758    | —             | 10,16,758    | 27,62,542    | —             | 27,62,542    |
| <b>Other Information</b>             |              |               |              |              |               |              |
| Segment Asset                        | 5,26,47,285  | 1,54,39,705   | 6,80,86,990  | 6,75,45,217  | 2,41,47,857   | 9,16,93,074  |
| Segment Liabilities                  | 1,39,01,280  | 69,18,727     | 2,08,20,007  | 3,05,87,082  | 1,53,57,600   | 4,59,44,682  |
| Capital Expenditure                  | 7,36,843     | —             | 7,36,843     | 6,35,602     | —             | 6,35,602     |
| Depreciation                         | 4,16,006     | 20,76,402     | 24,92,408    | 3,45,773     | 25,78,375     | 29,24,148    |
| Public Issue Expenditure written off | —            | 5,02,393      | 5,02,393     | —            | 5,02,393      | 5,02,393     |

Since the Company's operations are only in India, secondary segment of Geographical Reporting is not applicable to the Company.

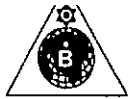
**10. EARNINGS PER SHARE**

| Particulars               | 31.03.2004 | 31.03.2003 |
|---------------------------|------------|------------|
| Profit / (Loss) after Tax | 3,15,758   | 16,39,982  |
| No. of Equity Shares      | 36,48,800  | 36,48,800  |
| Face Value per Share      | Rs.10      | Rs.10      |
| Basic earning per Share   | Re.0.09    | Rs.0.45    |

11. Interest under Schedule 17 includes interest on fixed loan amounting to Rs.35,124/-.

12. During the year, a sum of Rs.25 lakhs has been received as token advance towards sale of assets of the Company and the same has been included under the head current liabilities.

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13. The Company has provided interest for electricity charges payable upto 31st March 2001. In view of the cases filed by the Company before the Hon'ble High Court disputing the amount due, the management is of the opinion that there will not be any further liability on the Company beyond the amount already provided for.

|  | For the year<br>2003-2004 | For the year<br>2002-2003 |
|--|---------------------------|---------------------------|
| 14. Earnings in foreign currency   | Nil                       | Nil                       |
| 15. Expenditure in foreign currency<br>Foreign Travel Expenses(Rs.in lacs) | Nil                       | Nil                       |
| 16. Value of imports on CIF basis (Rs.in lacs)<br>Raw Materials:           |                           |                           |
| a) Direct Import   | Nil                       | Nil                       |
| b) Indirect Import   | Nil                       | Nil                       |

17. The Company does not have any liability to any small scale unit.

18. 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/-  
**GOVIND PRASAD AGARWALA**  
Chairman

sd/-  
**MURARILAL**  
Managing Director

sd/-  
**C. NAMASIVAYAM**  
Company Secretary

sd/-  
**M. RAGHUNATH**  
Partner

Place : Chennai  
Date : 28.07.2004

CERTIFIED TRUE COPY

For BHAGWANDAS METALS LIMITED,

*e. Namish*

Company Secretary.

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**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2004**

(Rs. in Lakhs)

|  | 2003-2004       | 2002-2003      |
|--|-----------------|----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>                            |                 |                |
| Net Profit Before Tax & Extraordinary Items                                | 10.17           | 27.63          |
| Adjustments for:   |                 |                |
| Depreciation   | 24.92           | 29.24          |
| Interest & Financial Charges   | 37.42           | 34.81          |
| Miscellaneous Expenditure Written Off                                      | 5.02            | 5.02           |
| Interest Income  | (4.56)          | 5.57           |
| Loss on Sale of asset  | 17.19           | (0.09)         |
| <b>Operating Profit Before Working Capital Changes</b>                     | <b>90.16</b>    | <b>102.18</b>  |
| Adjustment for :   |                 |                |
| (Increase) / Decrease in Inventories                                       | 17.65           | 13.05          |
| (Increase) / Decrease in Trade & Other Receivables                         | 134.95          | 36.36          |
| Increase/ (Decrease) in Trade & Other Payables                             | (72.97)         | (54.34)        |
| <b>Cash Generated from Operations</b>                                      | <b>169.79</b>   | <b>97.25</b>   |
| Interest & Financial Charges Paid  | (37.42)         | (34.81)        |
| Direct Taxes Paid  | —               | —              |
| Interest Income  | 4.56            | (5.57)         |
| <b>Net Cash From Operating Activities (A)</b>                              | <b>136.93</b>   | <b>56.87</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>                            |                 |                |
| Purchase of Fixed Assets   | (7.78)          | (6.36)         |
| Sale of Fixed Assets   | 20.58           | 1.19           |
| <b>Net Cash used in Investing Activities (B)</b>                           | <b>12.80</b>    | <b>(5.17)</b>  |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>                            |                 |                |
| Proceeds from Long Term Borrowing  | —               | —              |
| Repayment of finance Liabilities   | (74.58)         | (24.30)        |
| Increase/ (Decrease) in Bank Borrowings                                    | (103.70)        | (2.43)         |
| Dividend Paid  | —               | —              |
| <b>Net Cash Used in Financing Activities (C)</b>                           | <b>(178.28)</b> | <b>(26.73)</b> |
| <b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>            | <b>(28.55)</b>  | <b>24.97</b>   |
| <b>E. OPENING CASH AND CASH EQUIVALENTS (Cash and Bank Balances)</b>       | <b>35.33</b>    | <b>10.36</b>   |
| <b>F. CLOSING CASH AND CASH EQUIVALENTS (D+E) (Cash and Bank Balances)</b> | <b>6.78</b>     | <b>35.33</b>   |

For and on behalf of the Board

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

sd/-  
**GOVIND PRASAD AGARWALA**  
Chairman

CERTIFIED TRUE COPY  
sd/-  
**MURARILAL**  
Managing Director

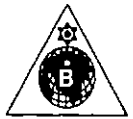
sd/-  
**C. NAMASIVAYAM**  
Company Secretary

sd/-  
**M. RAGHUNATH**  
Partner

Place : Chennai  
Date : 28.07.2004

For **BHAGWANDAS METALS LIMITED**

*C. Namai*



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No. 

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 9 | 4 | 1 | 8 |
|--|--|--|---|---|---|---|

 State Code 

|   |   |
|---|---|
| 1 | 8 |
|---|---|

Balance Sheet Date 

|   |   |
|---|---|
| 3 | 1 |
|---|---|

|   |   |
|---|---|
| 0 | 3 |
|---|---|

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 0 | 4 |
|---|---|---|---|

  
Date Month Year

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

Public Issue 

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

 Rights Issue 

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Bonus Issue 

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

 Private Placement 

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

Conversion 

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | N | I | L |
|--|--|--|--|--|--|---|---|---|

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

Total Liabilities 

|  |  |  |  |   |   |   |   |   |
|--|--|--|--|---|---|---|---|---|
|  |  |  |  | 6 | 6 | 3 | 2 | 2 |
|--|--|--|--|---|---|---|---|---|

 Total Assets 

|  |  |  |  |   |   |   |   |   |
|--|--|--|--|---|---|---|---|---|
|  |  |  |  | 6 | 6 | 3 | 2 | 2 |
|--|--|--|--|---|---|---|---|---|

**Sources of Funds**

Paid-up Capital 

|  |  |  |  |   |   |   |   |   |
|--|--|--|--|---|---|---|---|---|
|  |  |  |  | 3 | 6 | 4 | 6 | 9 |
|--|--|--|--|---|---|---|---|---|

 Reserves & Surplus 

|  |  |  |  |   |   |   |   |   |
|--|--|--|--|---|---|---|---|---|
|  |  |  |  | 2 | 2 | 2 | 2 | 0 |
|--|--|--|--|---|---|---|---|---|

Secured Loans 

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 7 | 6 | 3 | 3 |
|--|--|--|--|---|---|---|---|

 Unsecured Loans 

|  |  |  |   |   |   |  |  |
|--|--|--|---|---|---|--|--|
|  |  |  | N | I | L |  |  |
|--|--|--|---|---|---|--|--|

**Application of Funds**

Net Fixed Assets 

|  |  |  |  |   |   |   |   |   |
|--|--|--|--|---|---|---|---|---|
|  |  |  |  | 1 | 2 | 1 | 7 | 1 |
|--|--|--|--|---|---|---|---|---|

 Investments 

|  |  |  |   |   |   |  |  |
|--|--|--|---|---|---|--|--|
|  |  |  | N | I | L |  |  |
|--|--|--|---|---|---|--|--|

Net Current Assets 

|  |  |  |  |   |   |   |   |   |
|--|--|--|--|---|---|---|---|---|
|  |  |  |  | 4 | 2 | 1 | 7 | 7 |
|--|--|--|--|---|---|---|---|---|

 Misc. Expenditure 

|  |  |  |  |  |  |   |   |   |
|--|--|--|--|--|--|---|---|---|
|  |  |  |  |  |  | 4 | 5 | 8 |
|--|--|--|--|--|--|---|---|---|

Accumulated Losses 

|  |  |  |  |   |   |   |   |   |
|--|--|--|--|---|---|---|---|---|
|  |  |  |  | 1 | 1 | 5 | 1 | 6 |
|--|--|--|--|---|---|---|---|---|

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**IV. Performance of Company (Amount in Thousands)**

Turnover

4 6 2 0 2 4

Total Expenditure

4 6 0 5 5 6

+ -

Profit/Loss Before Tax

1 0 1 6

+ -

Profit/Loss After Tax

3 1 6

Earning Per Share in Rs.

0 . 0 9

Dividend Rate %

N I L

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

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

For and on behalf of the Board

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

sd/-  
**GOVIND PRASAD AGARWALA**  
Chairman

sd/-  
**MURARILAL**  
Managing Director

sd/-  
**C. NAMASIVAYAM**  
Company Secretary

sd/-  
**M. RAGHUNATH**  
Partner

Place : Chennai  
Date : 28.07.2004

CERTIFIED TRUE COPY

For BHAGWANDAS METALS LIMITED,

*C. Namasi*  
Company Secretary

