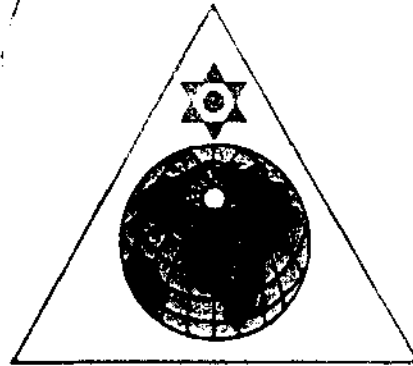


Bhagwandas Metals Limited

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CERTIFIED TRUE COPY

FOR BHAGWANDAS METALS LIMITED

e. Nandani

Company Secretary

17th ANNUAL REPORT

1998-99





BHAGWANDAS METALS LIMITED

BOARD OF DIRECTORS

Sri G.P. Agarwal	<i>Chairman</i>
Sri M.L. Sonthaliya	<i>Managing Director</i>
Sri S.C.M. Jamaldeen	<i>Director</i>
Sri V. Sankarasubbiyan, I.A.S. (Retd.)	<i>Director</i>
Sri C. Ramasamy	<i>Director</i>

COMPANY SECRETARY Sri C. Namasivayam

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

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 CORPORATE SERVICES LIMITED
Subramanian Building, V Floor
No.1, Club House Road, Chennai - 600 002

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of **Bhagwandas Metals Limited** will be held on **Wednesday, the 22nd day of September, 1999 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, 1999 and the Profit and Loss Account for the year ended 31st March, 1999 and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr.G.P. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.V. Sankarasubbiyan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration. M/s.M.Raghunath & Co., who retire at this meeting, being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED that in accordance with the provisions of Section 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof and subject to the provisions of Schedule XIII of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Mr. M.L.Sonthaliya as Managing Director of the Company for a period of 5 years with effect from 1.12.1999 on the following terms and conditions :

SALARY

A salary of Rs.25,000/- (Rupees Twenty Five Thousand only) per month in the grade of Rs.25,000 - 2000 - 35,000.

PERQUISITES

A) Housing

House accommodation to be provided by the Company at a rent not exceeding Rs.15,000 per month and 10% of the salary to be recovered as rent.

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

B) Medical Reimbursement

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

C) Leave

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

D) Club Fee

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

E) Leave Travel Assistance

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

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



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

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

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

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

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

RESOLVED that the consent of the Company pursuant to provisions of Section 293(1)(a) of the Companies Act, 1956, be and is hereby accorded to the Board of Directors to sell, lease, transfer, assign or otherwise dispose of whole or substantially the whole of its induction furnace unit, Plant and Machinery, accessories, structures, fittings and sundry items relating to furnace unit of the Company at a price and on such other terms, conditions and stipulations as the Board may in its discretion deem fit and in the interest of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised and empowered to enter into, sign, seal, execute and deliver such agreements, assignments, conveyances, contracts, deeds, writings and other instruments and to do all such acts, deeds and things in the name and on behalf of the Company as the Board may consider expedient, usual, necessary or proper for the said sale, lease and effectuating the transfer of said induction furnace of the Company.

RESOLVED FURTHER THAT Mr. G.P. Agarwal, Chairman and Mr. M.L.Sonthaliya, Managing Director be and are hereby authorised severally to do all such acts, things and other formalities as may be necessary to implement this resolution.

By order of the Board

sd/-
M.L.SONTHALIYA
Managing Director

Place : Chennai
Date : 30.07.1999

NOTES

- a) A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and to vote on a poll on his behalf and 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 commencement of the meeting.
- b) The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 for item numbers 5 and 6 are detailed below.
- c) The Register of Members and Share Transfer Books of the Company shall remain closed from **16.09.99 to 22.09.99 (both days inclusive)**.
- d) Pursuant to Section 205 A of the Companies Act, 1956, the unclaimed dividend for the financial year ended 31st March 1996 will be transferred to the General Revenue Account of Central Government before 25th October, 1999.
- e) Members/proxies should bring the Attendance slip duly filled in for attending the meeting.
- f) Members/proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting.

Bhagwandas Metals Limited

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

For Item No.5

The members at the Extraordinary General Meeting held on 21.11.1994 approved the appointment of Shri. M.L. Sonthaliya as Managing Director of the Company for a period of 5 years with effect from 01.12.94 at a remuneration of Rs.15,000 per month plus perquisites subject to the ceiling laid down in the then prevailing Schedule XIII to the Companies Act, 1956. Mr. M.L. Sonthaliya's term of office expires on 30.11.1999.

Since the Government of India has substantially revised managerial remuneration by amending Schedule XIII of the Companies Act, 1956 thereafter and taking into consideration the fact that the current salary drawn by the Managing Director has been fixed 5 years back at a time when there were two whole time Directors employed by the Company, the Board at its meeting held on 30.07.99 reappointed Mr. M.L. Sonthaliya as Managing Director on the revised terms and conditions as set out in the resolution. For the reappointment, the approval of the Company in General Meeting is being sought by proposing the above resolution. The resolution also seeks authority on the Board to sanction, in due course, increment within the scale and to modify the other terms and conditions as the Board deems fit and proper.

The material terms of appointment of Mr. M.L. Sonthaliya set out above maybe treated as an abstract under section 302 of the Companies Act, 1956.

Apart from Mr. M.L. Sonthaliya, the appointee and Mr. G.P. Agarwal being related to Mr. M.L. Sonthaliya, no other Director is concerned or interested in the passing of this resolution.

For Item No.6

The Company was forced to close down the furnace unit since October '97 due to the depressed market conditions and the continuous loss incurred in that unit. However, consequent to the closure of the furnace unit, the profitability of the Company has improved considerably as the loss arising out of the operations of the furnace unit has been avoided. Due to the continuous upward revision in the power tariff, now it is not viable to restart our operations in the furnace unit. In view of this, it is now proposed to dispose of the idle assets of the furnace unit and the proceeds of such sale may be used to repay the term loan of Industrial Investment Bank of India Limited thereby reducing the interest burden and loan liability.

Section 293(1) (a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a Company shall not, except with the consent of the Company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

The ordinary resolution proposed under the above item of the Notice is intended to obtain the consent of the Company in conformity with the requirements of the above Section and the Board recommends acceptance thereof.

None of the Directors of the Company is interested or concerned in the proposed resolution.

By order of the Board

sd/-

M.L.SONTHALIYA
Managing Director

Place : Chennai
Date : 30.07.1999



DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31st March 1999, together with the Balance Sheet as at 31st March, 1999 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 1999	Audited financial statement for the year ended March 31st 1998
1.	Income from operations	2298	2008
2.	Profit before interest and depreciation and tax	153	26
3.	Interest	61	52
4.	Profit/(Loss) before depreciation and tax	92	(26)
5.	Depreciation	48	53
6.	Profit/ (Loss) before tax	44	(79)
7.	Provision for taxation	2	8
8.	Profit/(Loss) after tax	42	(87)
9.	Dividend Proposed	—	—
10.	Share Capital	364	364
11.	Reserves & Surplus	249	249

OPERATIONS

The performance of the Company for the year 1998-99 has improved considerably. In the production front, the Company has achieved total production of 25209 MTS compared to 18947 MTS achieved during 1997-98 resulting in an increase of 33%. The income from operations has also increased from Rs.2008 lakhs in the last year to Rs.2298 lakhs in the current year. With this improved production and sales performance, the Company was able to achieve a net profit after tax of Rs.42 lakhs as against the net loss of Rs.87 lakhs incurred during the last year. However, in view of the accumulated loss, your Directors express their inability to declare any dividend.

PROSPECTS FOR THE CURRENT YEAR

During the first quarter of current year 1999-2000, the Company has earned a profit of about Rs.10 lakhs and the performance of your Company is expected to improve further in the coming months.

Bhagwandas Metals Limited

SALE OF ASSETS OF FURNACE UNIT

Due to the continuous loss in the furnace unit, it is now proposed to dispose of the assets of the furnace unit with the consent of the share holders.

DIRECTORS

The term of office of the Managing Director Mr. M.L. Sonthaliya expires on 30.11.99. The Board of Directors recommends his re-appointment for a period of 5 years on the revised terms and conditions as set out in the Notice convening the Annual General Meeting.

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

AUDITORS

The Statutory Auditors, M/s. M. Raghunath & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment for the current financial year. Your Board recommends their re-appointment.

FIXED DEPOSITS

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

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

The information required under section 217(1)(e) read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are 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.

Y2K COMPLIANCE

The Company has taken necessary steps to ensure Y2K Compliance by September 1999. The expenditure to ensure Y2K Compliance is not expected to have any material financial impact.

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

sd/-
G.P.AGARWAL
Chairman

Place : Chennai
Date : 30.07.1999



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 1998-99	Previous Year 1997-98
1. Electricity		
a) Purchased Units	33,96,880	81,38,796
Total Amount (in Rs.)	1,47,32,100	3,08,27,705
Rate/Unit (in Rs.)	4.34	3.79
b) Own Generation		
i) Through Diesel generator Unit	NIL	NIL
Unit per ltr of diesel oil Cost/unit		
ii) Through Steam turbine/generator Units	NIL	NIL
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.)	10,48,685	8,05,800
Total amount (in Rs.)	61,80,846	50,11,667
Average rate (in Rs.)	5.89	6.22
4. Others/internal generation	NIL	NIL
Quantity		
Total cost		
Rate/unit		

B) Consumption per unit of production

Electricity (units per ton)	134.75 *	348.41 **
Furnace Oil (litres per ton)	41.60	42.53
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.)	1,24,74,226	2,12,36,707

* Electricity consumption per unit for Rolling Mill

** Electricity consumption per unit for Rolling Mill & Furnace Division

Bhagwandas Metals Limited

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, 1999 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 Account 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 comply with the Accounting Standards, referred to in sub section (3C) of Section 211 of the Companies Act, 1956 and give the information required by the said Act, 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, 1999.
 - 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 : 30.07.1999



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 17 (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, the 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

Bhagwandas Metals Limited

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 or damaged stores, raw materials or 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 and E.S.I. dues with the appropriate authority. 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 income tax, wealth tax, sales tax, excise duty and customs duty dues as at 31st March, 1999.
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 Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

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

Place : Chennai
Date : 30.07.1999

Sd/-
M.RAGHUNATH
Partner

Raghuwari
27/03/99



BALANCE SHEET AS AT MARCH 31, 1999

(in Rs.)

	Schedule	AS AT 31.03.99	AS AT 31.03.98
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	3,64,68,500	3,64,68,500
Reserves & Surplus	2	2,49,20,364	2,49,20,364
Loan Funds			
Secured Loans	3	2,61,55,477	2,87,51,728
Total		<u>8,75,44,341</u>	<u>9,01,40,592</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		5,87,32,167	5,55,15,872
Less : Depreciation		<u>2,96,16,170</u>	<u>2,49,87,844</u>
Net Block	4	2,91,15,997	3,05,28,028
Current Assets, Loans & Advances			
Inventories	5	1,72,54,264	1,46,84,973
Sundry Debtors	6	3,03,92,197	2,75,55,335
Loans & Advances	7	1,87,41,583	2,29,55,906
Cash & Bank Balance	8	47,00,513	51,40,401
		<u>7,10,88,557</u>	<u>7,03,36,615</u>
Less : Current Liabilities & Provisions	9	<u>2,50,53,039</u>	<u>2,78,43,187</u>
Net Current Assets		4,60,35,518	4,24,93,428
Miscellaneous Expenditure	10	29,70,331	34,72,724
(To the extent not written off)			
Profit		<u>94,22,495</u>	<u>1,36,46,412</u>
Total		<u>8,75,44,341</u>	<u>9,01,40,592</u>

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30/03/99
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Deprecy
2000

Scher [unclear] Form integral part of this Balance Sheet

For [unclear] Board

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

REC. NO. [unclear]
REG. NO. 18-009418
B/S (SH-6) 31/03/1999
A [unclear] 120
1*****120
CASH 43553
27/09/1999
KS

sd/-
M.L.SONTHALIYA
Managing Director

sd/-
C.NAMASIVAYAM
Company Secretary

sd/-
M.RAGHUNATH
Partner

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FOR BHAGWANDAS METALS LIMITED

c. Namasiya
Company Secretary

Bhagwandas Metals Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1999

(in Rs.)

	Schedule	Year ended 31.03.99	Year ended 31.03.98
INCOME			
Net Sales		18,91,11,178	18,60,72,656
Conversion Charges		3,76,63,354	1,83,81,984
Other Income		7,59,744	8,00,263
Increase / (Decrease) in Inventories	11	30,01,692	(36,16,316)
Total [A]		23,05,35,968	20,17,28,587
EXPENDITURE			
Consumption of Raw Materials	12	9,13,48,655	1,63,557
Purchases - Trading Goods		6,91,40,954	4,36,24,398
Manufacturing Expenses	13	4,77,48,590	5,37,83,515
Administrative Expenses	14	40,82,435	33,36,773
Selling & Distribution Expenses	15	28,60,731	11,91,613
Depreciation		48,35,110	52,85,337
Financial Charges	16	60,95,576	51,99,806
Total [B]		22,61,12,051	20,95,84,994
NET PROFIT / (LOSS) [A-B]		44,23,917	(78,56,407)
PROVISION FOR TAXATION		2,00,000	8,25,485
NET PROFIT/(LOSS) AFTER TAXATION		42,23,917	(86,81,892)
PROFIT / (LOSS) BROUGHT FORWARD		(1,36,46,412)	(49,64,520)
TRANSFERRED TO BALANCE SHEET		<u>(94,22,495)</u>	<u>(1,36,46,412)</u>
Notes on Accounts	17		

Schedules 11 to 17 form integral part of this Profit & Loss Account

For and on behalf of the Board

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

sd/-
G.P.AGARWAL
Chairman

sd/-
M.L.SONTHALIYA
Managing Director

sd/-
C.NAMASIVAYAM
Company Secretary

sd/-
M.RAGHUNATH
Partner

Place : Chennai
Date : 30.07.1999

CERTIFIED TRUE COPY

FOR BHAGWANDAS METALS LIMITED



SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	31.03.99	31.03.98
<i>(in Rs.)</i>		
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>19,500</u>
	<u>3,64,68,500</u>	<u>3,64,68,500</u>
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium	2,16,68,500	2,16,68,500
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>2,49,20,364</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)	49,50,000	54,00,000
Cash Credit : Syndicate Bank (Secured by first charge on stocks and personal guarantee of two directors)	1,08,97,622	1,20,30,946
Overdraft : Syndicate Bank (Secured by first charge on book debts and personal guarantee of two directors)	65,78,737	73,24,085
Hire Purchase Finance Loan (Secured on Specific Fixed Assets)	3,37,792	3,30,127
Interest Free Sales Tax Loan (Secured against movable & immovable property and personal guarantee of two directors)	<u>33,91,326</u>	<u>36,66,570</u>
	<u>2,61,55,477</u>	<u>2,87,51,728</u>

Bhagwandas Metals Limited

(in Rs.)

SCHEDULE 4: FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.04.98	Addition / (Deletion) during the year	As on 31.03.99	As on 01.04.98	For the year	As on 31.03.99	As on 31.03.99	As on 31.03.98
Land	1,69,601	—	1,69,601	—	—	—	1,69,601	1,69,601
Shed & Building	1,29,67,208	47,831	1,30,15,039	40,23,377	8,96,637	49,20,014	80,95,025	89,43,831
Plant & Machinery	1,39,56,412	20,35,281 (1,60,000)	1,58,33,693	66,51,033	11,39,509	77,90,542 (58,800)	81,01,951	73,07,379
Electrical Installation	72,42,715	55,300	72,98,015	33,54,491	5,47,750	39,02,241	33,95,774	38,88,224
Laboratory Equipment	44,257	23,032	67,289	35,753	3,388	39,141	28,148	8,504
Furnace	32,52,251	—	32,52,251	17,78,908	2,04,942	19,83,850	12,68,401	14,73,343
Tools & Accessories	1,06,911	12,536	1,19,447	49,001	8,021	57,022	61,825	57,910
Weightment Scale	3,06,847	13,935	3,20,782	1,97,415	17,001	2,14,416	1,06,366	1,09,432
Generator	3,28,419	—	3,28,419	2,94,186	8,881	3,01,067	27,352	34,233
Furniture & Fixtures	5,70,865	12,582	5,83,447	1,95,214	68,086	2,63,300	3,20,147	3,75,651
Office Equipment	2,61,948	21,253	2,83,201	95,269	23,580	1,18,849	1,64,352	1,66,679
Mill Rolls	81,84,731	9,43,658	91,28,389	54,49,521	10,38,066	64,87,587	26,40,802	27,35,210
Computers	2,61,569	41,405	3,02,974	1,72,470	40,989	2,13,439	89,535	89,099
Air Conditioners	3,64,948	—	3,64,948	1,10,261	35,427	1,45,688	2,19,260	2,54,687
Induction Furnace	60,21,527	—	60,21,527	18,70,723	5,77,377	24,48,100	35,73,427	41,50,804
Vehicles	14,73,663	4,00,759 (2,31,277)	16,43,145	7,10,222	2,26,876	(1,47,804)	8,54,031	7,63,441
TOTAL	5,55,15,872	32,16,295	5,87,32,167	2,49,87,844	48,35,110	2,96,16,170	2,91,15,997	3,05,28,028
Previous Year	5,27,26,902	27,86,970	5,55,15,872	1,97,02,507	51,9,337	2,49,87,844	3,05,28,028	3,30,26,395



(in Rs.)

31.03.99

31.03.98

SCHEDULE 5 : INVENTORIES

(As certified by the Management)

Raw Materials	89,56,802	86,75,221
Furnace Oil	95,109	1,74,702
Finished Goods	72,21,752	42,20,060
Consumable Stores	9,80,601	16,14,990
	<u>1,72,54,264</u>	<u>1,46,84,973</u>

SCHEDULE 6 : SUNDRY DEBTORS

(Unsecured considered good)

Debts outstanding for more than six months	92,39,715	52,04,631
Other Debts	2,11,52,482	2,23,50,704
	<u>3,03,92,197</u>	<u>2,75,55,335</u>

SCHEDULE 7 : LOANS & ADVANCES

(Unsecured considered good)

Advances (recoverable in cash or in kind or for the value to be received)	1,29,11,007	1,57,44,099
Deposits	38,71,305	61,58,444
Other Receivables	19,59,271	10,53,363
	<u>1,87,41,583</u>	<u>2,29,55,906</u>

SCHEDULE 8 : CASH & BANK BALANCE

Cash in Hand	1,63,362	2,83,877
Balance with Scheduled Bank		
i) In Current Account	5,035	8,538
ii) In Deposit Account	45,32,116	48,47,986
	<u>47,00,513</u>	<u>51,40,401</u>

SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS

Creditors for Materials	95,37,287	1,28,64,035
Provisions & Other Liabilities	1,54,14,311	1,48,68,489
Interest accrued but not due on loans	1,01,441	1,10,663
	<u>2,50,53,039</u>	<u>2,78,43,187</u>

Bhagwandas Metals Limited

(in Rs.)

	31.03.99	31.03.98
SCHEDULE 10 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off)		
Preliminary Expenses	855	1,069
Share Issue Expenses	29,69,478	34,71,655
	<u>29,70,331</u>	<u>34,72,724</u>
SCHEDULE 11 : INCREASE / (DECREASE) IN INVENTORY		
Closing Stock of finished goods	72,21,752	42,20,060
Less: Opening Stock	42,20,000	78,36,376
	<u>30,01,692</u>	<u>(36,16,316)</u>
SCHEDULE 12 : CONSUMPTION OF RAW MATERIALS		
Opening Stock	86,75,221	1,35,37,690
Add: Purchases	9,16,30,236	9,23,01,088
	10,03,05,457	10,58,38,778
Less: Closing Stock	89,56,802	86,75,221
	<u>9,13,48,655</u>	<u>9,71,63,557</u>
SCHEDULE 13 : MANUFACTURING EXPENSES		
Carriage Inward	47,07,691	41,95,024
Central Excise Duty (Compounded Levy Scheme)	47,77,373	26,20,566
Consumable Stores consumed	49,75,744	27,21,910
Electrical Maintenance	1,55,927	1,99,343
Electricity Charges	1,52,27,502	3,08,27,705
Factory Maintenance	14,26,078	13,97,404
Factory Wages	5,06,698	6,86,115
Furnace Oil Consumption	61,80,846	50,12,674
Labour Charges	72,09,256	59,21,134
Other Expenses	23,70,427	—
Pollution Control Charges	16,460	40,460
Security Service Charges	1,79,013	1,62,187
Technical Consultancy Charges	15,575	—
	<u>4,77,48,590</u>	<u>5,37,83,515</u>



(in Rs.)

31.03.99

31.03.98

SCHEDULE 14 : ADMINISTRATIVE EXPENSES

Audit Fee		
- Statutory Audit	5,000	5,000
- Tax Audit	5,000	5,000
Bad Debts	2,84,218	—
Directors Remuneration	2,88,000	3,83,516
Directors Sitting Fees	25,500	23,500
Electricity Charges	70,847	87,620
General Expenses	2,17,829	1,01,144
Insurance	1,99,368	2,78,472
Miscellaneous Expenses Written Off	5,02,393	5,02,393
Postage and Telephone Charges	3,76,213	4,22,286
Printing & Stationery	1,68,699	1,07,483
Professional Charges	1,10,950	87,700
Rates, Taxes & Licence	1,07,375	68,756
Rent	2,12,800	1,07,590
Repairs & Maintenance	1,32,858	1,19,142
Salaries and Other Benefits	10,29,943	8,12,027
Share Transfer Registrar Expenses	71,213	81,730
Travelling & Conveyance	1,56,754	53,006
Vehicle Running & Maintenance	1,17,475	90,408
	<u>40,82,435</u>	<u>33,36,773</u>

SCHEDULE 15 : SELLING & DISTRIBUTION EXPENSES

Advertisement	10,870	5,550
Brokerage & Commission	11,586	44,840
Carriage Outward	17,60,493	5,82,780
Cooly Charges	6,48,111	3,60,924
Other Miscellaneous Expenses	97,620	27,653
Packing & Forwarding Charges	3,01,181	1,40,376
Sales Promotion	30,870	29,490
	<u>28,60,731</u>	<u>11,91,613</u>

SCHEDULE 16 : FINANCIAL CHARGES

Bank Charges	3,72,436	6,00,800
Interest	57,23,140	45,99,006
	<u>60,95,576</u>	<u>51,99,806</u>

SCHEDULE 17 : NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Convention

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

(b) Sales

Sales are recognised on despatch to customers. Sales are inclusive of Excise Duty and Excise Duty paid is charged to Profit and Loss Account.

(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 tolls 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 and Provident Fund

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.

Particulars	(Rs. in lacs)	
	31.03.99	31.03.98
Bank Guarantee	106.00	60.00



3. MANUFACTURING ACTIVITY

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

Class of Goods	Licensed Capacity	Installed Capacity (in MTS)	Actual Production (in MTS)
Finished Steel Products	Delicensed (Delicensed)	34000 (34000)	25208.775 (18946.755)
M.S. Ingots	Delicensed (Delicensed)	19200 (19200)	Nil (4412.825)

(b) Consumption of Raw Material

	For the year 1998-99	For the year 1997-98
Rolling Mill Raw Materials		
Qty (M.T.)	7381.425	8425.566
Value (Rs. in lacs)	750.486	903.991
Steel Scrap		
Qty (M.T.)	—	4854.705
Value (Rs. in lacs)	—	275.856

(c) Information regarding Opening Stock, Turnover and Closing Stock

(Rs. in Lacs.)

	Year ended 31.03.99		Year ended 31.03.98	
	Qty MTS	Value Rs.	Qty MTS	Value Rs.
Opening Stock				
Raw Materials	514.065	57.16	516.865	63.83
CTD Bars / M.S. Rounds	258.870	38.17	607.471	78.36
Scrap	517.203	33.62	1100.678	71.54
Turnover				
Raw Materials	1415.745	136.96	384.805	40.64
CTD Bars / M.S. Rounds	11246.158	1583.05	9391.252	1272.41
Scrap	768.545	46.64	3767.783	231.40
Others (Trading)	800.065	124.46	1803.848	316.28
Closing Stock				
Raw Materials	903.810	88.99	514.065	57.16
CTD Bars / M.S. Rounds	518.893	71.90	258.870	38.17
Scrap	13.753	00.89	517.203	33.62

Bhagwandas Metals Limited

4. MANAGERIAL REMUNERATION

(Amount in Rs.)

Paid/Payable to whole time Directors	For the year 1998-99	For the year 1997-98
Salaries	1,80,000	2,39,516
House rent allowance	1,08,000	1,44,000
Total	2,88,000	3,83,516

5. Parties Balance are subject to confirmation

6. EXPENDITURE ON EMPLOYMENT

	For the year 1998-99	For the year 1997-98
a) No. of Employees employed throughout the year who were in receipt of remuneration exceeding Rs.6,00,000/-p.a.	NIL	NIL
b) No. of Employees employed for the part of the year who were in receipt of remuneration exceeding Rs.50,000/- p.m.	NIL	NIL
7. Earnings in foreign currency		
8. Expenditure in foreign currency (Rs. in lacs)		
Purchase of Raw Materials :		
a) For Own Production	146.53	
b) For High Seas Sales	—	268.87
	146.53	
9. Value of imports on CIF basis (Rs. in lacs)		
Raw Materials :		
a) Direct Import	146.53	
b) Indirect Import	114.92	111.04
	261.45	

10. The Company does not have any Liability to any small scale unit.

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 Accountants

sd/-
G.P.AGARWAL
Chairman

sd/-
M.L.SONTHALIYA
Managing Director

sd/-
C.NAMASIVAYAM
Company Secretary

sd/-
M.RAGHUNATH
Partner

Place : Chennai
Date : 30.07.1999

CERTIFIED TRUE COPY

FOR BHAGWANDAS METALS LIMITED

e. Jand...
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 1999**

(Rs. in Lakhs)

	1998-99	1997-98
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax & Extraordinary Items	44.24	(78.56)
Adjustments for :		
Depreciation	48.35	52.85
Interest & Financial Charges	60.96	51.99
Miscellaneous Expenditure Written Off	5.02	5.02
Interest Income	(7.24)	(6.30)
Profit on Sale of asset	(0.37)	—
Loss on Sale of asset	0.38	—
Operating Profit Before Working Capital Changes	151.34	25.00
Adjustments for :		
(Increase)/Decrease in Inventories	(25.69)	86.96
(Increase)/Decrease in Trade & Other Receivables	13.77	(103.17)
Increase/(Decrease) in Trade & Other Payables	(27.90)	82.32
Cash Generated from Operations	111.52	91.11
Interest & Financial Charges Paid	(60.96)	(51.99)
Direct Taxes Paid	(2.00)	(8.25)
Interest Income	7.24	6.30
Net Cash From Operating Activities (A)	55.80	37.17
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(36.07)	(24.65)
Sale of Fixed Assets	1.83	—
Net Cash used in Investing Activities (B)	(34.24)	(24.65)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	—	—
Proceeds from Long Term Borrowing	(2.67)	(0.38)
Repayment of Finance Liabilities	(4.50)	(21.50)
Share Issue Expenditure	—	—
Increase/(Decrease) in Bank Borrowings	(18.79)	22.53
Dividend Paid	—	—
Refund of Share Application Money	—	—
Net Cash Used in Financing Activities (C)	(25.96)	0.65

Bhagwandas Metals Limited

(Rs. in Lakhs)

	1998-99	1997-98
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(4.40)	13.17
E. OPENING CASH AND CASH EQUIVALENTS (Cash And Bank Balances)	51.40	38.23
F. CLOSING CASH AND CASH EQUIVALENTS (D+E) (Cash And Bank Balances)	47.00	51.40

For and on behalf of the Board

sd/-

M.L. SONTALIYA
Managing Director

Place : Chennai
Date : 30.07.1999

Auditors' Certificate

We have verified the above Cash Flow Statement of M/s. Bhagwandas Metals Limited derived from the audited annual financial statements for the year ended 31st March, 1999 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 : 30.07.1999



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

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

 State Code

1	8
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

9	9
---	---

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>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>			N	I	L			<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</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>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>			N	I	L			<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</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>N</td><td>I</td><td>L</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>8</td><td>7</td><td>5</td><td>4</td><td>4</td></tr></table>			8	7	5	4	4	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>8</td><td>7</td><td>5</td><td>4</td><td>4</td></tr></table>			8	7	5	4	4
		8	7	5	4	4									
		8	7	5	4	4									

Sources of Funds

Paid-up Capital	Reserves & Surplus														
<table border="1" style="width: 100%;"><tr><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>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>2</td><td>6</td><td>1</td><td>5</td><td>5</td></tr></table>			2	6	1	5	5	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>			N	I	L		
		2	6	1	5	5									
		N	I	L											

Application of Funds

Net Fixed Assets	Investments														
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>2</td><td>9</td><td>1</td><td>1</td><td>6</td></tr></table>			2	9	1	1	6	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>			N	I	L		
		2	9	1	1	6									
		N	I	L											
Net Current Assets	Misc. Expenditure														
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>4</td><td>6</td><td>0</td><td>3</td><td>6</td></tr></table>			4	6	0	3	6	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>2</td><td>9</td><td>7</td><td>0</td></tr></table>			2	9	7	0	
		4	6	0	3	6									
		2	9	7	0										
Accumulated Losses															
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>9</td><td>4</td><td>2</td><td>2</td></tr></table>			9	4	2	2									
		9	4	2	2										

Bhagwandas Metals Limited

IV. Performance of Company (Amount in Thousands)

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

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

Item Code No. (ITC Code)

7	2		1	3		2	0	0	9
---	---	--	---	---	--	---	---	---	---

Product Description

M	S		A	N	G	L	E	S								
---	---	--	---	---	---	---	---	---	--	--	--	--	--	--	--	--

Item Code No. (ITC Code)

7	2		1	6		3	3	0	0
---	---	--	---	---	--	---	---	---	---

Product Description

A	N	G	L	E	S		S	H	A	P	E	S				
---	---	---	---	---	---	--	---	---	---	---	---	---	--	--	--	--

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FOR BHAGWANDAS METALS LIMITED

C. J. J. J.
Company Secretary