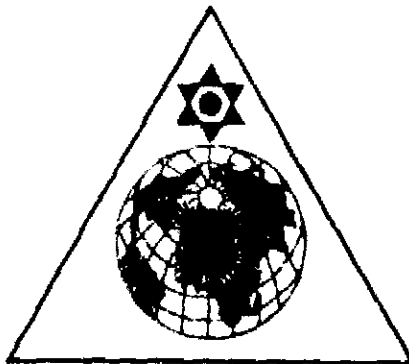


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Bhagwandas Metals Limited



CERTIFIED TRUE COPY

FOR BHAGWANDAS METALS LIMITED

Goindras

Director

23rd ANNUAL REPORT 2004-2005

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BHAGWANDAS METALS LIMITED

BOARD OF DIRECTORS

Sri Govind Prasad	<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 Arun Kumar Agarwal	<i>Director</i>

AUDITORS

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

BANKERS

Punjab National Bank
21, Raja Annamalai Road
Purasawalkam
Chennai - 600 084.

REGISTERED OFFICE

New No. 54 (Old No. 61) 1st Floor, Sembudoss Street,
Chennai - 600 001.

GODOWN

Sadayankuppam Village Road,
Manali, Chennai - 600 103.

SHARE TRANSFER AGENTS

M/s. CAMEO CORPORATE SERVICES LIMITED
Subramanian Building Vth Floor,
No.1, Club House Road, Chennai - 600 002

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Third Annual General Meeting of the members of **BHAGWANDAS METALS LIMITED** will be held on **Friday, the 23rd day of September, 2005 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, 2005 and the Profit and Loss Account for the year ended 31st March, 2005 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Murarilal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. V. Sankarasubbiyan 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 Mr. Arun Kumar Agarwal, who was appointed as an Additional Director on the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company and who holds office upto the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 together with the requisite deposit signifying his intention to propose Mr. Arun Kumar Agarwal as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT pursuant to Section 314 and Director's relatives (office or place of profit) Rules 2003 and other applicable provisions, if any of the Companies Act, 1956, the Company do hereby accord its consent to the board for the re-appointment of Mr. Nand Kishore Sonthalia, a relative of two Directors of the



23rd Annual Report 2004-2005

Company as "CHIEF EXECUTIVE OFFICER" of the Company for a period of 3 years from 01.04.2006 to 31.03.2009 on the following terms and conditions:

- a) A salary of Rs 20,000 (Rupees Twenty Thousand only) per month in the grade of 20,000 – 2000 – 26000
- b) House accommodation to be provided by the Company at a rent not exceeding 60% of Salary and 20% of the salary to be recovered as rent.
- c) Contribution by the Company to Provident Fund at the applicable rates and Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

RESOLVED FURTHER THAT this resolution shall be deemed to confer the necessary authority to the Board of Directors to sanction, at their discretion increment within the grade as they deem fit and proper in due course, subject to the maximum limit laid down under section 314 read with Director's relatives (office or place of profit) Rules 2003.

For and on behalf of the Board of Directors

CERTIFIED TRUE COPY

Place : CHENNAI For **BHAGWANDAS METALS LIMITED** **GOVIND PRASAD**
Date : 28.07.2005 *Govind Prasad* Chairman

Director

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 nos. 5 and 6 is detailed below.
 - C. The Register of Members and the Share Transfer Books of the Company shall remain closed from **16.09.2005 to 23.09.2005 (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.
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Bhagwandas Metals Limited

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

For Item No 5

The Board of Directors of the Company appointed Mr. Arun Kumar Agarwal as an Additional Director on 17th November 2004 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company. Mr. Arun Kumar Agarwal holds office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Arun Kumar Agarwal as a Director of the Company along with the requisite deposit.

In view of his rich experience in the industry and expertise, the Board of Directors consider it beneficial and in the interest of the Company to have him in the Board and recommend his appointment as a Director of the Company.

None of the Directors of the Company except Mr. Arun Kumar Agarwal is interested or concerned in the above resolution.

For Item No 6

The tenure of office of Mr. Nand Kishore Sonthalia expires on 31.03.2006. At the Board meeting held on 28.07.2005, the Board of Directors, subject to the approval of Shareholders at the Annual General Meeting, re-appointed Mr. Nand Kishore Sonthalia as "CHIEF EXECUTIVE OFFICER" for a further period of 3 years from 01.04.2006 to 31.03.2009 on the revised terms and conditions. Mr. Nand Kishore Sonthalia was originally appointed on 01.04.1998 and since then he has been drawing a monthly salary of Rs 13,500/- only. Hence it is now proposed to revise his monthly salary to Rs 20,000/-.

Under section 314 of the Companies Act, 1956 read with Director's relatives (office or place of profit) Rules 2003, a Special Resolution is required for enabling any relative of a Director of the Company to hold any office or place of profit in the Company. Since Mr. Nand Kishore Sonthalia is the son of Chairman Mr. Govind Prasad and also related to the Managing Director Mr. Murarilal, the Special Resolution is intended to obtain the consent of the Company for the aforesaid re-appointment. The resolution also seeks authority on the Board to sanction, in due course, increment within the grade as it deems fit and proper.

Mr. Govind Prasad and Mr. Murarilal being relatives, are interested in the above resolution.

For and on behalf of the Board of Directors

Place : CHENNAI

Date : 28.07.2005

CERTIFICATE
for BHAGWANDAS METALS LIMITED

Govind Prasad

GOVIND PRASAD

Chairman



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> <p>f. Directorship in other Companies</p> <p>g. Chairman/Member of Committees of Companies</p>	<p>Mr. Murarilal</p> <p>51</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 Steel Industry.</p> <p>> Sudharshan Plantations Pvt. Ltd.</p> <p>❖ Bhagwandas Metal Limited.</p> <p>❖ Share Transfer 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> <p>e. Directorship in other Companies</p> <p>f. Chairman/Member of Committees of Companies</p>	<p>Mr. V.Sankarasubbiyan</p> <p>68</p> <p>30.11.1994</p> <p>35 years</p> <p>Mr.Sankarasubbiyan is a retired IAS officer with more than 35 years experience having served various Departments of the Government.</p> <p>Nil</p> <p>❖ Bhagwandas Metals Limited</p> <p>❖ Audit Committee – Member</p> <p>❖ Shareholders / Investors Grievance Committee – Chairman</p> <p>Remuneration Committee – Chairman</p>
<p>3. Name of the Director</p> <p>a. Age</p> <p>b. Date of Appointment</p> <p>c. Experience</p> <p>d. Expertise</p> <p>e. Directorship in other Companies</p> <p>f. Chairman/Member of Committees of Companies</p>	<p>Mr.Arun Kumar Agarwal</p> <p>40</p> <p>17.11.2004</p> <p>15 years</p> <p>Mr. Arun Kumar Agarwal has about 15 years experience in steel industry.</p> <p>Nil</p> <p>❖ Bhagwandas Metals Limited</p> <p>❖ Shareholders / Investors Grievance Committee – Member</p> <p>❖ Remuneration Committee – Member</p>

DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31st March, 2005 together with the Balance Sheet as at 31st March, 2005 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 2005	Audited financial statement for the year ended March 31st 2004
1.	Income from Operation	4302	4620
2.	Profit before interest, depreciation, extraordinary items and tax	49	89
3.	Interest	6	37
4.	Depreciation	10	25
5.	Profit before extraordinary items and tax	33	27
6.	Extraordinary items - Profit / (Loss) on Sale of Fixed Assets	61	(17)
7.	Provision for taxation & Deferred Tax	24	7
8.	Profit after Extraordinary Items and Tax	70	3
9.	Dividend Proposed	—	—
10.	Share Capital	364	364
11.	Reserves & Surplus	222	222

OPERATIONS

During the year 2004-2005, the Company has earned a profit before Extraordinary item and Taxes of Rs 33 Lakhs as against Rs 27 Lakhs earned in the previous year. In addition to the operating profit of Rs.33 lakhs, the Company has also earned Rs.61 lakhs on account of Profit on Sale of Fixed Assets. On the sales front, the Company has achieved a turnover of about Rs 4302 Lakhs during the year 2004-2005 as against Rs 4620 Lakhs achieved in 2003-2004. Due to the accumulated loss, your Directors express their inability to declare any dividend.

PROSPECTS FOR THE CURRENT YEAR

During the current year 2005-2006, the Company has achieved a turnover of Rs 822 Lakhs in the first quarter and earned a profit of about Rs 4 lakhs. During the current year, the Company can take advantage of the revival of the steel industry.



DISPOSAL OF THE FIXED ASSETS OF THE FACTORY

In terms of the permission granted by Shareholders under postal ballot on 16th July, 2003, the Company has fully disposed of the idle assets of the factory including land. The sale proceeds had been used for the closing of the over draft account of Syndicate Bank. Consequent to the disposal of fixed assets, the Company will henceforth be engaged in trading activity only.

DIRECTORS

Since the last Annual General Meeting, the following changes have taken place in the Board of Directors:

- (i) Mr. Naresh Sharma has resigned from the Board of Directors and his resignation has been accepted with effect from last Annual General Meeting on 23rd September 2004.
- (ii) Mr. Arun Kumar Agarwal was appointed as Additional Director w.e.f 17th November 2004. The Company has received a notice from a member signifying his intention to propose Mr. Arun Kumar Agarwal as Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Murarilal and Mr. V. Sankarasubbiyan, Directors of the Company are liable to retire by rotation and your Directors recommend their re-appointment

AUDITORS

The Statutory Auditors, M/s. M.Raghunath & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for 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 4 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, 2005 and of the profit of the Company for the year ended 31st March, 2005 ;
- 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, Financial Institution, Government Authorities, Shareholders and the Employees.

For and on behalf of the Board of Directors

Place : Chennai
Date : 28.07.2005

GOVIND PRASAD
Chairman

CERTIFIED TRUE COPY
FOR BHAGWANDAS METALS LIMITED

Govind Prasad
Director



CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company believe in corporate governance that optimises results in the long term, duly balancing the expectations of all major stakeholders, consumers, employees, associates and shareholders.

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, 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. Six Board Meetings were held during the financial year 2004-2005 on 28th April 2004, 28th July 2004, 27th October 2004, 29th October 2004, 17th November 2004 and 31st January 2005.

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

1. Mr. Govind Prasad	Y	6
2. Mr. Murarilal	Y	6
3. Mr. V. Sankarasubbiyan	Y	6
4. Mr. C.Ramasamy	Y	6
5. Mr. Harish Kumar Lohia	Y	6
6. Mr. Naresh Sharma	Y	1
(Resigned w.e.f. 23.09.2004)		
7. Mr. Arun Kumar Agarwal	Y	1
(Appointed w.e.f. 17.11.2004)		

All the Directors except Mr. Naresh Sharma attended the last Annual General Meeting held on 23rd September 2004.

3. AUDIT COMMITTEE

a. Composition

1. Mr. C.Ramasamy – *Chairman*
2. Mr. V. Sankarasubbiyan – *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 2004, 28th July 2004, 29th October 2004 and 31st January 2005.

c. Attendance at the Audit Committee

- | | |
|---|-----|
| 1. Mr. C.Ramasamy | > 4 |
| 2. Mr. Harish Kumar Lohia | > 4 |
| 3. Mr. Naresh Sharma
(Resigned on 23.09.2004) | > 1 |
| 4. Mr. V. Sankarasubbiyan
(Appointed w.e.f 27.10.2004) | > 2 |

4. SHAREHOLDERS/ INVESTORS' GRIEVANCE COMMITTEE

a. Composition

Due to the change in Directorship, the Shareholders/Investors' Grievance Committee has been re-constituted on 31st January 2005 with the following Directors :

- | | | |
|---------------------------|---|----------|
| 1. Mr. V. Sankarasubbiyan | - | Chairman |
| 2. Mr. Arun Kumar Agarwal | - | Member |
| 3. Mr. Harish Kumar Lohia | - | Member |

b. Function

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

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

During the year 2004-2005, the Committee met on 28th July 2004. All the three Committee members who were then in the Committee attended the meeting. There was no Investor Complaints pending as on 31st March 2005.

c. Compliance Officer

Name	:	Mr. Nand Kishore Sonthalia
Designation	:	Chief Executive Officer



5. SHARE TRANSFER COMMITTEE

a) Composition

Due to the change in Directorship, the Share Transfer Committee has been re-constituted on 31st January 2005 with the following Directors :

1. Mr. C. Ramasamy - Chairman
2. Mr. Govind Prasad - 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 2004, 31st May 2004, 28th July 2004, 30th August 2004, 23rd September 2004, 29th October 2004, 30th November 2004, 27th December 2004, 31st January 2005 and 30th March 2005. All the committee members attended all the meetings held during the year.

There were no pending share transfers as on 31st March 2005.

6. REMUNERATION COMMITTEE

a) Composition

Due to the change in Directorship, the Remuneration Committee has been re-constituted on 31st January 2005 with the following Directors :

1. Mr. V.Sankarasubbiyan - Chairman
2. Mr. C.Ramasamy - Member
3. Mr. Arun Kumar Agarwal - Member

b) Functions

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

During the year 2004-2005, the Committee met on 28th July 2004 to determine the remuneration of Mr. Murarilal, Managing Director. All the Directors who were then in the Committee attended the meeting.

c) Remuneration for the year

(i) Details of the remuneration paid to the Executive Directors for the financial year ended 31st March 2005 is given below:

Name of the Director	Salary and Allowances	Contribution to funds
Mr. Murarilal	Rs.4,80,000	Rs 36,000
Mr. G. P.Agarwal	Rs.1,20,000	Rs.14,400

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

Bhagwandas Metals Limited

(ii) Details of Sitting Fees paid to Non-Executive Directors for the financial year ended 31st March, 2005 is given below:

Sl.No.	Name of Non-Executive Director	Sitting Fee (in Rs.)
1.	Mr. V.Sankarasubbiyan	11,000
2.	Mr. C.Ramasamy	8,500
3.	Mr. Harish Kumar Lohia	7,250
4.	Mr. Naresh Sharma	1,000
5.	Mr. Arun Kumar Agarwal	1,000

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

Sl.No	Name of Directors	Number of Directorship in other Companies	Number of Board Committee in which member/Chairman
1.	Mr. Govind Prasad	—	—
2.	Mr.Murarilal	1	—
3.	Mr.V.Sankarasubbiyan	—	—
4.	Mr.C.Ramasamy	—	—
5.	Mr.Harish Kumar Lohia	1	—
6.	Mr. Arun Kumar Agarwal	—	—

7. GENERAL BODY MEETINGS

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

DATE	TIME	LOCATION
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
23rd September 2004	10.00 a.m	Rani Seethai Hall, 603, Anna Salai, Chennai - 6

8. 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.

9. 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 17 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.

10. 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.

11. 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, 2005

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 2005
2.	Publication of Quarterly Results ending 30th June 2005.	Last week of July 2005
3.	Publication of Quarterly Results ending 30th September 2005.	Last week of October 2005
4.	Publication of Quarterly Results ending 31st December 2005.	Last week of January 2006
5.	Publication of Quarterly Results ending 31st March 2006.	Last week of April 2006

3. BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from **16th September 2005 to 23rd September 2005** (both days inclusive).

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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 – 400001.

The Company has paid the listing fee to the above stock exchanges for the financial years 2004 - 2005 and 2005 - 2006.

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 2005, about 25% 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 fulfilment 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.

8. PATTERN OF SHARE HOLDINGS AS ON 31.03.2005

Sl.No.	Category	No.of Shares	% of Shares
A.	Promoters' Holding		
	Indian Promoters & persons acting in concert	17,91,900	49.11
B.	Non Promoters' Holding		
1.	Private Corporate Bodies	5,22,802	14.33
2.	Indian Public	13,06,386	35.80
3.	NRI's/ OBC's	26,402	0.72
4.	Any other (Clearing Member)	1,310	0.04
	Total	36,48,800	100.00



9. DISTRIBUTION OF SHAREHOLDINGS AS ON 31.03.2005

No. of Equity Shares	Share Holders		Number of Shares	
	Number	% to total	Number	% to total
Upto 500	2099	79.24	464552	12.73
501 to 1000	192	7.24	153353	4.20
1001 to 2000	209	7.89	308678	8.46
2001 to 3000	51	1.93	127522	3.50
3001 to 4000	20	0.76	72821	1.99
4001 to 5000	5	0.19	24030	0.66
5001 to 10000	26	0.98	180139	4.94
10001 & above	47	1.77	2317705	63.52
Total	2649	100.00	3648800	100.00

10. STOCK MARKET DATA

Month	Madras Stock Exchange		Mumbai Stock Exchange	
	High	Low	High	Low
	Stock Code : BHAGWANMET		Stock Code : 530095	
April 2004	Not quoted		3.01	2.10
May 2004	Not quoted		3.00	2.40
June 2004	Not quoted		3.60	3.00
July 2004	Not quoted		3.84	2.95
August 2004	Not quoted		3.50	1.74
September 2004	Not quoted		4.95	2.16
October 2004	Not quoted		4.65	3.11
November 2004	Not quoted		7.00	3.21
December 2004	Not quoted		10.09	4.45
January 2005	Not quoted		9.70	5.04
February 2005	Not quoted		9.47	5.50
March 2005	Not quoted		10.25	5.55

11. GODOWN ADDRESS

Sadayankuppam Village Road,
Manali, Chennai 600 103.

12. ADDRESS FOR CORRESPONDENCE

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

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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.

iii) POSTAL BALLOT

The Company does not contemplate the need to pass any resolution under postal ballot in the immediate future.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL SCENARIO

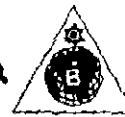
The global economy in 2004, had the strongest growth in the last two decades. The World GDP grew by 5% in the calendar year 2004, compared to 3.90% in the previous year. Globally, the average capacity utilisation of steel has increased significantly during the year. The world steel trade increased by 4.4% and reached a new record level at 263 million tones in 2004. The recent surge of industrialisation in China and its emergence as a growing economic power has transformed the world steel scenario. China's consumption of steel has been growing at over 20% in the last four years and it has become the most dominant factor in the world steel market.

DOMESTIC STEEL INDUSTRY

The Indian economy grew by 6.9% during the fiscal year ended 31st March 2005, compared to 8.50% in the previous year. During the year under review, domestic steel production and steel consumption increased by 3.9% and 7% respectively, over the previous year. Demand in the domestic market was strong, with double digit growth in the automobiles, capital goods and consumer durable segments. Domestic steel prices remained firm during the year, following the trend in the international market.

OPPORTUNITY AND THREAT

Industrial, housing and infrastructure growth, will lead to increase in per capita consumption of steel and steel demand is expected to grow. The strong growth in



steel demand together with the increased prices of inputs had a major impact on steel prices. The threat relates to international down turn in market price of steel and increase in import at very low price. In the Union Budget 2005-2006, the Government has increased the excise duty on steel from 12% to 16%.

OUTLOOK

The steel consumption in India has grown at a steady rate of about 5-6% over the last decade to a level of about 33 million tones in 2004-2005. This growth is likely to accelerate in future, with increased expenditure on infrastructure and consequent demand effect on steel, for both fixed asset investment and consumption. The Indian economy is also expected to grow by 7% and domestic steel demand growth is likely to be around 8% during 2005-2006. With all these positive developments around, your Company is looking forward to the future prospects.

RISKS AND CONCERN

In continuation of the trend witnessed in the previous year, in the near future, the industry cost structure is likely to remain high due to shortage of raw material. These structural deficiencies in the steel value chain are unlikely to be resolved in the near future. Your company is also subject to the inherent risks associated with the industry.

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 an 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

Caution is exercised in making estimates and the forecast and expectations stated in this Management Discussion and Analysis aims at a forward looking approach based on present regulatory and economic situation. Actual results may differ from such Expectations, Projections etc. whether expressed or implied. The important factors that can make a difference to your Company's operations include economic conditions affecting demand and supply which also influences the price conditions in the domestic and international markets, changes in the Government regulations, tax laws, other statutes and other incidental factors and natural calamity over which the Company does not have any direct control.

Bhagwandas Metals Limited

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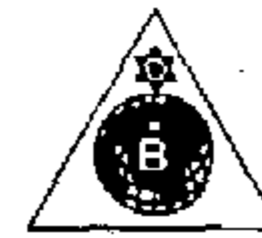
- e. On the basis of the written representation received from the Directors, as on 31st March, 2005 and taken on record by the Board of Directors, none of the Directors is disqualified from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- 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, 2005; and
- ii in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.

In the case of cash flow statement, of the cash flow for the year ended on that date.

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

Place : Chennai
Date : 28.07.2005

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, 2005 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 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 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;

- e. On the basis of the written representation received from the Directors, as on 31st March, 2005 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, 2005; and
 - ii in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.
- In the case of cash flow statement, of the cash flow for the year ended on that date.

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

Place : Chennai
Date : 28.07.2005

M.RAGHUNATH
Partner
Membership No. 15501



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:

1. 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. Substantial portion of fixed assets were disposed during the year in terms of the resolution passed under section 293 (1) (a) of the Companies Act 1956. The disposal of idle fixed assets has not affected the status of going concern. Subsequently to the disposal of assets, the Company henceforth shall have trading activity only.
2. 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.
3. a. The Company has not granted 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 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.
e. The company has not taken any loans secured or unsecured from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act 1956. Hence clauses iii (f) & (g) of the Order, are not applicable.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control system 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 and services. 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 system.
5. a. According to the information and explanations given to us we are of the opinion that the particulars of contracts or arrangements referred to in section 301

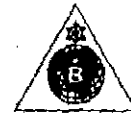
Bhagwandas Metals Limited

of the Act have been entered in the register required to be maintained under that section.

- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts have been made at prices which are reasonable, having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits under the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
7. 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.
8. To the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act 1956 for the products of the Company.
9. 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, Service tax, Customs duty, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities.
- b. As at 31st March 2005 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, Service tax, Custom duty and Cess, 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

10. 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 immediately preceding financial year.



11. 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) Bank.
12. 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.
13. The Company is not a nidhi/mutual benefit fund/ society to which the provisions of special statute relating to chit fund are applicable.
14. In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditors Report) order 2003 are not applicable to the Company.
15. 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.
16. According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
17. 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.
18. 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.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. 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 year.

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

Place : Chennai
Date : 28.07.2005

M.RAGHUNATH
Partner
Membership No. 15501

Bhagwandas Metals Limited

BALANCE SHEET AS AT MARCH 31, 2005

(In Rs.)

Particulars	Schedule	AS AT	AS AT
		31.03.2005	31.03.2004
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	3,64,68,500	3,64,68,500
Reserves & Surplus	2	2,22,20,364	2,22,20,364
Loan Funds			
Secured Loans	3	57,05,348	76,33,921
TOTAL		6,43,94,212	6,63,22,785
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		41,99,040	4,23,87,386
Less: Depreciation		24,87,699	3,02,16,119
Net Block		17,11,341	1,21,71,267
Current Assets, Loans & Advances			
Inventories	5	1,01,66,763	1,58,76,668
Sundry Debtors	6	7,04,98,345	2,55,26,086
Cash & Bank Balances	7	5,09,005	6,78,308
Loans & Advances	8	1,93,81,481	1,38,34,661
		10,05,55,594	5,59,15,723
Less: Current Liabilities & Provisions	9	4,23,86,923	1,31,86,086
Net Current Assets		5,81,68,671	4,27,29,637
Deferred Tax (Net)	10	12,000	(5,52,000)
Miscellaneous Expenditure			
Public issue expenses (to the extent not written off)	11	-	4,58,367
Profit & Loss Account		45,02,200	1,15,15,514
Total		6,43,94,212	6,63,22,785

Schedules, 1 to 11 and 17 form

For and on behalf of the Board

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

GOVIND PRASAD
Chairman

MURAI
Managing D.

M. RAGHUNATH
Partner

Place : Chennai
Date : 28.07.2005


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

(In Rs.)

Particulars	Schedule	Year ended 31.03.2005	Year ended 31.03.2004
INCOME			
Sales		43,01,84,733	46,20,24,625
Other Income		18,64,562	13,13,256
Profit on Sale of Fixed Assets		61,65,014	-
Increase / Decrease in Inventories	12	(57,09,905)	(17,65,001)
Total [A]		43,25,04,404	46,15,72,880
EXPENDITURE			
Purchase - Trading		41,21,41,650	43,89,03,276
Trading Expenses	13	8,35,881	13,52,236
Administrative Expenses	14	43,08,046	83,17,458
Selling & Distribution Expenses	15	41,41,783	40,29,790
Financial Charges	16	6,07,886	37,41,536
Loss on Sale of Assets		-	17,19,416
Depreciation		10,19,844	24,92,408
Total [B]		42,30,55,090	46,05,56,122
NET PROFIT / (LOSS) [A-B]		94,49,314	10,16,758
PROVISION FOR TAXATION		30,00,000	1,49,000
PROVISION FOR DEFERRED TAX		(5,64,000)	5,52,000
NET PROFIT / (LOSS) AFTER TAXATION		78,13,314	3,15,758
PROFIT / (LOSS) BROUGHT FORWARD		(1,15,15,514)	(1,18,31,272)
TRANSFERRED TO BALANCE SHEET		(45,02,200)	(1,15,15,514)
Notes on Accounts	17		
Earnings per share - for the year		1.92	0.09

Schedules 12 to 17 form integral part of this Profit & Loss Account.

For and on behalf of the Board

As per our report of even date
for **M. RAGHUNATH & CO.**
Chartered AccountantsGOVIND PRASAD
ChairmanMURARILAL
Managing DirectorM. RAGHUNATH
PartnerPlace : Chennai
Date : 28.07.2005

Bhagwandas Metals Limited**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT***(in Rs.)*

Particulars	31.03.2005	31.03.2004
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SCHEDULE 1 : SHARE CAPITAL**Authorised**

50,00,000 Equity Shares of Rs.10/- each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
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Issued, Subscribed and Paid up

36,48,600 Equity Shares of Rs.10/- each	<u>3,64,88,000</u>	<u>3,64,88,000</u>
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Less: Calls Unpaid	<u>19,500</u>	<u>19,500</u>
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	<u>3,64,68,500</u>	<u>3,64,68,500</u>
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SCHEDULE 2 : RESERVES & SURPLUS

Share Premium	<u>2,16,68,500</u>	<u>2,16,68,500</u>
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Investment Allowance Reserve	<u>5,05,304</u>	<u>5,05,304</u>
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Generator Subsidy From State Government	<u>46,560</u>	<u>46,560</u>
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	<u>2,22,20,364</u>	<u>2,22,20,364</u>
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SCHEDULE 3 : SECURED LOANS

Cash Credit: Punjab National Bank	<u>56,27,022</u>	<u>72,15,031</u>
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(Secured by first charge on stocks, book debts & personal guarantee of two Directors and collateral security)

Hire Purchase Finance Loan	<u>78,326</u>	<u>4,18,890</u>
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(Secured by specific fixed assets)

	<u>57,05,348</u>	<u>76,33,921</u>
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SCHEDULE 4 : FIXED ASSETS

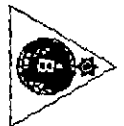
(in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 01.04.2004	Addition/ (Deletion) during the year	As on 31.03.2005	As on 01.04.2004	For the year	Deletion	As on 31.03.2005	As on 31.03.2005	As on 31.03.2004
Land	1,69,601	(1,69,601)	—	—	—	—	—	—	1,69,601
Shed & Building	87,09,635	(87,09,635)	—	54,98,560	1,15,247	56,13,807	—	—	32,11,075
Plant & Machinery	1,17,75,486	(1,15,31,826)	2,43,660	87,31,997	2,31,388	89,29,492	33,893	2,09,767	30,43,489
Electrical Installation	50,77,393	(50,77,393)	—	39,60,174	55,776	40,15,950	—	—	11,17,219
Furnace	40,88,284	(40,88,284)	—	30,02,278	54,217	30,56,495	—	—	10,86,006
Furniture & Fixtures	5,92,910	9,900	6,02,810	4,69,865	23,336	—	4,93,201	1,09,609	1,23,045
Office Equipments	4,53,911	1,32,390	5,86,301	2,47,427	38,466	—	2,85,893	3,00,408	2,06,484
Rolling Mill Rolls	29,20,170	(29,20,170)	—	26,16,316	1,00,165	27,16,481	—	—	3,03,854
Computers	4,71,344	56,800	5,28,144	3,95,134	33,038	—	4,28,172	99,972	76,210
Air Conditioners	4,79,128	1,31,000	6,10,128	3,10,874	31,116	—	3,41,990	2,68,138	1,68,254
Induction furnace	60,21,527	(60,21,527)	—	43,31,676	84,363	44,16,039	—	—	16,89,851
Vehicles	16,27,997	—	16,27,997	6,51,818	2,52,732	—	9,04,550	7,23,447	9,76,179
TOTAL	4,23,87,386	3,30,090 (3,85,18,436)	41,99,040	3,02,16,119	10,19,844	2,87,48,264	24,87,699	17,11,341	1,21,71,267
Previous Year	563,76,406	7,78,443 (1,47,67,463)	4,23,87,386	3,87,13,100	24,92,408	1,09,89,389	3,02,16,119	1,21,71,267	1,76,63,306

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Bhagwandas Metals Limited

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(in Rs.)

Particulars	31.03.2005	31.03.2004
SCHEDULE 5 : INVENTORIES		
(As certified by the Management)		
Finished goods and Trading Stock	<u>1,01,66,763</u>	<u>1,58,76,668</u>
	<u>1,01,66,763</u>	<u>1,58,76,668</u>
SCHEDULE 6 : SUNDRY DEBTORS		
(Unsecured Considered good)		
Debts outstanding for more than six months	56,80,907	33,79,192
Other Debts	<u>6,48,17,438</u>	<u>2,21,46,894</u>
	<u>7,04,98,345</u>	<u>2,55,26,086</u>
SCHEDULE 7 : CASH & BANK BALANCES		
Cash in Hand	39,900	2,67,171
Balance with scheduled Bank		
i) in Current Account	4,19,105	4,741
ii) in Deposit Account	<u>50,000</u>	<u>4,06,396</u>
	<u>5,09,005</u>	<u>6,78,308</u>
SCHEDULE 8 : LOANS & ADVANCES		
(Unsecured considered good)		
Advances (recoverable in cash or kind or for the value to be received)	1,39,57,433	90,66,566
Deposits	41,59,238	39,62,011
Other Receivables	<u>12,64,810</u>	<u>8,06,084</u>
	<u>1,93,81,481</u>	<u>1,38,34,661</u>
SCHEDULE 9 : CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
i) Creditors for Materials	2,80,18,946	12,12,256
ii) Other Liabilities	<u>1,03,95,436</u>	<u>1,03,15,608</u>
B. PROVISIONS		
i) Provision for Taxation	33,93,938	8,00,000
ii) Gratuity and Bonus	<u>5,78,603</u>	<u>8,58,222</u>
	<u>4,23,86,923</u>	<u>1,31,86,086</u>



(in Rs.)

Particulars	31.03.2005	31.03.2004
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SCHEDULE 10 : DEFERRED TAX (NET)

Deferred Tax Assets

Provision for employee related expenses	2,12,000	3,08,000
Unabsorbed depreciation / business loss	—	8,67,000
	<u>2,12,000</u>	<u>11,75,000</u>

Deferred Tax Liability

Difference between book and IT depreciation	2,00,000	17,27,000
Deferred Tax Assets (Net)	<u>12,000</u>	<u>(5,52,000)</u>

SCHEDULE 11 : PUBLIC ISSUE EXPENSES

(To the extent not written off)

Public Issue Expenses	—	4,58,367
	<u>—</u>	<u>4,58,367</u>

SCHEDULE 12 : INCREASE/DECREASE IN INVENTORIES

Closing Stock	1,01,66,763	1,58,76,668
Less: Opening Stock	1,58,76,668	1,76,41,669
	<u>(57,09,905)</u>	<u>(17,65,001)</u>

SCHEDULE 13 : TRADING EXPENSES

Carriage Inward	8,35,881	13,52,236
	<u>8,35,881</u>	<u>13,52,236</u>

Bhagwandas Metals Limited

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(in Rs.)

Particulars	31.03.2005	31.03.2004
SCHEDULE 14 : ADMINISTRATIVE EXPENSES		
Audit Fee	10,800	10,800
— Statutory Audit	5,400	5,400
— Tax Audit	—	27,69,608
Bad Debts	—	—
Director's Remuneration & Related Expenses	4,63,210	4,51,369
Electricity Charges	1,41,019	1,57,563
Exchange Loss	8,112	—
General Expenses	98,738	1,39,077
Insurance	44,644	94,925
Labour Charges	—	6,10,929
Legal & Professional Charges	2,37,182	1,44,843
Public Issue Expenses written off	4,58,367	5,02,392
Postage & Telephone charges	4,99,487	5,03,077
Printing & Stationery	89,840	1,05,853
Rates, Taxes & Licence	84,616	1,07,250
Rent	4,02,600	3,65,275
Repairs & Maintenance	1,38,792	1,33,541
Salaries & Other Benefits	8,04,275	12,33,750
Service Charges	63,621	49,040
Security Service Charges	55,557	1,32,733
Share Transfer Expenses	69,822	62,643
Sundry Debit Balance W/off	7,132	40,440
Travelling & Conveyance	2,67,598	3,81,231
Vehicle Running & Maintenance	3,57,234	2,95,719
	<u>43,08,046</u>	<u>83,17,458</u>
SCHEDULE 15 : SELLING & DISTRIBUTION EXPENSES		
Advertisement	1,38,735	1,24,425
Brokerage & Commission	1,11,954	1,04,987
Other Miscellaneous Expenses	2,69,847	2,68,490
Carriage Outward & Cooly Charges	32,78,457	33,85,153
Sales Promotion	3,42,790	1,46,735
	<u>41,41,783</u>	<u>40,29,790</u>
SCHEDULE 16 : FINANCIAL CHARGES		
Bank Charges	1,39,362	5,02,472
Interest	4,68,524	32,39,064
	<u>6,07,886</u>	<u>37,41,536</u>



SCHEDULE 17 : 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 rate 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 lower.

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 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 for 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 recognition.

2. CONTINGENT LIABILITIES

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

a. Bank Guarantee

(Rs. in lakhs)

Particulars	31.03.2005	31.03.2004
Bank Guarantee	2.50	1.00

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 Limited 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.

3. TRADING ACTIVITY

Information regarding opening Stock, Turnover and Closing Stock

Particulars	Year ended 31.03.2005		Year ended 31.03.2004	
	Qty Mts	Value (Rs. In lacs)	Qty Mts.	Value (Rs. in lacs)
A. Opening Stock				
Trading Materials				
a. CTD Bars	584.712	154.95	904.662	160.02
b. Others	15.246	3.82	108.820	16.39
B. Purchases				
Trading Materials				
a. CTD Bars	12,906.654	3,441.29	20,742.997	4,084.80
b. Others	2,437.722	680.13	1,437.348	304.23
C. Turnover				
Trading Materials				
a. CTD Bars	13,164.202	3,621.77	21,062.947	4,300.80
b. Others	2,421.241	680.07	1,530.922	319.45
D. Closing Stock				
Trading Materials				
a. CTD Bars	327.164	92.02	584.712	154.95
b. Others	31.727	9.64	15.246	3.82

4. MANAGERIAL REMUNERATION

(Amount in Rs.)

Paid/ Payable to WholeTime Directors	For the year 2004-2005	For the year 2003-2004
Salaries	4,20,000	3,90,000
House Rent Allowance	1,80,000	1,80,000
Total	6,00,000	5,70,000

5. Parties balances are subject to confirmation



6. OTHER INCOME

Other Income includes the following:

Particulars	For the year 2004-2005	For the year 2003-2004
Rent Received	1,00,800	1,09,000
Interest earned (TDS - 42,162) (31.03.2004-5765)	10,99,792	4,79,537
Miscellaneous Income	6,59,119	7,24,490
Miscellaneous Credit Balance written back	4,851	229
Total	18,64,562	13,13,256

7. SALARIES AND OTHER BENEFITS

Salaries and other benefits include the following:

Particulars	For the year 2004-2005	For the year 2003-2004
Salaries and Bonus	5,85,674	7,59,504
Contribution to provident fund and other funds	1,21,287	3,92,891
Staff welfare expenses	97,314	81,355
Total	8,04,275	12,33,750

8. SEGMENT REPORTING

Since the Company is not a manufacturing company and the operations are only in India, segment reporting is not applicable to the Company.

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

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Bhagwandas Metals Limited**C. RELATED PARTY TRANSACTIONS**

Name of the Related Party	Nature of Transaction	Value	
		31.03.2005	31.03.2004
Bhagwandas & Co.,	Sale of Goods	1,18,79,476	60,48,967
Bhagwandas & Co.,	Purchase of goods	1,23,66,014	1,32,42,768
Govind Prasad	Salary & Allowance	1,20,000	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.

10. EARNINGS PER SHARE

Particulars	31.03.2005	31.03.2004
Profit / (Loss) after Tax	70,13,314	3,15,758
No. of Equity Shares	36,48,800	36,48,800
Face Value per Share	Rs.10	Rs.10
Basic earning per Share for the year	Re.1.92	Re.0.09

11. Interest under Schedule 17 includes interest on fixed loan amounting to Rs.18,496/- (31.03.2004 - 35,124).

12. 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 2004-2005	For the year 2003-2004
13. Earnings in foreign currency	Nil	Nil
14. FOB value of Exports (in Rupees)	13,83,407	Nil
15. Expenditure in foreign currency	Nil	Nil
16. Value of imports on CIF basis	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

GOVIND PRASAD
Chairman

MURARILAL
Managing Director

M. RAGHUNATH
Partner

Place : Chennai
Date : 28.07.2005

for BHAGWANDAS METALS LIMITED

Govind Prasad



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

(Rs. in Lakhs)

	2004-2005	2003-2004
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax & Extraordinary Items	94.49	10.17
Adjustments for:		
Depreciation	10.20	24.92
Interest & Financial Charges	6.08	37.42
Miscellaneous Expenditure Written Off	4.58	5.02
Interest Income	(10.99)	(4.56)
Loss / (Profit) on Sale of asset	(61.65)	17.19
Operating Profit Before Working Capital Changes	42.71	90.16
Adjustment for :		
(Increase) / Decrease in Inventories	57.10	17.65
(Increase) / Decrease in Trade & Other Receivables	(493.19)	134.95
Increase / (Decrease) in Trade & Other Payables	262.01	(72.97)
Cash Generated from Operations	(131.37)	169.79
Interest & Financial Charges Paid	(6.08)	(37.42)
Direct Taxes Paid	(12.00)	—
Interest Income	10.99	4.56
Net Cash From Operating Activities (A)	(138.46)	136.93
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(3.30)	(7.78)
Sale of Fixed Assets	159.35	20.58
Net Cash used in Investing Activities (B)	156.05	12.80
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long Term Borrowing	—	—
Repayment of finance Liabilities	(3.40)	(74.58)
Increase/ (Decrease) in Bank Borrowings	(15.88)	(103.70)
Dividend Paid	—	—
Net Cash Used in Financing Activities (C)	(19.28)	(178.28)
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(1.69)	(28.55)
E. OPENING CASH AND CASH EQUIVALENTS (Cash and Bank Balances)	6.78	35.33
F. CLOSING CASH AND CASH EQUIVALENTS (D+E) (Cash and Bank Balances)	5.09	6.78

For and on behalf of the Board

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

GOVIND PRASAD
Chairman

MURARILAL
Managing Director

M. RAGHUNATH
Partner

Place : Chennai
Date : 28.07.2005

for **BHAGWANDAS METALS LIMITED**



IV. Performance of Company (Amount in Thousands)

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

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

GOVIND PRASAD
Chairman

MURARILAL
Managing Director

M. RAGHUNATH
Partner

Place : Chennai
Date : 28.07.2005

for BHAGWANDAS METALS LIMITED

Govind Prasad
Director

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