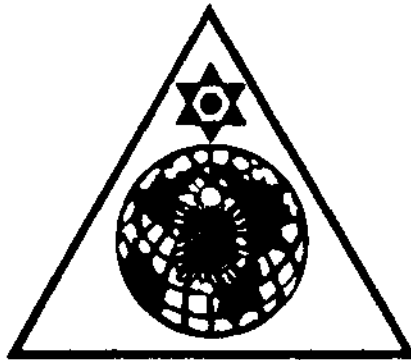


BHAGWANDAS METALS LIMITED



FOR INFORMATION ONLY COPY.

CHIEF MANAGER

Chandrashekar

CHIEF MANAGER

15th ANNUAL REPORT 1996-97





BHAGWANDAS METALS LIMITED

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

COMPANY SECRETARY Sri C. Namasivayam

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

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

REGISTERED OFFICE

REGISTERED OFF. DOOR NUMBER : 61, AT : 1ST FLOOR, SEMBUDOSS ST.,
CHENNAI CITY-1, TAMILNAD, S.INDIA, INDIA

FACTORY

FACTORY MAIN DOOR NUMBER: 117, SADAYANKUPPAM VILLAGE RD.,
MANAALI, CHENNAI - 103, TAMILNAD, S.INDIA, INDIA

SHARE TRANSFER AGENTS

M/s. CAMEO SHARE REGISTRY LIMITED
No. 1, Club House Road,
Chennai - 600 002

Bhagwandas Metals Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of **Bhagwandas Metals Limited** will be held on Thursday the **25th day of September 1997 at 11.00 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, 1997 and the Profit and Loss Account for the year ended 31st March, 1997 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.V.Sankarasubbiyan 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 retire at this meeting, being eligible offer themselves for re-appointment.

By order of the Board

sd/-

M.L.SONTHALIYA
Managing Director

Place : Chennai
Date : 30-07-1997

NOTES

- A. A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote on his behalf. A proxy need not be a member of the Company. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- B. The Register of Members and the Share Transfer Books of the Company will remain closed from **16.09.97 to 25.09.97 (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.
- E. Members who are holding shares in identical order of names in more than one folios are requested to send to the Company details of ledger folios of such holdings together with the share certificates to enable the Company to consolidate all the holdings into one account. The share certificates will be returned to the members after consolidation in due course.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31st March 1997, together with the Balance Sheet as at 31st March, 1997 and the Profit and Loss account for the year ended on that date.

FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)

S.No.	Particulars	Audited financial statement for the year ended March 31st 1997	Audited financial statement for the year ended March 31st 1996
1.	Income from operations	2047	2297
2.	Profit before interest depreciation and tax	61	113
3.	Interest	53	27
4.	Profit before depreciation and tax	8	86
5.	Depreciation	54	39
6.	Profit/ Loss before tax	(46)	47
7.	Provision for taxation - earlier years	9	—
8.	Profit/Loss after tax	(55)	47
9.	Dividend Proposed	—	35
10.	Share Capital	364	364
11.	Reserves & Surplus	249	249

OPERATIONS

The year 1996-97 was an abnormal year for the Company in particular and the industry as a whole. During the previous year the off take of steel was very poor due to the sluggish market conditions. During the first quarter of the previous year the Company faced severe power constraints due to transformer failure. Since then the power position has improved. The heavy cyclonic rains and floods during June '96 and December '96 and the consequent power cut hampered our production to a large extent. In view of these circumstances, the results were not encouraging and hence the Directors regret their inability to declare any Dividend.

PROSPECTS FOR THE CURRENT YEAR

The fall in the demand for the steel products is only a temporary phenomenon. However, steel being a core product with wide application, the position in the coming year is likely to improve in view of the thrust imparted for the over all growth of housing and industrial sector.

Bhagwandas Metals Limited

DIRECTORS

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

- i) Mr.R.P.Rai passed away on 19.05.97. The Board expresses its deep grief over his sudden demise.
- ii) Mr.G.P.Agarwal has resigned from the post of Wholetime Director with effect from 30.07.97. However, he is continuing as Chairman and Director in the Board.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. V.Sankarasubbiyan and Mr.Ajay Kumar Sonthalia, Directors of the Company are liable to retire by rotation. Mr. V.Sankarasubbiyan being eligible, has offered himself for re-appointment and your Directors recommend his re-appointment. However, Mr. Ajay Kumar Sonthalia expressed his inability to continue as Director due to personal reasons, and is, therefore not seeking re-election to the Board.

The Directors place on record their appreciation of the services rendered by Mr.G.P.Agarwal as Wholetime Director of the Company and Mr.Ajay Kumar Sonthalia and Mr.R.P. Rai as Directors of the Company.

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 year. Your Board recommends their re-appointment.

FIXED DEPOSITS

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

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

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

**PROMISE VS PERFORMANCE**

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

(Rupees in lakhs)

S.No	Particulars	Projected performance for the financial year ended 31.3.97 as per the prospectus dt. 24.01.95	Audited financial Statement for the year ended March 31st 1997
	Income from operations	3279	2047
2.	Profit before interest depreciation and tax	401	61
3.	Profit/Loss after tax	170	(55)

There has been a wide variance in the results for the previous year when compared to the projections due to various reasons mentioned under the para "Operations" given above. Losses have been mainly incurred due to high cost of inputs without commensurate increase in the selling price and unfavourable market conditions. Due to the overall industrial sluggishness and the Steel Industry in particular, throughout the country, the performance is much lower than projected.

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, Share Holders and the Employees.

For and on behalf of the
Board of Directors

Place : Chennai
Date : 30-07-1997

sd/-
G.P.AGARWAL
Chairman

Bhagwandas Metals Limited

ANNEXURE TO DIRECTORS' REPORT

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

FORM A: Form for disclosure of particulars with respect to Conservation of Energy

A. Power and Fuel consumption

	Current Year 1996-97	Previous Year 1995-96
1. Electricity		
a) Purchased Units	1,19,96,551	66,02,780
Total Amount(in Rs.)	3,69,76,769	1,86,79,452
Rate/Unit	Rs.3.08	Rs.2.83
b) Own Generation		
i) Through Diesel generator Unit	NIL	NIL
Unit per ltr of diesel oil Cost/unit		
ii) Through Steam turbine/generator	NIL	NIL
Units Unit per ltr of fuel oil/gas Cost/unit		
2. Coal (specify quality and where used)	NIL	NIL
Quantity (tonnes)		
Total cost		
Average rate		
3. Furnace Oil		
Quantity (Ltrs.)	8,50,848	9,35,435
Total amount(in Rs.)	54,29,386	48,44,670
Average rate	Rs.6.38	Rs.5.18
4. Others/internal generation	NIL	NIL
Quantity		
Total cost		
Rate/unit		
B) Consumption per unit of production		
Electricity (units per ton)	431.39 *	268.81
Furnace Oil (litres per ton)	42.20	50
Coal (specify quality)	NIL	NIL
Others (specify)	NIL	NIL

FORM B:

A. Technology Absorption	NIL	NIL
B. Foreign Exchange Earnings	NIL	NIL
C. Foreign Exchange Outgo (in Rs.)	1,26,76,720	NIL

* Electricity consumption per unit for Rolling Mill & Furnace Division



AUDITORS' REPORT

To the Shareholders of

BHAGWANDAS METALS LIMITED, Chennai.

We have audited the attached Balance Sheet of BHAGWANDAS METALS LIMITED, Chennai, as at 31st March, 1997, and also the Profit & Loss Account for the year ended on that date annexed thereto and report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books.
3. The Balance Sheet and Profit & Loss dealt with by this report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997.
 - b. In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
5. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we annexe hereto a statement on the matter specified in paragraphs 4 & 5 of the said order.

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

Sd/-
M.RAGHUNATH
Partner

Place : Chennai
Date : 30-07-1997

ANNEXURE TO THE AUDITORS' REPORT

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

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



- or services or the prices at which transaction for similar goods, materials or services have been made with other parties.
12. There were no unserviceable and damaged stores, raw materials and finished goods by the Company at the close of the year as informed to us. Hence no provision is required to be made for the same.
 13. The Company has not accepted any deposits from the public to which the provisions of section 58-A of the Companies Act, 1956 and the rules made thereunder, apply.
 14. The Company has maintained reasonable records for the sale and disposal of scrap. The company has no by-products.
 15. The internal audit for the Company has been carried out during the year and the system and procedures adopted by Company is adequate commensurate with the size and nature of the Company.
 16. According to the explanation given to us, the Company has not been prescribed to maintain Cost records under section 209(1)(d) of the Companies Act, 1956.
 17. The Company is regular in depositing provident fund dues and as explained to us the provisions of Employees State Insurance Act, 1948 are not applicable to the Company. Gratuity is not provided and the same will be accounted as and when paid.
 18. As Certified by the Directors, there are no undisputed amounts payable in respect of statutory dues as at 31st March, 1997.
 19. In our opinion and according to information and explanations given to us and as certified by the Managing Director, personal expenses have not been charged to Revenue Account.
 20. The Company does not come under the purview of Clause (O) of Sub Section (1) of Sec.3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

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

Sd/-
M.RAGHUNATH
Partner

Place : Chennai
Date : 30-07-1997

Bhagwandas Metals Limited

BALANCE SHEET AS AT MARCH 31, 1997

(in Rs.)

	Schedules	AS AT 31.03.97	AS AT 31.03.96
SOURCES OF FUNDS:			
Shareholders Funds:			
Share Capital		3,64,68,500	3,64,62,500
Reserves & Surplus		2,49,20,364	2,49,14,364
Loan Funds:			
Secured Loans		2,86,86,076	2,22,67,703
Total		<u>9,00,74,940</u>	<u>8,36,43,867</u>
APPLICATION OF FUNDS:			
Fixed Assets (Net)	4	3,30,26,395	3,37,47,714
Capital Work in Progress		3,22,479	—
Current Assets, Loans & Advances			
Inventories	5	2,33,80,787	1,86,88,672
Sundry Debtors	6	2,69,89,730	2,23,53,602
Loans & Advances	7	1,32,04,485	1,65,93,854
Cash & Bank Balance	8	38,22,994	2,83,367
		<u>6,73,97,996</u>	<u>5,79,19,495</u>
Less : Current Liabilities & Provisions	9	1,96,11,566	1,19,86,016
Net Current Assets		4,77,86,430	4,59,33,479
Miscellaneous Expenditure (To the extent not written off)	10	39,75,116	44,77,510
Profit & Loss Account		49,64,520	(5,14,836)
Total		<u>9,00,74,940</u>	<u>8,36,43,867</u>

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

For and on behalf of the Board

sd/-
G.P. AGARWAL
Chairman

sc
M.L. SONI
Managing Director

Place : Chennai
Date : 30-07-1997

REC. NO. 2118
REG. NO. 18-000118
R/S (SH-6)
31/08/97
N. S. S. 120
1*****120
CASH
A1953
79/09/97
SK

At even date
TH & CO.
Chartered Accountants

TH



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1997

(in Rs.)

	Schedules	Year ended 31.03.97	Year ended 31.03.96
INCOME			
Net Sales		19,12,89,638	21,53,58,439
Other Income	11	1,54,38,236	2,02,96,365
Decrease in Inventories	12	4,10,571	18,01,441
Total A		20,63,17,303	23,38,53,363
EXPENDITURE			
Consumption of Raw Materials	13	11,01,76,550	15,65,96,767
Purchases - Trading Goods		2,56,59,537	2,16,05,894
Manufacturing Expenses	14	5,92,93,115	3,66,52,700
Administrative Expenses	15	39,12,927	37,72,308
Selling & Distribution Expenses	16	11,09,857	39,73,240
Depreciation		54,43,658	38,78,267
Financial Charges	17	52,98,739	26,60,935
Total B		21,08,94,383	22,91,40,111
NET (LOSS)/PROFIT (A-B)		(45,77,080)	47,13,252
PROVISION FOR TAXATION- EARLIER YRS		9,02,276	—
NET (LOSS)/PROFIT AFTER TAXATION		(54,79,356)	47,13,252
Less: Appropriations			
Proposed Dividend		—	35,16,857
		(54,79,356)	11,96,395
Transferred to General Reserve		—	6,81,559
Profit Brought Forward		5,14,836	—
Transferred to Balance Sheet		(49,64,520)	5,14,836
Notes on Accounts	18		

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

For and on behalf of the Board

As per our report of even date
for **M.RAGHUNATH & CO.**
Chartered Accountantssd/-
G.PAGARWAL
Chairmansd/-
M.L.SONTHALIYA
Managing Directorsd/-
C.NAMASIVAYAM
Company Secretarysd/-
M.RAGHUNATH
PartnerPlace : Chennai
Date : 30-07-199711 *e Namadigan*
Company Secretary

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

	31.03.97	31.03.96
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs.10/- each.	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed and Paid up		
36,48,800 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>25,500</u>
	<u>3,64,68,500</u>	<u>3,64,62,500</u>
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium	2,16,68,500	2,16,62,500
Investment Allowance Reserve	5,05,304	5,05,304
Generator Subsidy from State Government	46,560	46,560
General Reserve	<u>27,00,000</u>	<u>27,00,000</u>
	<u>2,49,20,364</u>	<u>2,49,14,364</u>
SCHEDULE 3 : SECURED LOANS		
Term Loan from Industrial Investment Bank of India Ltd (Secured by first charge on fixed assets and personal guarantee of two directors)	75,50,000	1,06,50,000
Cash Credit : Syndicate Bank (Secured by first charge on stocks and personal guarantee of two directors)	97,53,953	44,08,323
Hire Purchase Finance Loan (Secured on Specific Fixed Assets)	—	1,52,490
Syndicate Bank Overdraft (Secured by first charge on book debts and personal guarantee of two directors)	73,47,553	31,40,200
Interest Free Sales Tax Loan (Secured against movable & immovable property and personal guarantee of two directors)	40,34,570	39,12,570
	<u>2,86,86,076</u>	<u>2,22,67,003</u>

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SCHEDULE 4: FIXED ASSETS

(in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.04.96	Addition/ Deletion	As on 31.03.97	As on 01.04.96	For the year	As on 31.03.97	As on 31.03.97	As on 31.03.96
Land	1,69,601	—	1,69,601	—	—	—	1,69,601	1,69,601
Shed & Building	1,17,16,608	7,37,309	1,24,53,917	20,58,117	10,16,190	30,74,307	93,79,610	96,58,491
Plant & Machinery	1,25,33,306	4,96,651	1,30,29,957	43,98,844	11,53,452	55,52,296	74,77,661	81,34,462
Electrical Installation	70,70,639	1,72,076	72,42,715	20,17,685	7,08,566	27,26,251	45,16,464	50,52,954
Laboratory Equipment	44,257	—	44,257	29,139	3,779	32,918	11,339	15,118
Furnace	29,54,527	2,97,724	32,52,251	12,87,721	2,53,132	15,40,853	17,11,398	16,66,806
Tools & Accessories	96,110	10,456	1,06,566	29,101	10,598	39,699	66,867	67,009
Weightment Scale	3,06,847	—	3,06,847	1,59,196	20,538	1,79,734	1,27,113	1,47,651
Generator	3,28,419	—	3,28,419	2,74,796	10,778	2,85,574	42,845	53,623
Furniture & Fixtures	1,74,890	3,87,772	5,62,662	89,495	23,768	1,13,263	4,49,399	85,395
Office Equipment	2,05,502	48,283	2,53,785	42,162	26,383	68,545	1,85,240	1,63,340
Mill Rolls	51,91,009	21,49,343	73,40,352	30,64,872	11,68,479	42,33,351	31,07,001	21,26,137
Computer	1,20,959	1,40,610	2,61,569	61,356	58,939	1,20,295	1,41,274	59,603
Air Conditioner	2,31,739	60,100	2,91,839	39,445	32,293	71,738	2,20,101	1,92,294
Induction Furnace	60,21,527	—	60,21,527	4,21,026	7,79,030	12,00,056	48,21,471	56,00,501
Vehicles	8,71,771	2,62,811 (71,944)	10,62,638	3,17,042	1,77,733	4,94,775 (31,148)	5,99,011	5,54,729
TOTAL	4,80,37,711	46,91,191	5,27,28,902	1,42,89,997	54,43,658	1,97,02,507	3,30,26,395	3,37,47,714
Previous Year	2,32,31,015	2,48,06,696	4,80,37,711	1,05,19,622	38,78,267	1,42,89,997	3,37,47,714	1,27,11,393

Bhagwandas Metals Limited

(in Rs.)

	31.03.97	31.03.96
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SCHEDULE 5 : INVENTORIES

(As certified by the Management)

Raw Materials	1,35,37,690	88,28,176
Furnace Oil	98,827	5,76,266
Finished Goods & Melting Scrap	78,36,376	82,46,947
Consumable Stores	19,07,894	10,37,283
	<u>2,33,80,787</u>	<u>1,86,88,672</u>

SCHEDULE 6 : SUNDRY DEBTORS

(Unsecured considered good)

Debts outstanding for more than six months	13,65,719	8,41,689
Other Debts	2,56,24,011	2,15,11,913
	<u>2,69,89,730</u>	<u>2,23,53,602</u>

SCHEDULE 7 : LOANS & ADVANCES

(Unsecured considered good)

Advances (recoverable in cash or in kind or for the value to be received)	83,75,703	1,19,06,095
Deposits	48,28,782	46,87,759
	<u>1,32,04,485</u>	<u>1,65,93,854</u>

SCHEDULE 8 : CASH & BANK BALANCE

Balance in Hand	4,21,733	1,94,132
Balance with Scheduled Bank in Current Account & Deposit Account	34,01,261	89,235
	<u>38,22,994</u>	<u>2,83,367</u>

SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS

Creditors for Materials	60,55,333	41,81,804
Provisions & Other Liabilities	1,35,56,233	42,65,491
Proposed Dividend	—	35,16,857
Provision for Taxation	—	21,864
	<u>1,96,11,566</u>	<u>1,19,86,016</u>



(in Rs.)

	31.03.97		31.03.96
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SCHEDULE 10 : MISCELLANEOUS EXPENDITURE

(To the extent not written off)

Preliminary Expenses	1,283	1,497
Share Issue Expenses	39,73,833	44,76,013
	<u>39,75,116</u>	<u>44,77,510</u>

SCHEDULE 11 : OTHER INCOME

Conversion Charges	1,38,63,681	1,61,42,462
Others	15,74,555	41,53,903
	<u>1,54,38,236</u>	<u>2,02,96,365</u>

SCHEDULE 12 : DECREASE IN INVENTORY

Closing Stock of finished goods	78,36,376	82,46,948
Less: Opening Stock	<u>82,46,947</u>	<u>1,00,48,389</u>
	<u>4,10,571</u>	<u>18,01,441</u>

SCHEDULE 13 : CONSUMPTION OF RAW MATERIALS

Opening Stock	88,28,176	34,58,170
Add: Purchases	11,48,86,064	16,19,66,773
	<u>12,37,14,240</u>	<u>16,54,24,943</u>
Less: Closing Stock	1,35,37,690	88,28,176
	<u>11,01,76,550</u>	<u>15,65,96,767</u>

SCHEDULE 14 : MANUFACTURING EXPENSES

Consumable Stores consumed	40,72,661	25,32,012
Carriage Inward	40,92,553	18,67,835
Labour Charges	63,44,237	58,71,170
Factory Maintenance	11,68,141	18,52,189
Electricity Charges	3,69,76,769	1,86,79,452
Factory Wages	8,27,862	6,19,385
Furnace Oil Consumption	54,29,386	48,44,670
Electrical Maintenance	2,35,460	2,13,286
Security Service Charges	1,46,046	1,72,701
	<u>5,92,93,115</u>	<u>3,66,52,700</u>

Bhagwandas Metals Limited

(in Rs.)

	31.03.97	31.03.96
SCHEDULE 15 : ADMINISTRATIVE EXPENSES		
Rent	1,44,390	63,015
Insurance	2,91,865	1,57,083
Rates, Taxes & Licence	1,41,883	37,147
Directors Sitting Fees	18,000	18,500
Directors Remuneration	5,40,000	4,56,572
Staff Salaries	6,38,912	4,38,487
Employers contribution to PF	1,47,001	1,633
Staff Welfare	40,485	3,085
Vehicle Running & Maintenance	1,50,059	1,92,317
Travelling & Conveyance	94,584	2,43,518
Repairs & Maintenance	1,41,241	3,26,772
Audit Fee		
- Statutory Audit	5,000	5,000
- Tax Audit	5,000	5,000
- Other Expenses	—	2,500
Telephone Charges & Postage	3,93,968	3,55,264
Professional Charges	2,26,765	2,47,501
Printing & Stationery	1,24,752	1,39,561
Share Transfer Registrar Expenses	86,605	85,160
General Expenses	2,20,024	2,94,801
Share Issue Expenses Written Off	5,02,393	5,02,392
	<u>39,12,927</u>	<u>37,72,308</u>
SCHEDULE 16 : SELLING & DISTRIBUTION EXPENSES		
Carriage Outward	4,55,370	26,59,562
Cooly Charges	3,17,946	5,62,282
Advertisement	10,100	2,250
Brokerage & Commission	99,740	1,67,226
Sales Promotion	62,227	85,945
Packing & Forwarding Charges	1,64,474	3,85,975
	<u>11,09,857</u>	<u>39,73,240</u>
SCHEDULE 17 : FINANCIAL CHARGES		
Bank Charges	4,44,473	4,64,673
Interest	48,54,266	21,96,262
	<u>52,98,739</u>	<u>26,60,935</u>



SCHEDULE 18 : NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) **Accounting Convention**

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

(b) **Sales**

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

(c) **Fixed Assets**

All fixed assets are valued at cost less depreciation.

(d) **Depreciation**

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

(e) **Inventories**

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

(f) **Gratuity**

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

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

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

These are amortised over a period of ten years.

2. CONTINGENT LIABILITIES

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

	<i>(Rs. in Lacs)</i>	
	31.03.97	31.03.96
(a) Estimated amount of contract remaining to be executed on Capital Account and not provided for (Net of Advance)	—	19.50
(b) Bank Guarantee	65.00	65.00

Bhagwandas Metals Limited

3. MANUFACTURING ACTIVITY

(a) Capacity Utilisation (As certified by the management)

Class of Goods	Licensed Capacity	Installed Capacity M.T.	Actual Production 1996-97 (M.T.)
Finished Steel Products	Delicensed (Delicensed)	34000 (34000)	20185.975 (21021.030)
M.S. Ingots	Delicensed (Delicensed)	19200 (19200)	7627.515 (2243.790)

(b) Consumption of Raw Material

	For the year 1996-97	For the year 1995-96
M.S. Ingots		
Qty (M.T.)	5,004.043	10,752.835
Value (Rs. in lacs)	608.02	1,439.60
Steel Scrap		
Imported		
Qty (M.T.)	4,917.045	925.865
Value (Rs. in lacs)	293.75	62.28
Indigenous		
Qty (M.T.)	4,113.785	1,622.830
Value (Rs. in lacs)	199.99	64.08

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

(Rs. in Lacs.)

	Year ended 31.03.97		Year ended 31.03.96	
	Qty M.T	Value Rs.	Qty M.T	Value Rs.
Opening Stock				
CTD Bars	598.037	77.15	805.546	2,256
Scrap	78.275	5.32	13.120	70.92
Turnover				
CTD Bars	12,716.978	1,657.51	12,255.543	1,545.23
M.S. Ingots	1,949.190	203.44	5,736.480	592.21
Scrap	789.285	51.95	255.290	16.15
Closing Stock				
CTD Bars	607.471	78.36	598.037	77.15
Scrap	20.555	1.34	78.275	5.32



4. MANAGERIAL REMUNERATION

(Amount in Rs.)

	For the year 1996-97	For the year 1995-96
Paid/Payable to whole time Directors		
Salaries	3,60,000	3,60,000
House rent allowance	1,80,000	72,000
Commission	—	1,14,572
Total	5,40,000	5,46,572

5. **Parties** Balances are subject to confirmation
6. As some of the records relating to purchases, Sales, Production etc. have been taken by Central Excise authorities, the accounts have been audited based on the records available.

7. EXPENDITURE ON EMPLOYMENT

	For the year 1996-97	For the year 1995-96
a) No. of Employees employed throughout the year who were in receipt of remuneration exceeding Rs.3,00,000/- p.a.	NIL	NIL
b) No. of Employees employed for the part of the year who were in receipt of remuneration exceeding Rs.25,000/- p.m.	NIL	NIL
8. Earnings in foreign currency	NIL	NIL
9. Expenditure in foreign currency (Rs. in lacs) (Purchase of Raw Materials)	126.76	NIL
10. Value of imports (Rs. in lacs)	325.31	69.94

11. 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 Accountantssd/-
G.PAGARWAL
Chairmansd/-
M.L.SONTHALIYA
Managing Directorsd/-
C.NAMASIVAYAM
Company Secretarysd/-
M.RAGHUNATH
PartnerPlace : Chennai
Date : 30-07-1997

CEA-118-10 TIME COPY.
BY CHARTERED ACCOUNTANTS

Bhagwandas Metals Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 1997

(Rs. in Lakhs)

	1996-97	1995-96
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax & Extraordinary Items	(45.77)	47.13
Adjustments for :		
Depreciation	54.44	38.78
Interest & Financial Charges	52.99	26.61
Miscellaneous Expenditure Written Off	5.02	5.03
Interest Income	(8.31)	(22.01)
Profit on Sale of asset	(0.15)	(0.32)
Loss on Sale of asset	—	—
Operating Profit Before Working Capital Changes	58.22	95.22
Adjustments for :		
Increase in Inventories	(46.92)	(49.44)
Increase in Trade & Other Receivables	(12.47)	(48.82)
Decrease in Trade & Other Payables	111.43	(64.08)
Cash Generated from Operations	110.26	(67.12)
Interest & Financial Charges Paid	(52.99)	(26.61)
Direct Taxes Paid	(9.02)	(10.38)
Interest Income	8.31	22.01
Net Cash From Operating Activities (A)	56.56	(82.10)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(50.85)	(208.68)
Sale of Fixed Assets	0.55	1.18
Net Cash used In Investing Activities (B)	(50.30)	(207.50)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	0.12	25.56
Proceeds from Long Term Borrowing	1.22	65.63
Repayment of Finance Liabilities	(32.52)	(22.61)
Share Issue Expenditure	—	(35.04)
Increase in Bank Borrowings	95.49	(20.07)
Dividend Paid	(35.17)	(18.37)
Refund of Share Application Money	—	(1.16)
Net Cash used in Financing Activities (C)	29.14	(6.06)

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(Rs. in Lakhs)

	1996-97	1995-96
D. Net Increase in Cash And Cash Equivalents (A+B+C)	35.40	(295.66)
E. Opening Cash And Cash Equivalents (Cash And Bank Balances)	2.83	298.49
F. Closing Cash And Cash Equivalents (D+E) (Cash And Bank Balances)	38.23	2.83

For and on behalf of the Board

Place : Chennai
Date : 30-07-1997

sd/-
G.P.AGARWAL
Chairman

Auditors' Certificate

We have verified the above cash flow statement of Bhagwandas Metals Limited derived from the audited annual financial statements for the year ended 31st March, 1997 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

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

Sd/-

M.RAGHUNATH
Partner

Place : Chennai
Date : 30-07-1997

Bhagwandas Metals Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

		9	4	1	8
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 State Code

1	8
---	---

Balance Sheet Date

3	1
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0	3
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9	7
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Date Month Year

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

Public Issue	Right Issue																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>					N	I	L				<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>					N	I	L			
				N	I	L															
				N	I	L															
Bonus Issue	Private Placement																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>					N	I	L				<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>					N	I	L			
				N	I	L															
				N	I	L															
Conversion																					
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>						N	I	L													
				N	I	L															

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

Total Liabilities	Total Assets																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>9</td><td>0</td><td>0</td><td>7</td><td>5</td></tr></table>					9	0	0	7	5	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>9</td><td>0</td><td>0</td><td>7</td><td>5</td></tr></table>					9	0	0	7	5
				9	0	0	7	5											
				9	0	0	7	5											

Sources of Funds

Paid-up Capital	Reserves & Surplus																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>3</td><td>6</td><td>4</td><td>6</td><td>9</td></tr></table>					3	6	4	6	9	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>4</td><td>9</td><td>2</td><td>0</td></tr></table>					2	4	9	2	0
				3	6	4	6	9											
				2	4	9	2	0											
Secured Loans	Unsecured Loans																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>8</td><td>6</td><td>8</td><td>6</td></tr></table>					2	8	6	8	6	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>					N	I	L		
				2	8	6	8	6											
				N	I	L													

Application of Funds

Net Fixed Assets	Investments																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>3</td><td>3</td><td>3</td><td>4</td><td>9</td></tr></table>					3	3	3	4	9	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>					N	I	L		
				3	3	3	4	9											
				N	I	L													
Net Current Assets	Misc. Expenditure																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>4</td><td>7</td><td>7</td><td>8</td><td>6</td></tr></table>					4	7	7	8	6	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>3</td><td>9</td><td>7</td><td>5</td></tr></table>						3	9	7	5
				4	7	7	8	6											
					3	9	7	5											
Accumulated Losses																			
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>4</td><td>9</td><td>6</td><td>5</td></tr></table>						4	9	6	5										
					4	9	6	5											



IV. Performance of Company (Amount in Thousands)

Turnover										Total Expenditure									
				2	0	6	3	1	7					2	1	0	8	9	4
+ - Profit / Loss Before Tax					+ - Profit / Loss After Tax														
				4	5	7	7					5	4	7	9				
Earnings Per Share in Rs.										Dividend Rate %									
				N	I	L								N	I	L			

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

Item Code No. (ITC Code)	7	2	.	0	6	.	1	0	0	9					
Product Description	P	E	N	C	I	L		I	N	G	O	T	S		
Item Code No. (ITC Code)	7	2	.	1	3	.	2	0	0	9					
Product Description	M	S		A	N	G	L	E	S						
Item Code No. (ITC Code)	7	2	.	1	6	.	3	3	0	0					
Product Description	A	N	G	L	E	S		S	H	A	P	E	S		

FOR REFERENCE COPY.

e. Nandappa
 Company Secretary

