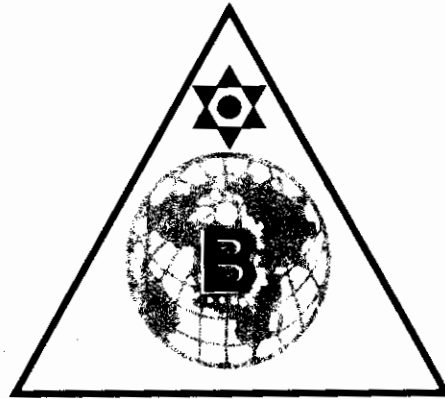


Bhagwandas Metals Limited



26th ANNUAL REPORT 2007-2008

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BHAGWANDAS METALS LIMITED

BOARD OF DIRECTORS	Sri Govind Prasad	➤ Chairman-Cum- Managing Director
	Sri Nand Kishore Sonthalia	➤ Whole Time Director
	Sri C.Ramasamy	➤ Director
	Sri Narender Lunawat	➤ Director
	Sri Nirmal Gadhiya	➤ Director

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 Sixth Annual General Meeting of the members of Bhagwandas Metals Limited will be held on Thursday, **the 25th day of September 2008** 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, 2008 and the Profit and Loss Account for the year ended 31st March, 2008 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. C. Ramasamy who retires by rotation and being eligible, offers himself for re – appointment.
3. To appoint Auditors of the Company and to fix their remuneration. M/s. M.Raghunath & Co., who retires at this meeting, being eligible, offers themselves for reappointment.

For and on behalf of the Board of Directors

Sd/-

Place : CHENNAI
Date : 30.07.2008

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 Register of Members and the Share Transfer Books of the Company shall remain closed from **16.09.2008 to 25.09.2008 (both days inclusive)**.
- C. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
- D. Members/ Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting.

ANNEXURE TO THE NOTICE:

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

1. Name of the Director	Mr. C. Ramasamy
a. Age	47 yrs
b. Date of Appointment	21-05-1998
c. Qualification	B.Com., F.C.A.
d. Experience	24 years as Chartered Accountant
e. Expertise	Taxation, Finance and Accounts
f. Directorship in other Companies	Nil
g. Chairman / Member of committees of Companies	Bhagwandas Metals Limited Audit Committee – Chairman Share Transfer Committee - Chairman Remuneration Committee - Chairman
h. Share holding in the company	Holds 200 equity shares in the Company



DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31st March 2008 together with the Balance Sheet as at 31st March 2008 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 2008	Audited financial Statement for the year ended March 31 st 2007
1.	Income from Operation	4654	4766
2.	Profit before Interest, Depreciation, Extraordinary items and Tax	55	53
3.	Interest	15	20
4.	Depreciation	2	4
5.	Profit before Extraordinary items and Tax	38	29
6.	Provision for taxation Fringe Benefit Tax & Deferred Tax	13	9
7.	Profit after Extraordinary Item and Tax	25	20
8.	Dividend Proposed	Nil	Nil
9.	Share Capital	364	364
10.	Reserves & Surplus	234	222

OPERATIONS

During the year 2007-2008, the Company has earned a net profit of Rs. 25 Lakhs as against Rs. 20 Lakhs earned in the previous year. On the sales front, the Company has achieved a turnover of about Rs 4654 Lakhs during the year 2007 - 2008 as against Rs. 4766 Lakhs achieved in 2006 – 2007. The directors are happy to inform you that all the accumulated losses have been wiped out. In view of the meagre profit after adjusting brought forward losses and with a view to conserve resources the directors express their inability to declare any dividend for the current financial year 2007-2008.

Bhagwandas Metals Limited

PROSPECTS FOR THE CURRENT YEAR

During the current year 2008-2009, the Company has achieved a turnover of Rs. 1660 Lakhs in the first quarter ending 30.06.2008.

DIRECTORS

Mr. Arun Kumar Agarwal has resigned from the Board of Directors and his resignation has been accepted with effect from 10.10.2007. Your Board places on record their appreciation of his invaluable contribution in the growth of the company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. C. Ramasamy, Directors of the Company is liable to retire by rotation and your Directors recommend his reappointment.

AUDITORS

The Statutory Auditors, M/s. M.Raghunath & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment for the current financial year. The auditors have expressed their willingness to continue in office if they are re-appointed. 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 6 years.

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

1. Foreign Exchange inflow - Nil
2. Foreign Exchange outflow - Nil
3. Value of Imports on CIF Basis - Rs. 4,75,49,499/-

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 judgments 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, 2008 and of the profit of the Company for the year ended 31st March, 2008;
- 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 : 30.07.2008

Sd/-
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. Accordingly the company always seeks to ensure they attain their performance rule with integrity. The Company sincerely believes that all its operations and actions must serve towards its main object to attaining optimum level of financial stability thereby enhancing the shareholders value through prudential financial management and sound business decisions over a sustained period of time. The company is regularly reviewing the Board processes and the Management systems for further improvement.

2. BOARD OF DIRECTORS

a. Composition

The total strength of the board is five out of which 2 are Promoter Directors namely Mr. Govind Prasad, Chairman-cum-Managing Director and Mr. Nand Kishore Sonthalia. Both these Directors are Executive 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. Five Board Meetings were held during the financial year 2007-2008 on 27.04.2007, 02.07.2007, 30.07.2007, 10.10.2007 and 23.01.2008.

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

1.	Mr. Govind Prasad	4
2.	Mr. C.Ramasamy	5
3.	Mr. Arun Kumar Agarwal (Resigned w.ef. 10.10.2007)	--
4	Mr. Nirmal Gadhiya	3
5	Mr. Nand Kishore Sonthalia	3
6	Mr. Narender Lunawat	4

Mr. Govind Prasad, Mr. C. Ramasamy and Mr. Nand Kishore Sothalia attended the last Annual General Meeting held on 24th September 2007.



3. AUDIT COMMITTEE

a. Composition

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

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 5 times on 27.04.2007, 02.07.2007, 30.07.2007, 10.10.2007 and 23.01.2008.

c. Attendance at the Audit Committee

1.	Mr. C.Ramasamy	5
2.	Mr. Nirmal Gadhiya	3
3.	Mr. Narender Lunawat	4

4. SHAREHOLDERS/ INVESTORS' GRIEVANCE COMMITTEE

a. COMPOSITION

The Committee consisting of Directors Mr. Arun Kumar Agarwal - Chairman, Mr. Nirmal Gadhiya - Member, Mr. Narender Lunawat - Member, was re-constituted by the Board at the Board meeting held on 10th October 2007 with the following Directors.

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

b. FUNCTION

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

Bhagwandas Metals Limited

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

During the year 2007-2008, no Shareholders/Investor grievance Committee meeting was held as there was no investor complaints. There was no Investor Complaints pending as on 31st March 2008.

c. Compliance Officer

Name : Mrs. P. Manjulatha
Designation : Company Secretary

- d. The investor Compliance, if any, can be addressed to investorgrievance@metal-bml.com for redressal of the same.

5. SHARE TRANSFER COMMITTEE

a) Composition

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. Dematerialization of shares
- iii. Replacement of lost/mutilated/stolen share certificates.

During the year the Committee met on 27.04.2007, 08.06.2007, 02.07.2007, 30.07.2007, 11.09.2007, 24.09.2007, 12.11.2007, 14.12.2007, 05.02.2008, and 07.03.2008.

There were no pending share transfers as on 31st March 2008.

6. REMUNERATION COMMITTEE

a) Composition

The Remuneration Committee consisting of Directors Mr. C. Ramasamy, Mr. Nirmal Gadhiya and Mr. Arun Kumar Agarwal, was re-constituted by the Board at the Board meeting held on 10th October 2007 with the following Directors:

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



b) Functions

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

During the year 2007-2008, no meeting has been held as there was no instance arising for the same.

c) Remuneration Policy

The remuneration of the Executive Directors is recommended by the Remuneration Committee, based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry and responsibilities shouldered. The Company pays remuneration by way of salary and perquisites to its Executive Directors.

The Non-executive Directors are not paid any remuneration except sitting fees. Further the company has not entered into any pecuniary relationship or transactions with the Non-executive directors.

d) Remuneration for the year

(i) Details of the remuneration paid to the Executive Directors for the financial year ended 31st March 2008 is given below:

Name of the Director	Salary and Allowances	*Contribution to funds
Mr. Govind Prasad	3,60,000	43,200
Mr. Nand Kishore Sonthalia	4,80,000	36,000

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

(ii) Details of Sitting Fees paid to Non-Executive Directors for the financial year ended 31st March, 2008 & their shareholding is given below:

Non-Executive Director	Sitting Fee (in Rs.)	No. of Shares Held
1. Mr. C.Ramasamy	11,250	200
2. Mr. Narender Lunawat	5,000	Nil
3. Mr. Nirmal Gadhiya	3,750	Nil

Bhagwandas Metals Limited

- e) Number of other Companies or Committees in which the Director is a Director and Member / Chairman of the Committee and Relationship with other Directors.

Name of Directors	Number of Directorship in other Companies	Number of Board Committee in which member/ Chairman	Relationship with other Directors
1. Mr. Govind Prasad	—	—	Father of Mr. Nand Kishore Sonthalia
2. Mr. Nand Kishore Sonthalia	—	—	Son of Mr. Govind Prasad
3. Mr. C. Ramasamy	—	—	—
4. Mr. Narender Lunawat	2	—	—
5. Mr. Nirmal Gadhiya	7	—	—

7. GENERAL BODY MEETINGS

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

DATE	TIME	LOCATION
23 rd September 2005	10.00 a.m	Rani Seethai Hall, 603, Anna Salai, Chennai-6
25 th September 2006	10.00 a.m	Rani Seethai Hall, 603, Anna Salai, Chennai-6
24 th September 2007	10.00 a.m	Rani Seethai Hall, 603, Anna Salai, Chennai-6

a) Special Resolution passed in the past three Annual General Meetings:

2006-2007 - Nil

2005-2006

Special Resolution pursuant to Section 31 of the Companies Act, 1956 for inserting a new Article 105A after the existing Article 105 for conferring powers 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 in addition to their general powers to institute, conduct, defend, compound to abandon any legal proceedings of or against the company.

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.

b) Postal Ballots:

Postal Ballot resolution passed during the last year - NIL

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

- a. 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.
- b. Transactions with Related Parties are disclosed in the Notes of Accounts in Schedule 16 forming part of the Balance Sheet.
- c. 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.
- d. Disclosure on Accounting Treatment: No differential treatment from the Accounting Standard was followed in the preparation of the financial Statements.
- e. Whistle Blower Policy: The company does not have a Whistle Blower Policy. No employee has been denied accessed to approach the Audit Committee to report any serious concerns.
- f. The company has complied with all the mandatory requirements of clause 49 of the Listing Agreement and the extent of compliance of the non – mandatory requirements is given in the end of this Report.
- g. Proceeds from Public issue, right issue, preferential issue etc. - No money have been raised through public / rights / preferential issues during the year.

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. As per the requirements of clause 51 of listing agreement, the quarterly financial results, share holding pattern, annual report etc., are uploaded on the website www.sebiedifar.nic.in within the time frame fixed in this regard.

11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL SCENARIO

The Global economy is withering a slowdown which is threatening to decelerate into a recession. However, the slowdown is more pronounced in the developed world with economic activity in the US, Europe and Japan being affected the most.

STEEL INDUSTRY

Manufacturers faced a restrictive combination of record cost inflation and tighter market condition. The increasing input costs and record oil prices are having an increasing impact on the steel prices. There are substantial capacity additions in the industry and there appear to be enough demand to meet the supply.

OPPORTUNITY AND THREAT

The demand for steel is quite high and still exceeds the availability. There is a net shortfall. As a supplier we have enough opportunity to cater to the various segments of customers by adding value in terms of maintaining adequate stocks and providing the required material at the right time. However, India may enforce a system of MRP to prevent dealers ramping on prices and fueling inflation. This may affect the profitability to some extent.

OUTLOOK

The trading margins are fair and demand is good. The steel industry is in a uptrend and so is the economic growth and infrastructure development. The demand for steel is going to be continuous and growing.

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 take 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.

GENERAL SHAREHOLDERS INFORMATION

1. ANNUAL GENERAL MEETING

DATE : Thursday 25th September, 2008

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.	25 th September 2008.
2.	Publication of Quarterly Results ending 30 th June 2008.	Last week of July 2008.
3.	Publication of Quarterly Results ending 30 th September 2008.	Last week of October 2008.
4.	Publication of Quarterly Results ending 31 st December 2008.	Last week of January 2009
5.	Publication of Quarterly Results ending 31 st March 2009.	Last week of April 2009

3. BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from **Tuesday the 16th September 2008 to Thursday the 25th September 2008** (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. Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, Fort, MUMBAI–400001.

The Company has paid the listing fee to the above stock exchanges for the financial years 2007 - 2008 and 2008 - 2009.

5. REGISTRARS AND SHARE TRANSFER AGENTS

The Company's share transfer agents are M/s. Cameo Corporate Services Limited, Subramanian Building, Vth 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 2008, about 15,76,915 (43.22%) of Equity shares of the Company has been dematerialised.

7. STOCK MARKET DATA

Month	Madras Stock Exchange		Bombay Stock Exchange	
	High	Low	High	Low
	Stock Code : BHAGWANMET		Stock Code : 530095	
Apr 2007	Not quoted		7.20	4.80
May 2007	Not quoted		6.90	5.00
June 2007	Not quoted		10.10	4.60
July 2007	Not quoted		12.22	8.22
Aug 2007	Not quoted		9.65	7.01
Sep 2007	Not quoted		10.0	7.76
Oct 2007	Not quoted		9.88	6.71
Nov 2007	Not quoted		10.88	7.45
Dec 2007	Not quoted		20.70	7.73
Jan 2008	Not quoted		19.0	9.55
Feb 2008	Not quoted		10.20	7.83
Mar 2008	Not quoted		8.80	6.47

8. DISTRIBUTION OF SHAREHOLDINGS AS ON 31.03.2008

No. of Equity Shares Held	Share Holders		Number of Shares	
	Number	% to total	Number	% to total
Upto 500	2062	77.55	448188	12.28
501 to 1000	262	9.85	223827	6.13
1001 to 2000	197	7.41	296846	8.14
2001 to 3000	48	1.81	120289	3.30
3001 to 4000	18	0.68	65075	1.78
4001 to 5000	13	0.49	62210	1.70
5001 to 10000	33	1.24	238960	6.55
10001 & above	26	0.97	2193405	60.12
Total	2659	100.00	3648800	100.00

9. PATTERN OF SHARE HOLDINGS AS ON 31.03.2008

Sl.No	Category	No.of Shares	% of Shares
A.	Promoters' Holding		
	Indian Promoters & persons acting in concert.	1779275	48.76
B.	Non Promoters' Holding		
1.	Private Corporate Bodies	419551	11.50
2.	Indian Public	1401014	38.40
3.	NRI's/ OCB's	30482	0.84
4.	Any other		
	i) Clearing Member	2300	0.06
	ii) HUF	16178	0.44
	Total	3648800	100.00

10. GODOWN ADDRESS

Sadayankuppam Village Road,
Manali, Chennai 600 103.

11. ADDRESS FOR CORRESPONDENCE

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

12. Email for Investor Grievance Redressal: The investor compliance, if any, can be redressed to investorgrievance@metal-bml.com for redressal of the same.

NON MANDATORY REQUIREMENTS

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

i) CHAIRMAN OF THE BOARD

The company maintains the office of the chairman at its corporate office and also reimburses the expenses incurred in performance of duties.

ii) 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.

iii) 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.



iv) POSTAL BALLOT

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

v) AUDIT QUALIFICATION

The company has unqualified financial statement.

vi) TRAINING OF BOARD MEMBERS

Periodical Meetings are held with outside skilled consulting agencies for Board members to appraise them in recent developments and existing laws and practices.

vii) MECHANISM FOR EVALUTING NON – EXECUTIVE BOARD MEMBERS

- Same as above-

viii) WHISTLE BLOWER POLICY

As mentioned earlier, the company does not have Whistle Blower Policy.

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.

For and on behalf of the Board of Directors

Sd/-

Place : CHENNAI
Date : 30.07.2008

GOVIND PRASAD
Chairman-cum-Managing Director

Bhagwandas Metals Limited

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 31.03.08 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 : 30.07.2008

Sd/-
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, 2008 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 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, 2008 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.

Bhagwandas Metals Limited

- 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, 2008; 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 : 30.07.2008

Sd/-
M. RAGHUNATH
Partner
Membership No. 15501

ANNEXURE TO THE AUDITOR'S 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, apply.
- 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.

Bhagwandas Metals Limited

- 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 2008 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, Customs duty and Cess Matters that have not been deposited on account of any dispute:

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

- 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 of 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 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 and no long term funds have been used to finance short term assets.
- 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 that during the course of our audit.

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

Place : Chennai
Date : 30.07.2008

Sd/-
M. RAGHUNATH
Partner
Membership No. 15501

Bhagwandas Metals Limited

BALANCE SHEET AS AT MARCH 31, 2008

(in Rs.)

Particulars	Schedule	AS AT 31.03.2008	AS AT 31.03.2007
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	3,64,68,500	3,64,68,500
Reserves & Surplus	2	2,34,22,624	2,22,20,364
Loan Funds			
Secured Loans	3	1,69,80,132	3,01,61,157
Total		7,68,71,256	8,88,50,021
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		21,54,412	33,47,375
Less: Depreciation		14,09,207	22,58,767
Net Block	4	7,45,205	10,88,608
Current Assets Loans & Advances			
Inventories	5	2,11,15,926	1,19,16,866
Sundry Debtors	6	6,69,30,356	9,77,58,516
Cash & Bank Balances	7	23,46,361	22,93,033
Loans & Advances	8	2,39,16,620	57,41,472
		11,43,09,263	11,77,09,887
Less: Current Liabilities & Provisions	9	3,82,70,212	3,13,41,513
Net Current Assets		7,60,39,051	8,63,68,374
Deferred Tax (Net)	10	87,000	74,000
Profit and Loss Account		—	13,19,039
Total		7,68,71,256	8,88,50,021

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

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

Place : Chennai
Date : 30.07.2008

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008**

(in Rs.)

Particulars	Schedule	Year ended 31.03.2008	Year ended 31.03.2007
INCOME			
Sales		46,54,00,794	47,66,45,724
Other Income		6,11,275	6,48,548
Profit on Sale of Fixed Assets		72,088	1,988
Increase / (Decrease) in Inventories	11	91,99,060	(1,09,691)
Total [A]		47,52,83,217	47,71,86,569
EXPENDITURE			
Purchase - Trading		44,64,18,879	45,51,95,510
Trading Expenses	12	1,26,79,542	77,10,548
Administrative Expenses	13	43,05,505	38,44,589
Selling & Distribution Expenses	14	60,31,338	51,38,575
Financial Charges	15	18,86,589	20,12,178
Depreciation		1,88,065	3,53,116
Total [B]		47,15,09,918	47,42,54,516
NET PROFIT / (LOSS) [A-B]		37,73,299	29,32,053
PROVISION FOR TAXATION		12,00,000	9,00,000
PROVISION FOR DEFERRED TAX		(13,000)	(72,000)
PROVISION FOR FRINGE BENEFIT TAX		65,000	63,000
NET PROFIT / (LOSS) AFTER TAXATION		25,21,299	20,41,053
PROFIT / (LOSS) BROUGHT FORWARD		(13,19,039)	(30,60,092)
TRANSFERRED TO BALANCE SHEET		12,02,260	(13,19,039)
Notes on Accounts	16		
Earnings per share		0.69	0.56

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

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

Place : Chennai

Date : 30.07.2008

Bhagwandas Metals Limited**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

PARTICULARS	31.03.2008	31.03.2007
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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>
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ISSUED, SUBSCRIBED AND PAID UP :

3648800 Equity Shares of Rs 10/- each	<u>3,64,88,000</u>	<u>3,64,88,000</u>
Less : Calls Unpaid	<u>19,500</u>	<u>19,500</u>
	<u>3,64,68,500</u>	<u>3,64,68,500</u>

SCHEDULE 2: RESERVES & SURPLUS

Share Premium	<u>2,16,68,500</u>	<u>2,16,68,500</u>
Investment Allowance Reserve 5,05,304	—	<u>5,05,304</u>
Less: Transferred to General Reserve (5,05,304)		
Generator Subsidy From State Government 46,560	—	<u>46,560</u>
Less: Transferred to General Reserve (46,560)		
General Reserve :	<u>5,51,864</u>	—
Transferred from Investment Allowance Reserve		
Transferred from General Subsidy From State Government		
Profit & Loss Account	<u>12,02,260</u>	—
	<u>2,34,22,624</u>	<u>2,22,20,364</u>

SCHEDULE 3: SECURED LOANS

Cash Credit - Punjab National Bank	<u>1,24,80,132</u>	<u>2,70,19,421</u>
LC -Punjab National Bank	<u>45,00,000</u>	<u>31,41,736</u>
(Secured by first charge on movable properties stocks, book debts & personal guarantee of two Directors)		
	<u>1,69,80,132</u>	<u>3,01,61,157</u>



SCHEDULE 4 : FIXED ASSETS

(in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01-04-2007	Addition / (Deletion) during the year	As on 31-03-2008	As on 01-04-2007	For the year	Deletion	As on 31-3-2008	As on 31-03-2007
	Plant & Machinery	2,43,660	—	2,43,660	88,192	21,626	—	1,33,842
Furniture & Fixtures	6,68,335	—	6,68,335	5,53,174	21,777	—	93,384	1,15,161
Office Equipment	6,81,103	6,500	6,87,603	3,80,255	42,567	—	2,64,781	3,00,848
Computer	5,79,496	26,000	2,17,472	5,18,598	32,488	3,86,167	52,553	60,898
Air Conditioner	5,03,670	(3,88,024)	2,56,281	2,35,524	28,526	1,84,320	1,76,551	2,68,146
Vehicles	6,71,111	(2,47,389)	81,061	4,83,024	41,081	4,67,138	24,094	1,88,087
TOTAL	33,47,375	32,500 (12,25,463)	21,54,412	22,58,767	1,88,065	10,37,625	7,45,205	10,88,608
Previous Year	38,69,920	1,56,707 (6,79,252)	33,47,375	23,65,070	3,53,116	4,59,419	10,88,608	15,04,850

Bhagwandas Metals Limited

PARTICULARS	31.03.2008	31.03.2007
<u>SCHEDULE 5: INVENTORIES</u>		
(As certified by the Management)		
Trading Stock	<u>2,11,15,926</u>	<u>1,19,16,866</u>
	2,11,15,926	1,19,16,866
<u>SCHEDULE 6: SUNDRY DEBTORS</u>		
(Unsecured Considered Good)		
Debts outstanding for more than six months	<u>1,51,31,334</u>	<u>1,19,32,996</u>
Other Debts	<u>5,17,99,022</u>	<u>8,58,25,520</u>
	6,69,30,356	9,77,58,516
<u>SCHEDULE 7: CASH & BANK BALANCES</u>		
Cash in Hand	<u>1,91,743</u>	<u>2,12,138</u>
Balance with scheduled Bank		
(I) In Current Account	<u>4,872</u>	<u>55,687</u>
(II) In Deposit Account	<u>21,49,746</u>	<u>20,25,208</u>
	23,46,361	22,93,033
<u>SCHEDULE 8: LOANS & ADVANCES</u>		
(Unsecured considered good)		
Advances (recoverable in cash or kind or for the value to be received)		
	<u>1,96,97,246</u>	<u>14,22,972</u>
Deposits	<u>30,88,218</u>	<u>32,28,218</u>
Income Tax	<u>11,31,156</u>	<u>10,90,282</u>
	2,39,16,620	57,41,472
<u>SCHEDULE 9: CURRENT LIABILITIES & PROVISIONS</u>		
<u>A. CURRENT LIABILITIES</u>		
(i) Creditors for Materials	<u>2,93,49,685</u>	<u>2,24,64,306</u>
(ii) Other Liabilities	<u>71,18,776</u>	<u>72,31,930</u>
<u>B. PROVISIONS</u>		
(i) Provision for Taxation	<u>14,15,848</u>	<u>12,81,847</u>
(ii) Gratuity and Bonus	<u>3,85,903</u>	<u>3,63,430</u>
	3,82,70,212	3,13,41,513



PARTICULARS	31.03.2008	31.03.2007
SCHEDULE 10: DEFERRED TAX (Net)		
<u>Defferred Tax Asset</u>		
Provision for employee related expenses	1,19,000	1,22,000
	<u>1,19,000</u>	<u>1,22,000</u>
<u>Deferred Tax Liability</u>		
Difference between book and IT depreciation	32,000	48,000
Deferred Tax Assets (Net)	<u>87,000</u>	<u>74,000</u>
SCHEDULE 11: INCREASE / DECREASE IN INVENTORIES		
Closing Stock	2,11,15,926	1,19,16,866
Less: Opening Stock	1,19,16,866	1,20,26,557
	<u>91,99,060</u>	<u>(1,09,691)</u>
SCHEDULE 12: TRADING EXPENSES		
Carriage Inward	34,93,763	33,06,791
Custom Duty	91,72,360	37,91,261
Sales Discount	13,419	6,12,496
	<u>1,26,79,542</u>	<u>77,10,548</u>
SCHEDULE 13: ADMINISTRATIVE EXPENSES		
<u>Audit Fee</u>		
- Statutory Audit	11,254	11,224
- Tax Audit	5,618	5,612
Bad Debts	2,15,048	-
Director's Remuneration & Related Expenses	6,99,243	6,95,441
Electricity Charges	1,07,533	1,23,662
General Expenses	1,26,202	94,093
Insurance	21,841	17,872
Loss on Sale of Asset	47,926	29,821
Postage & Telephone Charges	3,61,229	3,14,239
Printing & Stationery	1,06,901	1,03,432
Professional Charges	1,74,011	4,59,800
Rates & Taxes	2,40,905	2,14,156
Rent	5,53,920	2,38,680
Repairs & Maintenance	1,64,892	75,981
Salaries & Other Benefits	8,47,864	8,61,215
Security Service Charges	43,136	63,330
Service Charges	21,767	12,591
Share Transfer Expenses	72,107	70,057
Sundry Credit & Debit Balance written off	11,131	11,872
Travelling & Conveyance Expenses	3,09,277	2,46,470
Vehicle Running & Maintenance	1,63,700	1,95,041
	<u>43,05,505</u>	<u>38,44,589</u>

Bhagwandas Metals Limited

PARTICULARS	31.03.2008	31.03.2007
SCHEDULE 14: SELLING & DISTRIBUTION EXPENSES		
Advertisement	97,619	1,83,285
Brokerage & Commission	3,84,264	6,10,989
Carriage Outward & Cooly Charges	50,75,640	38,41,108
Other Miscellaneous Expenses	3,68,108	3,41,650
Sales Promotion	1,05,707	1,61,543
	60,31,338	51,38,575
SCHEDULE 15: FINANCIAL CHARGES		
LC & Bank Charges	4,06,886	2,50,890
Interest	14,79,703	17,61,288
	18,86,589	20,12,178

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 to reassess realisation.

2. CONTINGENT LIABILITIES

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

- a. 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. As M/s. Asea Brown Boveries Limited has filed an appeal against the order in the Division Bench of Madras High Court.

3. TRADING ACTIVITY

Information regarding opening stock, Turnover and Closing stock

Particulars	Year Ended 31.03.2008		Year Ended 31.03.2007	
	Qty Mts.	Value (Rs. in lacs)	Qty Mts.	Value (Rs. in lacs)
A. Opening Stock	454.016	119.17	545.074	120.27
B. Purchases	15,681.297	4464.19	17,787.249	4,551.96
C. Turnover	15,616.820	4,654.01	17,878.307	4,766.46
D. Closing Stock	518.493	211.16	454.016	119.17

Bhagwandas Metals Limited**4. MANAGERIAL REMUNERATION** (Amount in Rs.)

Paid / Payable to Whole Time Director	For the year 2007-2008	For the year 2006-2007
Salaries	6,60,000	6,60,000
House Rent Allowance	1,80,000	1,80,000
Total	8,40,000	8,40,000

5. Parties balances are subject to confirmation**6. OTHER INCOME**

Other Income includes the following:

Particulars	For the year 2007-2008	For the year 2006-2007
Interest Earned	3,22,397	1,27,472
Miscellaneous Income	2,88,878	5,21,076
Total	6,11,275	6,48,548

7. SALARIES AND OTHER BENEFITS

Salaries and other benefits include the following:

Particulars	For the year 2007 - 2008	For the year 2006-2007
Salaries and Bonus	6,15,797	6,19,532
Contribution to Provident Fund and other Funds	1,72,533	1,66,957
Staff Welfare Expenses	59,534	74,727
Total	8,47,864	8,61,216

8. RELATED PARTY DISCLOSURE**A. List of Related Parties**

Name of the Related Party	Nature of Relationship
Bhagwandas Metals & Steel	A Proprietorship concern in which our Chairman Mr. Govind Prasad is the proprietor.
MGM Steels	A Partnership concern in which our chairman Mr. Govind Prasad is a Partner.

**B. Key Management Personnel and their relatives**

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

C. RELATED PARTY TRANSACTIONS

Name of the Related Party	Nature of Transaction	Value	
		31.03.2008	31.03.2007
MGM Steels	Sale of Goods	8,22,935	43,64,603
MGM Steels	Purchase of Goods	1,65,162	2,21,646
Govind Prasad	Salary & Allowance	3,60,000	3,60,000
Nand Kishore Sonthalia	Salary & Allowance	3,00,000	3,00,000
Gita Agarwal	Rent Paid	1,80,000	1,80,000
Bobby Sonthalia	Rent Paid	3,00,000	

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

10. EARNINGS PER SHARE

Particulars	31.03.2008	31.03.2007
Profit / (Loss) after tax	25,21,299	20,41,053
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. 0.69	Re. 0.56

Bhagwandas Metals Limited

11. Interest under Schedule 15 does not includes interest on fixed loan
(31.03.2007 - Rs.6,167/-)
- | | For the year
2007-2008 | For the year
2006-2007 |
|---|-----------------------------------|---------------------------|
| 12. Earnings in foreign currency | NIL | Nil |
| 13. FOB value of Exports (in Rupees) | NIL | Nil |
| 14. Expenditure in foreign currency | NIL | 44,300 |
| 15. Value of imports on CIF basis (in Rupees) | 4,75,49,499 | 2,77,34,057 |
16. The company does not have any liability to any small scale unit.
17. The company has provided interest for electricity payable up to 31-03-2001. 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

Sd/-
GOVIND PRASAD
Chairman-cum-
Managing Director

Sd/-
NAND KISHORE SONTALIA
Director

Sd/-
P. MANJULATHA
Company Secretary

Sd/-
M. RAGHUNATH
Partner

Place : Chennai
Date : 30-07-2008

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008**

(Rs. In lacs)

PARTICULARS	2007-2008	2006-2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax & Extraordinary Items	37.73	29.32
Adjustments for:		
Depreciation	1.88	3.53
Interest & Financial Charges	18.87	20.12
Interest Income	(3.22)	(1.27)
(Profit)/Loss on sale of assets	(0.24)	0.28
Operating Profit Before Working Capital Changes	55.02	51.98
Adjustments for:		
(Increase)/Decrease in inventories	(91.99)	1.10
(Increase)/Decrease in Trade & Other Receivables	137.68	(208.32)
Increase/(Decrease) in Trade & Other Payables	56.64	118.65
Cash Generated from Operations	157.35	(36.59)
Interest & Financial Charges Paid	(18.87)	(20.12)
Direct Taxes Paid	(11.15)	(10.01)
Interest Income	3.22	1.27
Net Cash from Operating Activities(A)	130.55	(65.45)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(0.33)	(1.57)
Sale of Fixed Assets	2.12	1.92
Net Cash Used in Investing Activities(B)	1.79	0.35
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of finance Liabilities		(1.77)
Increase / (Decrease) in Bank Borrowings	(131.81)	87.50
Dividend Paid	-	-
Net Cash Used in Financing Activities(C)	(131.81)	85.73
D. NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	0.53	20.63
E. OPENING CASH AND CASH EQUIVALENTS (Cash and Bank balances)	22.93	2.30
F. CLOSING CASH AND CASH EQUIVALENTS(D+E) (Cash and Bank balances)	23.46	22.93

For and on behalf of the Board

As per our report of even date
for **M. RAGHUNATH & CO.**
Chartered AccountantsSd/-
GOVIND PRASAD
Chairman-cum-
Managing DirectorSd/-
NAND KISHORE SONTALIA
DirectorSd/-
P. MANJULATHA
Company SecretarySd/-
M. RAGHUNATH
PartnerPlace : Chennai
Date : 30-07-2008

Bhagwandas Metals Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State code

Balance Sheet Date
Date Month Year

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

Public Issue Rights Issue

Bonus Issue Private Placement

Conversion

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

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments



Net Current Assets

7 6 0 3 9

Deferred Tax

8 7

Accumulated Losses

N I L

IV. Performance of Company (Amount in Thousands)

Turnover

4 6 5 4 0 1

Total Expenditure

4 7 1 5 1 0

+ - Profit/Loss Before Tax

✓ 3 7 7 3

+ - Profit/Loss After Tax

✓ 2 5 2 1

Earning Per Share in Rs.

0 . 6 9

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

Sd/-
GOVIND PRASAD
Chairman-cum-
Managing Director

Sd/-
NAND KISHORE SONTALIA
Director

Sd/-
P. MANJULATHA
Company Secretary

Sd/-
M. RAGHUNATH
Partner

Place : Chennai
Date : 30-07-2008



Bhagwandas Metals Limited

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

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting hall.

Name of the attending member.....

Folio No. No. of shares.....

Name of proxy*

* (if proxy attends instead of member)

I hereby record my presence at the Twenty Sixth Annual General Meeting of the Company.

Venue : RANI SEETHAI HALL, 603, Anna Salai CHENNAI - 600 006.

Date : Thursday, 25th September, 2008

Time : 10.00 a.m.

REQUEST TO MEMBERS

- Members and their proxies should bring the attendance slip duly filled in for attending the meeting.
- Members are requested to bring their copies of annual report to the meeting

SIGNATURE OF MEMBER/PROXY



Bhagwandas Metals Limited

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

PROXY FORM

Please complete this attendance slip and hand it over at the entrance of the Meeting hall.

Folio No.*

I/We being a Member/Members
of Bhagwandas Metals Limited hereby appoint.....
of in the district of of failing him
of in the district of as my/our proxy to attend and vote for me/us and on
my/our behalf at the Annual General Meeting of the Company to be held on 25th September 2008
and at any adjournment thereof

Signed this day of 2008.

For office use

Proxy No.

Date of receipt

No. of shares

Affix
Re. 1
Revenue
Stamp

N.B.: The instrument appointing proxy should be deposited with Company's Registered office atleast 48 hours before the commencement of the meeting.

* Please fill in the particulars as given in the address slip.

NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

BOOK-POST
PRINTED MATTER

If undelivered Please return to :

Bhagwandas Metals Limited

No. 54, (Old No.6-1), 1st Floor, Sembudoss Street, Chennai - 600 001

