

CHANDAN
Chandan Steel Limited

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Annual Account & Reports
2003-2004

CHANDAN STEEL LIMITED

BOARD OF DIRECTORS:

Shri C. G. Chandan	Chairman & Managing Director
Shri D. C. Chandan	Director
Shri J. P. Joshipura	Director
Shri V. C. Chandan	Director
Shri U. P. Ghosh	Director

BANKERS:

Dena Bank Gulalwadi Branch, Mumbai - 400 002	United Bank of India 25, Sir P.M.Road, U.B.I. Building, Fort, Mumbai-400023
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AUDITORS:

Shah & Taparia
Chartered Accountants
12, Navjeevan Wadi,
Dhobi Talao,
Mumbai - 400 002.

REGISTERED OFFICE:

170/172, Kika Street,
Gulalwadi ,
Mumbai - 400 002

FACTORY:

35, G.I.D.C.,
Umargam,
Dist. Bulsar,
Gujarat - 396 171.

ADMINISTRATIVE OFFICE:

74, C.P. TANK ROAD,
1 ST FLOOR,
MUMBAI-400004.

CHANDAN STEEL LIMITED**DIRECTOR'S REPORT**

To,
Share Holder of Chandan Steel Limited.

Your Directors have pleasure in placing before you the Thirteenth Annual Report of the Company & together with Statement of Audited Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS :

Particulars		2003-2004	2002-2003
Sales & Other Income		157,54,52,770	128,03,03,369
Profit before Interest, Depreciation & Taxation		6,93,28,754	5,96,89,429
Less	Interest	3,79,55,754	3,29,21,475
	Depreciation	1,35,54,195	1,01,35,596
	Taxation(Current)	12,00,000	17,75,860
	Taxation(Deferred)	43,95,091	45,67,928
Add (Less)	(Short) / Excess Provision of Taxation of Earlier Years	(5,86,401)	2,57,266
Profit after Interest, Depreciation & Taxation		1,28,10,115	1,00,31,303
Add	Balance brought forward	2,24,21,762	4,50,40,674
Balance Available for Appropriation		3,52,31,877	5,50,71,977
Less:	Deferred Tax Liabilities of previous Years	0	(3,26,50,216)
Less:	Provision no longer required	(8,69,958)	0
Balance carried to Balance Sheet		3,43,61,919	2,24,21,761

DIVIDEND :

The Directors do not recommend any dividend on preference shares as well as on equity shares in view of the fund requirements for the expansion including upgrading of the existing facilities, during the year under review.

REVIEW OF OPERATIONS:

The Company could achieve higher sales turnover during the year under review. The company is upgrading its product mix, which finds usage in the engineering & industrial applications. The company's export registered a good performance in the current year and your Directors are optimistic that the benefit of the said efforts will be substantially reflected in the coming year.

DIRECTORS' RESPONSIBILITY STATEMENT:

We have substantially followed the applicable Accounting Standards in the preparation of the annual accounts and proper explanations are given for material departures therefrom. However, special attention of the members is drawn towards Note Nos. 4(iii) (i) and (ii).

We had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

We had taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.

We had prepared the annual accounts on a going concern basis.

AUDITORS:

The Company's auditors M/s. Shah & Taparia, Chartered accountants, Mumbai Retire at the ensuing annual general meeting. The Company has received a certificate pursuant to the provisions of Section 224 (1) of the Companies Act, 1956 regarding the eligibility for reappointment from M/s Shah & Taparia and Your Directors recommend their re-appointment.

OBSERVATIONS OF AUDITORS:

The Company is in process of maintaining systematic records for stock other than principal raw material and finished products, the value of which is not substantial. The company is making all efforts possible to ensure proper compliance of provisions relating to deposits. However, no funds have been borrowed so as to involve the public funds. The Company has paid the statutory dues required to be paid. Efforts are being made so as to make such payments regular and systematic.

EXPANSION - INTEGRATION:

The Company has installed a new Rolling Mill with the finishing & packaging machineries in the newly acquired Plot No.31 & 48-49/2, at Umergaon, so as to cater the new export emerging market. The company is also in the process of enhancing their product mix with higher capacities.

INSURANCE:

The assets of the Company have been insured against the risk of fire, flood, riots and malicious damages etc.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and The Company's Articles of Association Mr. Vijay Chandan retires by rotation and is eligible for reappointment.

OTHER INFORMATION:

Information required by the Companies (Amendment) Act, 1988 is given as Annexure "I" to this Report. Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Director's Report for the period ended 31st March 2004 is not applicable to your Company.

INDUSTRIAL RELATION:

The Directors wish to place on record their appreciation for the earnest efforts and contribution made by the employees at all levels in the operations of the Company.

For & on Behalf of the Board

Place: Mumbai

Dated: 26/08/2004


[C.G.CHANDAN] :
CHAIRMAN

Annexure - "I" under section 217(1)(e)**Disclosure of particulars with respect to conservation of energy****A. Power & fuel Consumption****1 Electricity**

a) Purchased Unit	5,343,449
Total Cost (Rs.)	27,106,242
(Including Demand & Other Charges)	
Rate/Unit (Rs.)	5.07

b) Own generation by/through captive power plant

(i) Through Steam Turbin/Generator	Not Applicable
(ii) Through Diesel Generator	
Units	20,415,800
KWH per unit of fuel	3.89
Cost/Unit (Rs.)	3.04

2 Coal NIL**3 Furnace Oil**

Quantity (Ltr.)	6,880,953
Total Cost (Rs.)	67,000,630
Average rate per Ltr.(Rs.)	9.74

4 Liquid Diesel Oil (LDO)

Quantity (Ltr.)	615,865
Total Cost (Rs.)	7,538,647
Average rate per Ltr.(Rs.)	12.24

5 Others/Internal generation fuel gas

Fuel Gas	
Quantity in M3	5,255,657
Total Cost (Rs.)	31,554,268
Average rate per M3(Rs.)	6.00

B. Consumption per unit of Production of Billets

Electricity(KWHr/MT of Billets)	977.38
Coal	N.A.
Furnace Oil (Ltr/MT of Billets)	261.08
Fuel Gas (M3/M.T. of Billets)	199.42

II. Foreign Exchange Earning & Outgo(Rs.in Lacs):-

	<u>2003-2004</u>	<u>2002-2003</u>
a) Import of Raw Material	2,394.54	2,570.66
b) F.O.B Value of Export	6,524.64	5,073.66

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AUDIT REPORT TO MEMBERS OF CHANDAN STEEL LIMITED

1. We have audited the attached Balance sheet of CHANDAN STEEL LIMITED as at 31st march 2004 and also the Profit & Loss Account and the cash flow statement for the year ended on that date annexed thereto. 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 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 statement amounts and disclosures in the financial statement. 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 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of the books;
 - iii) The Balance Sheet Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of the account;
 - iv) In our opinion, the balance sheet, profit and loss account and 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, except that

- (i) *Valuation of stock, which has been taken on the basis of certificate issued by the management, could not be verified as regards compliance of Accounting standard – 2 (Revised) on "Valuation of Inventories" (Refer point [f] of schedule S)*
- (ii) *liability towards Gratuity & leave salary of employees will be accounted on cash basis, which is not in conformity with the Accounting Standard 15 on "Accounting for Retirement Benefits in the financial statement of employers"*
- v) On the basis of written representations received from the directors, as on 31st March 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) 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 significant accounting policies and notes to accounts and subject to matters referred in paragraph 4 (iv) above, 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, 2004;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For SHAH & TAPARIA

Chartered Accountants


S. K. SHAH

Partner

Place:

Date: 26 AUG 2004

