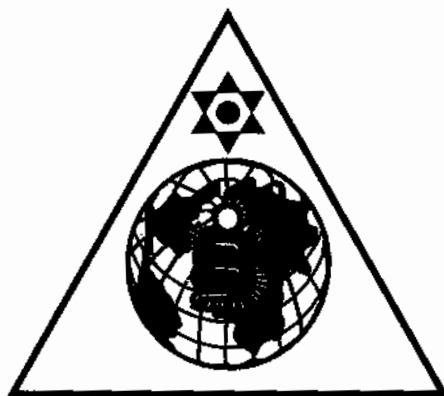


Bhagwandas Metals Limited



24th ANNUAL REPORT 2005-2006

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BHAGWANDAS METALS LIMITED

BOARD OF DIRECTORS	Sri Govind Prasad (Appointed w.e.f. 31-12-2005)	Chairman-cum- Managing Director
	Sri Nand Kishore Sonthalia (Appointed w.e.f. 31-12-2005)	Whole Time Director
	Sri C.Ramasamy	Director
	Sri Arun Kumar Agarwal	Director
	Sri Nirmal Gadhiya (Appointed w.e.f. 23-09-2005)	Director
	Sri Narender Lunawat (Appointed w.e.f. 31-12-2005)	Director
	Sri V. Sankarasubbiyan, I.A.S. (Retd.) (Resigned w.e.f. 23-09-2005)	
	Sri Murarilal (Resigned w.e.f. 31-12-2005)	
	Sri Harish Kumar Lohia (Resigned w.e.f. 31-12-2005)	

COMPANY SECRETARY Mrs. P. Manjulatha

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 Fourth Annual General Meeting of the members of Bhagwandas Metals Limited will be held on **Monday, the 25th day of September, 2006 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, 2006 and the Profit and Loss Account for the year ended 31st March, 2006 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Arun Kumar Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. C. Ramasamy 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. Nand Kishore Sonthalia 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. Nand Kishore Sonthalia 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 **Ordinary Resolution**:
"RESOLVED THAT Mr. Narender Lunawat 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. Narender Lunawat as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company."
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution**:



"RESOLVED THAT Mr. Nirmal Gadhiya 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. Nirmal Gadhiya as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company."

8. 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 appointment of Mr. Govind Prasad as Chairman-Cum-Managing Director of the Company for a period of 5 years with effect from 31-12-2005 on the following terms and conditions:

SALARY

A salary of Rs. 30,000/- (Rupees Thirty Thousand Only) per month.

PERQUISITES

A. Medical Reimbursement

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

B. Leave

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

C. Club Fee

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

D. 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 D shall not in aggregate exceed an amount equal to the annual salary.

The Chairman-cum-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.

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.

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution**, subject to passing of resolution in Item No.5 :

"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 Board be and is hereby accorded to the appointment of Mr. Nand Kishore Sonthalia as Whole Time Director of the Company for a period of 5 years with effect from 31-12-2005 on the following terms and conditions:

SALARY

A salary of Rs 25,000/- (Rupees Twenty Five Thousand Only) per month.

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.

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 Whole Time 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.

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.

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

RESOLVED that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Association of the Company be and are hereby altered by inserting the following Article as Article 105A after the existing Article 105

105A. In furtherance of and without prejudice to the General powers conferred by the preceding articles, the Chairman or Managing Director or Chairman – cum- Managing Director or any other Director or Secretary or any other Principal Officer of the Company shall have the powers to institute, conduct, defend, compound to

Bhagwandas Metals Limited

abandon any legal proceedings of or against the Company and also to compound and allow time for payment or satisfaction of any debts due and all or any claims or demands against the Company, and for this purpose, institute and / or defend any legal proceedings in any Court, Forum or Tribunal, to appear, to sign, verify, affirm and present pleadings, petitions, affidavits, statements and tender evidence, oral and documentary in such legal proceedings, to obtain refund of moneys from Court, Forum or Tribunal and take return of documents filed therein.

For BHAGWANJAS METALS LIMITED For and on behalf of the Board of Directors

CERTIFIED TRUE COPY

Place : CHENNAI
Date : 29-07-2006


Director

GOVIND PRASAD
Chairman-cum-Managing 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 to 10 is detailed below.
- C. The Register of Members and the Share Transfer Books of the Company shall remain closed from **16.09.2006 to 25.09.2006 (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 Board of Directors of the Company appointed Mr. Nand Kishore Sonthalia as an Additional Director on 31st December 2005 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. Nand Kishore Sonthalia 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 intension to propose Mr. Nand Kishore Sonthalia as a Director of the Company along with the requisite deposit.

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



None of the Directors of the Company except Mr. Nand Kishore Sonthalia is interested or concerned in the above resolution.

For Item No. 6

The Board of Directors of the Company appointed Mr. Narender Lunawat as an Additional Director on 31st December 2005 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. Narender Lunawat 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 intension to propose Mr. Narender Lunawat as a Director of the Company along with the requisite deposit.

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

None of the Directors of the Company except Mr. Narender Lunawat is interested or concerned in the above resolution.

For Item No. 7

The Board of Directors of the Company appointed Mr. Nirmal Gadhiya as an Additional Director on 23rd September 2005 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. Nirmal Gadhiya 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 intension to propose Mr. Nirmal Gadhiya as a Director of the Company along with the requisite deposit.

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

None of the Directors of the Company except Mr. Nirmal Gadhiya is interested or concerned in the above resolution.

For Item No. 8

At the Board meeting held on 31st December 2005, Mr. Govind Prasad was appointed as Chairman-cum- Managing Directors for a period of 5 years on the terms and conditions as set out in the resolution and the same has also been recommended by the Remuneration Committee. Mr. Govind Prasad was earlier the Whole Time Director and Chairman of the Company and he has been in the Board since the inception of the Company. For the present appointment, 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. Govind Prasad set out above may be treated as an abstract under section 302 of the Companies Act, 1956.

Bhagwandas Metals Limited

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

For Item No. 9

At the Board meeting held on 31st December 2005, Mr. Nand Kishore Sonthalia was appointed as Whole Time Director for a period of 5 years on the terms and conditions as set out in the resolution and the same has also been recommended by the Remuneration Committee. Mr. Nand Kishore Sonthalia was earlier the Chief Executive Officer of the Company. For the present appointment, 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. Nand Kishore Sonthalia set out above may be treated as an abstract under section 302 of the Companies Act, 1956.

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

For Item No.10

Article 105 of the Articles of Association of the Company relates to Powers of Directors. As per the existing Article, Board has been entrusted with the overall powers to conduct the business of the Company. The Board at present is sub delegating such powers either to a Director or Managing Director or Chairman or Secretary or any other Principal Officer by means of a Board Resolution to attend to such matters as instituting and conducting legal proceedings of or against the Company. The proposed alteration in the Articles of Association is aimed at granting express powers in the Articles of Association to the Chairman or Managing Director or Chairman – cum - Managing Director or any other Director or Secretary or any other Principal Officer of the Company to institute and conduct legal proceedings. Since the alteration of Articles of Association of the Company requires approval of Share holders by way of a Special Resolution, the above resolution is put forth for the approval of the Share holders.

No Director of the Company has any interest or concern in the resolution.

A copy of the existing Articles, together with the proposed alteration to the Articles, is available for inspection at the Registered Office of the Company during business hours on any working day.

CERTIFIED TRUE COPY

FOR BHAGWANJAS METALS LIMITED


Director

For and on behalf of the Board of Directors

Place : CHENNAI
Date : 29-07-2006

GOVIND PRASAD
Chairman-cum-Managing Director



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. 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>41 yrs.</p> <p>17-11-2004</p> <p>16 years</p> <p>Mr. Arun Kumar Agarwal has about 16 years experience in steel industry.</p> <p>Nil</p> <p>◆ Bhagwandas Metals Limited</p> <p>◆ Shareholders / Investors Grievance Committee – Chairman</p> <p>◆ Remuneration Committee – Member</p>
<p>2. Name of the Director</p> <p>a. Age</p> <p>b. Date of Appointment</p> <p>c. Qualification</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. C. Ramasamy</p> <p>45 yrs.</p> <p>21-05-1998</p> <p>B.Com, F.C.A.</p> <p>22 years as Chartered Accountant Taxation, Finance and Accounts</p> <p>Nil</p> <p>◆ Bhagwandas Metals Limited</p> <p>◆ Audit Committee - Chairman</p> <p>◆ Share Transfer 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. 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. Narender Lunawat</p> <p>35 yrs</p> <p>31.12.2005</p> <p>B.Com</p> <p>10 years</p> <p>Mr. Narender Lunawat has about 10 years experience in construction industry.</p> <p>∞ Indus City Scapes Construction Pvt Ltd.</p> <p>∞ Indus City Properties Pvt Ltd.</p> <p>◆ Bhagwandas Metals Limited</p> <p>◆ Audit Committee – Member</p> <p>◆ Share Holders / Investors Grievance Committee - Member</p>

Bhagwandas Metals Limited

<p>4. Name of the Director a. Age b. Date of Appointment c. Experience d. Expertise e. Directorship in other Companies f. Chairman/Member of Committees</p>	<p>Mr. Nirmal Gadhiya 36 yrs. 23.09.2005 10 years Mr.Nirmal Gadhiya has about 10 years wide business experience ☞ Deccan Estates and Construction Ltd. ☞ Deccan Park Limited ☞ Deccan Pictures Pvt Ltd. ☞ Deccan Financial Services Pvt Ltd. ☞ Deccan Musical Pvt Ltd. ☞ Deccan Laser Vision Pvt Ltd. ☛ Bhagwandas Metals Limited ☛ Audit Committee - Member ☛ Share Holders / Investors Grievance Committee – Member ☛ Remuneration Committee - Member</p>
<p>5. Name of the Director a. Age b. Date of appointment c. Qualification d. Experience e. Expertise f. Directorship in other Companies g. Chairman / Member of committees of Companies</p>	<p>Mr. Govind Prasad 58 yrs 31.12.2005 B.Com 35 years Mr. Govind Prasad is a leading industrialist who has been associated with the steel business for the past 3 decades. He has held various prestigious posts in trade associations. Mr.Govind Prasad has been appointed as the Chairman-cum-Managing Director of the Company for a period of 5 years w.e.f. 31.12.2005 Nil ☛ Bhagwandas Metals Limited ☛ Share Transfer Committee - Member</p>
<p>6. Name of the Director a. Age b. Date of appointment c. Qualification d. Experience e. Expertise f. Directorship in other Companies g. Chairman / Member of committees of Companies</p>	<p>Mr. Nand Kishore Sonthalia 34 yrs 31.12.2005 B.Com 12 years Mr. Nand Kishore Sonthalia has been associated with steel business for the past 10 years. Mr.Nand Kishore Sonthalia has been appointed as the Whole Time Director of the Company for a period of 5 years w.e.f. 31.12.2005 Nil ☛ Bhagwandas Metals Limited ☛ ShareTransfer Committee - Member</p>



DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31st March 2006 together with the Balance Sheet as at 31st March 2006 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 31 st 2006	Audited financial Statement for the year ended March 31 st 2005
1.	Income from Operation	3738	4302
2.	Profit before Interest, Depreciation, Extraordinary items and Tax	34	49
3.	Interest	11	6
4.	Depreciation	4	10
5.	Profit before Extraordinary items and Tax	19	33
6.	Extraordinary Item - Profit on Sale of Fixed Assets	-	61
7.	Provision for taxation – Deferred Tax	7	24
8.	Profit after Extraordinary Item and Tax	12	70
9.	Dividend Proposed	Nil	Nil
10.	Share Capital	364	364
11.	Reserves & Surplus	222	222

OPERATIONS

During the year 2005-2006, the Company has earned a net profit of Rs.12 lakhs. On the sales front, the Company has achieved a turnover of about Rs.3738 Lakhs during the year 2005-2006 as against Rs.4302 Lakhs achieved in 2004-2005. Due to the accumulated loss, your Director express their inability to declare any dividend.

PROSPECTS FOR THE CURRENT YEAR

During the current year 2006-2007, the Company has achieved a turnover of Rs.1196 Lakhs in the first quarter.

DIRECTORS

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

- i) Mr. V.Sankarasubbiyan has resigned from the Board of Directors and his resignation has been accepted with effect from last Annual General Meeting held on 23rd September 2005
- ii) Mr. Harish Kumar Lohia has resigned from the Board of Directors and his resignation has been accepted with effect from 31st December 2005
- iii) Mr. Murarilal has resigned from the post of Managing Director and from the Board of Directors and his resignation has been accepted with effect from 31st December 2005.
- iv) Mr. Narender Lunawat was appointed as Additional Director with effect from 31st December 2005. The Company has received a notice from a member signifying his intension to propose Mr. Narender Lunawat as Director of the Company.
- v) Mr. Nirmal Gadhiya was appointed as Additional Director with effect from 23rd September 2005. The Company has received a notice from a member signifying his intension to propose Mr. Nirmal Gadhiya as Director of the Company.
- vi) Mr. Govind Prasad has been appointed as Chairman-Cum-Managing Director with effect from 31st December 2005.
- vii) Mr. Nand Kishore Sonthalia has been appointed as Additional Director with effect from 31st December 2005. The Company has received a notice from a member signifying his intension to propose Mr. Nand Kishore Sonthalia as Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Arun Kumar Agarwal and Mr. C. Ramasamy, Directors of the Company are liable to retire by rotation. Your Directors recommend for the appointment and re-appointment of Directors as mentioned above.

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 5 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, 2006 and of the profit of the Company for the year ended 31st March, 2006;
- 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.

CERTIFIED TRUE COPY

For BHAGWANDAS METALS LIMITED For and on behalf of the Board of Directors

Chennai
Date : 29-07-2006

Govind Prasad
Director

GOVIND PRASAD
Chairman- cum-Managing Director

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's focus on Corporate Governance is to attain higher level of transparency and accountability in all facets of its operations and its dealing with shareholders, employees, customers, banks, regulatory and Government Agencies. The Company sincerely believes that all its operations and actions must serve towards its main object of attaining optimum level of financial stability thereby enhancing the shareholders' value over a sustained period of time.

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-cum-Managing Director and Mr. Nand Kishore Sonthalia. 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 2005-2006 on 30th April 2005, 28th July 2005, 23rd September 2005, 28th October 2005, 31st December 2005 and 28th January 2006.

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

1. Mr. Govind Prasad	➤ 6
2. Mr. Murarilal (Resigned w.e.f 31.12.2005)	➤ 2
3. Mr. V. Sankarasubbiyan (Resigned w.e.f 23.09.2005)	➤ 2
4. Mr. C.Ramasamy	➤ 6
5. Mr. Harish Kumar Lohia (Resigned w.e.f 31.12.2005)	➤ Nil
6. Mr. Arun Kumar Agarwal	➤ 6
7. Mr. Nirmal Gadhiya (Appointed w.e.f 23.09.2005)	➤ 3
8. Mr. Narender Lunawat (Appointed w.e.f 31.12.2005)	➤ 1
9. Mr. Nand Kishore Sonthalia (Appointed w.e.f 31.12.2005)	➤ 1

Mr. Govind Prasad, Mr. C. Ramasamy and Mr. Arun Kumar Agarwal attended the last Annual General Meeting held on 23rd September 2005.



3. AUDIT COMMITTEE

a. Composition

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

1. Mr. C.Ramasamy – Chairman
2. Mr. Nirmal Gadhiya – Member
3. Mr. Narender Lunawat – Member

Mrs. P. Manjulatha, Company Secretary is the Secretary for the Audit Committee.

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 30th April 2005, 28th July 2005, 28th October 2005 and 28th January 2006.

c. Attendance at the Audit Committee

- | | |
|--|-------|
| 1. Mr. C.Ramasamy | > 4 |
| 2. Mr. Harish Kumar Lohia (Resigned w.e.f. 31.12.2005) | > Nil |
| 3. Mr. V. Sankarasubbiyan (Resigned w.e.f. 23.09.2005) | > 2 |
| 4. Mr. Nirmal Gadhiya (Appointed w.e.f. 23.09.2005) | > 2 |
| 5. Mr. Narender Lunawat (Appointed w.e.f. 31.12.2005) | > 1 |

4. SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE

a. Composition

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

1. Mr. Arun Kumar Agarwal – Chairman
2. Mr. Nirmal Gadhiya - Member
3. Mr. Narender Lunawat - Member

b. Function

The main functions of the Committee are 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 complaint

There was no Investor Complaints pending as on 31st March 2006.

c. Compliance Officer

Name : Mrs. P. Manjulatha
Designation : Company Secretary

5. SHARE TRANSFER COMMITTEE

a. Composition

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

1. Mr. C. Ramasamy - *Chairman*
2. Mr. Govind Prasad - Member
3. Mr. Nand Kishore Sonthalia - 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 13th April 2005, 30th April 2005, 25th May 2005, 23rd June 2005, 28th July 2005, 24th August 2005, 23rd September 2005, 24th October 2005, 5th December 2005, 1st March 2006 and 31st March 2006.

There were no pending share transfers as on 31st March 2006.

c. Attendance at the Share Transfer Committee Meeting

- | | |
|---|------|
| 1. Mr. C. Ramasamy | ➤ 10 |
| 2. Mr. Murarilal (Resigned w.e.f. 31.12.2005) | ➤ 6 |
| 3. Mr. Govind Prasad | ➤ 11 |
| 4. Mr. Nand Kishore Sonthalia (Appointed w.e.f. 31.12.2005) | ➤ 2 |

6. REMUNERATION COMMITTEE

a) Composition

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

1. Mr. C. Ramasamy - *Chairman*
2. Mr. Nirmal Gadhiya - 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 2005 - 2006, the Committee met on 28th July 2005 to determine the remuneration of Chief Executive Officer and on 31st December 2005 to determine the remuneration of Mr. Govind Prasad, Chairman-cum- Managing Director and Mr. Nand Kishore Sonthalia, Whole Time Director. All the Directors attended both the meeting.

c) Remuneration for the year

(i) Details of the remuneration paid to the Executive Directors for the financial year ended 31st March 2006 is given below:

Name of the Director	Salary and Allowances	Contribution to funds
Mr. Govind Prasad	Rs.1,80,000	Rs 21,600
Mr. Murarilal (Resigned w.e.f 31.12.2005)	Rs.3,60,000	Rs.27,000
Mr. Nand Kishore Sonthalia (Appointed w.e.f 31.12.2005)	Rs.1,20,000	Rs.9,000

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

(b) Mr. Nand Kishore Sonthalia was paid a salary of Rs.1,21,500 for the first nine months when he was the Chief Executive Officer of the Company.

(ii) Details of Sitting Fees paid to Non-Executive Directors for the financial year ended 31st March, 2006 is given below :

Sl. No.	Name of Non-Executive Director	Sitting Fee (in Rs.)
1.	Mr. C.Ramasamy	12,500
2.	Mr. Arun Kumar Agarwal	6,500
3.	Mr. Narender Lunawat (Appointed w.e.f 31.12.2005)	1,250
4.	Mr. Nirmal Gadhiya (Appointed w.e.f 23.09.2005)	3,750
5.	Mr. V. Sankarasubbiyan (Resigned w.e.f 23.09.2005)	2,750
6.	Mr. Harish Kumar Lohia (Resigned w.e.f 31.12.2005)	Nil

- 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. Nand Kishore Sonthalia	—	—
3.	Mr.C. Ramasamy	—	—
4.	Mr.Narender Lunawat	2	—
5.	Mr.Nirmal Gadhiya	6	—
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
23 rd September 2003	10.00 a.m	Rani Seethai Hall, 603, Anna Salai, Chennai – 6
23 rd September 2004	10.00 a.m	Rani Seethai Hall, 603, Anna Salai, Chennai – 6
23 rd September 2005	10.00 a.m	Rani Ssethai Hall, 603, Anna Salai, Chennai - 6

- a) **Special Resolution passed in the past three Annual General Meetings.**

2004-2005

Special Resolution pursuant to Section 314 of the Companies Act, 1956 and Directors' Relatives (Office or Place of Profit) Rules 2003 for re-appointment of Mr.Nand Kishore Sonthalia as "Chief Executive Officer" of the Company for a period of 3 years with effect from 01-04-2006.

2003-2004 - Nil

2002-2003 - Nil

- b) **Postal Ballots**

2004-2005 - Nil

2003-2004

During the year 2003-2004, consent of 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 as the Whole Time Director of the Company for a period of 3 years with effect from 01-07-2003.

2002-2003 - Nil

8. NOTES ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

As required under clause 49 VI(A), particulars of Directors seeking appointment/ re-appointment 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 16 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 Newspapers 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 : 25th September, 2006
 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 2006
2.	Publication of Quarterly Results ending 30 th June 2006.	Last week of July 2006
3.	Publication of Quarterly Results ending 30 th September 2006.	Last week of October 2006
4.	Publication of Quarterly Results ending 31 st December 2006.	Last week of January 2007
5.	Publication of Quarterly Results ending 31 st March 2007.	Last week of April 2007

3. BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from 16th September 2006 to 25th September 2006 (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 – 400001.

The Company has paid the listing fee to the above stock exchanges for the financial years 2005 - 2006 and 2006 - 2007.

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 2006, about 39% of Equity shares of the Company has been dematerialised.

7. STOCK MARKET DATA

Month	Madras Stock Exchange		Mumbai Stock Exchange	
	High	Low	High	Low
	Stock Code: BHAGWANMET		Stock Code: 530095	
April 2005	Not quoted		8.50	7.32
May 2005	Not quoted		8.65	6.10
June 2005	Not quoted		13.55	7.66
July 2005	Not quoted		12.14	8.15
August 2005	Not quoted		12.59	8.60
September 2005	Not quoted		17.71	11.68
October 2005	Not quoted		11.90	7.52
November 2005	Not quoted		8.88	6.72
December 2005	Not quoted		7.23	6.44
January 2006	Not quoted		7.50	6.70
February 2006	Not quoted		7.05	5.51
March 2006	Not quoted		6.99	4.35

**8. DISTRIBUTION OF SHAREHOLDINGS AS ON 31.03.2006**

No. of Equity Shares	Share Holders		Number of Shares	
	Number	% to Total	Number	% to Total
Upto 100	602	22.68	56005	1.53
101 to 500	1468	55.31	413242	11.33
501 to 1000	226	8.52	190129	5.21
1001 to 2000	221	8.33	331825	9.09
2001 to 3000	58	2.19	147546	4.04
3001 to 4000	19	0.71	67879	1.86
4001 to 5000	12	0.45	57520	1.58
5001 to 10000	21	0.79	146240	4.01
10001 & above	27	1.02	2238414	61.35
Total	2654	100.00	3648800	100.00

9. PATTERN OF SHARE HOLDINGS AS ON 31.03.2006

Sl.No	Category	No.of Shares	% of Shares
A.	Promoters' Holding		
	Indian Promoters & persons acting in concert.	18,62,630	51.05
B.	Non Promoters' Holding		
1.	Private Corporate Bodies	4,20,621	11.53
2.	Indian Public	13,27,817	36.39
3.	NRI's/ OCB's	32,422	0.88
4.	Any other (Clearing Member)	5,310	0.15
	Total	36,48,800	100.00

10. TOP 10 SHARE HOLDERS REPORT AS ON 31.03.2006

Sl.No.	DPID/Folio No.	Name of the Share Holder	No.of Shares
1	1/103	GOVIND PRASAD AGARWAL	419610
2.	69/10219968	GITA AGARWAL	337155
3.	138/10204486	NAND KISHORE SONTHALIA	307000
4.	3071	BOBBY SONTHALIA	260250
5.	10734767	CENTURY CBASE (P) LTD	201872
6.	3758	SAROJ JAYAPRAKASH JALAN	145675
7.	27	GOVIND PRASAD AGARWAL (HUF)	107375
8.	00753809	MANOJ KUMAR BELLAN	56497
9.	2828	TUHADI COMMODITIES (P) LTD	50000
10.	15171669	NILAMBAR BARTER (P) LTD	33100
		TOTAL	1918534

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.

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.

DECLARATION

I, Govind Prasad, Chairman-cum-Managing Director of the Company, hereby declare that the Board of Directors has laid down a code of conduct for its Board Members and Senior Management of the Company and Board Members have affirmed Compliance with the said code of conduct. *CERTIFIED TRUE COPY*

For BHAGWANDAS METALS LIMITED

For Bhagwandas Metals Limited

X
Place: CHENNAI

Date : 29-07-2006

Govind Prasad x NKS
Director

GOVIND PRASAD

Chairman-cum-Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL SCENARIO

The Global Steel industry appears to be in a race to invest in high growth zones such as India, China, Latin America and Eastern Europe. India has finally emerged as a Steel making location for global players.

STEEL INDUSTRY

The Steel sector in the country is on a roll. The buoyancy in the sector continued for the third year in a row driven by a strong growth in demand in sectors such as real estate, infrastructure and automobiles. The amount of activity in the sector has picked up speed in the past few years.

**OPPORTUNITY AND THREAT**

With upsurge in prices of steel, the Indian steel industry has also witnessed increased production, consumption and export. The massive investment, as proposed by the Government of India in infrastructure sector is expected to create a boom. On the supply side the uneven and tardy growth in the infrastructure sectors may constrain the progress of the company and the industry as a whole.

OUT LOOK

The Steel industry at present is on a upswing. Prices and profits have firmed up. The future and sustained growth of this industry is intimately linked to the growth of the economy in general and to the performance of the industrial sector and the construction activities in particular.

RISKS AND CONCERNS

Your Company will continue to face problems like stiff competition, demand and supply imbalance changes in government policies etc. The Company constantly strives to adequately protect itself from various business risks and concerns and takes appropriate measures to address the same.

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 the key stakeholders. 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 31.03.06 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

Place : Chennai
Date : 29-07-2006

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, 2006 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 the 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the 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, 2006 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, 2006; and
 - ii. In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.
 - iii. 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 : 29-07-2006

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. The Company has not sold substantial portion of Fixed Assets during the year.
- 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) 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.
- 4) 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 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 procedures.
- 5)
 - 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 in pursuance of contracts or agreements entered into the register maintained under Section 301 of the Act have been made at prices which are generally reasonable considering the strategic relationship and 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 of the Companies Act, 1956 and the rules framed there under.
- 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 2006 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 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 Compo-und-ed 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 the current financial year and in the financial year immediately preceding this financial year.



- 11) Based on our audit procedures and information 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 chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- 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) (Amendment) Order, 2004 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 examination 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 course of our audit.

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

Place : Chennai
Date : 29-07-2006

M.RAGHUNATH
Partner
Membership No 15501

BALANCE SHEET AS AT MARCH 31, 2006

(in Rs.)

Particulars	Schedule	AS AT	AS AT
		31.03.2006	31.03.2005
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	2,15,88,397	57,05,348
Total		8,02,77,261	6,43,94,212
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		38,69,920	41,99,040
Less: Depreciation		23,65,070	24,87,699
Net Block	4	15,04,850	17,11,341
Current Assets Loans & Advances			
Inventories	5	1,20,26,557	1,01,66,763
Sundry Debtors	6	7,48,67,240	7,04,98,345
Cash & Bank Balances	7	2,29,501	5,09,005
Loans & Advances	8	68,00,732	1,93,81,481
		9,39,24,030	10,05,55,594
Less: Current Liabilities & Provisions	9	1,85,13,711	4,23,86,923
Net Current Assets		7,54,10,319	5,81,68,671
Deferred Tax (Net)	10	2,000	12,000
Profit and Loss Account		33,60,092	45,02,200
Total		8,02,77,261	6,43,94,212

Schedules 1 to 10 and 16 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

CERTIFIED TRUE COPY

GOVIND PRASAD
Chairman-cum-
Managing Director

NAND KISHORE SONTHALIA
Director

P. MANJULATHA
Company Secretary

M. RAGHUNATH
Partner

for **BHAGWANDAS METALS LIMITED**

Place : Chennai

Date : 29-07-2006

Kapilraj

30

Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006
(in Rs.)

Particulars	Schedule	Year ended 31.03.2006	Year ended 31.03.2005
INCOME			
Sales		37,37,48,098	43,01,84,733
Other Income		7,31,687	18,64,562
Profit on Sale of Fixed Assets		12,059	61,65,014
Increase / (Decrease) in Inventories	11	18,59,794	(57,09,905)
Total [A]		37,63,51,638	43,25,04,404
EXPENDITURE			
Purchase - Trading		36,34,00,649	41,21,41,650
Trading Expenses	12	21,11,698	8,35,881
Administrative Expenses	13	38,25,003	43,08,046
Selling & Distribution Expenses	14	35,89,895	41,41,783
Financial Charges	15	11,37,289	6,07,886
Depreciation		4,34,996	10,19,844
Total [B]		37,44,99,530	42,30,55,090
NET PROFIT / (LOSS) [A-B]		18,52,108	94,49,314
PROVISION FOR TAXATION		6,25,000	30,00,000
PROVISION FOR DEFERRED TAX		10,000	(5,64,000)
PROVISION FOR FRINGE BENEFIT TAX		75,000	-
NET PROFIT / (LOSS) AFTER TAXATION		11,42,108	70,13,314
PROFIT / (LOSS) BROUGHT FORWARD		(45,02,200)	(1,15,15,514)
TRANSFER FROM GENERAL RESERVE TRANSFERRED TO BALANCE SHEET		(33,60,092)	(45,02,200)
Notes on Accounts	16		
Earnings per share		0.31	1.92

Schedules 11 to 16 form integral part of this Profit & Loss Account.

For and on behalf of the Board

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

CERTIFIED TRUE COPY

GOVIND PRASAD NAND KISHORE SONTALIA P. MANJULATHA M. RAGHUNATH
Chairman-cum- Director Company Secretary Partner
Managing Director

For **BHAGWAN DAS METALS LIMITED**

Place : Chennai

Date : 29-07-2006

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

PARTICULARS	31.03.2006	31.03.2005
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SCHEDULE 1 : SHARE CAPITAL**AUTHORISED :**

5000000 Equity Shares of Rs 10/- each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
---------------------------------------	--------------------	--------------------

ISSUED, SUBSCRIBED AND PAID UP :

3648800 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>1,64,83,763</u>	<u>56,27,022</u>
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FLC -Punjab National Bank	<u>49,27,696</u>	<u>—</u>
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(Secured by first charge on movable properties, stocks, book debts & personal guarantee of two Directors)

Hire Purchase Finance Loan	<u>1,76,938</u>	<u>78,326</u>
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(Secured by specific fixed assets)	<u>2,15,88,397</u>	<u>57,05,348</u>
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SCHEDULE 4 : FIXED ASSETS

(in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 01-04-2005	Addition / (Deletion) during the year	As on 31-03-2006	As on 01-04-2005	For the year	Deletion	As on 31-3-2006	As on 31-3-2006	As on 31-3-2005
	Plant & Machinery	2,43,660	—	2,43,660	33,893	29,179	—	63,072	1,80,588
Furniture & Fixtures	6,02,810	65,525	6,68,335	4,93,201	33,118	—	5,26,319	1,42,016	1,09,609
Office Equipment	5,86,301	59,052	6,45,353	2,85,893	48,641	—	3,34,534	3,10,819	3,00,408
Computer	5,28,144	33,052	5,61,196	4,28,172	51,010	—	4,79,182	62,014	99,972
Air Conditioner	6,10,128	22,624	6,32,752	3,41,990	39,040	—	3,81,030	2,51,722	2,68,138
Vehicles	16,27,997	4,46,193 (9,55,566)	11,18,624	9,04,550	2,34,008	5,57,625	5,80,933	5,37,691	7,23,447
TOTAL	41,99,040	6,26,446 (9,55,566)	38,69,920	24,87,699	4,34,996	5,57,625	23,65,070	15,04,850	17,11,341
Previous Year	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

Bhagwandas Metals Limited

PARTICULARS	31.03.2006	31.03.2005
SCHEDULE 5: INVENTORIES		
(As certified by the Management)		
Trading Stock	<u>1,20,26,557</u>	<u>1,01,66,763</u>
	<u>1,20,26,557</u>	<u>1,01,66,763</u>
SCHEDULE 6: SUNDRY DEBTORS		
(Unsecured Considered Good)		
Debts outstanding for more than six months	1,58,61,321	56,80,907
Other Debts	<u>5,90,05,919</u>	<u>6,48,17,438</u>
	<u>7,48,67,240</u>	<u>7,04,98,345</u>
SCHEDULE 7: CASH & BANK BALANCES		
Cash in Hand	2,21,097	39,900
Balance with scheduled Bank		
(I) In Current Account	8,404	4,19,105
(II) In Deposit Account	—	50,000
	<u>2,29,501</u>	<u>5,09,005</u>
SCHEDULE 8: LOANS & ADVANCES		
(Unsecured considered good)		
Advances (recoverable in cash or kind or for the value to be received)	23,10,052	1,39,57,433
Deposits	37,90,680	41,59,238
Other Receivables	<u>7,00,000</u>	<u>12,64,810</u>
	<u>68,00,732</u>	<u>1,93,81,481</u>
SCHEDULE 9: CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
(i) Creditors for Materials	1,00,67,842	2,80,18,946
(ii) Other Liabilities	70,74,242	1,03,95,436
B. PROVISIONS		
(i) Provision for Taxation	10,14,206	33,93,938
(ii) Gratuity and Bonus	3,57,421	5,78,603
	<u>1,85,13,711</u>	<u>4,23,86,923</u>



PARTICULARS	31.03.2006	31.03.2005
SCHEDULE 10: DEFERRED TAX (Net)		
Deffered Tax Assets		
Provision for employee related expenses	<u>1,20,000</u>	<u>2,12,000</u>
	1,20,000	2,12,000
Deferred Tax Liability		
Difference between book and IT depreciation	<u>1,18,000</u>	<u>2,00,000</u>
Deferred Tax Assets (Net)	<u>2,000</u>	<u>12,000</u>
SCHEDULE 11: INCREASE / DECREASE IN INVENTORIES		
Closing Stock	1,20,26,557	1,01,66,763
Less: Opening Stock	<u>1,01,66,763</u>	<u>1,58,76,668</u>
	<u>18,59,794</u>	<u>(57,09,905)</u>
SCHEDULE 12: TRADING EXPENSES		
Carriage Inward	16,07,118	8,35,881
Custom Duty	4,54,090	—
Wharfage	50,490	—
	<u>21,11,698</u>	<u>8,35,881</u>
SCHEDULE 13: ADMINISTRATIVE EXPENSES		
Audit Fee		
- Statutory Audit	11,224	10,800
- Tax Audit	5,612	5,400
Director's Remuneration & Related Expenses	5,35,749	4,63,210
Electricity Charges	1,33,064	1,41,019
Exchange loss	28,121	8,112
General Expenses	1,16,882	98,738
Insurance	43,166	44,644
Legal & Professional Charges	1,80,344	2,37,182
Public Issue Written Off	—	4,58,367
Postage & Telephone Charges	4,19,272	4,99,487
Printing & Stationery	1,36,913	89,840
Rates & Taxes	1,30,042	84,611
Rent	3,15,360	4,02,600
Repairs & Maintenance	1,54,234	1,38,700
Salaries & Other Benefits	10,57,015	8,04,200
Service Charges	20,385	63,000
Security Service Charges	61,046	55,000
Share Transfer Expenses	74,596	60,000
Sundry Credit & Debit Balance written off	14,100	—
Travelling & Conveyance	1,80,498	2,00,000
Vehicle Running & Maintenance	<u>2,07,380</u>	<u>3,00,000</u>
	<u>38,25,003</u>	<u>40,00,000</u>

Bhagwandas Metals Limited

PARTICULARS	31.03.2006	31.03.2005
SCHEDULE 14: SELLING & DISTRIBUTION EXPENSES		
Advertisement	1,78,556	1,38,735
Brokerage & Commission	1,00,223	1,11,954
Carriage Outward & Cooly Charges	30,12,454	32,78,457
Other Miscellaneous Expenses	2,26,000	2,69,847
Sales Promotion	72,662	3,42,790
	<u>35,89,895</u>	<u>41,41,783</u>

SCHEDULE 15: FINANCIAL CHARGES

Bank Charges	3,30,523	1,39,362
Interest	8,06,766	4,68,524
	<u>11,37,289</u>	<u>6,07,886</u>

SCHEDULE 16: 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.

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. 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 or 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	31.03.2006	31.03.2005
Bank Guarantee	—	2.50

- 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/- along with 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 has got a favourable order from Hon'ble High Court directing M/s.Asea Brown Boveries Limited to re-pay the amount with interest and dismissed their counter claim.

3. TRADING ACTIVITY

Information regarding opening stock, Turnover and closing stock

Particulars	Year Ended 31.03.2006		Year Ended 31.03.2005	
	Qty Mts.	Value (Rs. in lacs)	Qty Mts.	Value (Rs. in lacs)
A. Opening Stock				
Trading Materials				
a. CTD Bars	327.164	92.02	584.712	154.95
b. Others	31.727	9.64	15.246	3.82
B. Purchases				
Trading Materials				
a. CTD Bars	9,639.832	2,412.12	12,906.654	3,441.29
b. Others	5,293.936	1,221.89	2,437.722	680.13

Bhagawandas Metals Limited

C. Turnover				
Trading Materials				
a. CTD Bars	9,660.705	2,484.95	13,164.202	3,621.77
b. Others	5,086.880	1,252.53	2,421.241	680.07
D. Closing Stock				
Trading Materials				
a. CTD Bars	306.291	75.13	327.164	92.02
b. Others	238.783	45.14	31.727	9.64

4. MANAGERIAL REMUNERATION (Amount in Rs.)

Paid / Payable to Whole Time Director	For the year 2005-2006	For the year 2004-2005
Salaries	4,80,000	4,20,000
House Rent Allowance	1,80,000	1,80,000
Total	6,60,000	6,00,000

5. Parties balances are subject to confirmation

6. OTHER INCOME

Other Income includes the following:

Particulars	For the year 2005-2006	For the year 2004-2005
Rent Received	16,800	1,00,800
Interest Earned	2,259	10,99,792
Miscellaneous Income	7,12,628	6,59,119
Miscellaneous Credit Balance Written back	—	4,851
Total	7,31,687	18,64,562

7. SALARIES AND OTHER BENEFITS

Salaries and other benefits include the following:

Particulars	For the year 2005-2006	For the year 2004-2005
Salaries and Bonus	6,29,637	5,85,674
Contribution to Provident Fund and other Funds	1,40,131	1,21,287
Staff Welfare Expenses	2,87,247	97,314
Total	10,57,015	8,04,275



8. RELATED PARTY DISCLOSURE

A. List of Related Parties

Name of the Related Party	Nature of Relationship
Bhagwandas & Co.,	A Partnership firm in which one of the Partner Mr. Murarilal is a relative of our Director.
MGM Steels	Partner of MGM Steels Mr. Govind Prasad is the chairman of our company.

B. Key Management Personnel and their relatives

- Mr. Govind Prasad, *Chairman - cum - Managing Director*
- Mrs. Gita Agarwal (*Wife*)
- Mr. Nand Kishore Sonthalia (*Son*)

C. RELATED PARTY TRANSACTIONS

Name of the Related Party	Nature of Transaction	Value	
		31.03.2006	31.03.2005
Bhagwandas & Co.,	Sale of Goods	89,98,201	1,18,79,476
Bhagwandas & Co.,	Purchase of Goods	46,58,692	1,23,66,014
MGM Steels	Sale of Goods	9,03,410	—
MGM Steels	Purchase of Goods	14,570	—
Govind Prasad	Salary & Allowance	1,80,000	1,20,000
Murarilal	Salary & Allowance	3,60,000	4,80,000
Nand Kishore Sonthalia	Salary & Allowance	3,09,000	2,35,800
Gita Agarwal	Rent Paid	1,80,000	1,80,000
Rashmi Sonthalia	Rent Paid	67,500	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 24.02.2006, for a period of 3 years.

9. SEGMENT REPORTING

Since the Company is trading only in steel items and the operations are only in India, segment reporting is not applicable to the company

10. EARNINGS PER SHARE

Particulars	31.03.2006	31.03.2005
Profit / (Loss) after tax	11,42,108	70,13,314
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. 0.31	Re.1.92

11. Interest under Schedule 15 includes interest on fixed loan amounting to Rs.15,695/- (31-3-2005 - Rs.18,496)

	for the year 2005-2006	for the year 2004-2005
12. Earnings in foreign currency	Nil	Nil
13. FOB value of Exports (in Rupees)	Nil	13,83,407
14. Expenditure in foreign currency	Nil	Nil
15. Value of imports on CIF basis (in Rupees)	49,27,696	Nil

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

17. The Company has provided interest for electricity payable upto 31-3-2001. 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 further liability on the Company beyond the amount already provided for.

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-cum-
Managing Director

NAND KISHORE SONTHALIA
Director

P. MANJULATHA
Company Secretary

M. RAGHUNATH
Partner

Place : Chennai
Date : 29-07-2006

CERTIFIED TRUE COPY

for BHAGWANJAS METALS LIMITED

N. Senthil
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

(Rs. in lacs)

	2005-2006	2004-2005
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax & Extraordinary Items	18.52	94.49
Adjustments for :		
Depreciation	4.35	10.20
Interest & Financial Charges	11.37	6.08
Miscellaneous Expenditure Written Off	-	4.58
Interest Income	(0.02)	(10.99)
(Profit) / Loss on Sale of assets	(0.12)	(61.65)
Operating Profit Before Working Capital Changes	34.10	42.71
Adjustments for :		
(Increase) / Decrease in Inventories	(18.60)	57.10
(Increase) / Decrease in Trade & Other Receivables	89.78	(493.19)
Increase / (Decrease) in Trade & Other Payables	(245.73)	262.01
Cash Generated from Operations	(140.45)	(131.37)
Interest & Financial Charges Paid	(11.37)	(6.08)
Direct Taxes Paid	(7.66)	(12.00)
Interest Income	0.02	10.99
Net Cash from Operating Activities (A)	(159.46)	(138.46)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(6.26)	(3.30)
Sale of Fixed Assets	4.10	159.35
Net Cash used In Investing Activities (B)	(2.16)	156.05
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowing	0.99	-
Repayment of finance Liabilities	-	(3.40)
Increase / (Decrease) in Bank Borrowings	157.84	(15.88)
Dividend Paid	-	-
Net Cash Used in Financing Activities (C)	158.83	(19.28)
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(2.79)	(1.69)
E. OPENING CASH AND CASH EQUIVALENTS (Cash and Bank Balances)	5.09	6.78
F. CLOSING CASH AND CASH EQUIVALENTS (D+E) (Cash and Bank Balances)	2.30	5.09

For and on behalf of the Board

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

Chartered Accountants

CERTIFIED TRUE COPY

GOVIND PRASAD
Chairman-cum-
Managing DirectorNAND KISHORE SONTALIA
DirectorP. MANJULATHA
Company SecretaryM. RAGHUNATH
Partner

PO: BHAGWAN DAS METALS LIMITED

Place : Chennai
Date : 29-07-2006

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 6
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 8 0 2 7 7

Total Assets 8 0 2 7 7

Sources of Funds

Paid-up Capital 3 6 4 6 9

Reserves & Surplus 2 2 2 2 0

Secured Loans 2 1 5 8 8

Unsecured Loans N I L

Application of Funds

Net Fixed Assets 1 5 0 5

Investments N I L



Net Current Assets

			7	5	4	1	1
--	--	--	---	---	---	---	---

Misc. Expenditure

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

Accumulated Losses

			3	3	6	1
--	--	--	---	---	---	---

IV. Performance of Company (Amount in Thousands)

Turnover

		3	7	3	7	4	8
--	--	---	---	---	---	---	---

Total Expenditure

		3	7	4	4	9	9
--	--	---	---	---	---	---	---

+ - Profit/Loss Before Tax

		1	8	5	2
--	--	---	---	---	---

+ - Profit/Loss After Tax

		1	1	4	2
--	--	---	---	---	---

Earning Per Share in Rs.

			0	.	3	1
--	--	--	---	---	---	---

Dividend Rate %

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

V. Generic Names of Two Principle 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

CERTIFIED TRUE COPY

GOVIND PRASAD
 Chairman-cum-
 Managing Director

NAND KISHORE SONTALIA
 Director

P. MANJULATHA
 Company Secretary

M. RAGHUNATH
 Partner

for **BHAGWANDAS METALS LIMITED**

Place : Chennai
 Date : 29-07-2006

N. K. Sontalia
 Director