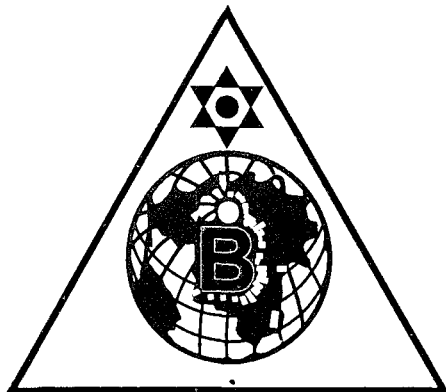


# Bhagwandas Metals Limited



CERTIFIED TRUE COPY

For BHAGWANDAS METALS LIMITED

*Govind Prasad*

Director

27th ANNUAL REPORT 2008-2009

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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

**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  
Purasawaikam  
Chennai - 600 084

**REGISTERED OFFICE**  
New No. 54 (Old No. 61) I<sup>st</sup> 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 V<sup>th</sup> Floor,  
No.1, Club House Road, Chennai – 600 002



## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Twenty Seventh Annual General Meeting of the members of Bhagwandas Metals Limited will be held on Friday, **the 25<sup>th</sup> day of September, 2009** 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, 2009 and the Profit and Loss Account for the year ended 31st March, 2009 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Narender Lunawat who retires by rotation and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS**

3. To consider and if thought fit to pass with or without modifications the following resolution as an **Ordinary Resolution**:

#### **CHANGE IN STATUTORY AUDITORS**

RESOLVED THAT pursuant to section 224 and all other applicable provisions of the Companies Act, 1956, **M/s. R.R. More & Co, Chartered Accountants**, Chennai be and is hereby appointed as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the board, in the place of the retiring Statutory Auditors, **M/s. Raghunath & Co, Chartered Accountants, Chennai**, who do not seek re-appointment to such office.

4. To consider and if thought fit to pass with or without modifications the following resolution as **Ordinary Resolution**:

#### **REVISION OF REMUNERATION TO CHAIRMAN CUM MANAGING DIRECTOR**

a) **RESOLVED THAT** in accordance with the provisions of Sections 198, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and based on the recommendation made by the Remuneration Committee and approved by the Board of Directors at their meeting held on 29/04/09, the remuneration payable to Mr. Govind Prasad, Chairman cum Managing Director be and is hereby increased by way of salary from Rs. 30,000/- per month to Rs. 50,000/- per month excluding the allowances/perquisites as detailed in the explanatory statement annexed hereto, w.e.f 1<sup>st</sup> April 2009 until the unexpired portion of his tenure of office, i.e. till 31/12/2010.

b) **“RESOLVED FURTHER THAT** the aggregate of remuneration payable to Chairman cum Managing Director shall not exceed Rs. 1,25,000/- per month calculated as per the provisions of Schedule XIII of the Companies Act, 1956.”

## **Bhagwandas Metals Limited**

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- c) **"FURTHER RESOLVED THAT** the authority be and is hereby granted to the Board of Directors to alter and vary above salary / commission as also the type and amount of perquisites and other benefits payable to Mr. Govind Prasad, in such manner as may be agreed to between the Board of Directors and Mr. Govind Prasad, provided, however, that the remuneration payable to him shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof."
- d) **"RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr. Govind Prasad the remuneration payable to him by way of salary, allowances, commission and perquisites shall not, without the approval of Central Government (if required), exceed the limits prescribed under the Companies Act, 1956, or any amendment, modification, variation or re-enactment thereof."
- e) **"RESOLVED FURTHER THAT** the information provided above shall be treated as an Abstract under section 302 of the Companies Act, 1956.
- f) **"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its power herein conferred to any committee of directors or director(s) to give effect to the above Resolution.
5. To consider and if thought fit to pass with or without modifications the following resolution as **Ordinary Resolution:**

### **REVISION OF REMUNERATION TO WHOLE-TIME DIRECTOR**

- a) **"RESOLVED THAT** in accordance with the provisions of Sections 198, 268, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and based on the recommendation made by the Remuneration Committee, the remuneration payable to Mr. Nand Kishore Sonthalia, Whole Time Director be and is hereby increased by way of salary from Rs. 25,000/- per month to Rs. 40,000/- per month excluding the allowances/perquisites as detailed in the explanatory statement annexed hereto, w.e.f 1<sup>st</sup> April 2009 until the unexpired portion of his tenure of office, i.e. till 31/12/2010.
- b) **"RESOLVED FURTHER THAT** the aggregate of remuneration payable to Whole - Time Director shall not exceed Rs. 1,25,000/- per month calculated as per the provisions of Schedule XIII of the Companies Act, 1956."
- c) **"FURTHER RESOLVED THAT** the authority be and is hereby granted to the Board of Directors to alter and vary the above salary /commission as also the type and amount of perquisites and other benefits payable to Mr. Nand Kishore Sonthalia, in such manner as may be agreed to between the Board of Directors and Mr. Nand Kishore Sonthalia, provided however, that the remuneration payable to him shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof."



- d) **“RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr. Nand Kishore Sonthalia, the remuneration payable to him by way of salary, allowances, commission and perquisites shall not, without the approval of Central Government (if required), exceed the limits prescribed under the Companies Act, 1956, or any amendment, modification, variation or re-enactment thereof.”
- e) **“RESOLVED FURTHER THAT** the information provided above shall be treated as an Abstract under section 302 of the Companies Act, 1956.
- f) **“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its power herein conferred to any committee of directors or director(s) to give effect to the above Resolution.

For and on behalf of the Board of Directors

Sd/-

Place : CHENNAI  
Date : 27.07.2009

**GOVIND PRASAD**  
Chairman-cum-Managing Director

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#### 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 16.09.2009 to 25.09.2009 (both days inclusive).
- C. Members/Proxies should bring the attendance slip duly filled in for a 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. The relevant explanatory statements pursuant to section 173(2) of the companies act, 1956 in respect of the business under item no. 3, 4 & 5 are given below :

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

**ITEM NO: 3**

The retiring Statutory Auditor M/s. Raghunath & Co, Chartered Accountant, Chennai do not seek re appointment at the forth coming Annual General Meeting vide their letter dated 02.05.2009. Members approval is being sought to the appointment of M/s. R.R. More & Co, Chartered Accountants, Chennai as the Statutory Auditors of the company at the ensuing Annual General meeting. The Directors commend the resolution No.3 of the accompanying notice for acceptance of the members of the company.

None of the Directors are neither interested nor concerned in this resolution except to the extent of their shareholding and directorship in the Company.

**ITEM NO: 4**

The Share Holders are well aware that Mr. Govind Prasad was appointed as Chairman cum Managing Director for a period of Five years with effect from 31.12.2005 to 31.12.2010, at the 24<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> day of September 2006, on a monthly remuneration of Rs. 30,000/- per month (exclusive of all allowances and perquisites). Considering the day to day operations of the company and increase in the volume of business the Board of Directors thought it fit to increase the Remuneration payable to Mr. Govind Prasad, Chairman cum Managing Director. Hence based on the recommendation of the Remuneration committee, the Board of Directors have decided at their meeting held on 29<sup>th</sup> April 2009 to increase the monthly remuneration payable to Mr. Govind Prasad, Chairman cum Managing Director from Rs.30,000/- per month to Rs. 50,000/- per month excluding the following allowances/perquisites, w.e.f 1<sup>st</sup> April 2009, for the remaining period of his tenure, i.e till 31/12/2010.

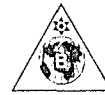
**PERQUISITES AND ALLOWANCES:**

**A. Medical Reimbursement**

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

**B. Leave**

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

**C. Club Fee**

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

**D. Leave Travel Assistance**

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

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

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

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

Since revision in the Remuneration payable to Directors requires approval of the shareholders in the General Meeting. Accordingly the said resolution is being put forth for the approval of the shareholders.

The information provided above shall be treated as an Abstract under section.302 of the Companies Act, 1956.

*None of the Directors are neither interested nor concerned in this resolution except to their shareholding and directorship in the Company.*

**ITEM NO: 5**

The Share Holders are well aware that Mr. Nand Kishore Sonthalia was appointed as Whole Time Director for a period of Five years with effect from 31.12.2005 to 31.12.2010, at the 24<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> day of September 2006, on a monthly



## **Bhagwandas Metals Limited**

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remuneration of Rs.25,000/- per month (exclusive of all allowances and perquisites). Considering the day to day operations of the company and increase in the volume of business the Board of Directors thought it fit to increase the Remuneration payable to Mr. Nand Kishore Sonthalia, Whole Time Director. Hence based on the recommendation of the Remuneration Committee, the Board of Directors have decided at their meeting held on 29<sup>th</sup> April 2009 decided to increase the monthly remuneration payable to Mr. Nand Kishore Sonthalia, Whole Time Director from Rs.25,000/- per month to Rs. 40,000/- excluding the following allowances/perquisites w.e.f 1<sup>st</sup> April 2009, for the remaining period of his tenure, i.e till 31/12/2010.

### **PERQUISITES AND ALLOWANCES**

**A. Housing :** House accommodation to be provided by the Company at a rent not exceeding 60% of Salary and 20% of the salary to be recovered as rent.

**B. Medical Reimbursement**

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

**C. Leave**

Leave at the rate of one month in each year of the period of agreement which leave can be accumulated 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 Whole Time Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling of either salary or perquisites mentioned above.



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

Since revision in the Remuneration payable to Directors requires approval of the shareholders in the General Meeting. Accordingly the said resolution is being put forth for the approval of the shareholders.

The information provided above shall be treated as an Abstract under section 302 of the Companies Act, 1956.

None of the Directors are neither interested nor concerned in this resolution except to their shareholding and directorship in the Company.

Place : Chennai

**BY ORDER OF THE BOARD**

Date : 27.07.2009

For **BHAGWANDAS METALS LIMITED**

Sd/-

**GOVIND PRASAD**

**CHAIRMAN CUM MANAGING DIRECTOR**





## DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31st March 2009 together with the Balance Sheet as at 31st March 2009 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 <sup>st</sup> 2009	Audited financial Statement for the year ended March 31 <sup>st</sup> 2008
1.	Income from Operation	4864	4654
2.	Profit before Interest, Depreciation, Extraordinary items and Tax	44	55
3.	Interest	8	15
4.	Depreciation	2	2
5.	Profit before Extraordinary items and Tax	34	38
6.	Provision for taxation, Fringe Benefit Tax & Deferred Tax	11	13
7.	Profit after Extraordinary Item and Tax	23	25
8.	Dividend Proposed	Nil	Nil
9.	Share Capital	364	364
10.	Reserves & Surplus	257	234

### OPERATIONS

During the year 2008-2009, the Company has earned a net profit after tax of Rs.22.75 Lakhs as against Rs.25.21 Lakhs earned in the previous year. On the sales front, the Company has achieved a turnover of about Rs.4864 Lakhs during the year 2008-2009 as against Rs.4654 Lakhs achieved in 2007-2008.

**DIVIDEND**

Your Directors have decided to plough back the profits to reserves and hence express their inability to declare any dividend for the current financial year 2008-2009.

**PROSPECTS FOR THE CURRENT YEAR**

During the current year 2009-2010, the Company has achieved a turnover of Rs.927 Lakhs in the first quarter ending 30.06.2009

**DIRECTORS**

Mr. Sashi Kumar Nair was appointed as Director on 12.09.2008 and resigned from the Board of Directors and his resignation has been accepted with effect from 10.12.2008. Your Board places the same on record.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Narender Lunawat, Director of the Company is liable to retire by rotation and your Directors recommend his re-appointment.

**AUDITORS**

The retiring Statutory Auditor M/s. Raghunath & Co, Chartered Accountants, Chennai do not seek re appointment at the forth coming Annual General Meeting vide their letter dated 02.05.2009. Members approval is being sought to the appointment of M/s. R. R. More & Co, Chartered Accountants, Chennai as the Statutory Auditors of the company at the ensuing Annual General meeting. The Directors recommend the resolution No.3 of the accompanying notice for acceptance of the members of the company. The company has received confirmation from the auditors that their appointment will be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

**FIXED DEPOSITS**

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



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**PARTICULARS AS REQUIRED UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956****Conservation of Energy:-**

Though the company has not carried on any manufacturing activities, it had taken steps to conserve energy in its office/ godown use, consequent to which energy consumption has been minimized. No additional Proposals/Investments was made to conserve energy. Since the company has not carried on any industrial activities, disclosures regarding impact of measures on cost of production of goods, total energy consumption, etc., are not applicable.

**Technology Absorption:-**

The company has not adopted / intend to adopt any technology for its business and hence no reporting is required to be furnished under this heading.

**Foreign Exchange Inflow & Outgo:-**

Since the company has not carried on any export during the financial year under review, the disclosures requirement relating to exports, initiatives taken to increase exports; development of new export markets for products and services and export plans is not applicable to the company.

Foreign Exchange earned during the year :- Rs.Nil. (31-03-08 Rs.Nil)

Foreign Exchange used during the year :- Rs.Nil. (31-03-08 Rs.Nil)

Value of Imports on CIF Basis – Rs. 8,91,41,675 (31-03-08 Rs. 4,75,49,499/-)

**PERSONNEL**

None of the employees of the Company is in receipt of salary in excess of the limits laid down in section 217(2A) read with Companies (Particulars of Employees) Rules 1975 as amended.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- b) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2009 and of the profit of the Company for the year ended 31st March, 2009.
- 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.

**COMPLIANCE CERTIFICATE**

In accordance with Section 383A of the Companies Act, 1956, and Companies (Certificate) Rules, 2001, the company has obtained a certificate from M/s. Lakshmmi Subramanian & Associates, Chennai, secretary in the whole time practice confirming that the company has complied with all the provisions of Companies Act, 1956 and a copy of such certificate is annexed to the 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

**Sd/-**

Place : Chennai

Date : 27.07.2009

**GOVIND PRASAD**

Chairman- Cum-Managing Director



**CORPORATE GOVERNANCE REPORT AS ON 31.03.2009**

**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 with integrity. The Company sincerely believes that all its operations and actions must serve towards its main object of attaining optimum level of financial stability thereby enhancing the shareholders value through prudent 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 as on 31.03.2009 is five out of which 2 are Promoter Directors namely Mr. Govind Prasad, Chairman-cum-Managing Director and Mr. Nand Kishore Sonthalia, Whole Time Director. Both these Directors are Executive Directors of the Company. The rest three 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. Four Board Meetings were held during the financial year 2008-2009 on 28.04.2008, 30.07.2008, 24.10.2008 and 27.01.2009

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

1.	Mr. Govind Prasad	4
2.	Mr. C.Ramasamy	4
3.	Mr. Shashi Kumar Nair (Appointed w.e.f. 12.09.2008) (Resigned w.ef. 10.12.2008)	1
4.	Mr. Nirmal Gadhiya	4
5.	Mr. Nand Kishore Sonthalia	3
6.	Mr. Narender Lunawat	2



Mr. Govind Prasad, Mr. C. Ramasamy, Mr. Nirmal Gadhiya, Mr. Nand Kishore Sonthalia and Mr. Narender Lunawat attended the last Annual General Meeting held on 25<sup>th</sup> September 2008.

### 3. AUDIT COMMITTEE

#### a. Composition

1. Mr. C. Ramasamy – Chairman
2. Mr. Nirmal Gadhiya – Director
3. Mr. Narender Lunawat – Director
4. Mrs. P Manjulatha – Company Secretary (resigned w.e.f. 02.10.2008)

#### b. Brief description of terms of reference

Overseeing the Company's overall financial reporting process.

Reviewing with management the quarterly and annual financial statements with primary focus on accounting policies and practices and compliance therewith, stock exchange requirements and other legal requirements concerning financial statements.

Reviewing the internal control system, internal audit and the reports.

During the year under report, the Audit Committee met 4 times on 28.04.2008, 30.07.2008, 24.10.2008, & 27.01.2009.

#### c. Attendance at the Audit Committee

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

Mrs. P. Manjulatha, Company Secretary was the Secretary of the Audit Committee till her resignation on 02.10.2008.

### 4. SHAREHOLDERS/ INVESTORS' GRIEVANCE COMMITTEE

#### a. COMPOSITION

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

## **Bhagwandas Metals Limited**

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### **b. FUNCTION**

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

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

During the year 2008-2009, no Shareholders/Investor grievance Committee meeting was held as there was no investor complaints. There was no Investor Complaints pending as on 31<sup>st</sup> March 2009.

### **c. Compliance Officer**

Name : **Mrs. P. Manjulatha – upto 02.10.2008**  
Designation : Company Secretary

d. Investor Complaints, if any can be addressed to [investorgrievance@metal-bml.com](mailto: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. Dematerialisation of shares
- iii. Replacement of lost/ mutilated/ stolen share certificates.

During the year the Committee met on 28.04.2008, 26.05.2008, 24.06.2008, 29.08.2008, 15.09.2008, 27.01.2009, 28.02.2009 & 30.03.2009.

There were no pending share transfers as on 31<sup>st</sup> March 2009.



## 6. REMUNERATION COMMITTEE

### a) Composition

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 2008-2009, 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 2009 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	4,20,000	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, 2009 and their Share Holding is given below:

**Bhagwandas Metals Limited**

<b><i>Non-Executive Director</i></b>	<b><i>Sitting Fee (in Rs.)</i></b>	<b><i>No of Shares Held</i></b>
1. Mr. C.Ramasamy	9000	200
2. Mr. Narender Lunawat	2500	---
3. Mr. Nirmal Gadhiya	5000	---
4. Mr. Shashi Kumar Nair	1000	---

- 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.

<b><i>Name of Directors</i></b>	<b><i>Number of Directorship in other Companies (excluding Private Companies)</i></b>	<b><i>Number of Board Committee in which member / Chairman</i></b>	<b><i>Relationship with other Directors</i></b>
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:

<b>DATE</b>	<b>TIME</b>	<b>LOCATION</b>
25 <sup>th</sup> September 2006	10.00 a.m.	Rani Seethai Hall, 603, Anna Salai, Chennai-6
24 <sup>th</sup> September 2007	10.00 a.m.	Rani Seethai Hall, 603, Anna Salai, Chennai-6
25 <sup>th</sup> September 2008	10.00 a.m.	Rani Seethai Hall, 603, Anna Salai, Chennai-6

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

**2007-2008** - Nil

**2006-2007** - Nil

**2005-2006**

Special Resolution pursuant to Section 31 of the Companies Act, 1956 for inserting a new Article 105 A 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.

**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 of 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 Whistle Blower Policy. No employee has been denied access 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, rights 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](http://www.sebiedifar.nic.in) within the time frame fixed in this regard.

## **11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **GLOBAL SCENARIO**

The Global economy is into recession and the general demand is poor. At a time when the entire global economic environment was full of energy with bullish sentiment and everything looking just right the world came face to face with worst ever economic turmoil. Among the worst hit is also the steel industry.

### **STEEL INDUSTRY**

The past 12 months have been very volatile for entire steel industry. Prices reached record high during the year and there was robust demand. Unfortunately things turned upside down. Since the economic crisis in mid of 2008, the prices came crashing down and there was a huge liquidity crisis. The crash resulted in a lot of contracts being dishonoured.

### **OPPORTUNITY AND THREAT**

All economies are coming out with all possible and feasible stimulus packages to revive the economy, which are slowly showing some results. Although it is too early to predict that the world has fully recovered, one thing can said that the worst is over.

Positive signals have started coming and the Indian Government has also announced major investment in infrastructure. This should give a boost to the demand for steel during the current year and the going should be good.

However, the steel companies and other infrastructure development companies have faced a setback due to the financial turmoil and may take a while to come back to the growth path. This may slow down the revival process as the projects envisaged may not take off at the expected pace



## OUTLOOK

This years budget has laid out plans for high industrial activity by way of more infrastructure projects. This will definitely give a boost to the demand of steel. It's a period to act with abundant caution and care. The one thing everyone is hoping for is that the rest of the year not hold any more unpleasant surprises for the steel and steel making raw material market.

## 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 : Friday 25<sup>th</sup> September, 2009  
TIME : 10.00 a.m.  
VENUE : Rani Seethai Hall, 603, Anna Salai, Chennai – 600 006.



## **2. TENTATIVE FINANCIAL CALENDAR**

<b>Sl.No.</b>	<b>Particulars</b>	<b>Period</b>
1.	Annual General Meeting.	25 <sup>th</sup> September 2009
2.	Publication of Quarterly Results ending 30 <sup>th</sup> June 2009.	Last week of July 2009.
3.	Publication of Quarterly Results ending 30 <sup>th</sup> September 2009.	Last week of October 2009.
4.	Publication of Quarterly Results ending 31 <sup>st</sup> December 2009.	Last week of January 2010
5.	Publication of Quarterly Results ending 31 <sup>st</sup> March 2009.	Last week of April 2010

## **3. BOOK CLOSURE**

The Register of Members and Share Transfer Books of the Company shall remain closed from **Wednesday, the 16<sup>th</sup> September 2009 to Thursday, the 25<sup>th</sup> September 2009** (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, P.J. Towers, Dalal Street, Fort, MUMBAI – 400 001.  
The Company has paid the listing fee to the above stock exchanges for the financial years 2008 - 2009.

## **5. REGISTRARS AND SHARE TRANSFER AGENTS**

The Company's share transfer agents are M/s. Cameo Corporate Services Limited, Subramanian Building, 5<sup>th</sup> 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 2009, about 15,90,715 (43.60%) 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		StockCode : 530095	
Apr 2008	Not quoted		8.90	6.92
May 2008	Not quoted		8.82	7.30
June 2008	Not quoted		8.11	6.66
July 2008	Not quoted		8.23	7.23
Aug 2008	Not quoted		7.87	5.55
Sep 2008	Not quoted		6.36	4.47
Oct 2008	Not quoted		5.50	4.38
Nov 2008	Not quoted		4.45	3.04
Dec 2008	Not quoted		4.41	2.90
Jan 2009	Not quoted		5.47	3.85
Feb 2009	Not quoted		6.18	4.36
Mar 2009	Not quoted		7.28	5.52

## 8. DISTRIBUTION OF SHAREHOLDINGS AS ON 31.03.2009

No. of Shares Held	Share holders		Share Amount	
	Number	% to total	Rupees	% of total
upto 500	2060	78.30	4390590	12.03
501 to 1000	256	9.73	2189110	6.00
1001 to 2000	196	7.45	2933380	8.04
2001 to 3000	39	1.48	989540	2.71
3001 to 4000	19	0.72	689990	1.89
4001 to 5000	11	0.42	524370	1.44
5001 to 10000	28	1.06	2125770	5.83
10001 and above	22	0.84	22645250	62.06
<b>Total</b>	<b>2631</b>	<b>100.00</b>	<b>36488000</b>	<b>100.00</b>

**9. PATTERN OF SHARE HOLDINGS AS ON 31.03.2009**

SI.No.	Category	No. of Shares	% of Shares
<b>A.</b>	<b>Promoters' Holding</b>		
	Indian Promoters & persons acting in concert	1961052	53.74
<b>B.</b>	<b>Non Promoters' Holding</b>		
1.	Private Corporate Bodies	306457	8.40
2.	Indian Public	1335357	36.60
3.	NRI's/OBC's	30122	0.83
4.	Any other :		
	i) Clearing Member	425	0.01
	ii) HUF	15387	0.42
	<b>Total</b>	<b>3648800</b>	<b>100.00</b>

**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 compliant, if any, can be redressed to [investorgrievance@metal-bml.com](mailto: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 register office and also reimburse 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 EVALUATING 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

Place : Chennai

Sd/-

Date : 27.07.2009

**GOVIND PRASAD**  
Chairman-cum-Managing Director

**Compliance Certificate**

**Registration No. 18-009418**

**Authorised Capital: Rs. 500,00,000/-**

To,

The Members,

**M/s. BHAGWANDAS METALS LIMITED**

We have examined the registers, records, books and papers of **BHAGWANDAS METALS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March 2009**. In our opinion and to the best of our information and according to the examinations carried out by us and information, explanations and declaration furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company had kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The company had filed all forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, within the time specified in the said annexure.
3. The company being a public limited company the applicability of Section 3(1) (iii) does not arise.
4. The Board of Directors duly met **4 (FOUR)** times on **28.04.2008, 30.07.2008, 24.10.2008** and **27.01.2009** in respect of which meetings the proceedings were recorded and signed including circular resolution passed in the Minutes Book maintained for the purpose.
5. The company closed its Register of Members and/or Debenture Holders from **16.09.2008 to 25.09.2008** and has complied with the provisions of Section 154 of the Companies Act, 1956.
6. The Annual general meeting for the financial year ended on **31.03.2008** was held on **25.09.2008** after giving notice to the members of the company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.



7. No Extra Ordinary General Meeting was held during the financial year under review.
8. As per the information and explanations given by the management, the company had not advanced any loans to its directors or persons/ or firms or companies referred to under the provisions of Section 295 of the Act.
9. According to the information, explanation and declaration furnished by the management, the Company had entered into inter-se transactions to parties specified under Section 297 of the Act during the financial year under review only upto the period of 31.05.2008 being the expiry of the approval granted by the Central Government.
10. The company had made necessary entries in the register maintained under Section 301 of the Act.
11. In the opinion of the management, as there was no instance falling within the purview of Section 314 of the Companies Act, 1956 during the financial year under review and hence the necessity for obtaining any approval from the Board of Directors, members, Central Government during the financial year under review does not arise.
12. The Board of Directors has approved the issue of duplicate share certificates during the financial year under review.
13. The Company, during the financial year under review,
  - (i) Delivered all the share certificates on lodgement thereof for transfer of shares in accordance with the provisions of the Act and there was no allotment/ transmission of shares during the financial year under review.
  - (ii) Not declared any dividend/interim dividend during the financial year and hence the question of opening of a separate bank account with in the stipulated period does not arise.
  - (iii) Not declared any dividend/interim dividend, the question of payment/posting of dividend warrants with in the stipulated time and transfer of unpaid/unclaimed dividend to "unclaimed dividend account" of the company does not arise.
  - (iv) No unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which has remained unclaimed or unpaid for more than seven years to be transferred to Investor Education and Protection Fund.
  - (v) Generally complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is generally well constituted and appointment of additional director was duly made during the year and there was no appointment of any directors, alternate directors and directors to fill casual vacancy were made during the financial year under review.

## **Bhagwandas Metals Limited**

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15. The company had not appointed/ re-appointed any Managing Director/ Whole-time Director/ Manager during the financial year under review and hence the question of complying with the provisions of section 269 of the Act does not arise.
16. The company had not appointed any sole-selling agents during the year under review.
17. As per the information & explanations given by the management, the company had no transaction, which necessitated the company to seek any approval from the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities during the financial year under review.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company had not issued any shares / debentures / other securities during the financial year under review.
20. The company had not made any buy back of shares during the financial year under review.
21. The company had not issued any Preference shares/debentures hence the question of redeeming any preference share/ debenture does not arise.
22. During the year under review the company had not kept in abeyance rights to dividend rights shares and bonus shares pending registration of transfer of shares.
23. According to the information and explanation given by the management the company has not accepted any deposits from the public and outsiders and hence, the question of complying with the provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 does not arise.
24. The amount borrowed by the company from banks during the financial year under review are within the borrowing limits of the company as fixed by the Board of Directors in terms of Section 292 of the Act. Since the borrowings made by the company is within the limits laid under section 293(1)(d) of the Companies Act 1956, the question of compliance of the provisions of the said section does not arise..
25. According to the information and explanations given by the management, the company has not made any loans/ investments or given guarantees or provided securities to other bodies corporate during the financial year under review.
26. The company had not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the financial year under review.
27. The company had not altered the provisions of the memorandum with respect to the objects of the company during the financial year under scrutiny.



28. The company had not altered the provisions of the memorandum with respect to name of the company during the financial year under scrutiny.
29. The company had not altered the provisions of the memorandum with respect to the share capital of the company during the financial year under review.
30. The company had not altered its Articles of Association during the financial year under scrutiny.
31. As per the information and explanations furnished by the management, no prosecution had been initiated against the company nor show cause notices had been received by the company for any alleged offences under the Act but has received a letter from the Ministry of Corporate Affairs for furnishing of information U/s 234(1) of the Companies Act, 1956 vide their letter dated 01.04.2009 for which reply to the MCA letter have been submitted to the Ministry of Corporate of Affairs vide letter dated 11.04.2009.
32. As per the information and explanations furnished by the management, the company had not received any amount as security from its employees and hence the applicability of the provisions of Section 417(1) of the Act does not arise.
33. According to the information and explanations furnished by the management, the Company had not constituted its own Provident Fund pursuant to the provisions of Section 418 of the Companies Act 1956. However the company had generally been regular in depositing both the employers and employees contribution to the Provident Fund with prescribed authorities.

Place : Chennai

Sd/-

Date : 27.07.2009

**Name of Company Secretary: P.S.Srinivasan**

**C. P. No. : 3122**



**Annexure A**

**Registers as maintained by the Company:**

- 1) Register of Directors u/s 303 of the Companies Act, 1956.- Computerized
- 2) Register of Directors' Shareholdings u/s 307. of the Companies Act, 1956- Computerized
- 3) Register of Charges u/s 143 of the Companies Act, 1956.
- 4) Register of Companies and Firms in which Directors of the Company are interested u/s 301 of the Companies Act, 1956.
- 5) Minutes of the Annual General Meeting/Extra Ordinary General Meeting & Board Meetings u/s 193 of the Companies Act, 1956.
- 6) Register of companies and firms in which the directors of the company are interested under section 297, 299, 301 and 301 (3).
- 7) Register of Members - Computerized

**Annexure B**

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on **31<sup>st</sup> March 2009**.

<b>Name of the Document</b>	<b>Date of Event</b>	<b>Date of filing</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Form 23AC &amp; ACA</b>	<b>31.03.2008</b>	<b>27.09.2008</b>	<b>24.10.2008</b>	<b>InTime</b>
<b>Form 20B</b>	<b>25.09.2008</b>	<b>27.09.2008</b>	<b>24.11.2008</b>	<b>InTime</b>
<b>Form 32</b>	<b>12.09.2008</b>	<b>16.09.2008</b>	<b>12.10.2008</b>	<b>InTime</b>
<b>Form 32</b>	<b>02.10.2008</b>	<b>01.11.2008</b>	<b>01.11.2008</b>	<b>InTime</b>
<b>Form 32</b>	<b>10.12.2008</b>	<b>06.01.2009</b>	<b>09.01.2009</b>	<b>InTime</b>
<b>DIN 3</b>	<b>Filed on 31.10.2008</b>			



**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 31.03.09 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

Sd/-

Place : Chennai  
Date : 27.07.09

**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, 2009 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 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, none of the Directors is disqualified from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- i. In the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2009; 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 : 27.07.2009

Sd/-  
**M. RAGHUNATH**  
Partner  
M.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.
- 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 31<sup>st</sup> March 2009 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:

**Bhagwandas Metals Limited**

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount (Rs in Lakhs)</b>	<b>Period to which the amount relates</b>	<b>Forum where pending</b>
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 : 27.07.2009

Sd/-  
**M. RAGHUNATH**  
Partner  
M.No. 15501



**Bhagwandas Metals Limited**

**BALANCE SHEET AS AT MARCH 31, 2009**

(in Rs.)

Particulars	Schedule	AS AT 31.03.2009	AS AT 31.03.2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	<b>3,64,68,500</b>	3,64,68,500
Reserves & Surplus	2	<b>2,56,97,646</b>	2,34,22,624
<b>Loan Funds</b>			
Secured Loans	3	<b>47,64,612</b>	1,69,80,132
<b>Total</b>		<b><u>6,69,30,758</u></b>	<u>7,68,71,256</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block		<b>43,92,239</b>	21,54,412
Less: Depreciation		<b>15,91,629</b>	14,09,207
Net Block	4	<b><u>28,00,610</u></b>	<u>7,45,205</u>
<b>Current Assets Loans &amp; Advances</b>			
Inventories	5	<b>1,28,94,728</b>	2,11,15,926
Sundry Debtors	6	<b>4,99,10,351</b>	6,69,30,356
Cash & Bank Balances	7	<b>25,96,590</b>	23,46,361
Loans & Advances	8	<b><u>1,21,77,756</u></b>	<u>2,39,16,620</u>
		<b>7,75,79,425</b>	11,43,09,263
<b>Less: Current Liabilities &amp; Provisions</b>	9	<b><u>1,35,49,277</u></b>	<u>3,82,70,212</u>
<b>Net Current Assets</b>		<b>6,40,30,148</b>	7,60,39,051
<b>Deferred Tax (Net)</b>	10	<b>1,00,000</b>	87,000
<b>Total</b>		<b><u>6,69,30,758</u></b>	<u>7,68,71,256</u>

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/-  
**GOVIND PRASAD**  
Chairman-cum-Managing  
Director

Sd/-  
**NAND KISHORE SONTALIA**  
Director

Sd/-  
**M. RAGHUNATH**  
Partner  
M.No.015501

Place : Chennai  
Date : 27.07.2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

(in-Rs.)

Particulars	Schedule	Year ended 31.03.2009	Year ended 31.03.2008
<b>INCOME</b>			
Sales		<b>48,63,88,055</b>	46,54,00,794
Other Income		<b>8,65,116</b>	6,11,275
Profit on Sale of Fixed Assets		---	72,088
Increase / (Decrease) in Inventories	11	<b>(82,21,198)</b>	91,99,060
<b>Total [A]</b>		<b>47,90,31,973</b>	47,52,83,217
<b>EXPENDITURE</b>			
Purchase - Trading		<b>44,91,14,992</b>	44,64,18,879
Trading Expenses	12	<b>1,71,91,053</b>	1,40,16,661
Administrative Expenses	13	<b>41,58,699</b>	43,05,505
Selling & Distribution Expenses	14	<b>37,65,661</b>	46,94,219
Financial Charges	15	<b>12,01,124</b>	18,86,589
Depreciation		<b>1,82,422</b>	1,88,065
<b>Total [B]</b>		<b>47,56,13,951</b>	47,15,09,918
<b>NET PROFIT / (LOSS) [A-B]</b>		<b>34,18,022</b>	37,73,299
PROVISION FOR TAXATION		<b>10,81,000</b>	12,00,000
PROVISION FOR DEFERRED TAX		<b>(13,000)</b>	(13,000)
PROVISION FOR FRINGE BENEFIT TAX		<b>75,000</b>	65,000
NET PROFIT / (LOSS) AFTER TAXATION		<b>22,75,022</b>	25,21,299
PROFIT / (LOSS) BROUGHT FORWARD		<b>12,02,260</b>	(13,19,039)
TRANSFERRED TO BALANCE SHEET		<b>34,77,282</b>	12,02,260
Notes on Accounts	16		
Earnings per share		0.62	0.69

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

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/-  
**M. RAGHUNATH**  
Partner  
M.No.015501

Place : Chennai  
Date : 27.07.2009

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

<b>PARTICULARS</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
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**SCHEDULE 1 : SHARE CAPITAL****AUTHORISED :**

5000000 Equity Shares of Rs 10/- each	<b>5,00,00,000</b>	5,00,00,000
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**ISSUED, SUBSCRIBED AND PAID UP :**

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

**SCHEDULE 2: RESERVES & SURPLUS**

Share Premium	<b>2,16,68,500</b>	2,16,68,500
General Reserve	<b>5,51,864</b>	5,51,864
Profit & Loss Account	<b>34,77,282</b>	12,02,260
	<b>2,56,97,646</b>	2,34,22,624

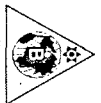
**SCHEDULE 3: SECURED LOANS**

Cash Credit - Punjab National Bank	<b>30,84,558</b>	1,24,80,132
LC -Punjab National Bank (Secured by first charge on movable properties stocks, book debts & personal guarantee of two Directors)	---	45,00,000
Hire Purchase Finance Loan (Secured by specific fixed assets)	<b>16,80,054</b>	--
	<b>47,64,612</b>	1,69,80,132

**SCHEDULE 4 : FIXED ASSETS**

(in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 1-4-2008	Addition / (Deletion) during the year	As on 31-3-2009	As on 1-4-2008	For the year	Deletion	As on 31-3-2009	As on 31-3-2009	As on 31-3-2008
Cuttin&Streightening Machinery	2,43,660	---	<b>2,43,660</b>	1,09,818	<b>18,617</b>	---	<b>1,28,435</b>	<b>1,15,225</b>	1,33,842
Furniture & Fixtures	6,68,335	---	<b>6,68,335</b>	5,74,951	<b>17,659</b>	---	<b>5,92,610</b>	<b>75,725</b>	93,384
Office Equipment	6,87,603	36,990	<b>7,24,593</b>	4,22,822	<b>40,947</b>	---	<b>4,63,769</b>	<b>2,60,824</b>	2,64,781
Computer	2,17,472	---	<b>2,17,472</b>	1,64,919	<b>21,021</b>	---	<b>1,85,940</b>	<b>31,532</b>	52,553
Air Conditioner	2,56,281	23,200	<b>2,79,481</b>	79,730	<b>27,140</b>	---	<b>1,06,870</b>	<b>1,72,611</b>	1,76,551
Vehicles	81,061	21,77,637	<b>22,58,698</b>	56,967	<b>57,038</b>	---	<b>1,14,005</b>	<b>21,44,693</b>	24,094
<b>TOTAL</b>	<b>21,54,412</b>	<b>22,37,827</b>	<b>43,92,239</b>	<b>14,09,207</b>	<b>1,82,422</b>		<b>15,91,629</b>	<b>28,00,610</b>	<b>7,45,205</b>
Previous Year	33,47,375	32,500 (12,25,463)	<b>21,54,412</b>	22,58,767	<b>1,88,065</b>	10,37,625	<b>14,09,207</b>	<b>7,45,205</b>	10,88,608



**Bhagwandas Metals Limited**

<b>PARTICULARS</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
<b><u>SCHEDULE 5: INVENTORIES</u></b>		
(As certified by the Management)		
Trading Stock	<b>1,28,94,728</b>	2,11,15,926
	<b><u>1,28,94,728</u></b>	<u>2,11,15,926</u>
<b><u>SCHEDULE 6: SUNDRY DEBTORS</u></b>		
(Unsecured Considered Good)		
Debts outstanding for more than six months	<b>1,09,23,281</b>	1,51,31,334
Other Debts	<b>3,89,87,070</b>	5,17,99,022
	<b><u>4,99,10,351</u></b>	<u>6,69,30,356</u>
<b><u>SCHEDULE 7: CASH &amp; BANK BALANCES</u></b>		
Cash in Hand	<b>3,01,841</b>	1,91,743
Balance with scheduled Bank		
(I) In Current Account	<b>17,468</b>	4,872
(II) In Deposit Account	<b>22,77,281</b>	21,49,746
	<b><u>25,96,590</u></b>	<u>23,46,361</u>
<b><u>SCHEDULE 8: LOANS &amp; ADVANCES</u></b>		
(Unsecured considered good)		
Advances (recoverable in cash or kind or for the value to be received)		
	<b>80,73,256</b>	1,96,97,246
Deposits	<b>29,77,015</b>	30,88,218
Income Tax	<b>11,27,485</b>	11,31,156
	<b><u>1,21,77,756</u></b>	<u>2,39,16,620</u>
<b><u>SCHEDULE 9: CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b><u>A. CURRENT LIABILITIES</u></b>		
(i) Creditors for Materials	<b>43,19,278</b>	2,93,49,685
(ii) Other Liabilities	<b>74,03,984</b>	71,18,776
<b><u>B. PROVISIONS</u></b>		
(i) Provision for Taxation	<b>13,11,341</b>	14,15,848
(ii) Gratuity and Bonus	<b>5,14,674</b>	3,85,903
	<b><u>1,35,49,277</u></b>	<u>3,82,70,212</u>



PARTICULARS	31.03.2009	31.03.2008
<b><u>SCHEDULE 10: DEFERRED TAX (Net)</u></b>		
<u>Deffered Tax Asset</u>		
Provision for employee related expenses	1,59,000	1,19,000
	<u>1,59,000</u>	<u>1,19,000</u>
<u>Deffered Tax Liability</u>		
Difference between book and IT depreciation	59,000	32,000
Deferred Tax Assets (Net)	<u>1,00,000</u>	<u>87,000</u>
<b><u>SCHEDULE 11: INCREASE (DECREASE) IN INVENTORIES</u></b>		
Closing Stock	1,28,94,728	2,11,15,926
Less: Opening Stock	2,11,15,926	1,19,16,866
	<u>(82,21,198)</u>	<u>91,99,060</u>
<b><u>SCHEDULE 12: TRADING EXPENSES</u></b>		
Carriage Inward	25,39,808	34,93,763
Custom Duty	1,18,04,378	91,72,360
Clearing & Forwarding	28,46,867	13,37,119
Sales Discount	---	13,419
	<u>1,71,91,053</u>	<u>1,40,16,661</u>
<b><u>SCHEDULE 13: ADMINISTRATIVE EXPENSES</u></b>		
Audit Fee		
- Statutory Audit	11,048	11,254
- Tax Audit	5,515	5,618
Bad Debts	---	2,15,048
Director's Remuneration & Related Expenses	7,07,202	6,99,243
Electricity Charges	1,40,486	1,07,533
General Expenses	1,71,566	1,26,202
Insurance	4,074	21,841
Loss on Sale of Asset	---	47,926
Postage & Telephone Charges	3,29,101	3,61,229
Printing & Stationery	72,054	1,06,901
Professional Charges	2,10,763	1,74,011
Rates & Taxes	2,13,953	2,40,905
Rent	8,56,020	5,53,920
Repairs & Maintenance	1,22,165	1,64,892
Salaries & Other Benefits	9,46,159	8,47,864
Security Service Charges	3,821	43,136
Service Charges	20,078	21,767
Share Transfer Expenses	68,855	72,107
Sundry Credit & Debit Balance written off	---	11,131
Travelling & Conveyance Expenses	1,55,090	3,09,277
Vehicle Running & Maintenance	1,20,749	1,63,700
	<u>41,58,699</u>	<u>43,05,505</u>

**Bhagwandas Metals Limited**

<b>PARTICULARS</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
<b><u>SCHEDULE 14: SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Advertisement	<b>66,873</b>	97,619
Brokerage & Commission	<b>1,73,944</b>	3,84,264
Carriage Outward & Cooly Charges	<b>28,25,030</b>	37,38,521
Other Miscellaneous Expenses	<b>4,33,799</b>	3,68,108
Sales Promotion	<b>2,66,015</b>	1,05,707
	<b><u>37,65,661</u></b>	<u>46,94,219</u>
<b><u>SCHEDULE 15: FINANCIAL CHARGES</u></b>		
LC & Bank Charges	<b>3,88,811</b>	4,06,886
Interest	<b>8,12,313</b>	14,79,703
	<b><u>12,01,124</u></b>	<u>18,86,589</u>

**SCHEDULE 16: NOTES ON ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES****a. Accounting Convention**

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

**b. Sales**

Sales are recognised on despatch to customers.

**c. Fixed Assets**

All fixed assets are valued at cost less depreciation.

**d. Depreciation**

Depreciation has been provided on written down value basis at the rates applicable in Schedule XIV of the Companies Act, 1956.

**e. Inventories**

Trading Stock is valued at cost or net realisable value whichever is less.

**f. Gratuity and Provident Fund****a. Defined Contribution Plan**

Contribution as per the Employees provided fund & miscellaneous provisions act 1952 towards provident fund & family pension fund are provided for and payments in respect there of are made to relevant authorities on actual basis and accounted as an expense in the year it is incurred.

**b. Defined Benefit Plan :****Gratuity:**

The company provides for the gratuity concerning all employees. The plan provides for lump sum payment to employees on retirement, death while in employment or



on termination of employment. The company accounts for liability of future gratuity benefit on projected unit credit method carried on annually for assessing liability as at the balance sheet date.

**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. Division Bench of Madras High court has also passed an order directing M/s. Asea Brown Boveries Limited to pay the amount along with interest.

**3. TRADING ACTIVITY**

Information regarding opening stock, Turnover and Closing stock

Particulars	Year Ended 31.03.2009		Year Ended 31.03.2008	
	Qty Mts.	Value (Rs. in lacs)	Qty Mts.	Value (Rs. in lacs)
<b>A. Opening Stock</b>	<b>518.493</b>	<b>211.16</b>	454.016	119.17
<b>B. Purchases</b>	<b>14,721.619</b>	<b>4,491.15</b>	15,681.297	4,464.19
<b>C. Turnover</b>	<b>14,727.665</b>	<b>4,863.88</b>	15,616.820	4,654.01
<b>D. Closing Stock</b>	<b>512.447</b>	<b>128.95</b>	518.493	211.16



**Bhagwandas Metals Limited**

**4. MANAGERIAL REMUNERATION** (Amount in Rs.)

<b>Paid/Payable to Whole Time Director</b>	<b>For the year 2008-2009</b>	<b>For the year 2007-2008</b>
Salaries	<b>6,60,000</b>	6,60,000
House Rent	<b>1,20,000</b>	1,20,000
<b>Total</b>	<b>7,80,000</b>	7,80,000

5. Parties balances are subject to confirmation

**6. OTHER INCOME**

Other Income includes the following:

<b>Particulars</b>	<b>For the year 2008-2009</b>	<b>TDS For the year 2008-2009</b>	<b>For the year 2007-2008</b>	<b>TDS For the year 2007-2008</b>
Interest Earned	<b>3,27,207</b>	<b>30,159</b>	3,22,397	16,156
Miscellaneous Income	<b>5,37,909</b>	-	2,88,878	-
<b>Total</b>	<b>8,65,116</b>	<b>30,159</b>	6,11,275	16,156

**7. SALARIES AND OTHER BENEFITS**

Salaries and other benefits include the following:

<b>Particulars</b>	<b>For the year 2008 - 2009</b>	<b>For the year 2007-2008</b>
Salaries and Bonus	<b>5,83,267</b>	5,65,893
Contribution to Provident Fund and other Funds	<b>1,73,751</b>	1,72,533
Staff Welfare Expenses	<b>59,487</b>	59,534
Gratuity	<b>1,29,654</b>	49,904
<b>Total</b>	<b>9,46,159</b>	8,47,864

**8. RELATED PARTY DISCLOSURE**

**A. List of Related Parties**

<b>Name of the Related Party</b>	<b>Nature of Relationship</b>
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	
		31.03.2009	31.03.2008
MGM Steels	Sale of Goods	---	8,22,935
MGM Steels	Purchase of Goods	<b>2,21,728</b>	1,65,162
Govind Prasad	Salary & Allowance	<b>3,60,000</b>	3,60,000
Nand Kishore Sonthalia	Salary & Allowance	<b>3,00,000</b>	3,00,000
Gita Agarwal	Rent Paid	<b>1,80,000</b>	1,80,000
Bobby Sonthalia	Rent Paid	<b>6,00,000</b>	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. DISCLOSURE IN ACCORDANCE WITH REVISED AS-15 ON "EMPLOYEES BENEFITS"**

Accrued Gratuity Liability	As on 31-Mar-2009
Movements in Accrued Liability	In Rs.000's
Accrued Liability as at beginning of the period :	366
Interest Cost	27
Current Service Cost	53
Past Service Cost	0
Curtailment Cost	0
Settlement Cost	0
Benefits Paid	0
Actuarial gain / loss	50
<b>Accrued Liability as at the end of the period :</b>	<b>496</b>
(No Fund is being maintained)	

<b>Amounts to be recognized in the Balance Sheet</b>	
	In Rs.000's
Present Value of obligations as on the accounting date :	496
Fair Value of the Plan Assets :	0
<b>(Zero as no fund is being maintained)</b>	
<b>Liability to be recognized in the Balance Sheet :</b>	<b>(496)</b>
<b>Expenses to be recognized in P/L Accounts</b>	
	In Rs.000's
Interest Cost	27
Current Service Cost	53
Past Service Cost	0
Expected Return on Plan Assets	0
Curtailment Cost (Credit)	0
Settlement Cost (Credit)	0
Net Actuarial (gain) / loss	50
<b>Net Expenses to be recognized in P/L a/c</b>	<b>130</b>
<b>Reconciliation</b>	
	In Rs.000's
Net Liability as at the beginning of the period :	366
Net Expenses in P/L a/c	130
Benefits Paid	0
<b>Net Liability as at the end of the period :</b>	<b>496</b>
<b>Principal Actuarial Assumptions</b>	
Interest Rate (Liabilities)	7.50%
Return on Assets	N.A.
Mortality Table	LIC (94-96)
Resignation Rate per annum	0.00%
Salary Escalation Rate	10.00%

**11. EARNINGS PER SHARE**

Particulars	31.03.2009	31.03.2008
Profit / (Loss) after tax	<b>22,75,022</b>	25,21,299
No. of Equity Shares	<b>36,48,800</b>	36,48,800
Face Value per Share	<b>Rs.10</b>	Rs.10
Basic Earning Per Share for the year	<b>Re. 0.62</b>	Re. 0.69

12. Interest under Schedule 15 includes interest on fixed loan of Rs.11,257/- (31.03.2008 - Nil)

	<b>For the year 2008-2009</b>	For the year 2007-2008
13. Earnings in foreign currency	Nil	Nil
14. FOB value of Exports (in Rupees)	Nil	Nil
15. Expenditure in foreign currency	Nil	Nil
16. Value of imports on CIF basis (in Rupees)	<b>8,91,41,675</b>	4,75,49,499

17. The company does not have any liability to any small scale unit.

18. Under the Micro, Small & Medium Enterprises Development Act 2006, certain disclosures are to be made relating to such enterprises. In view of the insufficient information from suppliers regarding their coverage under the said Act, no disclosures have been made in the accounts. However, in view of the management, the impact of interest if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

19. 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.

20. 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 SONTHALIA**  
Director

Sd/-  
**M. RAGHUNATH**  
Partner  
M.No.015501

Place : Chennai

Date : 27-07-2009

**Bhagwandas Metals Limited**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009**

(Rs. In lacs)

PARTICULARS	2008-2009	2007-2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Extraordinary Items	34.18	37.73
<b>Adjustments for:</b>		
Depreciation	1.82	1.88
Interest & Financial Charges	12.01	18.87
Interest Income	(3.27)	(3.22)
(Profit)/Loss on sale of assets	---	(0.24)
<b>Operating Profit Before Working Capital Changes</b>	44.74	55.02
<b>Adjustments for:</b>		
(Increase)/Decrease in inventories	82.22	(91.99)
(Increase)/Decrease in Trade & Other Receivables	298.19	137.68
Increase/(Decrease) in Trade & Other Payables	(258.77)	56.64
<b>Cash Generated from Operations</b>	166.38	157.35
Interest & Financial Charges Paid	(12.01)	(18.87)
Direct Taxes Paid	(10.60)	(11.15)
Interest Income	3.27	3.22
<b>Net Cash from Operating Activities(A)</b>	147.04	130.55
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(22.38)	(0.33)
Sale of Fixed Assets	---	2.12
<b>Net Cash Used in Investing Activities(B)</b>	(22.38)	1.79
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of finance Liabilities	---	---
Increase / (Decrease) in Bank Borrowings	(122.16)	(131.81)
Dividend Paid	---	---
<b>Net Cash Used in Financing Activities(C)</b>	(122.16)	(131.81)
<b>D. NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b> (A+B+C)	2.50	0.53
<b>E. OPENING CASH AND CASH EQUIVALENTS</b> (Cash and Bank balances)	23.46	22.93
<b>F. CLOSING CASH AND CASH EQUIVALENTS(D+E)</b> (Cash and Bank balances)	25.96	23.46

For and on behalf of the Board

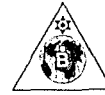
As per our report of even date  
for **M. RAGHUNATH & CO.**  
Chartered Accountants

Sd/-  
**GOVIND PRASAD**  
Chairman-cum-  
Managing Director

Sd/-  
**NAND KISHORE**  
**SONTHALIA**  
Director

Sd/-  
**M. RAGHUNATH**  
Partner  
M.No.015501

Place : Chennai  
Date : 27-07-2009



**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

**Bhagwandas Metals Limited**

Net Current Assets  
[ ][ ][ ][ ] 6 4 0 3 0

Deferred Tax  
[ ][ ][ ][ ][ ][ ] 1 0 0

Accumulated Losses  
[ ][ ][ ][ ][ ][ ] N I L

**IV. Performance of Company (Amount in Thousands)**

Turnover  
[ ][ ][ ] 4 8 6 3 8 8

Total Expenditure  
[ ][ ][ ] 4 7 5 6 1 4

+ - Profit/Loss Before Tax  
 [ ] [ ][ ] 3 4 1 8

+ - Profit/Loss After Tax  
 [ ] [ ][ ] 2 2 7 5

Earning Per Share in Rs.  
[ ][ ][ ][ ] 0 . 6 2

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**  
**SONTHALIA**  
Director

Sd/-  
**M. RAGHUNATH**  
Partner  
M.No.015501

Place : Chennai  
Date : 27-07-2009







# Bhagwandas Metals Limited

54 (Old No.61), 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 Seventh Annual General Meeting of the Company.

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

Date : Friday, 25<sup>th</sup> September, 2009

Time : 10.00 a.m.

### REQUEST TO MEMBERS

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

### SIGNATURE OF MEMBER/PROXY



# Bhagwandas Metals Limited

54 (Old No.61), 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 25<sup>th</sup> September 2009 and at any adjournment thereof.

Signed this ..... day of ..... 2009.

For office use	
Proxy No.	
Date of receipt	
No. of shares	

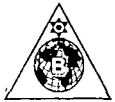
Affix
Re.1
Revenue
Stamp

N.B.: The instrument appointing proxy should be deposited with Company's Registered office at least 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**

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